Hong Kong Economic Times Holdings Limited

Annual Report

2016/2017

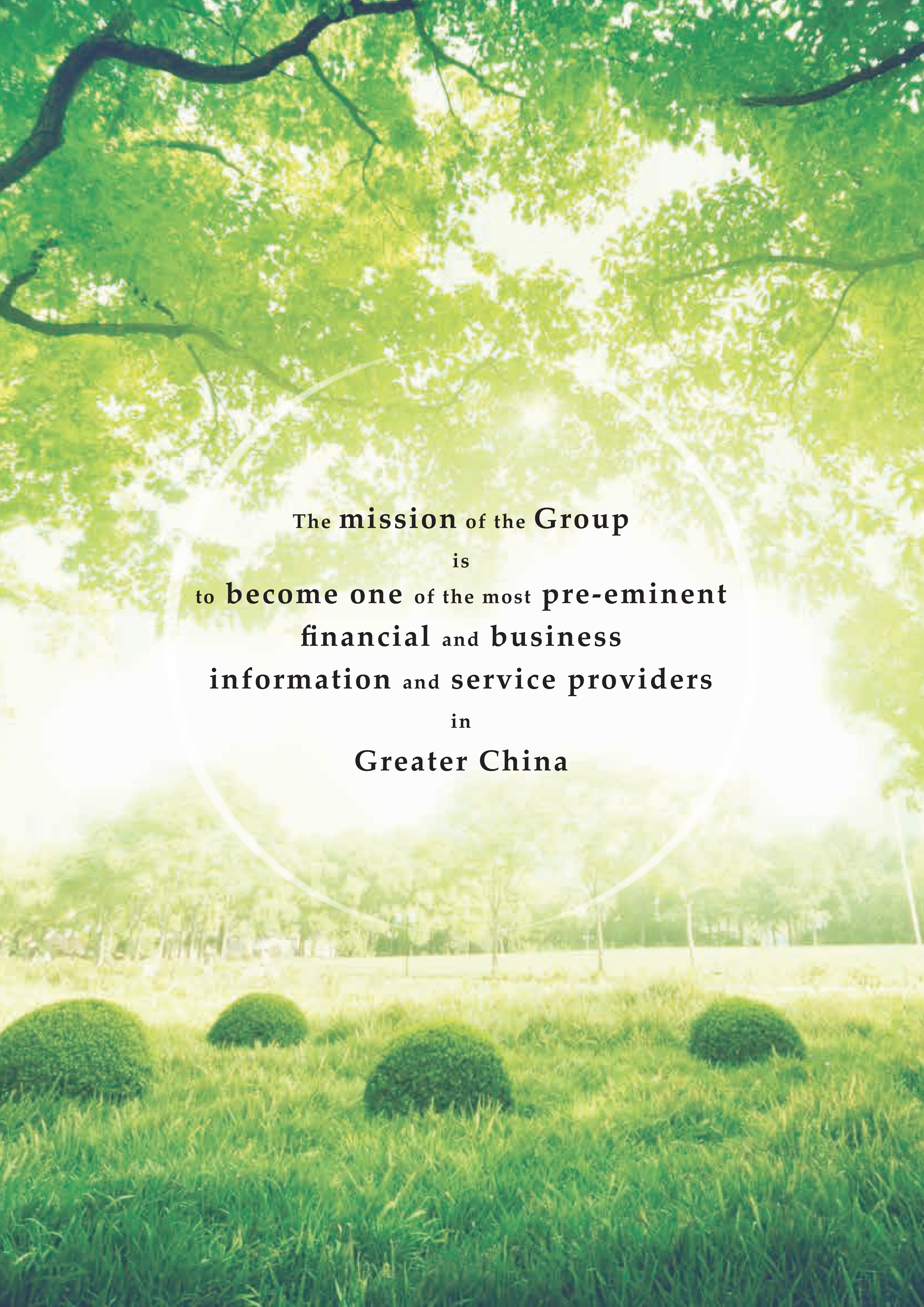
Media

Financial News Agency,
Information and Solutions

Recruitment Advertising and Training

Lifestyle Platforms

Stock Code 00423



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

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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

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

Ms. Wong Ching *CPA, ACS, ACIS*

Qualified Accountant

Ms. Chan Kit Man Fanny *FCPA*

Authorised Representatives

Mr. Fung Siu Por, Lawrence

Ms. Wong Ching

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

SMP Partners (Cayman) Limited
3rd 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

7 August 2017 to 10 August 2017
(for attending Annual General Meeting)

21 August 2017 to 23 August 2017
(for final dividend entitlement)

Annual General Meeting

10 August 2017

Proposed Payment of Final Dividend

29 September 2017

Business Organization Chart

Media

Hong Kong Economic Times newspaper publishing
Sky Post newspaper publishing
U Magazine magazine publishing
e-zone magazine publishing
iMoney magazine publishing
ET Press book publishing
Apex Print
Euron

Financial News Agency, Information and Solutions

Finance

ET Net
ET Trade
ET Wealth

Property

EPRC

Recruitment Advertising and Training

Recruitment Advertising

CTgoodjobs

Training

ET Business College

Lifestyle Platforms

Health Smart
U Lifestyle
- U Travel
- U HK
- U Beauty
- U Food

HKET Holdings At A Glance

Hong Kong Economic Times Holdings Limited ("HKET Holdings" / "the Group") is a diversified multi-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 platforms. In addition, the Group runs a financial news agency, information and solutions 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**
- **Lifestyle**
- **Human Resources**
- **Education**

The Leading Edges

We always stay closely connected with our clients and readers. In this financial year, the Group organized a number of remarkable events that demonstrated our strength to provide high-quality content and services, as well as strong brands.

Banking & Finance Awards by *Sky Post*

The first "Banking & Finance Awards" was organized by *Sky Post* in 2016. The award recognises excellence and contributions of the organizations providing outstanding banking and financial services and products.

U Magazine Travel Awards

"U Magazine Travel Awards" is the most comprehensive and the largest travel award event in Hong Kong. It rewards and celebrates excellence across all sectors of the travel and tourism industry.

CTgoodjobs HR Congress

"HR Congress 2016" organized by CTgoodjobs attracted over 1000 HR professionals to attend. This annual congress was first held in 2012.

Forward Thinking

Our visionary teams always see customers first and are passionate to exceed their expectation. Over the years, with proliferation of diverse media, interactive content and ever-changing needs of customers, we make every endeavour to develop our digital businesses and continuously enhance the related platforms to match customers' need.

The Market Leaders

Hong Kong Economic Times the financial daily

U Magazine the travel and lifestyle magazine

e-zone the mass market IT magazine

iMoney the financial magazine

ET Net the financial news agency

ET Trade the securities & futures trading solution provider

ET Wealth the electronic funds database and wealth management system provider

EPRC the electronic property database provider

Awards

iMoney and *HKET* won in Citi Journalistic Excellence Award 2017

- Champion in Hong Kong *(iMoney)*
- Second Runner-up in Hong Kong *(HKET)*

iMoney and *HKET* won in HSMC Business Journalism Awards

- Business Reporter of the Year *(iMoney)*
- Best Business & Corporate News Reporting *(iMoney)*
- Best Financial Feature (Text) - Gold *(iMoney)*
- Best Layout of Business Section - Gold *(iMoney)*
- Best Layout of Business Section - Silver *(iMoney)*
- Best Property Market News Reporting (Text) - Silver *(HKET)*

HKET won in Weibo Star 2016

- "Weibo Top 10 Most Influential Hong Kong Media"

Euron won in The 28th Hong Kong Print Awards 2016

- Champion in Newspaper Printing

U Magazine, *e-zone* and *iMoney* won in Magazine of the Year 2016

- 1st in "Travel Magazine of the Year (Local)" *(U Magazine)*
- 1st in "Consumer Electronics Magazine of the Year" *(e-zone)*
- 2nd in "Business Magazine of the Year (Local)" *(iMoney)*

HKET won in Newspaper of the Year 2016

- 3rd in "Newspaper of the Year"

hket.com won in Digital Media of the Year 2016

- 1st in "Local Business & Finance"

HKET won in Consumer Rights Reporting Awards 2016

- Silver Award and Bronze Award in "Features"
- Gold Award and Merit in "Press Photo"

U Magazine, *Sky Post* and ET Net won in Spark Awards 2016

- Best Acquisition Strategy - Gold *(U Magazine)*
- Best Entertainment Platform - Gold *(U Magazine)*
- Best Online Community Platform - Gold *(U Magazine)*
- Best Programme Promotion - Gold *(U Magazine)*
- Best Partnership Strategy - Silver *(U Magazine)*
- Best Media Campaign - Print - Silver *(U Magazine)*
- Best Event - Bronze *(U Magazine)*
- Best Sponsorship Campaign - Bronze *(U Magazine)*
- Best Use of Integration - Silver *(Sky Post)*
- Best Custom Event - Silver *(Sky Post)*
- Best Use of Limited Budget - Silver *(Sky Post)*
- Best Partnership Strategy - Bronze *(Sky Post)*
- Best Media Campaign - Digital - Bronze *(Sky Post)*
- Best App - Gold (ET Net)

Chairman's Statement

Dear Shareholders,

Global economy remains sluggish. A subdued global recovery, slowing trade and ongoing realignments in the Mainland have continued to present a difficult operating environment for local businesses. The slowdown of retail market has accelerated the transformation of the local media. Marketing dollars continue to shift from print to digital platforms at a rapid pace. A number of print publications, in particular, the paid weeklies have undergone consolidation or even ceased operation during the year under review.

Under these challenging market conditions, the Group was able to preserve and retain its core advertising revenue and experienced a modest drop of revenue of 4% to HK$1,126 million. Profit attributable to shareholders decreased from HK$57 million to HK$29 million.

Hong Kong Economic Times, contributing significantly to the Group, stands as a highly respected Chinese newspaper in Hong Kong, continued to be ranked No. 1 in media credibility by the public among all Chinese newspapers in Hong Kong by a tracking research in 2016 – "Public Evaluation on Media Credibility" conducted by the Centre for Communication and Public Opinion Survey of The Chinese University of Hong Kong. Thanks to our dedicated editorial team for their determination and passion to excel and their upholding of our core editorial principals of objectiveness and impartiality.

Sky Post, being the second largest circulation newspaper in Hong Kong and the second largest readership figure newspaper in the free dailies market, makes steady progress and continues its growth momentum in both advertising revenue and readership figure. Its continued penetration in the mass middle-class audience has received tremendous support from the advertisers.

U Magazine, a leading travel and lifestyle brand in Hong Kong, is well recognised as a stylish leisure title with focus on travel, dining and city features. Despite the very poor market sentiment in the magazine market, *U Magazine* is able to maintain growth in advertising revenue.

The financial news agency, information and solutions segment, as the major and solid profit contributor to the Group, registered a remarkable growth of profit by 17% for the year under review, a record high in revenue and profit since its establishment. With its successful business diversification strategy, ET Net, the core business unit under this segment, grows rapidly. Major products like real-time financial terminals, equities content licensing services to financial institutions, as well as its website and mobile products have all become the growth engines of the Group. The high product quality, excellent product and servicing team, extensive industry domain knowledge together with advanced technological infrastructure have made ET Net a strong leader in the market.

With the emergence of new technologies, digital marketing is becoming more persuasive in communicating with consumers in a personalized and real-time mode especially via mobile platforms. Nonetheless, traditional media is still an important means of communication to readers. In such a complex and dynamic landscape, the Group has been investing and deploying resources to build a strong and professional team for its digital businesses in the printed media segment in recent years. The transformation has come to a critical stage and we are focusing and deriving the best practices which enable us to capture new opportunities. We believe that with HKET Group's premium brand image, visionary business strategy, excellent execution capabilities, and strong financial position along with a professional and experienced management team, we will be able to sustain our business development and continue to move forward in the years ahead.

Despite some recent encouraging signs in the US and the European economies, the global macro situation is becoming more complex as political and economic uncertainties remain. Technological disruption and inadequate aggregate demand will continue to affect the global economy in the years to come. Mainland, on the back of continuous economic reforms and positive fiscal measures by the Central Government, is expected to achieve a steady and reasonable growth. The rebalancing of economy to services and consumption sectors together with the Belt and Road Initiative, will open new opportunities to the Hong Kong businesses.

The economic outlook remains challenging. We shall take a cautious and prudent approach in cost management and take steps to further streamline our cost structure and improve operational efficiency. The Group is in a strong cash flow position with a cash balance of around HK$362 million as at 31 March 2017. The Board recommends the payment of a final dividend of HK 4.5 cents per share for the financial year ended 31 March 2017. We are determined to maintain a sustainable long term dividend policy with strong liquidity and healthy financial position. We are confident that we are well poised to weather these changes as we build for the future.

Our success over the years would not have been possible without the passionate and untiring efforts of our colleagues. I wish to take this opportunity to express my heartfelt thanks to my fellow Board members for their insightful guidance and invaluable support, to our diligent and dedicated management team and staff at every level for their hard work, commitment, passion, professionalism and inspirational teamwork. I am convinced that these qualities will continue to drive the Group forward 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, 26 June 2017

Board of Directors

Executive Directors

Mr. FUNG Siu Por, Lawrence, GBS, aged 67, 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 and computer technology 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 67, 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 40 years of extensive experience in the media and publishing industry. In October 2016, Mr. Mak was appointed an Independent Non-executive Director of Clifford Modern Living Holdings Limited, a company listed in the Hong Kong Stock Exchange. 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, a member of Hong Kong Tourism Board 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 60, 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 30 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 69, 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 54, 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.

Board of Directors

Non-executive Director

Mr. CHU Yu Lun, aged 66, 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 66, 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 Deputy 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, JP, aged 44, was appointed as an Independent Non-executive Director in 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 67, 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, Standing Committee Member of the Chinese People's Political Consultative Conference of Heilongjiang Province, Honorary Citizen of Guangzhou City, Foshan City and Jiangmen City. Mr. Lo previously served as a Member of the Election Committee of the Hong Kong Special Administrative Region, Council Member of Hong Kong Trade Development Council, Council Member of Hong Kong Productivity Council, a Member of the Business Advisory Group, Financial Secretary's Office, HKSAR, Committee Member of Business Facilitation Advisory Committee, HKSAR, Director and Chairman of Finance and Administration Committee of Hong Kong Design Centre, Committee Member of Small and Medium Enterprises Committee of Hong Kong, First Vice-President of the Chinese Manufacturers' Association of Hong Kong, founding Vice Chairman of the Young Industrialists Council of Hong Kong,Council Member of the Hong Kong Quality Assurance Agency and Standing Committee Member of the Chinese People's Political Consultative Conference of Jiangmen City. 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 54, was appointed as an Independent Non-executive Director in 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 Head of Investment Banking of CMBC International Holdings Limited ("CMBC"), a subsidiary of China Minseng Banking Corporation Limited. He has more than 26 years of experience in the accounting, finance and legal fields. Prior to joining CMBC, Mr. O'Yang worked for various international investment banks, including Kim Eng Securities (Hong Kong) Limited, a wholly-owned subsidiary of Malayan Banking Berhad, 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 2017, the Board comprised ten 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

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 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.

Board Diversity Policy

The Board has adopted its own board diversity policy ("Board Diversity Policy"). The Board Diversity Policy aimed to achieve diversity of the Board through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience. The Nomination Committee of the Company shall review the Board Diversity Policy as appropriate and make recommendations on any proposed revisions to the Board.

Board appointments will be based on objective criteria having due regard to the benefits of diversity of the Board.

Independence of Independent Non-executive Directors

Each Independent Non-executive Director has submitted to The Stock Exchange of Hong Kong Limited (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.

Corporate Governance

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)					
Executive Directors:					
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
Non-executive Director:					
Chu Yu Lun	4/4	2/2	2/2		0/1
Independent Non-executive Directors:					
Chow On Kiu	3/4			1/1	0/1
Leung Gabriel Matthew	3/4		2/2	1/1	0/1
Lo Foo Cheung	4/4	2/2	2/2		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 2017, 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. 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 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 2017, the Audit Committee met twice with the presence of all members. The Company's Chief Financial Officer and External Auditor were invited to attend the meetings. The Committee has reviewed the annual report for the financial year ended 31 March 2016, External Auditor's remuneration, internal control system and interim report for the period ended 30 September 2016. The Committee also discussed and reviewed the key audit matters determined by the External Auditor under the new and revised auditor reporting standards under Hong Kong Standards on Auditing for the year ended 31 March 2017. 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 2017, the connected transactions, internal control system review, the report from External Auditor on the audit of the Group's Financial Statements 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. 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. 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 twice during the financial year ended 31 March 2017 with the presence of all members 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 meetings.

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 2017 with the presence of all members to review the size, structure and composition 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 Audited Financial Statements of this Annual Report on page 71.

The Group's remuneration policy is set out in note 7(d) to the Audited Financial Statements of this Annual Report on page 73.

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 2017.

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 2017, 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 33 to 37.

During the period under review, the Group has incurred a total fee of HK$2,720,000 in relation to the interim review and audit services provided by PricewaterhouseCoopers for the financial year 2016/17, which was approved by the Audit Committee and the Board. A fee of HK$278,000 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 10 August 2017.

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 at the forthcoming annual general meeting.

Risk Management and Internal Control

The Board acknowledges that it has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. Such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board had received from the management a confirmation on the effectiveness of these systems.

The Group has established an on-going process for identifying, evaluating and managing the significant risks of the Group in the areas of financial, operational and compliance. The Group's business units are responsible for identifying, assessing and monitoring risks associated with their respective units. The results of evaluation will be reported to management through internal meetings. Management of the Group is responsible in assessing the impact of the risks identified to the Group and report to the Board on an annual basis.

The Group handles and disseminates inside information with due care. Employees are required to comply with confidentiality terms inside the Staff Handbook. Access to inside information is limited to employees at appropriate level and on need-to-know basis.

The Group maintains its internal audit function which reviews major operating and financial control and risk management system of the Group on an on-going and rotational basis covering all major operations of the Group. The results of the reviews are reported to the management of the Group.

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 2017, the Company Secretary has complied with the professional training requirements under the Code Provisions.

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 to 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.

Shareholders 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 2017, 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.

Management Discussion and Analysis

Summary of Profit and Loss Account

	Year ended 31 March 2017 HK$'000	2016 HK$'000	% Change
Revenue	**1,126,052**	**1,176,087**	**-4%**
Cost of sales	(715,629)	(747,227)	-4%
Gross profit	410,423	428,860	-4%
Gross profit margin	**36.4%**	**36.5%**	
Selling and distribution expenses	(176,095)	(171,660)	3%
General and administrative expenses	(194,487)	(194,765)	0%
Other income	3,845	2,531	52%
Operating profit	43,686	64,966	-33%
Finance income – net	2,932	6,229	-53%
Profit before income tax	46,618	71,195	-35%
Income tax expense	(15,859)	(12,061)	31%
Profit for the year	**30,759**	**59,134**	**-48%**
Non-controlling interests	(2,000)	(1,652)	21%
Profit attributable to owners	**28,759**	**57,482**	**-50%**
Net profit margin	**2.7%**	**5.0%**	

General

The Group's revenue for the financial year ended 31 March 2017 decreased by HK$50.0 million or 4% over last financial year to HK$1,126.1 million. Profit attributable to owners decreased by 50% from HK$57.5 million to HK$28.8 million.

Management Discussion and Analysis

Revenue

	Year ended 31 March 2017 HK$'000	2016 HK$'000	% Change
Revenue:			
Advertising income	611,759	639,103	-4%
Circulation income	96,268	108,941	-12%
Service income	405,705	412,375	-2%
Enrolment income	12,320	15,668	-21%
Total	1,126,052	1,176,087	-4%

Advertising income for the year ended 31 March 2017 recorded HK$611.8 million, a drop of HK$27.3 million, or 4% from the year ended 31 March 2016. Among the Group's print publications, *Sky Post* continued to record growth in advertising income. With the second largest circulation and readership figures in free dailies market and targeting the middle class family, *Sky Post* had received tremendous support from the advertisers. Year 2016 was another hard year for print media, in particular paid publications. The Group's paid publications were no exception. Advertising income of our paid daily and weeklies decreased except for *U Magazine*. *U Magazine*, a leading travel and lifestyle brand in Hong Kong and being winner in "Travel Magazine of the Year (Local) Award" by Marketing Magazine for 6 consecutive years (2011 – 2016), was able to maintain its advertising income albeit the very difficult business environment for magazine market. Digital advertising income, generated from the Group's various portals including recruitment, finance and lifestyle portals, increased significantly for the year under review and was able to compensate a major part of the loss of advertising income from paid publications.

Circulation income recorded a decrease of 12% from HK$108.9 million in the year ended 31 March 2016 to HK$96.3 million for the financial year under review. The decrease was mainly from the Group's paid weeklies. Magazines market was the hardest hit in the media transformation. The Group's flagship *Hong Kong Economic Times*, continued to rank number one in media credibility among all paid and free Chinese newspapers in Hong Kong by a tracking research in 2016 – "Public Evaluation on Media Credibility" conducted by the Centre for Communication and Public Opinion Survey of The Chinese University of Hong Kong. Our persistence in objective, unbiased and quality content earned the daily a stable circulation income.

Service income for the year ended 31 March 2017 decreased slightly by 2% from HK$412.4 million in preceding financial year to HK$405.7 million. The decrease was mainly due to the drop in external printing service income from the Group's printing operations which was in line with the shrinking trend of magazine market. Service income from financial news agency, information and solutions businesses remained solid in current financial year. The high product quality, excellent product and servicing team together with the advanced technological infrastructure and extensive industry domain knowledge had secured the businesses under this segment a strong leading position in the market.

Operating Costs

Gross profit margin for the year ended 31 March 2017 was 36.4%, similar to that for the year ended 31 March 2016.

Staff costs, representing approximately 48% of the Group's total operating costs, increased by 1% as compared to the year ended 31 March 2016. The increase was mainly due to general salary increment in line with the employment market, offset by decrease in headcount.

Newsprint costs, constituting around 9% of the Group's total operating costs, decreased by 3% when compared to the year ended 31 March 2016. The Group would continue to deploy effective production control on material consumption.

Income Tax Expense

The effective tax rates of the Group for the financial years ended 31 March 2017 and 2016 were 34.0% and 16.9% respectively. The increase in effective tax rate was mainly due to deferred tax assets in respect of tax losses not recognised in current financial year. The Group was subject 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. For the financial year under review, the Group did not recognise deferred tax assets in respect of tax losses incurred by the Group's subsidiaries for a more prudent consideration. The Group would closely monitor the related operations and review the adequacy of deferred tax assets recognition from time to time.

Profit Attributable to Owners

Profit attributable to owners of the Group for the year under review was HK$28.8 million, a decrease of HK$28.7 million or 50% as compared to HK$57.5 million recorded for the year ended 31 March 2016. Net profit margin decreased by 2.3 percentage point to 2.7% for the current financial year.

Media segment's operating results turned negative for the year under review while *Hong Kong Economic Times* continued its positive contribution. The Group's investments in free daily publishing and development of digital platforms over our print publications had become the drivers of revenue growth of the segment. The Group believed that our investment initiatives in free daily and digital platforms were worthwhile and necessary to sustain the continuous growth of the Group.

Financial news agency, information and solutions segment registered a remarkable growth of 17% in profits when compared to the preceding financial year, a record high profit for the segment. The encouraging profit was a result of the combined effort of dedicated product development and sales and customer service teams together with effective cost control.

Recruitment advertising and training segment was contributing positively to the Group's operating results with a stable profit. The digital based recruitment channels had been gaining share in the recruitment market.

Lifestyle platforms, leveraging on the strengths of the Group's publications, became one of the main drivers of revenue growth of the Group. The investment was aimed to produce positive return in the near term.

Liquidity and Capital Resources

(in HK$ million)	As at 31 March 2017	2016
Net current assets	357.0	361.0
Term deposits, pledged deposits and cash and cash equivalents	361.7	369.3
Bank borrowings	–	30.3
Owners' funds	830.8	837.0
Gearing ratio	N/A	2.5%
Current ratio	2.35 times	2.26 times

The Group's net current assets as at 31 March 2017 were HK$357.0 million, similar to HK$361.0 million as at 31 March 2016. Contribution from the positive operating results of the Group was offset by repayment of bank loans and distribution of dividends during the year. The Group recorded net cash generated from operating activities of HK$94.3 million for the year under review.

Net cash used in investing activities was HK$22.3 million. During the year, the Group had purchased property, plant and equipment amounting to HK$20.6 million and paid deposit of HK$15.2 million for acquisition of the entire interest of a company holding several office premises occupied by the Group. Total consideration for the acquisition, amounted to HK$152.4 million, will be funded by the Group's internal resources.

The Group had distributed the final dividend declared for the financial year ended 31 March 2016 and interim dividend for the six months period ended 30 September 2016 amounting to an aggregate total of HK$38.8 million. During the year, the Group had repaid HK$30.3 million bank loan. Net cash used in financing activities for the year therefore amounted to HK$69.4 million.

The Group had no gearing (being total interest bearing liabilities divided by total assets) as at 31 March 2017.

As at 31 March 2017, the Group had a cash balance of HK$361.7 million as compared to HK$369.3 million as at 31 March 2016. Majority of the cash was placed under short-term deposits with banks in Hong Kong and was held in Hong Kong dollars. The Group had no material 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.

Outlook

The media transformation continued. Digital marketing is becoming more persuasive in communicating with consumers in a personalized and real-time mode especially via mobile platforms. Nonetheless, traditional media is still an important means of communication to readers. In such a complex and dynamic landscape, the Group has been investing and deploying resources to build a strong and professional team for its digital businesses in the printed media segment in recent years. We are focusing and deriving the best practices which enable us to capture new opportunities. We believe that with HKET Group's premium brand image, visionary business strategy, excellent execution capabilities, and strong financial position along with a professional and experienced management team, we will be able to sustain our business development and continue to move forward in the years ahead.

The economic outlook remains challenging. Despite some recent encouraging signs in the US and the European economies, the global macro situation is becoming more complex as political and economic uncertainties remain. Technological disruption and inadequate aggregate demand will continue to affect the global economy in the years to come. Mainland, on the back of continuous economic reforms and positive fiscal measures by the Central Government, is expected to achieve a steady and reasonable growth. The rebalancing of economy to services and consumption sectors together with the Belt and Road Initiative will open new opportunities to the local businesses.

The Group is in a strong cash flow position with a cash balance of around HK$362 million as at 31 March 2017. We are determined to maintain a sustainable long term dividend policy with strong liquidity and healthy financial position. We are confident that we are well poised to weather the changes as we build for the future.

Employees

As at 31 March 2017, the Group had 1,455 employees (31 March 2016: 1,499 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 2017 (the "Financial Statements").

Principal Activities

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in note 22 to the Financial Statements.

Business Review

An analysis of the Group's performance for the year ended 31 March 2017 by operating segment is set out in note 5 to the Financial Statements.

A review of the Group's business during the year and discussion of the Group's performance and its financial position including an indication of likely future development of the Group's business are provided in the section headed "Management Discussion and Analysis" on pages 21 to 25 of this Annual Report.

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including employees, customers and suppliers. This includes promoting employee benefits and development, emphasizing safety working environments to employees, ensuring quality products and services and developing mutual beneficial relationships with suppliers.

The Group is committed to protecting the environment and improving the environmental performance in compliance with applicable environmental laws and practices. The Group had integrated environmental considerations into the Group's business processes seeking for a sustainable development. Details of the discussion on the Group's environmental policies and performance, its compliance with relevant laws and regulations are set out in the "Environmental, Social and Governance Report" of the Group.

The Group has complied with the relevant laws and regulations that have a significant impact on the Group.

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 2017 are set out on pages 38 to 96.

Dividend Distributions

During the year, an interim dividend distribution from the distributable reserves of HK 2.0 cents per share, totalling HK$8,632,000 was paid on 16 December 2016.

The Directors recommend a payment from the distributable reserves of the Company a final dividend of HK 4.5 cents per share in respect of the year ended 31 March 2017 to the shareholders whose names appear on the Register of Members of the Company at the close of business on 18 August 2017, amounting to HK$19,422,000. The final dividend, payable on 29 September 2017, is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on 10 August 2017.

Reserves

Movements in the reserves of the Group and of the Company during the year are set out on page 42 of and in note 27(b) to the Financial Statements.

Property, Plant and Equipment

Movements in property, plant and equipment of the Group are set out in note 13 to the Financial Statements.

Share Capital

Details of the number of authorised and issued shares of the Company are set out in note 21 to the Financial Statements.

Distributable Reserves

Distributable reserves of the Company as at 31 March 2017, calculated under the Cayman Islands Companies Law, amounted to HK$191,729,000 (2016: HK$223,625,000) including share premium and retained earnings.

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.

Directors' 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

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

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

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 Article 87 of the Company's Articles of Association, Mr. Chan Cho Biu, Mr. Shek Kang Chuen, Mr. Chow On Kiu and Professor Leung Gabriel Matthew shall retire from office and, are eligible for re-election at the forthcoming annual general meeting. Mr. Chan Cho Biu has informed the Board that he will not stand for re-election and accordingly shall retire at the forthcoming annual general meeting of the Company. Save for Mr. Chan Cho Biu, all other retiring Directors, 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 25 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 2017, 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 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 Directors	Capacity/Nature of interest	Number of shares held	Percentage of number of issued shares 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. 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.

(b) Long positions in underlying shares of the Company

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 2017, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's number of issued shares. 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 number of issued shares of the Company
Sky Vision Investments Limited (Note 1)	87,435,000	20.258%
MaMa Charitable Foundation Limited	58,169,000	13.478%
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%

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 2017, 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.

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	9%
– five largest suppliers combined	27%
Sales	
– the largest customer	7%
– five largest customers combined	17%

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 25 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 2017, 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 2017 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 26 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, 26 June 2017

羅兵咸永道

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

Opinion

What we have audited

The consolidated financial statements of Hong Kong Economic Times Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 38 to 96, which comprise:

- the consolidated balance sheet as at 31 March 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Basis for Opinion (Continued)

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for impairment of trade receivables of the media segment *Refer to note 4 (Critical accounting estimates and judgements) and note 17 (Trade receivables) of the consolidated financial statements* As at 31 March 2017, the Group has gross trade receivables of HK$212.7 million, a significant portion was attributable to customers from the media segment. Customers of the media segment has a slower settlement pattern to settle after the contractual credit period. Management performed credit monitoring, which included the periodic review of customers' credit worthiness, collection of outstanding balances, latest business development and individual credit terms. If there is indicator that the trade receivables are impaired, management would individually assess trade receivables for impairment with reference to the recoverable amount. We focused on this area due to the estimation and judgement involved in the collectability of trade receivables.	We understood and validated the key control on credit control procedures performed by management, including its procedures on periodic review on overdue trade receivables, and assessment on recoverability of these receivables. We have reviewed the ageing profile on trade receivables, focusing on the overdue trade receivables for which no provision had been made. For those balances with settlement subsequent to the year end, we tested, on a sample basis, the subsequent settlement by tracing to bank receipts. For unsettled trade receivables that were past due over 90 days, we enquired management the reasons for which receivables being outstanding, whether actions had been taken in recovering the receivables, and assessed if appropriate provision have been made, taking into account of the customers' relationship with the Group and past repayment history. Based upon the above, we found that the estimation and judgement made by management in respect of collectability of trade receivables were supportable by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Tak Wai, Daniel.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 June 2017

Audited Financial Statements

Consolidated Income Statement

	Note	Year ended 31 March 2017 HK$'000	2016 HK$'000
Revenue	5	1,126,052	1,176,087
Cost of sales	6	(715,629)	(747,227)
Gross profit		410,423	428,860
Selling and distribution expenses	6	(176,095)	(171,660)
General and administrative expenses	6	(194,487)	(194,765)
Other income	5	3,845	2,531
Operating profit		43,686	64,966
Finance income	8	3,381	8,058
Finance costs	8	(449)	(1,829)
Finance income – net	8	2,932	6,229
Profit before income tax		46,618	71,195
Income tax expense	9	(15,859)	(12,061)
Profit for the year		30,759	59,134
Profit attributable to:			
Owners of the Company		28,759	57,482
Non-controlling interests		2,000	1,652
		30,759	59,134
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic and diluted	10	6.66	13.32

The notes on pages 44 to 96 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 March 2017 HK$'000	2016 HK$'000
Profit for the year		30,759	59,134
Other comprehensive income/(loss):			
Item that may be reclassified to profit or loss			
Currency translation differences arising from foreign operations		(924)	(714)
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of long service payment provision	12	4,821	(3,696)
Other comprehensive income/(loss) for the year, net of tax		3,897	(4,410)
Total comprehensive income for the year		34,656	54,724
Total comprehensive income attributable to:			
Owners of the Company		32,656	53,072
Non-controlling interests		2,000	1,652
		34,656	54,724

The notes on pages 44 to 96 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

	Note	As at 31 March 2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	13	415,122	456,269
Investment properties	14	77,915	72,109
Deferred income tax assets	15	23,085	23,701
Deposits paid for property, plant and equipment		125	4,325
Deposit paid for acquisition of a subsidiary	26	15,240	–
		531,487	556,404
Current assets			
Inventories	16	22,261	29,843
Trade receivables	17	208,410	214,364
Deposits, prepayments and other receivables		29,555	34,484
Tax recoverable		263	344
Pledged deposits	18	3,349	3,320
Term deposits with original maturities of over three months	18	239,375	248,601
Cash and cash equivalents	18	119,023	117,344
		622,236	648,300
Current liabilities			
Trade payables	19	34,454	37,604
Fees in advance		121,369	128,491
Accruals, other payables and provisions		108,104	110,661
Current income tax liabilities		1,343	2,496
Bank borrowings	20	–	8,080
		265,270	287,332
Net current assets		356,966	360,968
Total assets less current liabilities		888,453	917,372

	Note	As at 31 March 2017 HK$'000	2016 HK$'000
Equity attributable to owners of the Company			
Share capital	21	43,160	43,160
Reserves		787,623	793,811
		830,783	836,971
Non-controlling interests		12,306	10,586
Total equity		843,089	847,557
Non-current liabilities			
Bank borrowings	20	–	22,220
Deferred income tax liabilities	15	35,743	33,462
Other non-current liabilities	12	9,621	14,133
		45,364	69,815
Total equity and non-current liabilities		888,453	917,372

Fung Siu Por, Lawrence
Chairman

Mak Ping Leung
Director

The notes on pages 44 to 96 are an integral part of these consolidated financial statements.

Audited 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$'000	Other reserves HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
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 year	–	–	–	–	–	–	57,482	57,482	1,652	59,134
Other comprehensive loss										
Currency translation differences arising from foreign operations	–	–	–	–	(714)	–	–	(714)	–	(714)
Remeasurement of long service payment provision	–	–	–	–	–	(3,696)	–	(3,696)	–	(3,696)
Total comprehensive (loss)/income	–	–	–	–	(714)	(3,696)	57,482	53,072	1,652	54,724
Transactions with owners										
Final dividend for the year ended 31 March 2015	–	(25,896)	–	–	–	–	–	(25,896)	(198)	(26,094)
Interim dividend for the year ended 31 March 2016	–	–	–	–	–	–	(8,632)	(8,632)	–	(8,632)
Balance at 31 March 2016	43,160	74,905	69,944	6,120	1,024	(2,363)	644,181	836,971	10,586	847,557
Balance at 1 April 2016	43,160	74,905	69,944	6,120	1,024	(2,363)	644,181	836,971	10,586	847,557
Profit for the year	–	–	–	–	–	–	28,759	28,759	2,000	30,759
Other comprehensive (loss)/income										
Currency translation differences arising from foreign operations	–	–	–	–	(924)	–	–	(924)	–	(924)
Remeasurement of long service payment provision	–	–	–	–	–	4,821	–	4,821	–	4,821
Total comprehensive (loss)/income	–	–	–	–	(924)	4,821	28,759	32,656	2,000	34,656
Transactions with owners										
Final dividend for the year ended 31 March 2016	–	(30,212)	–	–	–	–	–	(30,212)	(280)	(30,492)
Interim dividend for the year ended 31 March 2017	–	(8,632)	–	–	–	–	–	(8,632)	–	(8,632)
Balance at 31 March 2017	43,160	36,061	69,944	6,120	100	2,458	672,940	830,783	12,306	843,089

The notes on pages 44 to 96 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

	Note	Year ended 31 March 2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
Cash generated from operations	23	108,807	159,943
Interest paid	8	(449)	(1,829)
Hong Kong profits tax paid		(14,034)	(3,922)
Net cash generated from operating activities		94,324	154,192
Cash flows from investing activities			
Bank interest received	8	3,381	8,058
Purchase of property, plant and equipment and investment properties		(20,596)	(18,192)
Deposits paid for purchase of property, plant and equipment		(125)	(4,325)
Proceeds from disposal of property, plant and equipment	23	1,086	215
Deposit paid for acquisition of a subsidiary	26	(15,240)	–
Decrease/(increase) in term deposits with original maturities of over three months		9,226	(25,253)
Increase in pledged deposits		(29)	–
Net cash used in investing activities		(22,297)	(39,497)
Cash flows from financing activities			
Repayments of bank borrowings	20	(30,300)	(89,943)
Interim dividend paid to owners of the Company		(8,632)	(8,632)
Final dividend paid to owners of the Company		(30,212)	(25,896)
Final dividend paid to non-controlling interests		(280)	(198)
Net cash used in financing activities		(69,424)	(124,669)
Net increase/(decrease) in cash and cash equivalents		2,603	(9,974)
Effect of foreign exchange rate changes, net		(924)	(8,937)
Cash and cash equivalents at beginning of the year		117,344	136,255
Cash and cash equivalents at end of the year	18	119,023	117,344

The notes on pages 44 to 96 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 March 2017

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 were approved for issue by the Board of Directors on 26 June 2017.

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 Hong Kong Economic Times Holding Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

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.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The following improvements and amendments to standards are relevant to the Group's operation and are mandatory for the financial year ended 31 March 2017:

Annual improvements project	Annual improvements 2012-2014 Cycle
Amendment to HKAS 1 (Revised)	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendment to HKAS 27 (2011)	Equity method in separate financial statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment entities: Applying the consolidation exception

These improvements and amendments to standards had no material impact on the presentation of the Group's financial statements.

The following new standards and amendments to standards are relevant to the Group's operation but are not effective for the Group's financial year beginning on or after 1 April 2016 and have not been early adopted in these consolidated financial statements:

		Effective for accounting period beginning on or after
Amendment to HKAS 7	Disclosure initiative	1 January 2017
Amendment to HKAS 12	Recognition of deferred tax assets for unrealised losses	1 January 2017
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019

Notes to the Consolidated Financial Statements

Year ended 31 March 2017

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Management is in the process of assessing the impact of these new standards and amendments to standards and set out below are the expected impact on the Group's financial performance and position:

(a) *HKFRS 9 "Financial instruments"*

HKFRS 9 "Financial instruments" addresses the classification, measurement and recognition of financial assets and liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments.

HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities, there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in the other comprehensive income, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39.

HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and the "hedged ratio" to be the same as that used by management for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39.

The Group considers that there will be no material adverse change in the credit risks in respect of the Group's future financial assets and the adoption of the new expected credit losses model under HKFRS 9 will not have significant impact on its financial performance and position. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) HKFRS 15 "Revenue from contracts with customers"

HKFRS 15 "Revenue from contracts with customers" replaces the previous revenue standards HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations on revenue recognition. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- Revenue from service – the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.
- Accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15.
- Rights of return – HKFRS 15 requires separate presentation on the consolidated balance sheet of the right to recover the goods from the customer and the refund obligation.

At this stage, the Group is in the process to estimate the impact of the new rules on the Group's consolidated financial statements. The Group will make more detailed assessments of the impact.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

(c) HKFRS 16 "Leases"

HKFRS 16 will result in almost all leases being recognised on the consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low value leases.

The accounting for lessors will not significantly change.

Notes to the Consolidated Financial Statements

Year ended 31 March 2017

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(c) *HKFRS 16 "Leases"* (Continued)

The standard will affect primarily the accounting for Group's operating leases. As at the balance sheet date, the Group has non-cancellable operating lease commitments of HK$39,361,000, see note 24. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

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.

(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.

2. Summary of significant accounting policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) *Business combinations* (Continued)

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.

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.

(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.

(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.

Notes to the Consolidated Financial Statements

Year ended 31 March 2017

2. Summary of significant accounting policies (Continued)

2.2 Subsidiaries (Continued)

2.2.2 Separate financial statements

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

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.

2. Summary of significant accounting policies (Continued)

2.4 Foreign currency translation (Continued)

(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.

2.5 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.

Notes to the Consolidated Financial Statements

Year ended 31 March 2017

2. Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

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 2.7).

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

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 in the consolidated income statement.

2. Summary of significant accounting policies (Continued)

2.7 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.

2.8 Financial assets

2.8.1 Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 receivables', 'deposits and other receivables', 'cash and cash equivalents', 'pledged deposits', and 'term deposits with original maturities of over three months' in the consolidated balance sheet (see notes 2.12 and 2.13).

2.8.2 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 values 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. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements
Year ended 31 March 2017

2. Summary of significant accounting policies (Continued)

2.9 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.

2.10 Impairment of financial assets

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.

2. Summary of significant accounting policies (Continued)

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

Notes to the Consolidated Financial Statements
Year ended 31 March 2017

2. Summary of significant accounting policies (Continued)

2.16 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.

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.

2.17 Borrowing costs

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

2.18 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.

2. Summary of significant accounting policies (Continued)

2.18 Current and deferred income tax (Continued)

(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.

(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 tax 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.

2.19 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.

Notes to the Consolidated Financial Statements
Year ended 31 March 2017

2. Summary of significant accounting policies (Continued)

2.19 Employee benefits (Continued)

(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 cost 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.

The current service cost of the defined benefit plan, recognised in the consolidated income statement in employee benefit expense reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in consolidated income statement.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated income statement.

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.

2. Summary of significant accounting policies (Continued)

2.19 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.

In addition, pursuant to the government regulations in the People's Republic of China (the "PRC"), the Group is required to contribute an amount to certain retirement benefit schemes for those employees in the PRC. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group. Contributions to these retirement benefits schemes are charged to the consolidated income statement as incurred.

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 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.

2.20 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 finance costs.

Notes to the Consolidated Financial Statements
Year ended 31 March 2017

2. Summary of significant accounting policies (Continued)

2.21 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 or over the contractual period.

(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) Finance 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. Summary of significant accounting policies (Continued)

2.22 Leases

(a) *As a lessee*

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.

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.

(b) *As a lessor*

When an asset is leased out under an operating lease, the asset is included in the consolidated balance sheet based on the nature of the asset. Lease income on operating leases is recognised over the term of the lease on a straight-line basis.

2.23 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.

Notes to the Consolidated Financial Statements
Year ended 31 March 2017

2. Summary of significant accounting policies (Continued)

2.24 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.

(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. At 31 March 2017, 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$1,000 (2016: HK$1,706,000).

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 2017, the Group did not have any outstanding hedging instruments (2016: nil).

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(a) *Market risk* (Continued)

(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 2017, 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 profit for the year by approximately HK$1,187,000 (2016: HK$1,168,000), in respect of interest income on floating rate bank deposits.

At 31 March 2016, it was 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$303,000, in respect of interest expense on floating rate bank borrowings. At 31 March 2017, the Group does not have any bank borrowings.

(b) *Credit risk*

The Group's credit risk arises from its bank deposits and trade receivables.

To mitigate the risk arising from banks, the Group places its deposits to certain reputable banks with a minimum rating of "investment grade" ranked by an independent party. See note 18 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 17 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.

Notes to the Consolidated Financial Statements

Year ended 31 March 2017

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(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 2017, the Group has undrawn borrowing facilities of HK$18,000,000 (2016: nil).

The table below analyses the Group'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
At 31 March 2017			
Trade payables	34,454	–	–
Accruals and other payables	106,949	–	–
At 31 March 2016			
Trade payables	37,604	–	–
Accruals and other payables	109,423	–	–
Bank borrowings	8,626	8,461	14,406

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 2017, the Group had no borrowings. As at 31 March 2016, the gearing ratio was 2.5%.

3.3 Fair value estimation

The carrying values of the Group's financial assets and financial liabilities are reasonable approximation of their fair values due to the relatively short term nature of these financial instruments.

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.

Notes to the Consolidated Financial Statements
Year ended 31 March 2017

4. Critical accounting estimates and judgements (Continued)

(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.

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 collectability 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.

4. Critical accounting estimates and judgements (Continued)

(c) 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.

5. Revenue, other income and segment information

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

	2017 HK$'000	2016 HK$'000
Revenue		
Advertising income	611,759	639,103
Circulation income	96,268	108,941
Service income	405,705	412,375
Enrolment income	12,320	15,668
	1,126,052	1,176,087
Other income		
Rental income from investment properties	3,845	2,531
	3,845	2,531
Total revenue and other income	1,129,897	1,178,618

Notes to the Consolidated Financial Statements
Year ended 31 March 2017

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

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.

The Group has 4 reportable segments:

(a) 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 platforms 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.

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

The segment results for the year ended 31 March 2017 are as follows:

	Media		Financial news agency, information and solutions		Recruitment advertising and training		Lifestyle platforms		Corporate		Total	
	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000	2017 HK$'000	2016 HK$'000
REVENUE												
Revenue	739,163	796,423	316,505	312,517	45,704	49,735	31,905	24,714	–	–	1,133,277	1,183,389
Inter-segment transactions	(3,007)	(3,233)	(3,998)	(3,885)	(216)	(180)	(4)	(4)	–	–	(7,225)	(7,302)
Revenue – from external customers	736,156	793,190	312,507	308,632	45,488	49,555	31,901	24,710	–	–	1,126,052	1,176,087
RESULTS												
Profit/(loss) for the year	(26,697)	8,163	60,332	51,544	5,255	5,326	(8,258)	(5,921)	127	22	30,759	59,134

For the year ended 31 March 2017, revenue of approximately HK$74,986,000 (2016: HK$84,318,000) is derived from a single external customer. The revenue is attributable to the media segment.

The Group is domiciled in Hong Kong. The revenue from external customers attributed to Hong Kong and other countries are HK$1,124,295,000 (2016: HK$1,173,870,000) and HK$1,757,000 (2016: HK$2,217,000), 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.

The total non-current assets other than deferred income tax assets located in Hong Kong and other countries are HK$508,310,000 (2016: HK$532,588,000) and HK$92,000 (2016: HK$115,000), respectively.

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Year ended 31 March 2017

6. Expenses by nature

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

	2017 HK$'000	2016 HK$'000
Crediting		
Gain on disposal of property, plant and equipment (note 23)	110	65
Charging		
Staff costs including Directors' and CEO's remuneration (note 7)	525,053	520,809
Cost of inventories sold or consumed in operation (note 16)	175,708	194,023
Auditors' remuneration	2,720	2,720
Depreciation of property, plant and equipment and investment properties (notes 13 and 14)	59,720	59,314
Operating lease rentals on land and buildings	27,985	25,761
Provision for impairment of trade receivables	200	438
Bad debts written off	–	11
Provision for obsolete inventories	452	422
Inventories written off	196	172

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

	2017 HK$'000	2016 HK$'000
Wages, salaries and bonuses	501,422	497,055
Unutilised pay leave	(83)	16
Pension costs – defined contribution plans (note a)	22,703	22,769
Long service payment (note 12)	1,011	969
Total	525,053	520,809

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

(a) Pensions – defined contribution plans

No forfeited contributions were utilised for the year ended 31 March 2017 (2016: HK$393,000). Furthermore, no forfeited contributions were available at the year end to reduce future contributions (2016: nil).

Contributions totalling approximately HK$2,818,000 (2016: HK$2,750,000) were payable to the MPF and another occupational retirement scheme at the year end.

(b) Directors' and CEO's remuneration

The benefit and interests of each Director and the CEO for the year ended 31 March 2017, disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622), and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and the Listing Rules, is set out below:

	Salaries HK$'000	Fees HK$'000	Discretionary bonuses HK$'000	Employer's contributions to pension scheme HK$'000	Total HK$'000
Executive Directors					
Mr. FUNG Siu Por, Lawrence (note (i))	3,476	–	288	174	3,938
Mr. MAK Ping Leung	3,810	–	316	190	4,316
Mr. CHAN Cho Biu	3,328	–	276	166	3,770
Mr. SHEK Kang Chuen	2,818	–	234	141	3,193
Ms. SEE Sau Mei Salome	3,161	–	262	158	3,581
Non-executive Director					
Mr. CHU Yu Lun	–	165	–	–	165
Independent Non-executive Directors					
Mr. CHOW On Kiu	–	165	–	–	165
Professor LEUNG Gabriel Matthew	–	165	–	–	165
Mr. LO Foo Cheung	–	165	–	–	165
Mr. O'YANG Wiley	–	200	–	–	200
Total	16,593	860	1,376	829	19,658

Notes to the Consolidated Financial Statements

Year ended 31 March 2017

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

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

The benefit and interests of each Director and the CEO for the year ended 31 March 2016, disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622), and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and the Listing Rules, is set out below:

	Salaries HK$'000	Fees HK$'000	Discretionary bonuses HK$'000	Employer's contributions to pension scheme HK$'000	Total HK$'000
Executive Directors					
Mr. FUNG Siu Por, Lawrence (note (i))	3,485	–	436	174	4,095
Mr. MAK Ping Leung	3,820	–	477	191	4,488
Mr. CHAN Cho Biu	3,336	–	417	167	3,920
Mr. SHEK Kang Chuen	2,825	–	353	141	3,319
Ms. SEE Sau Mei Salome	3,139	–	393	157	3,689
Mr. CHAN Wa Pong (note (ii))	888	–	–	37	925
Non-executive Director					
Mr. CHU Yu Lun	–	165	–	–	165
Independent Non-executive Directors					
Mr. CHOW On Kiu	–	165	–	–	165
Professor LEUNG Gabriel Matthew	–	165	–	–	165
Mr. LO Foo Cheung	–	165	–	–	165
Mr. O'YANG Wiley	–	200	–	–	200
Total	17,493	860	2,076	867	21,296

Note (i): The Director is also the CEO, hence no separate disclosure in respect of the remuneration of the CEO has been made (2016: same).

Note (ii): Mr. Chan Wa Pong retired as executive director on 6 August 2015.

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

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

During the year, no payments or benefits in respect of termination of directors' services, remuneration in respect of accepting office as director, emoluments in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries and other benefits were paid or made, directly or indirectly, to the directors; nor are any payable (2016: nil). No consideration was provided to or receivable by third parties for making available directors' services (2016: nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2016: nil).

No director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2016: same).

(c) Five highest paid individuals

The five individuals whose remuneration were the highest in the Group for the year include five (2016: 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.

Notes to the Consolidated Financial Statements
Year ended 31 March 2017

8. Finance income and costs

	2017 HK$'000	2016 HK$'000
Finance income		
– Bank interest income	3,381	8,058
Finance costs		
– Interest expense on bank borrowings	(449)	(1,829)
Finance income – net	2,932	6,229

9. Income tax expense

	2017 HK$'000	2016 HK$'000
Current income tax		
Hong Kong profits tax	12,955	11,806
PRC enterprise income tax	122	358
Over-provisions in prior years	(115)	(116)
Total current income tax	12,962	12,048
Deferred income tax (note 15)	2,897	13
Income tax expense	15,859	12,061

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 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% (2016: 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.

9. Income tax expense (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:

	2017 HK$'000	2016 HK$'000
Profit before income tax	46,618	71,195
Calculated at tax rate of 16.5% (2016: 16.5%)	7,692	11,747
Effect of difference on tax rate arising from the PRC operations	14	122
Income not subject to tax	(1,796)	(2,142)
Expenses not deductible for tax purposes	542	1,664
Utilisation of previously unrecognised deferred tax assets	(66)	–
Tax losses for which no deferred income tax assets were recognised	9,588	786
Over-provisions in prior years	(115)	(116)
Income tax expense	15,859	12,061

10. 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$28,759,000 (2016: HK$57,482,000) and number of 431,600,000 (2016: 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 2017 (2016: same).

Notes to the Consolidated Financial Statements
Year ended 31 March 2017

11. Dividends

	2017 HK$'000	2016 HK$'000
Dividends attributable to the year		
Interim dividend paid of HK 2.0 cents (2016: HK 2.0 cents) per ordinary share	8,632	8,632
Proposed final dividend of HK 4.5 cents (2016: HK 7.0 cents) per ordinary share	19,422	30,212
	28,054	38,844
Dividends paid during the year	38,844	34,528

A final dividend in respect of the year ended 31 March 2017 of HK 4.5 cents per ordinary share, amounting to a total dividend of HK$19,422,000, is to be proposed at the annual general meeting on 10 August 2017. This proposed dividend is not reflected as a dividend payable in the consolidated balance sheet.

12. Other non-current liabilities

	2017 HK$'000	2016 HK$'000
Long service payment provision	9,621	14,133

Long service payment provision represents the long service payment obligations for its employees in Hong Kong.

Pension costs are assessed using the projected unit credit cost 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 cost method has been carried out by Mercer, an independent qualified actuary, and the pension costs are charged to the consolidated income statement.

12. Other non-current liabilities (Continued)

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

	2017 HK$'000	2016 HK$'000
Present value of the long service payment provision	9,621	14,133

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

	2017 HK$'000	2016 HK$'000
At beginning of the year	14,133	9,663
Current service costs	790	807
Interest expense	221	162
Remeasurement:		
– (Gain)/loss from changes in financial assumptions	(1,373)	148
– (Gain)/loss from experience adjustments	(3,448)	3,548
Actual benefits paid	(702)	(195)
At end of the year	9,621	14,133

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

	2017 HK$'000	2016 HK$'000
Current service costs	790	807
Interest expense	221	162
Total expenses recognised in the consolidated income statement	1,011	969

Notes to the Consolidated Financial Statements
Year ended 31 March 2017

12. Other non-current liabilities (Continued)

The cumulative amounts of remeasurement of long service payment provision recognised in the consolidated statement of comprehensive income are as follows:

	2017 HK$'000	2016 HK$'000
At beginning of the year	2,363	(1,333)
Remeasurement for the year	(4,821)	3,696
At end of the year	(2,458)	2,363

The principal actuarial parameters used are as follows:

	2017	2016
Discount rate	1.80%	1.60%
Expected inflation rate	3.00%	4.00%

The sensitivity of the defined benefit obligation to changes in significant parameters is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease 20.09%	Increase 23.89%
Expected inflation rate	0.50%	Increase 6.34%	Decrease 7.50%

The above sensitivity analyses are based on a change in an assumption while holding all other parameters constant. In practise, it is unlikely to occur, and changes in some of the parameters may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial parameters, the same method (present value of the defined benefit obligation calculated with the projected unit credit cost method at the balance sheet date) has been applied as when calculating the pension liability recognised within the consolidated balance sheet.

13. Property, plant and equipment

	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	Total HK$'000
At 31 March 2015							
Cost	228,240	58,260	441,380	146,503	2,458	71,213	948,054
Accumulated depreciation	(35,347)	(39,717)	(200,830)	(125,058)	(1,410)	(49,395)	(451,757)
Net book value at 31 March 2015	192,893	18,543	240,550	21,445	1,048	21,818	496,297
Net book value at 1 April 2015	192,893	18,543	240,550	21,445	1,048	21,818	496,297
Additions	–	1,691	620	8,473	682	7,160	18,626
Depreciation	(3,497)	(6,396)	(31,877)	(9,372)	(382)	(6,980)	(58,504)
Disposals	–	–	–	(23)	(127)	–	(150)
Net book value at 31 March 2016	189,396	13,838	209,293	20,523	1,221	21,998	456,269
At 31 March 2016							
Cost	228,240	59,951	441,983	154,863	2,380	78,190	965,607
Accumulated depreciation	(38,844)	(46,113)	(232,690)	(134,340)	(1,159)	(56,192)	(509,338)
Net book value at 31 March 2016	189,396	13,838	209,293	20,523	1,221	21,998	456,269
Net book value at 1 April 2016	189,396	13,838	209,293	20,523	1,221	21,998	456,269
Additions	–	2,676	1,767	12,009	1,312	7,591	25,355
Transfer to investment properties (note)	(6,783)	–	–	–	–	–	(6,783)
Depreciation	(3,331)	(5,998)	(30,071)	(10,579)	(524)	(8,240)	(58,743)
Disposals	–	–	(921)	(7)	(47)	(1)	(976)
Net book value at 31 March 2017	179,282	10,516	180,068	21,946	1,962	21,348	415,122
At 31 March 2017							
Cost	220,053	61,680	441,213	166,738	3,268	85,273	978,225
Accumulated depreciation	(40,771)	(51,164)	(261,145)	(144,792)	(1,306)	(63,925)	(563,103)
Net book value at 31 March 2017	179,282	10,516	180,068	21,946	1,962	21,348	415,122

Note: During the year ended 31 March 2017, property, plant and equipment of HK$6,783,000 has been reclassified to investment properties as a result of change in usage.

Notes to the Consolidated Financial Statements

Year ended 31 March 2017

14. Investment properties

	Total HK$'000
At 1 April 2015	
Cost	73,372
Accumulated depreciation	(453)
Net book value at 31 March 2015	72,919
Net book value at 1 April 2015	72,919
Depreciation	(810)
Net book value at 31 March 2016	72,109
At 31 March 2016	
Cost	73,372
Accumulated depreciation	(1,263)
Net book value at 31 March 2016	72,109
Net book value at 1 April 2016	72,109
Transfer from property, plant and equipment	6,783
Depreciation	(977)
Net book value at 31 March 2017	77,915
At 31 March 2017	
Cost	81,559
Accumulated depreciation	(3,644)
Net book value at 31 March 2017	77,915

As at 31 March 2016, bank borrowings were secured by investment properties with net book values of approximately HK$59,882,000 (note 20). Bank borrowings were fully repaid during the year ended 31 March 2017.

The fair values of investment properties as at 31 March 2017 are approximately HK$106,030,000 (2016: HK$75,440,000) as valued by an independent professionally qualified valuer, on an open market value and existing state basis.

15. Deferred income tax

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

	2017 HK$'000	2016 HK$'000
Deferred income tax assets:		
– Deferred tax assets to be recovered after more than 12 months	23,085	23,701
Deferred income tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	(35,743)	(33,462)
	(12,658)	(9,761)

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	Total HK$'000
At 1 April 2015	37,936	6,939	44,875
Recognised in the consolidated income statement	8,740	(581)	8,159
At 31 March 2016	46,676	6,358	53,034
Recognised in the consolidated income statement	(3,981)	(451)	(4,432)
At 31 March 2017	42,695	5,907	48,602

Notes to the Consolidated Financial Statements
Year ended 31 March 2017

15. Deferred income tax (Continued)

Deferred income tax assets

	Provisions HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2015	(462)	(34,665)	(35,127)
Recognised in the consolidated income statement	(62)	(8,084)	(8,146)
At 31 March 2016	(524)	(42,749)	(43,273)
Recognised in the consolidated income statement	23	7,306	7,329
At 31 March 2017	(501)	(35,443)	(35,944)

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$20,932,000 (2016: HK$11,410,000) in respect of tax losses amounting to HK$126,680,000 (2016: HK$69,154,000) that can be carried forward against future taxable income. The tax losses of HK$126,332,000 from Hong Kong subsidiaries have no expiry date while other tax losses from the PRC subsidiaries amounting to HK$348,000 will expire in 2021.

16. Inventories

	2017 HK$'000	2016 HK$'000
Raw materials	19,115	26,273
Work in progress	–	507
Finished goods	9,218	8,636
Less: provision for obsolete inventories	(6,072)	(5,573)
	22,261	29,843

The cost of inventories recognised as expense and included in 'cost of sales' amounted to HK$175,708,000 (2016: HK$194,023,000).

17. Trade receivables

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

	2017 HK$'000	2016 HK$'000
0 to 30 days	117,852	123,856
31 to 60 days	30,807	33,697
61 to 90 days	20,919	22,197
Over 90 days	43,151	38,733
Trade receivables, gross	212,729	218,483
Less: provision for impairment of trade receivables	(4,319)	(4,119)
	208,410	214,364

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

The credit period granted by the Group to its trade customers ranges from 0 to 90 days.

Trade receivables that are not past due and not impaired amounted to HK$72,684,000 (2016: HK$71,648,000). These balances relate to a wide range of customers for whom there was no recent history of default.

Below is the ageing analysis of trade receivables that are past due as at the balance sheet date but not impaired:

	2017 HK$'000	2016 HK$'000
1 to 30 days	45,168	52,208
31 to 60 days	30,779	33,697
61 to 90 days	20,885	22,193
Over 90 days	38,894	34,618
	135,726	142,716

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.

Notes to the Consolidated Financial Statements

Year ended 31 March 2017

17. Trade receivables (Continued)

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

	2017 HK$'000	2016 HK$'000
At beginning of the year	4,119	3,681
Provision made for impairment	200	438
At end of the year	4,319	4,119

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 amounts 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.

18. Cash and cash equivalents, term deposits with original maturities of over three months and pledged deposits

	2017 HK$'000	2016 HK$'000
Cash and cash equivalents	119,023	117,344
Pledged deposits with original maturity of over three months	3,349	3,320
Term deposits with original maturities of over three months	239,375	248,601
Total	361,747	369,265
Maximum exposure to credit risk	361,379	368,743
Denominated in:		
– HK dollars	347,266	181,448
– RMB	13,713	187,036
– Other currencies	768	781
	361,747	369,265

The pledged deposits were mainly used to secure banking facility for the printing contract entered into by the Group in the year ended 31 March 2017 (2016: same).

The Group's weighted effective interest rate on term deposits was 1.67% (2016: 2.69%) per annum with an average maturity of 339 (2016: 271) days.

The Group's bank balances and cash of approximately HK$13,618,000 (2016: HK$16,374,000) as at 31 March 2017 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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19. Trade payables

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

	2017 HK$'000	2016 HK$'000
0 to 30 days	32,361	33,204
31 to 60 days	658	2,894
61 to 90 days	192	412
Over 90 days	1,243	1,094
	34,454	37,604

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

20. Bank borrowings

	2017 HK$'000	2016 HK$'000
Non-current		
Bank borrowings	–	22,220
Current		
Bank borrowings	–	8,080
Total	–	30,300

Movements in bank borrowings are analysed as follows:

	2017 HK$'000	2016 HK$'000
At beginning of the year	30,300	120,243
Repayment of bank borrowings	(30,300)	(89,943)
At end of the year	–	30,300

20. Bank borrowings (Continued)

Bank borrowings are repayable as follows:

	2017 HK$'000	2016 HK$'000
Within one year	–	8,080
Between one and two years	–	8,080
Between two and five years	–	14,140
	–	30,300

As at 31 March 2016, the bank borrowings bear floating rate were denominated in HK dollars and secured by certain investment properties of the Group (note 14). These bank borrowings were repaid during the year ended 31 March 2017.

As at 31 March 2016, the bank borrowings were exposed to interest rate changes and the contractual repricing dates were 6 months or less at the balance sheet date. The effective interest rate of the bank borrowings as at 31 March 2016 was 2.23% per annum.

21. Share capital

	2017 HK$'000	2016 HK$'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

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22. Subsidiaries

Particulars of the principal subsidiaries at 31 March 2017 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%
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%

22. Subsidiaries (Continued)

Particulars of the principal subsidiaries at 31 March 2017 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
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%
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%

Notes to the Consolidated Financial Statements

Year ended 31 March 2017

22. Subsidiaries (Continued)

Particulars of the principal subsidiaries at 31 March 2017 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
Hong Kong Economic Times Limited	Hong Kong	Publication of newspapers, magazines and books and operation of lifestyle portals 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 centre 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

23. Cash generated from operations

	2017 HK$'000	2016 HK$'000
Profit before income tax	46,618	71,195
Adjustments for:		
– Depreciation of property, plant and equipment and investment properties (note 6)	59,720	59,314
– Gain on disposal of property, plant and equipment (see below)	(110)	(65)
– Finance income (note 8)	(3,381)	(8,058)
– Finance costs (note 8)	449	1,829
– Provision for impairment of trade receivables (note 6)	200	438
– Bad debts written off (note 6)	–	11
– Provision for obsolete inventories (note 6)	452	422
– Inventories written off (note 6)	196	172
– Provision for long service payment	309	774
– Unrealised exchange loss	–	8,223
Changes in working capital:		
– Decrease in inventories	6,934	3,352
– Decrease/(increase) in trade receivables and deposits, prepayments and other receivables	10,683	(2,694)
– (Decrease)/increase in trade payables, fees in advance and accruals, other payables and provisions	(13,263)	25,030
Cash generated from operations	108,807	159,943

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

	2017 HK$'000	2016 HK$'000
Net book amount (note 13)	976	150
Gain on disposal of property, plant and equipment (note 6)	110	65
Proceeds from disposal of property, plant and equipment	1,086	215

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24. Commitments

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

	2017 HK$'000	2016 HK$'000
Property, plant and equipment		
– contracted but not yet provided for	125	778
– authorised but not yet contracted for	243	506
	368	1,284

(b) Commitments under operating leases

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

	2017 HK$'000	2016 HK$'000
Not later than one year	28,051	12,131
Later than one year and not later than five years	11,310	8,681
	39,361	20,812

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

	2017 HK$'000	2016 HK$'000
Not later than one year	2,511	2,532
Later than one year and not later than five years	155	1,104
	2,666	3,636

25. Related party transactions

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

		2017 HK$'000	2016 HK$'000
(a)	**Service income** (note (i))		
	– Roctec Credit Limited	131	131
	– Roctec International Limited	10	10
	– Roctec Technology Limited	18	–
		159	141
(b)	**Rental expenses on leased property** (note (i))		
	– Roctec Systems Limited	1,023	979
(c)	**Purchase of hardware** (note (i))		
	– Roctec Technology Limited	559	730
(d)	**Consultant royalty expenses** (note (i))		
	– Wayca Development Limited	67	1
	– Shek Kang Chuen, a Director of the Company	6	73
		73	74
(e)	**Remuneration of contributor** (note (i))		
	– Mak Ping Leung, a Director of the Company	42	41
	– Shek Kang Chuen, a Director of the Company	100	168
	– Wayca Development Limited	254	171
		396	380

(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.

Notes to the Consolidated Financial Statements

Year ended 31 March 2017

25. Related party transactions (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.

26. Event after the balance sheet date

Subsequent to the year end date, the Group is in the process of acquiring the entire interest of a company holding several office premises in Hong Kong at a total consideration of approximately HK$152,400,000. As at 31 March 2017, a deposit of HK$15,240,000 was made and recognised as 'deposit paid for acquisition of a subsidiary' in the consolidated balance sheet.

27. Balance sheet and reserve movements of the Company

(a) Balance sheet of the Company

	Note	As at 31 March 2017 HK$'000	2016 HK$'000
Non-current assets			
Investments in subsidiaries	22	178,627	178,627
Deposit paid for acquisition of a subsidiary	26	15,240	–
		193,867	178,627
Current assets			
Deposits, prepayments and other receivables		150	168
Amounts due from subsidiaries		710,560	649,527
Cash and cash equivalents		3,705	44,286
		714,415	693,981
Current liabilities			
Accruals, other payables and provisions		576	805
Amounts due to subsidiaries		666,697	598,898
		667,273	599,703
Net current assets		47,142	94,278
Total assets less current liabilities		241,009	272,905
Equity attributable to owner of the Company			
Share capital		43,160	43,160
Reserves	27(b)		
Proposed final dividend		19,422	30,212
Others		178,427	199,533
Total equity		241,009	272,905

The balance sheet of the Company was approved by the Board of Directors on 26 June 2017 and were signed on its behalf.

Fung Siu Por, Lawrence
Chairman

Mak Ping Leung
Director

Notes to the Consolidated Financial Statements
Year ended 31 March 2017

27. Balance sheet and reserve movements of the Company (Continued)

(b) Reserve movements of the Company

	Share premium HK$'000	Capital reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2015	248,228	6,120	5,083	259,431
Profit for the year	–	–	4,842	4,842
Final dividend for the year ended 31 March 2015	(25,896)	–	–	(25,896)
Interim dividend for the year ended 31 March 2016	–	–	(8,632)	(8,632)
At 31 March 2016	222,332	6,120	1,293	229,745
At 1 April 2016	222,332	6,120	1,293	229,745
Profit for the year	–	–	6,948	6,948
Final dividend for the year ended 31 March 2016	(30,212)	–	–	(30,212)
Interim dividend for the year ended 31 March 2017	(8,632)	–	–	(8,632)
At 31 March 2017	183,488	6,120	8,241	197,849

Five-year Financial Summary

(in HK$ millions, except per share amounts)	2017	2016	2015	2014	2013
	Year ended 31 March				
Operating Results					
Revenue	1,126	1,176	1,122	1,065	1,033
Gross profit	410	429	399	363	321
Operating profit	44	65	49	31	56
Finance income/(costs) – net	3	6	5	4	(0)
Profit before income tax	47	71	54	35	56
Income tax (expense)/credit	(16)	(12)	(8)	(6)	8
Profit for the year	31	59	46	29	64
Attributable to					
– equity holders of the Company	29	57	45	28	63
– non-controlling interests	2	2	1	1	1
	31	59	46	29	64
Earnings per share (in HK cents)	6.66	13.32	10.51	6.52	14.50
Assets and Liabilities					
Non-current assets	532	557	591	535	573
Current assets	622	648	650	661	626
Total assets	1,154	1,205	1,241	1,196	1,199
Bank borrowings	–	(30)	(120)	(111)	(115)
Other liabilities	(311)	(327)	(293)	(274)	(285)
Total liabilities	(311)	(357)	(413)	(385)	(400)
Net assets	843	848	828	811	799
Equity holders' fund	831	837	819	803	792
Non-controlling interests	12	11	9	8	7
Total equity	843	848	828	811	799

Five-year Financial Summary

	Year ended 31 March				
	2017	2016	2015	2014	2013
Key Financial Ratio					
Gross profit margin	36.4%	36.5%	35.6%	34.1%	31.1%
Operating profit margin	3.9%	5.5%	4.4%	2.9%	5.4%
Net profit margin	2.7%	5.0%	4.1%	2.8%	6.2%
Gearing ratio	N/A	2.5%	9.7%	9.3%	9.6%
Current ratio	2.35 times	2.26 times	2.24 times	2.52 times	2.40 times
Quick ratio	2.26 times	2.15 times	2.12 times	2.38 times	2.27 times