

Stock Code 00423



Hong Kong Economic Times
Holdings Limited
Interim Report
2017/2018

INTERIM RESULTS 2017/2018

The Directors of Hong Kong Economic Times Holdings Limited (the “Company”) are pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2017. These results have been reviewed by the Company’s auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and by the Audit Committee of the Company.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Unaudited	
		For the six months ended 30 September	
		2017	2016
		HK\$'000	HK\$'000
Revenue	3	577,531	565,345
Cost of sales	5	(342,389)	(354,344)
Gross profit		235,142	211,001
Selling and distribution expenses	5	(90,349)	(87,388)
General and administrative expenses	5	(102,114)	(92,279)
Other income	4	1,512	1,898
Operating profit		44,191	33,232
Finance income	6	1,120	1,772
Finance costs	6	(33)	(283)
Finance income – net	6	1,087	1,489
Profit before income tax		45,278	34,721
Income tax expense	7	(8,336)	(8,765)
Profit for the period		36,942	25,956
Profit attributable to:			
Owners of the Company		36,022	24,843
Non-controlling interests		920	1,113
		36,942	25,956
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic and diluted	8	8.35	5.76

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	For the six months	
	ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Profit for the period	36,942	25,956
Other comprehensive income/(loss):		
Item that may be reclassified to profit or loss		
Currency translation differences arising		
from foreign operations	460	(476)
Other comprehensive income/(loss)		
for the period, net of tax	460	(476)
Total comprehensive income for the period	37,402	25,480
Total comprehensive income attributable to:		
Owners of the Company	36,482	24,367
Non-controlling interests	920	1,113
	37,402	25,480

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited	Audited
		As at	As at
		30 September	31 March
		2017	2017
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment	10	547,090	415,122
Investment properties		77,426	77,915
Deferred income tax assets		23,275	23,085
Deposits paid for property, plant and equipment		–	125
Deposit paid for acquisition of a subsidiary	14	–	15,240
		647,791	531,487
Current assets			
Inventories		24,476	22,261
Trade receivables	11	239,376	208,410
Deposits, prepayments and other receivables		33,457	29,555
Tax recoverable		134	263
Pledged deposits		3,349	3,349
Term deposits with original maturities of over three months		114,680	239,375
Cash and cash equivalents		100,842	119,023
		516,314	622,236
Current liabilities			
Trade payables	12	33,278	34,454
Fees in advance		123,461	121,369
Accruals, other payables and provisions		90,040	108,104
Current income tax liabilities		9,118	1,343
		255,897	265,270
Net current assets		260,417	356,966
Total assets less current liabilities		908,208	888,453

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

		Unaudited	Audited
		As at	As at
		30 September	31 March
		2017	2017
	<i>Note</i>	HK\$'000	HK\$'000
Equity attributable to owners of the Company			
Share capital	13	43,160	43,160
Reserves		804,683	787,623
		847,843	830,783
Non-controlling interests		13,226	12,306
Total equity		861,069	843,089
Non-current liabilities			
Deferred income tax liabilities		36,507	35,743
Other non-current liabilities		10,632	9,621
		47,139	45,364
Total equity and non-current liabilities		908,208	888,453

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Attributable to owners of the Company										
	Share capital	Share premium	Merger reserve	Capital reserve	Currency translation			Retained earnings	Total	Non-controlling interests	Total equity
					reserve	reserve	Other reserves				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
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 period	-	-	-	-	-	-	24,843	24,843	1,113	25,956	
Other comprehensive loss											
Currency translation differences arising from foreign operations	-	-	-	-	(476)	-	-	(476)	-	(476)	
Total comprehensive income	-	-	-	-	(476)	-	24,843	24,367	1,113	25,480	
Transaction with owners											
Final dividend for the year ended 31 March 2016	-	(30,212)	-	-	-	-	-	(30,212)	-	(30,212)	
Balance at 30 September 2016	43,160	44,693	69,944	6,120	548	(2,363)	669,024	831,126	11,699	842,825	
Balance at 1 April 2017	43,160	36,061	69,944	6,120	100	2,458	672,940	830,783	12,306	843,089	
Profit for the period	-	-	-	-	-	-	36,022	36,022	920	36,942	
Other comprehensive income											
Currency translation differences arising from foreign operations	-	-	-	-	460	-	-	460	-	460	
Total comprehensive income	-	-	-	-	460	-	36,022	36,482	920	37,402	
Transaction with owners											
Final dividend for the year ended 31 March 2017 (note 9)	-	(19,422)	-	-	-	-	-	(19,422)	-	(19,422)	
Balance at 30 September 2017	43,160	16,639	69,944	6,120	560	2,458	708,962	847,843	13,226	861,069	

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

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Unaudited For the six months ended 30 September	
		2017 HK\$'000	2016 HK\$'000
Cash flows from operating activities			
Cash generated from operations		18,681	24,693
Interest paid		(33)	(283)
Profits tax paid		(123)	(6)
Net cash generated from operating activities		18,525	24,404
Cash flows from investing activities			
Bank interest received		1,120	1,772
Acquisition of a subsidiary	14	(136,616)	–
Purchase of property, plant and equipment		(6,992)	(12,287)
Deposits paid for purchase of property, plant and equipment		–	(125)
Proceeds from disposal of property, plant and equipment		48	144
Decrease/(increase) in term deposits with original maturities of over three months		124,695	(688)
Net cash used in investing activities		(17,745)	(11,184)
Cash flows from financing activities			
Final dividend paid to owners of the Company		(19,422)	(30,212)
Proceeds from bank borrowings		18,000	–
Repayments of bank borrowings		(18,000)	(4,040)
Net cash used in financing activities		(19,422)	(34,252)
Net decrease in cash and cash equivalents			
		(18,642)	(21,032)
Effect of foreign exchange rate changes, net		461	(1,275)
Cash and cash equivalents at beginning of the period		119,023	117,344
Cash and cash equivalents at end of the period (note)		100,842	95,037

Note: As at 30 September 2017, the total cash and cash equivalents, term deposits with original maturities of over three months and pledged deposits amounted to HK\$218,871,000 (30 September 2016: HK\$347,646,000).

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2017

1. Basis of preparation and accounting policies

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

This unaudited interim condensed consolidated financial information should be read in conjunction with the Group’s audited 2017 annual consolidated financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

The accounting policies and method of computation used in the preparation of this interim condensed consolidated financial information are consistent with those applied in the annual consolidated financial statements for the year ended 31 March 2017.

HKICPA has issued a number of amendments to standards that are relevant to the Group’s operation and are mandatory for the first time for the Group’s financial year beginning 1 April 2017. These amendments to standards had no material impact on the presentation of the Group’s interim condensed consolidated financial information.

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

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2017.

2. Financial risk management

2.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 March 2017.

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

2.2 Liquidity risk

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

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

The fair values of trade receivables, deposits and other receivables, cash and cash equivalents, term deposits with original maturities of over three months, pledged deposits and trade and other payables as at 30 September 2017 approximate their carrying amounts due to the relatively short term nature of these financial instruments.

3. Segment information

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

The Group has 4 reportable segments:

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

3. Segment information (Continued)

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

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

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

The segment results for the six months ended 30 September 2017 are as follows:

	Unaudited											
	For the six months ended 30 September											
	Media		Financial news agency, information and solutions		Recruitment advertising and training		Lifestyle platforms		Corporate		Total	
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
REVENUE												
Revenue	369,791	372,096	162,784	158,609	23,971	24,531	24,640	13,973	-	-	581,186	569,209
Inter-segment transactions	(1,439)	(1,527)	(2,151)	(2,150)	(61)	(185)	(4)	(2)	-	-	(3,655)	(3,864)
Revenue - from external customers	368,352	370,569	160,633	156,459	23,910	24,346	24,636	13,971	-	-	577,531	565,345
RESULTS												
Profit/(loss) for the period	4,051	(6,092)	28,523	33,330	4,416	3,086	314	(4,503)	(362)	135	36,942	25,956

4. Other income

	Unaudited	
	For the six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Rental income from investment properties	1,512	1,898

5. Expenses by nature

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

	Unaudited	
	For the six months	
	ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Staff costs including Directors' and CEO's remuneration	269,384	251,210
Depreciation of property, plant and equipment and investment properties	28,070	30,367
Loss/(gain) on disposal of property, plant and equipment	217	(137)
Operating lease rentals on land and buildings	12,562	13,777
Provision/(reversal of provision) for impairment of trade receivables	119	(37)
Provision for obsolete inventories	110	245

6. Finance income and costs

	Unaudited	
	For the six months	
	ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Finance income		
– Bank interest income	1,120	1,772
Finance costs		
– Interest expense on bank borrowings	(33)	(283)
Finance income – net	1,087	1,489

7. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits for the period.

	Unaudited	
	For the six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	7,571	6,738
PRC enterprise income tax	191	6
	7,762	6,744
Deferred income tax relating to the origination and reversal of temporary differences	574	2,021
	8,336	8,765

8. Earnings per share

The calculation of basic earnings per share for the current period is based on the profit attributable to owners of the Company of HK\$36,022,000 (2016: HK\$24,843,000) and the number of 431,600,000 (2016: 431,600,000) shares in issue during the period.

Diluted earnings per share are the same as basic earnings per share as there were no dilutive potential ordinary shares during the period ended 30 September 2017 (2016: same).

9. Dividends

A final dividend in respect of the year ended 31 March 2017 of HK 4.5 cents per share, amounting to a total dividend of HK\$19,422,000 was paid in September 2017.

The Directors have declared an interim dividend of HK 2.0 cents (2016: HK 2.0 cents) per share, amounting to HK\$8,632,000 (2016: HK\$8,632,000), for the six months ended 30 September 2017.

10. Property, plant and equipment

	Unaudited						Total HK\$'000
	Leasehold land and buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Network and computer equipment	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2016	189,396	13,838	209,293	20,523	1,221	21,998	456,269
Additions	-	357	656	8,806	1,192	6,034	17,045
Transfer to investment properties	(6,783)	-	-	-	-	-	(6,783)
Depreciation	(1,666)	(3,083)	(15,564)	(5,233)	(229)	(4,103)	(29,878)
Disposals	-	-	-	(6)	-	(1)	(7)
Net book value at 30 September 2016	180,947	11,112	194,385	24,090	2,184	23,928	436,646
At 30 September 2016							
Cost	220,053	60,308	442,635	163,536	3,572	83,717	973,821
Accumulated depreciation	(39,106)	(49,196)	(248,250)	(139,446)	(1,388)	(59,789)	(537,175)
Net book value at 30 September 2016	180,947	11,112	194,385	24,090	2,184	23,928	436,646
At 1 April 2017	179,282	10,516	180,068	21,946	1,962	21,348	415,122
Additions	-	914	234	1,958	580	3,465	7,151
Acquisition of a subsidiary (note 14)	152,663	-	-	-	-	-	152,663
Depreciation	(2,027)	(2,840)	(13,486)	(4,770)	(281)	(4,177)	(27,581)
Disposals	-	-	(9)	(5)	(250)	(1)	(265)
Net book value at 30 September 2017	329,918	8,590	166,807	19,129	2,011	20,635	547,090
At 30 September 2017							
Cost	372,716	62,594	441,354	168,637	3,097	86,848	1,135,246
Accumulated depreciation	(42,798)	(54,004)	(274,547)	(149,508)	(1,086)	(66,213)	(588,156)
Net book value at 30 September 2017	329,918	8,590	166,807	19,129	2,011	20,635	547,090

11. Trade receivables

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

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
	0 to 30 days	138,862
31 to 60 days	34,368	30,807
61 to 90 days	27,662	20,919
Over 90 days	42,900	43,151
Trade receivables, gross	243,792	212,729
Less: provision for impairment of trade receivables	(4,416)	(4,319)
	239,376	208,410

12. Trade payables

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

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
0 to 30 days	29,337	32,361
31 to 60 days	1,846	658
61 to 90 days	545	192
Over 90 days	1,550	1,243
	33,278	34,454

13. Share capital

	Unaudited 30 September 2017 HK\$'000	Audited 31 March 2017 HK\$'000
Authorised: 2,000,000,000 shares of HK\$0.10 each	200,000	200,000
Issued and fully paid: 431,600,000 shares of HK\$0.10 each	43,160	43,160

14. Acquisition of a subsidiary

On 30 June 2017 ("Acquisition Date"), the Group acquired the entire interest of Honley Limited ("Honley"), which is principally engaged in property investment in Hong Kong, at a cash consideration of HK\$152,008,000. The properties of Honley are leased by the Group for its use as office premises and data centre.

The acquisition would help the Group to secure the location site of its own data centre and save future rental expenses.

The major assets of Honley are property, plant and equipment which are leased by the Group, and accordingly, the transaction has been accounted as the acquisition of assets.

14. Acquisition of a subsidiary (Continued)

The following table summarises the consideration paid for Honley, the fair values of assets acquired and liabilities assumed at the Acquisition Date.

	HK\$'000
Consideration	
Consideration paid by cash	152,008
Total consideration	152,008
The followings summarise the fair values of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	152
Property, plant and equipment	152,663
Deposits, prepayments and other receivables	61
Accruals, other payables and provisions	(603)
Current income tax liabilities	(265)
Total identifiable net assets	152,008

Analysis of the net outflow of cash and cash equivalents in respect of the acquisition:

	HK\$'000
Total consideration	152,008
Cash and cash equivalents acquired	(152)
Net outflow of cash and cash equivalents in respect of the acquisition	151,856
Deposit paid as at 31 March 2017	(15,240)
Net outflow of cash and cash equivalents in respect of the acquisition for the period ended 30 September 2017	136,616

15. Related party transactions

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

	Unaudited	
	For the six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
Service income from related parties	85	89
Hardware purchased from a related party	448	553
Rental expenses to a related party	512	512
Key management personnel compensation		
Salaries and other short-term benefits	8,342	9,163
Post-employment benefits	396	437
	8,738	9,600

16. Capital commitments

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

	Unaudited	Audited
	30 September	31 March
	2017	2017
	HK\$'000	HK\$'000
Property, plant and equipment		
– contracted but not yet provided for	382	125
– authorised but not yet contracted for	2,592	243
	2,974	368

17. Approval of the interim condensed consolidated financial information

This interim condensed consolidated financial information was approved by the Board of Directors on 27 November 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Profit and Loss Account

(HK\$'000)	For the six months ended 30 September		% Change
	2017	2016	
Revenue	577,531	565,345	2%
Cost of sales	(342,389)	(354,344)	-3%
Gross profit	235,142	211,001	11%
Gross profit margin	40.7%	37.3%	
Selling and distribution expenses	(90,349)	(87,388)	3%
General and administrative expenses	(102,114)	(92,279)	11%
Other income	1,512	1,898	-20%
Operating profit	44,191	33,232	33%
Finance income – net	1,087	1,489	-27%
Profit before income tax	45,278	34,721	30%
Income tax expense	(8,336)	(8,765)	-5%
Profit for the period	36,942	25,956	42%
Non-controlling interests	(920)	(1,113)	-17%
Profit attributable to owners	36,022	24,843	45%
Net profit margin	6.4%	4.6%	

General

The Group's revenue for the six months period ended 30 September 2017 recorded an increase of HK\$12.2 million or 2% when compared to same period last year. Net profit attributable to owners for the period increased by 45% to HK\$36.0 million.

Revenue

	For the six months ended 30 September		
	2017	2016	% Change
	HK\$'000	HK\$'000	
Revenue:			
Advertising income	326,099	307,159	6%
Circulation income	46,904	48,247	-3%
Service income	200,409	202,450	-1%
Enrolment income	4,119	7,489	-45%
Total	577,531	565,345	2%

Revenue for the six months ended 30 September 2017 was HK\$577.5 million, a 2% growth from the same period last year.

Advertising income, mainly contributed by the Group's print publications and digital platforms, increased by 6% to HK\$326.1 million from the same period ended 30 September 2016. Print advertising market continued to shrink. The Group's paid publications recorded a moderate drop in print advertising income while the rise of digital advertising income from their associated digital platforms was able to make up the drop. The Group's free daily, *Sky Post*, continued its growth in advertising income albeit at a lower rate.

Circulation income decreased by 3% to HK\$46.9 million when compared with the period ended 30 September 2016. Quality content was the key to retain our premium readers.

Service income recorded a slight drop of 1% to HK\$200.4 million from the same period ended 30 September 2016. The Group's service income was mainly generated by the financial news agency, information and solutions businesses and the printing services of the Group's printing plants. The drop mainly came from printing services income which was in line with the decrease of print volume of most titles in the market.

Operating Costs

Gross profit margin of the Group was 40.7% for the six months ended 30 September 2017, an improvement of 3.4 percentage point from last year same period.

Staff costs for the six months ended 30 September 2017, representing approximately 50% of the Group's total operating costs, increased by 7% as compared to the same period last year. The increase was mainly due to general salary increase effective from April 2017 and increase of provision for other staff benefits.

Newsprint costs for the six months ended 30 September 2017, constituted around 8% of the Group's total operating costs, decreased by 8% as compared to last year same period. The drop was mainly due to reduced newsprint volume consumed.

Profit Attributable to Owners

The Group's net profit attributable to owners for the six months ended 30 September 2017 recorded an increase of HK\$11.2 million, 45% from HK\$24.8 million for the same period last year to HK\$36.0 million.

Media segment recorded an improvement in the operating results. The Group's investment in both free daily publishing and development of digital platforms over our print publications had started to bear fruit.

Financial news agency, information and solutions segment, contributed the major part of the profit of the Group, recorded a decrease in segment results when compared to the preceding reporting period. The segment had been investing in talents and technologies in order to maintain its distinct leading position in the market.

Contribution from recruitment advertising and training segment increased despite the significant drop of training enrolment income. The Group's recruitment advertising business had been gaining market share.

Lifestyle platforms, leveraging on the strengths of the Group's publications, contributed to the Group's revenue growth and was able to make positive return in the period under review.

Liquidity and Capital Resources

(in HK\$ million)	As at 30 September 2017	As at 31 March 2017
Net current assets	260.4	357.0
Term deposits, pledged deposits and cash and cash equivalents	218.9	361.7
Owners' funds	847.8	830.8
Gearing ratio	N/A	N/A
Current ratio	2.02 times	2.35 times

The Group's net current assets as at 30 September 2017 decreased by HK\$96.6 million from the position as at 31 March 2017. The decrease was mainly due to the acquisition of a properties holding company and payment of the final dividend declared for the financial year ended 31 March 2017 net of the contribution from the positive operating results of the Group. The Group recorded net cash generated from operating activities of HK\$18.5 million.

Net cash used in investing activities was HK\$17.7 million. During the period, the Group had paid HK\$136.6 million for the acquisition of a properties holding company using internal funds from matured term deposits.

The Group had distributed the final dividend declared for the financial year ended 31 March 2017 amounting to HK\$19.4 million.

As at 30 September 2017, the Group had a cash balance of HK\$218.9 million as compared to HK\$361.7 million as at 31 March 2017. Majority of the cash was placed under term deposits denominated in Hong Kong dollars with original maturities of over three months. The Group has no significant exposure to exchange rate risk.

The Group had no borrowing as at 30 September 2017.

OUTLOOK

To embrace the challenges of the unprecedented change of media landscape from print to digital focus, the Group had redeployed its resources to build and train a strong team of talents with relevant skill-set and know-how in the digital businesses development. The investment had received initial success. Meanwhile, the Group is well aware of the uncertainties from the rapid changing market rules and the emergence of new technologies. We are therefore cautiously optimistic of the Group's development in new digital media. Together with our strong financial position and well diversified business portfolio, the Group would continue its effort in preparing for any challenges and opportunities ahead.

EMPLOYEES

As at 30 September 2017, the Group had 1,451 employees (30 September 2016: 1,489 employees). The Directors believe that employees are the most valuable assets of the Group and competitive remuneration packages are offered to retain quality staff. Employee benefits include medical insurance, discretionary bonus, provident fund schemes and other staff benefits.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK 2.0 cents (2016: HK 2.0 cents) per share, amounting to HK\$8,632,000 (2016: HK\$8,632,000), payable on 22 December 2017 to shareholders whose names appear on the Register of Members of the Company at the close of business on 12 December 2017.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 13 December 2017 to 15 December 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 12 December 2017.

DIRECTORS

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

Executive Directors

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

Mr. MAK Ping Leung

(alias: Mr. Mak Wah Cheung)

Mr. CHAN Cho Biu

(*retired on 10 August 2017*)

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

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 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 of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

Name of Directors	Capacity/ Nature of interest	Ordinary shares of the Company	
		Number of shares held	Percentage of issued share capital of the Company
Mr. FUNG Siu Por, Lawrence (<i>Note 1</i>)	Corporate	44,275,000	10.258%
Mr. MAK Ping Leung	Beneficial owner	810,000	0.188%
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 (<i>Note 2</i>)	Corporate	87,435,000	20.258%
Mr. LO Foo Cheung	Beneficial owner	540,000	0.125%

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

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

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

At no time during the six months ended 30 September 2017 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company (including their spouses or children under 18 years of age) to acquire benefits by means of acquisition of shares or underlying shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, at no time during the six months ended 30 September 2017 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company (including their spouses or children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation required to be disclosed pursuant to the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 30 September 2017, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executive:

Name of Substantial Shareholders	Number of ordinary shares held (long position)	Percentage of issued share capital of the Company
Sky Vision Investments Limited (<i>Note 1</i>)	87,435,000	20.258%
MaMa Charitable Foundation Limited	58,169,000	13.478%
Golden Rooster Limited (<i>Note 2</i>)	44,275,000	10.258%
Aggregate of Standard Life Aberdeen Plc (together "The Standard Life Group") affiliated investment management (<i>Note 3</i>)	43,500,000	10.079%
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 Standard Life Group on behalf of accounts managed by The Standard Life Group in the capacity of an investment manager.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30 September 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company confirmed the adoption of the Model Code as set out in Appendix 10 of the Listing Rules. All Directors of the Company have confirmed their compliance with the required standard set out in the Model Code regarding directors' securities transactions throughout the six months period ended 30 September 2017.

AUDIT COMMITTEE

The Company established an Audit Committee in 2005 with written terms of reference. The Audit Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. O'Yang Wiley as Committee Chairman and Mr. Lo Foo Cheung. The Group's unaudited interim results for the six months ended 30 September 2017 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

On behalf of the Board

Hong Kong Economic Times Holdings Limited

Fung Siu Por, Lawrence

Chairman

Hong Kong, 27 November 2017