



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

Stock Code 00423



# Hong Kong Economic Times Holdings Limited Interim Report 2018/2019



## INTERIM RESULTS 2018/2019

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 2018. These results have been reviewed by the Company’s auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and by the Audit Committee of the Company.

## INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited For the six months ended 30 September	
		2018 HK\$'000	2017 HK\$'000
<b>Revenue</b>	3	<b>646,106</b>	577,531
Cost of sales	5	<b>(388,422)</b>	(342,389)
Gross profit		<b>257,684</b>	235,142
Selling and distribution expenses	5	<b>(102,012)</b>	(90,309)
General and administrative expenses	5	<b>(105,687)</b>	(102,035)
Net impairment losses on financial assets		<b>(138)</b>	(119)
Other income	4	<b>1,899</b>	1,512
Operating profit		<b>51,746</b>	44,191
Finance income	6	<b>1,362</b>	1,120
Finance costs	6	<b>–</b>	(33)
Finance income – net	6	<b>1,362</b>	1,087
<b>Profit before income tax</b>		<b>53,108</b>	45,278
Income tax expense	7	<b>(9,873)</b>	(8,336)
<b>Profit for the period</b>		<b>43,235</b>	36,942
Profit attributable to:			
Owners of the Company		<b>42,241</b>	36,022
Non-controlling interests		<b>994</b>	920
		<b>43,235</b>	36,942
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic and diluted	8	<b>9.79</b>	8.35

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
<b>Profit for the period</b>	<b>43,235</b>	36,942
Other comprehensive (loss)/income:		
Item that may be reclassified to profit or loss		
Currency translation differences arising from foreign operations	<b>(1,154)</b>	460
Other comprehensive (loss)/income for the period, net of tax	<b>(1,154)</b>	460
<b>Total comprehensive income for the period</b>	<b>42,081</b>	37,402
Total comprehensive income attributable to:		
Owners of the Company	<b>41,087</b>	36,482
Non-controlling interests	<b>994</b>	920
	<b>42,081</b>	37,402

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET**

		<b>Unaudited</b>	Audited
		<b>As at</b>	As at
		<b>30 September</b>	31 March
		<b>2018</b>	2018
	<i>Note</i>	<b>HK\$'000</b>	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	10	<b>531,351</b>	547,815
Investment properties		<b>64,441</b>	64,886
Deferred income tax assets		<b>22,808</b>	22,901
Deposits paid for property, plant and equipment		<b>300</b>	1,793
		<b>618,900</b>	637,395
<b>Current assets</b>			
Inventories		<b>62,398</b>	47,138
Trade receivables	11	<b>270,406</b>	245,956
Deposits and other receivables		<b>18,616</b>	16,384
Prepayments		<b>13,861</b>	9,253
Tax recoverable		<b>149</b>	1,399
Pledged deposits		<b>1,640</b>	5,024
Term deposits with original maturities of over three months		<b>130,386</b>	110,387
Cash and cash equivalents		<b>135,786</b>	174,764
		<b>633,242</b>	610,305
<b>Current liabilities</b>			
Trade payables	12	<b>42,378</b>	54,819
Fees in advance		<b>142,054</b>	132,644
Accruals, other payables and provisions		<b>106,193</b>	122,131
Current income tax liabilities		<b>12,066</b>	1,943
		<b>302,691</b>	311,537
<b>Net current assets</b>		<b>330,551</b>	298,768
<b>Total assets less current liabilities</b>		<b>949,451</b>	936,163

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET** (Continued)

		<b>Unaudited</b>	Audited
		<b>As at</b>	As at
		<b>30 September</b>	31 March
		<b>2018</b>	2018
	<i>Note</i>	<b>HK\$'000</b>	HK\$'000
<b>Equity attributable to owners of the Company</b>			
Share capital	13	<b>43,160</b>	43,160
Reserves		<b>849,125</b>	835,992
		<b>892,285</b>	879,152
Non-controlling interests		<b>14,890</b>	13,896
<b>Total equity</b>		<b>907,175</b>	893,048
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<b>34,711</b>	36,711
Other non-current liabilities		<b>7,565</b>	6,404
		<b>42,276</b>	43,115
<b>Total equity and non-current liabilities</b>		<b>949,451</b>	936,163

The notes on pages 7 to 20 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	Currency				Retained earnings	Non- controlling interests	Total equity
				Capital reserve	translation reserve	Other reserves	Total			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>Balance at 1 April 2017</b>	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
<b>Other comprehensive income</b>										
Currency translation differences arising from foreign operations	-	-	-	-	460	-	-	460	-	460
<b>Total comprehensive income</b>	-	-	-	-	460	-	36,022	36,482	920	37,402
<b>Transaction with owners</b>										
Final dividend for the year ended 31 March 2017	-	(19,422)	-	-	-	-	-	(19,422)	-	(19,422)
<b>Balance at 30 September 2017</b>	43,160	16,639	69,944	6,120	560	2,458	708,962	847,843	13,226	861,069
<b>Balance at 1 April 2018, as previously reported</b>	43,160	8,007	69,944	6,120	1,356	6,368	744,197	879,152	13,896	893,048
Adjustment for change in accounting policy (note 1)	-	-	-	-	-	-	(2,058)	(2,058)	-	(2,058)
<b>Balance at 1 April 2018, as restated</b>	43,160	8,007	69,944	6,120	1,356	6,368	742,139	877,094	13,896	890,990
Profit for the period	-	-	-	-	-	-	42,241	42,241	994	43,235
<b>Other comprehensive loss</b>										
Currency translation differences arising from foreign operations	-	-	-	-	(1,154)	-	-	(1,154)	-	(1,154)
<b>Total comprehensive income</b>	-	-	-	-	(1,154)	-	42,241	41,087	994	42,081
<b>Transaction with owners</b>										
Final dividend for the year ended 31 March 2018 (note 9)	-	-	-	-	-	-	(25,896)	(25,896)	-	(25,896)
<b>Balance at 30 September 2018</b>	43,160	8,007	69,944	6,120	202	6,368	758,484	892,285	14,890	907,175

The notes on pages 7 to 20 form an integral part of this interim condensed consolidated financial information.

**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Unaudited</b>	
	<b>For the six months</b>	
	<b>ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
<b>Cash flows from operating activities</b>		
Cash generated from operations	<b>12,110</b>	18,681
Interest paid	–	(33)
Profits tax paid	–	(123)
Net cash generated from operating activities	<b>12,110</b>	18,525
<b>Cash flows from investing activities</b>		
Bank interest received	<b>1,362</b>	1,120
Purchase of property, plant and equipment	<b>(8,394)</b>	(6,992)
Deposits paid for purchase of property, plant and equipment	<b>(300)</b>	–
Proceeds from disposal of property, plant and equipment	<b>36</b>	48
Acquisition of a subsidiary	–	(136,616)
(Increase)/decrease in term deposits with original maturities of over three months	<b>(19,999)</b>	124,695
Decrease in pledged deposits	<b>3,384</b>	–
Net cash used in investing activities	<b>(23,911)</b>	(17,745)
<b>Cash flows from financing activities</b>		
Final dividend paid to owners of the Company	<b>(25,896)</b>	(19,422)
Proceeds from bank borrowings	–	18,000
Repayments of bank borrowings	–	(18,000)
Net cash used in financing activities	<b>(25,896)</b>	(19,422)
<b>Net decrease in cash and cash equivalents</b>	<b>(37,697)</b>	(18,642)
Effect of foreign exchange rate changes, net	<b>(1,281)</b>	461
Cash and cash equivalents at beginning of the period	<b>174,764</b>	119,023
<b>Cash and cash equivalents at end of the period (note)</b>	<b>135,786</b>	100,842

Note: As at 30 September 2018, the total cash and cash equivalents, term deposits with original maturities of over three months and pledged deposits amounted to HK\$267,812,000 (30 September 2017: HK\$218,871,000).

The notes on pages 7 to 20 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 2018

### **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 2018 annual consolidated financial statements, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA.

The accounting policies applied in the preparation of this interim condensed consolidated financial information are consistent with those of the annual consolidated financial statements for the year ended 31 March 2018, as described in those annual consolidated financial statements, except for the estimation of income tax, and the adoption of new and amended standards as set out below. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

A number of new or amended standards became applicable for the current reporting period. Of these, the followings are relevant to the Group’s interim condensed consolidated financial information:

- HKFRS 9 Financial Instruments; and
- HKFRS 15 Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policy are disclosed below. The other standards did not have material impact on the Group’s accounting policies and did not require any adjustments.

The paragraphs below explain the impact of adoption of HKFRS 9 Financial Instruments (“HKFRS 9”) and HKFRS 15 Revenue from Contracts with Customers (“HKFRS 15”) on the Group’s interim condensed consolidated financial information and also disclose the new accounting policies that have been applied from 1 April 2018, where they are different to those accounting policies applied in prior periods.



## 1. Basis of preparation and accounting policies (Continued)

The changes in the accounting policies and the effects of the resulting changes are summarised below:

### (a) HKFRS 9 Financial Instruments

#### *Classification*

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group classifies its financial assets to be measured at amortised cost.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

#### *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of financial assets carried at amortised cost depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the interim condensed consolidated income statement.

#### *Impairment*

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade receivables; and
- other financial assets carried at amortised cost.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

## 1. Basis of preparation and accounting policies (Continued)

### (a) HKFRS 9 Financial Instruments (Continued)

#### *Impairment (Continued)*

While cash and cash equivalents, term deposits with original maturities of over three months and pledged deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

– Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information.

Management has closely monitored the credit qualities and the collectability of the trade receivables. Trade receivables in dispute are assessed individually for impairment allowance and determined whether specific provisions are required. The adoption of the simplified expected credit loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables as at 1 April 2018.

– Other financial assets carried at amortised cost

For other financial assets carried at amortised cost, including deposits and other receivables in the interim condensed consolidated balance sheet, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the expected credit loss is immaterial.

The adoption of HKFRS 9 did not have any material impact on the Group's interim condensed consolidated financial information.

## 1. Basis of preparation and accounting policies (Continued)

### (b) HKFRS 15 Revenue from Contracts with Customers

#### *Revenue recognition*

– Sales of goods

The Group engaged in circulation of newspapers, magazines and books. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customer has accepted the products, the collection of the related consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. The Group recognised its contract liabilities as fees in advance in the interim condensed consolidated balance sheet.

– Provision of services

The Group engaged in advertising, provision of printing services, information subscription services, solutions, other related maintenance services and professional training. Revenue from providing services is recognised in the accounting period in which the services are rendered. Most contracts are under fixed price with revenue recognised based on the actual service provided using the straight-line basis over the terms of contracts.

If the contract includes a monthly fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. The Group recognised its contract liabilities as fees in advance in the interim condensed consolidated balance sheet.

## 1. Basis of preparation and accounting policies (Continued)

### (b) HKFRS 15 Revenue from Contracts with Customers (Continued)

#### *Revenue recognition (Continued)*

The adoption of HKFRS 15 resulted in the identification of separate performance obligations which affect the timing of the recognition of revenue in the Group's interim condensed consolidated financial information as described below. In accordance with the modified retrospective approach in HKFRS 15, HKFRS 15 was adopted without restating the comparative information. The adjustments arising from the new revenue recognition rules are recognised in the opening interim condensed consolidated balance sheet on 1 April 2018.

Some contracts include multiple deliverables, such as the provision of financial solutions and related upfront design and implementation service. The upfront design and implementation services are accounted for as a single performance obligation with the financial solutions subscription, because the customer receives and consumes the benefit from both contract elements simultaneously during the contracted subscription period. Revenue for such contracts is recognised based on the actual service provided, using the straight-line basis over the terms of contracts.

For the portion of revenue to be recognised in a later timing under HKFRS 15, a contract liability is recognised. The Group recognised its contract liabilities as fees in advance in the interim condensed consolidated balance sheet. There is no contract assets being recognised in the interim condensed consolidated balance sheet under HKFRS 15.

The following tables show the adjustments recognised for each individual line item in the interim condensed consolidated financial information at the date of the initial application (at 1 April 2018) and the six months ended 30 September 2018 as a result of adoption of HKFRS 15.

	<b>As at 31 March 2018 as previously stated HK\$'000</b>	<b>Remeasurement under HKFRS 15 (Unaudited) HK\$'000</b>	<b>As at 1 April 2018 as restated (Unaudited) HK\$'000</b>
Fees in advance	132,644	2,465	135,109
Retained earnings	744,197	(2,058)	742,139
Deferred income tax liabilities	36,711	(407)	36,304

**1. Basis of preparation and accounting policies** (Continued)

**(b) HKFRS 15 Revenue from Contracts with Customers** (Continued)

*Revenue recognition* (Continued)

	As at/for the six months ended 30 September 2018		
	Before the application of HKFRS 15 (Unaudited) HK\$'000	Effect of adoption of HKFRS 15 (Unaudited) HK\$'000	As presented (Unaudited) HK\$'000
<b>Interim condensed consolidated balance sheet</b>			
Fees in advance	138,458	3,596	142,054
Retained earnings	761,868	(3,384)	758,484
Deferred income tax liabilities	34,923	(212)	34,711
<b>Interim condensed consolidated income statement</b>			
Revenue	647,237	(1,131)	646,106
Income tax expenses	9,678	195	9,873

The preparation of interim condensed consolidated 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 2018.

## **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 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 2018.

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 2018 approximate their carrying amounts due to the relatively short term nature of these financial instruments.

### 3. Revenue and segment information

An analysis of the Group's revenue for the period is as follows:

	<b>Unaudited</b>	
	<b>For the six months ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Advertising income	<b>355,542</b>	326,099
Circulation income	<b>44,544</b>	46,904
Service income	<b>241,886</b>	200,409
Enrolment income	<b>4,134</b>	4,119
	<b>646,106</b>	577,531

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 and their associated digital platforms.
- (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 digital channels in food, travel, health and other lifestyle focus. This segment generates advertising income and service income from operation of digital platforms.

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.

### 3. Revenue and segment information (Continued)

The segment results for the six months ended 30 September 2018 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
<b>REVENUE</b>												
Revenue	413,434	369,791	172,093	162,784	30,279	23,971	33,919	24,640	-	-	649,725	581,186
Inter-segment transactions	(1,386)	(1,439)	(2,134)	(2,151)	(95)	(61)	(4)	(4)	-	-	(3,619)	(3,655)
Revenue – from external customers	412,048	368,352	169,959	160,633	30,184	23,910	33,915	24,636	-	-	646,106	577,531
<b>RESULTS</b>												
Profit/(loss) for the period	4,745	4,051	30,128	28,523	5,875	4,416	2,497	314	(10)	(362)	43,235	36,942

### 4. Other income

	Unaudited	
	For the six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
Rental income from investment properties	1,899	1,512



## 5. Expenses by nature

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

	<b>Unaudited</b>	
	<b>For the six months ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Staff costs including Directors' and CEO's remuneration	<b>293,999</b>	269,384
Depreciation of property, plant and equipment and investment properties	<b>27,026</b>	28,070
Loss on disposal of property, plant and equipment	–	217
Operating lease rentals on land and buildings	<b>13,489</b>	12,562
Provision for obsolete inventories	<b>149</b>	110

## 6. Finance income and costs

	<b>Unaudited</b>	
	<b>For the six months ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
<b>Finance income</b>		
– Bank interest income	<b>1,362</b>	1,120
<b>Finance costs</b>		
– Interest expense on bank borrowings	–	(33)
Finance income – net	<b>1,362</b>	1,087

## 7. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the period.

	<b>Unaudited</b>	
	<b>For the six months ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Current income tax		
Hong Kong profits tax	<b>11,373</b>	7,571
PRC enterprise income tax	–	191
	<b>11,373</b>	7,762
Deferred income tax relating to the origination and reversal of temporary differences	<b>(1,500)</b>	574
	<b>9,873</b>	8,336

## 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\$42,241,000 (2017: HK\$36,022,000) and the number of 431,600,000 (2017: 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 2018 (2017: same).

## 9. Dividends

A final dividend in respect of the year ended 31 March 2018 of HK 6.0 cents per share, amounting to a total dividend of HK\$25,896,000 was paid in September 2018.

The Directors have declared an interim dividend of HK 2.0 cents (2017: HK 2.0 cents) per share, amounting to HK\$8,632,000 (2017: HK\$8,632,000), for the six months ended 30 September 2018.

## 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 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	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
At 1 April 2018	<b>339,581</b>	<b>8,154</b>	<b>157,552</b>	<b>20,005</b>	<b>1,738</b>	<b>20,785</b>	<b>547,815</b>
Additions	-	389	-	5,790	85	3,889	10,153
Depreciation	(2,972)	(1,632)	(12,171)	(4,735)	(280)	(4,791)	(26,581)
Disposals	-	-	-	(36)	-	-	(36)
Net book value at 30 September 2018	<b>336,609</b>	<b>6,911</b>	<b>145,381</b>	<b>21,024</b>	<b>1,543</b>	<b>19,883</b>	<b>531,351</b>
At 30 September 2018							
Cost	385,242	64,988	444,882	179,821	3,182	94,965	1,173,080
Accumulated depreciation	(48,633)	(58,077)	(299,501)	(158,797)	(1,639)	(75,082)	(641,729)
Net book value at 30 September 2018	<b>336,609</b>	<b>6,911</b>	<b>145,381</b>	<b>21,024</b>	<b>1,543</b>	<b>19,883</b>	<b>531,351</b>

## 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 based on invoice date is as follows:

	Unaudited 30 September 2018 HK\$'000	Audited 31 March 2018 HK\$'000
	0 to 30 days	<b>104,790</b>
31 to 60 days	<b>56,350</b>	60,127
61 to 90 days	<b>36,573</b>	25,952
Over 90 days	<b>76,386</b>	85,349
Trade receivables, gross	<b>274,099</b>	250,234
Less: provision for impairment of trade receivables	<b>(3,693)</b>	(4,278)
	<b>270,406</b>	245,956

## 12. Trade payables

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

	<b>Unaudited 30 September 2018 HK\$'000</b>	Audited 31 March 2018 HK\$'000
0 to 30 days	35,305	52,057
31 to 60 days	1,557	922
61 to 90 days	322	187
Over 90 days	5,194	1,653
	<b>42,378</b>	54,819

## 13. Share capital

	<b>Unaudited 30 September 2018 HK\$'000</b>	Audited 31 March 2018 HK\$'000
Authorised: 2,000,000,000 shares of HK\$0.10 each	<b>200,000</b>	200,000
Issued and fully paid: 431,600,000 shares of HK\$0.10 each	<b>43,160</b>	43,160

## 14. Related party transactions

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

	<b>Unaudited For the six months ended 30 September 2018 HK\$'000</b>	2017 HK\$'000
Service income from related parties	<b>74</b>	85
Hardware purchased from a related party	<b>688</b>	448
Rental expenses to a related party	<b>544</b>	512
Key management personnel compensation		
Salaries and other short-term benefits	<b>8,168</b>	8,342
Post-employment benefits	<b>349</b>	396
	<b>8,517</b>	8,738

## 15. Capital commitments

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

	<b>Unaudited 30 September 2018 HK\$'000</b>	Audited 31 March 2018 HK\$'000
Property, plant and equipment		
– contracted but not yet provided for	<b>56</b>	1,616
– authorised but not yet contracted for	<b>2,278</b>	1,104
	<b>2,334</b>	2,720

## 16. Approval of the interim condensed consolidated financial information

This interim condensed consolidated financial information was approved by the Board of Directors on 26 November 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Summary of Profit and Loss Account

(HK\$'000)	For the six months ended 30 September		% Change
	2018	2017	
<b>Revenue</b>	<b>646,106</b>	<b>577,531</b>	<b>12%</b>
Cost of sales	<b>(388,422)</b>	(342,389)	13%
Gross profit	<b>257,684</b>	235,142	10%
<b>Gross profit margin</b>	<b>39.9%</b>	<b>40.7%</b>	
Selling and distribution expenses	<b>(102,012)</b>	(90,309)	13%
General and administrative expenses	<b>(105,687)</b>	(102,035)	4%
Net impairment losses on financial assets	<b>(138)</b>	(119)	16%
Other income	<b>1,899</b>	1,512	26%
Operating profit	<b>51,746</b>	44,191	17%
Finance income – net	<b>1,362</b>	1,087	25%
Profit before income tax	<b>53,108</b>	45,278	17%
Income tax expense	<b>(9,873)</b>	(8,336)	18%
<b>Profit for the period</b>	<b>43,235</b>	<b>36,942</b>	<b>17%</b>
Non-controlling interests	<b>(994)</b>	(920)	8%
<b>Profit attributable to owners</b>	<b>42,241</b>	<b>36,022</b>	<b>17%</b>
<b>Net profit margin</b>	<b>6.7%</b>	<b>6.4%</b>	

### General

The Group's revenue for the six months period ended 30 September 2018 recorded an increase of HK\$68.6 million or 12% when compared to same period last year. Net profit attributable to owners for the period increased by 17% to HK\$42.2 million.

## Revenue

	For the six months ended 30 September		
	2018	2017	% Change
	HK\$'000	HK\$'000	
Revenue:			
Advertising income	<b>355,542</b>	326,099	9%
Circulation income	<b>44,544</b>	46,904	-5%
Service income	<b>241,886</b>	200,409	21%
Enrolment income	<b>4,134</b>	4,119	-
<b>Total</b>	<b>646,106</b>	577,531	12%

Revenue for the six months ended 30 September 2018 was HK\$646.1 million, a 12% growth from the same period last year.

Advertising income, mainly contributed by the Group's print publications and digital platforms, increased by 9% to HK\$355.5 million from the same period ended 30 September 2017. Print advertising income from the Group's publications remained stable for the period under review despite print market went downward. The niche and quality content of the Group's publications were able to earn trust and reliance from premium advertisers. The Group recorded encouraging growth of digital advertising income across all digital platforms. The strategic efforts placed on digital businesses development enabled the Group to broaden advertising income base.

Circulation income decreased by 5% to HK\$44.5 million when compared with the period ended 30 September 2017.

Service income increased significantly by 21% to HK\$241.9 million from the same period ended 30 September 2017. 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 increase was mainly from the external printing services of the Group's printing plants. The continuous investment in service quality enhancement and technology advancement in financial news agency, information and solutions businesses had earned the segment a steady growth in service income.

## **Operating Costs**

Gross profit margin of the Group was 39.9% for the six months ended 30 September 2018, similar to the same period last year. Management would continue to monitor the cost effectiveness of the Group's operation.

Staff costs for the six months ended 30 September 2018, representing approximately 49% of the Group's total operating costs, increased by 9% as compared to the same period last year. The increase was mainly due to general salary increase effective from April 2018, increase in headcount in particular for the digital platforms development.

Newsprint costs for the six months ended 30 September 2018, constituted around 9% of the Group's total operating costs, increased by 21% as compared to last year same period. The increase was mainly due to the soaring newsprint price during the period under review. The Group would continue to deploy effective production control on material consumption.

## **Profit Attributable to Owners**

The Group's net profit attributable to owners for the six months ended 30 September 2018 recorded an increase of HK\$6.2 million, 17% from HK\$36.0 million for the same period last year to HK\$42.2 million.

Media segment was able to maintain positive contribution. The Group's publications, both paid and free, and digital platforms, provided advertisers with a wide range of advertising platforms, niche or mass. Together with our creative advertising team, we delivered marketing solutions and various advertising packages to our advertisers with well received responses from their end customers.

Financial news agency, information and solutions segment, being the major profit contributor to the Group, recorded a moderate increase in segment results when compared to the preceding reporting period. 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.



Contribution from recruitment advertising and training segment increased. The Group's recruitment advertising business, benefited from the tight employment market, had been expanding its market share.

Lifestyle platforms, leveraging on the strengths of the Group's publications, became one of the main drivers of revenue growth of the Group and contributed positively to the Group in the period under review.

## Liquidity and Capital Resources

(in HK\$ million)	<b>As at 30 September 2018</b>	As at 31 March 2018
Net current assets	<b>330.6</b>	298.8
Term deposits, pledged deposits and cash and cash equivalents	<b>267.8</b>	290.2
Owners' funds	<b>892.3</b>	879.2
Gearing ratio	<b>N/A</b>	N/A
Current ratio	<b>2.09 times</b>	1.96 times

The Group's net current assets as at 30 September 2018 increased by HK\$31.8 million from the position as at 31 March 2018. The increase was mainly due to the contribution from the positive operating results of the Group for the period under review. The Group recorded net cash generated from operating activities of HK\$12.1 million.

Net cash used in investing activities was HK\$23.9 million.

The Group had distributed the final dividend declared for the financial year ended 31 March 2018 amounting to HK\$25.9 million.

As at 30 September 2018, the Group had a cash balance of HK\$267.8 million as compared to HK\$290.2 million as at 31 March 2018. 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 2018.

## **OUTLOOK**

New media had taken the largest slice from local advertising market. The Group had been focusing on investment in quality content, technology and talent development for the transformation of our media businesses from print to digital focus. Our visionary business strategy had brought us digital platforms across various business segments that support the Group's growth in advertising market. We would continue to explore and capture new opportunities arising in this era of change on media landscape. Leveraging on the Group's strong and prestigious brand, and with the unfailing quality and credible content, we are confident that we will be able to sustain our business development.

The local economy was facing great uncertainty under the shadows of US-China trade conflicts and interest rate hikes expectancy. The Group would closely monitor the economic situation, take effective steps to streamline our cost structure and improve efficiency and productivity. The solid and stable results of financial news agency, information and solutions segment together with our healthy financial position, provide the Group with a strong foundation for our development focus in digital businesses.

## **EMPLOYEES**

As at 30 September 2018, the Group had 1,508 employees (30 September 2017: 1,451 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 (2017: HK 2.0 cents) per share, amounting to HK\$8,632,000 (2017: HK\$8,632,000), payable on 21 December 2018 to shareholders whose names appear on the Register of Members of the Company at the close of business on 11 December 2018.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from 12 December 2018 to 14 December 2018, 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 11 December 2018.

## **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. 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 2018, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (“SFO”)), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) were as follows:

Name of Directors	Capacity/ Nature of interest	Ordinary shares of the Company	
		Number of shares held	Percentage of issued share capital of the Company
Mr. FUNG Siu Por, Lawrence (Note 1)	Corporate	48,345,000	11.201%
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 (Note 2)	Corporate	87,435,000	20.258%
Mr. LO Foo Cheung	Beneficial owner	740,000	0.171%

*Note 1:* The interests in the 48,345,000 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 2018 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 2018 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 2018, 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:

<b>Name of Substantial Shareholders</b>	<b>Number of ordinary shares held (long position)</b>	<b>Percentage of issued share capital of the Company</b>
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> )	48,345,000	11.201%
The University of Hong Kong	43,160,000	10.000%
Aggregate of Standard Life Aberdeen Plc (together "The Standard Life Group") affiliated investment management ( <i>Note 3</i> )	38,684,000	8.963%

- 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 2018.

## **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 2018.

## **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 2018 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, 26 November 2018