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香港經濟日報集團有限公司

HONG KONG ECONOMIC TIMES HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 00423)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

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 2012. 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

| | | Unaudited For the six months ended 30 September | |
|--|------|---|------------------|
| | Note | 2012 HK\$'000 | 2011 HK\$'000 |
| Revenue | 3 | 515,686 | 486,558 |
| Cost of sales | 5 | (351,088) | (277,426) |
| Gross profit | | 164,598 | 209,132 |
| Other income | 4 | 191 | – |
| Selling and distribution expenses | 5 | (80,458) | (69,754) |
| General and administrative expenses | 5 | (81,571) | (80,466) |
| Operating profit | | 2,760 | 58,912 |
| Finance income | 6 | 1,026 | 2,897 |
| Finance costs | 6 | (1,003) | – |
| Finance income – net | 6 | 23 | 2,897 |
| Profit before income tax | | 2,783 | 61,809 |
| Income tax expense | 7 | (864) | (10,975) |
| Profit for the period | | 1,919 | 50,834 |
| Profit attributable to: | | | |
| Owners of the Company | | 1,150 | 50,154 |
| Non-controlling interests | | 769 | 680 |
| | | 1,919 | 50,834 |
| Earnings per share attributable to owners of the Company (expressed in HK cents) | | | |
| Basic and diluted | 8 | 0.27 | 11.62 |

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

| | Note | HK\$'000 | HK\$'000 |
|------------------|------|--------------|----------|
| Dividends | 9 | 4,316 | 12,948 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Unaudited | |
|---|---------------------------|----------|
| | For the six months | |
| | ended 30 September | |
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Profit for the period | 1,919 | 50,834 |
| Other comprehensive income: | | |
| Change in value of available-for-sale financial assets | 1,613 | (2,882) |
| Currency translation differences arising from foreign operations | (9) | 460 |
| Other comprehensive income for the period | 1,604 | (2,422) |
| Total comprehensive income for the period | 3,523 | 48,412 |
| Total comprehensive income attributable to: | | |
| Owners of the Company | 2,754 | 47,732 |
| Non-controlling interests | 769 | 680 |
| | 3,523 | 48,412 |

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <i>Note</i> | Unaudited As at 30 September 2012 HK\$'000 | Audited As at 31 March 2012 HK\$'000 |
|---|-------------|---|--|
| Non-current assets | | | |
| Intangible assets | | – | 250 |
| Property, plant and equipment | 10 | 568,001 | 526,746 |
| Investment properties | | 8,540 | 8,570 |
| Available-for-sale financial assets | | 15,811 | 14,221 |
| Deferred income tax assets | | 9,740 | 3,665 |
| Deposits paid for property, plant and equipment and investment property | | 17,103 | 11,696 |
| | | 619,195 | 565,148 |
| Current assets | | | |
| Inventories | | 45,919 | 50,177 |
| Trade receivables | 11 | 204,765 | 183,748 |
| Deposits, prepayments and other receivables | | 21,647 | 24,276 |
| Tax recoverable | | 4,825 | 4,518 |
| Pledged deposits | | 38,359 | 64,810 |
| Term deposits with original maturities of over three months | | – | 15,440 |
| Cash and cash equivalents | | 248,716 | 167,922 |
| | | 564,231 | 510,891 |
| Current liabilities | | | |
| Trade payables | 12 | 58,401 | 57,785 |
| Fees in advance | | 87,259 | 89,300 |
| Accruals, other payables and provisions | | 94,728 | 117,593 |
| Current income tax liabilities | | 12,956 | 5,148 |
| Bank borrowings | 14 | 47,205 | – |
| | | 300,549 | 269,826 |
| Net current assets | | 263,682 | 241,065 |
| Total assets less current liabilities | | 882,877 | 806,213 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

| | <i>Note</i> | Unaudited As at 30 September 2012 HK\$'000 | Audited As at 31 March 2012 HK\$'000 |
|---|-------------|---|--|
| Equity attributable to owners of the Company | | | |
| Share capital | 13 | 43,160 | 43,160 |
| Reserves | | | |
| Proposed final dividend | | – | 25,033 |
| Interim dividend | | 4,316 | – |
| Others | | 687,425 | 688,987 |
| | | 734,901 | 757,180 |
| Non-controlling interests | | 7,167 | 6,398 |
| Total equity | | 742,068 | 763,578 |
| Non-current liabilities | | | |
| Bank borrowings | 14 | 102,795 | – |
| Deferred income tax liabilities | | 38,014 | 42,635 |
| | | 140,809 | 42,635 |
| Total equity and non-current liabilities | | 882,877 | 806,213 |

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 HK\$'000 | Share premium HK\$'000 | Merger reserve HK\$'000 | Capital reserve HK\$'000 | Currency translation reserve HK\$'000 | Investment revaluation reserve HK\$'000 | Retained earnings HK\$'000 | Total HK\$'000 | Non- controlling interests HK\$'000 | Total equity HK\$'000 |
| Balance at 1 April 2011 | 43,160 | 122,381 | 69,944 | 6,120 | 1,308 | - | 529,344 | 772,257 | 5,726 | 777,983 |
| Profit for the period | - | - | - | - | - | - | 50,154 | 50,154 | 680 | 50,834 |
| Other comprehensive income | | | | | | | | | | |
| Change in fair value of available- for-sale financial assets | - | - | - | - | - | (2,882) | - | (2,882) | - | (2,882) |
| Currency translation differences arising from foreign operations | - | - | - | - | 460 | - | - | 460 | - | 460 |
| Total comprehensive income | - | - | - | - | 460 | (2,882) | 50,154 | 47,732 | 680 | 48,412 |
| Transaction with owners | | | | | | | | | | |
| Final dividend for the year ended 31 March 2011 | - | - | - | - | - | - | (77,256) | (77,256) | - | (77,256) |
| Balance at 30 September 2011 | 43,160 | 122,381 | 69,944 | 6,120 | 1,768 | (2,882) | 502,242 | 742,733 | 6,406 | 749,139 |
| Balance at 1 April 2012 | 43,160 | 122,381 | 69,944 | 6,120 | 1,925 | (1,560) | 515,210 | 757,180 | 6,398 | 763,578 |
| Profit for the period | - | - | - | - | - | - | 1,150 | 1,150 | 769 | 1,919 |
| Other comprehensive income | | | | | | | | | | |
| Change in fair value of available- for-sale financial assets | - | - | - | - | - | 1,613 | - | 1,613 | - | 1,613 |
| Currency translation differences arising from foreign operations | - | - | - | - | (9) | - | - | (9) | - | (9) |
| Total comprehensive income | - | - | - | - | (9) | 1,613 | 1,150 | 2,754 | 769 | 3,523 |
| Transaction with owners | | | | | | | | | | |
| Final dividend for the year ended 31 March 2012 (note 9) | - | - | - | - | - | - | (25,033) | (25,033) | - | (25,033) |
| Balance at 30 September 2012 | 43,160 | 122,381 | 69,944 | 6,120 | 1,916 | 53 | 491,327 | 734,901 | 7,167 | 742,068 |

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

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | Unaudited | |
|---|---------------------------|----------|
| | For the six months | |
| | ended 30 September | |
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Net cash (outflow)/inflow from operating activities | (21,497) | 47,555 |
| Net cash (outflow)/inflow from investing activities | (22,668) | 15,659 |
| Net cash inflow/(outflow) from financing activities | 124,967 | (77,256) |
| Net increase/(decrease) in cash and cash equivalents | 80,802 | (14,042) |
| Effect of foreign exchange rate changes, net | (8) | 180 |
| Cash and cash equivalents at beginning of the period | 167,922 | 174,192 |
| Cash and cash equivalents at end of the period (note) | 248,716 | 160,330 |

Note: As at 30 September 2012, the total cash and cash equivalents, term deposits with original maturities of over three months and pledged deposits amounted to HK\$287,075,000 (30 September 2011: HK\$435,354,000).

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 2012

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 2012 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 2012.

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

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 2012. These amendments to standards had no material impact on the presentation of the Group’s interim condensed consolidated financial information.

Changes in presentation of the interim condensed consolidated statement of comprehensive income

In previous periods, the Group presented all items of income and expense recognised in a period in a single statement of comprehensive income.

During the period, the Directors performed a review of the content and presentation of the interim condensed consolidated financial information and considered that it is more appropriate to adopt the two-statement presentation comprising a separate interim condensed consolidated income statement, which displays components of profit or loss; and an interim condensed consolidated statement of comprehensive income, which begins with profit or loss and displays components of other comprehensive income, which would be more relevant to the understanding of users of the Group’s interim condensed consolidated financial information.

Consequently, the presentation of the interim condensed consolidated statement of comprehensive income for the six months ended 30 September 2012 has been revised and the comparatives have been revised in order to conform with the presentation adopted in this interim condensed consolidated financial information. The changes in presentation of the interim condensed consolidated statement of comprehensive income do not have any impact of the Group’s profit for the period or the calculation of the Group’s earnings per share.

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 2012.

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

2.2 Liquidity risk

Compared to year end, except for bank borrowings of HK\$150,000,000 wholly repayable within 5 years, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

2.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 30 September 2012 and 31 March 2012.

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|----------------|----------------|----------------|--------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| As at 30 September 2012 | | | | |
| Available-for-sale financial assets | 15,811 | – | – | 15,811 |
| As at 31 March 2012 | | | | |
| Available-for-sale financial assets | 14,221 | – | – | 14,221 |

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. As at 30 September 2012 and 31 March 2012, the Group has available-for-sale financial assets under this category which mainly comprise bond investments classified as available-for-sale.

3. Segment information

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

The Group has 4 reportable segments:

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

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.

There are no differences from the last annual consolidated financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

The segment results for the six months ended 30 September 2012 are as follows:

| | Unaudited For the six months ended 30 September | | | | | | | | | | | |
|-----------------------------------|--|------------------|--|------------------|--------------------------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| | Printed media | | Financial news agency, information and solutions | | Recruitment advertising and training | | Lifestyle portals | | Corporate | | Total | |
| | 2012 HK\$'000 | 2011 HK\$'000 | 2012 HK\$'000 | 2011 HK\$'000 | 2012 HK\$'000 | 2011 HK\$'000 | 2012 HK\$'000 | 2011 HK\$'000 | 2012 HK\$'000 | 2011 HK\$'000 | 2012 HK\$'000 | 2011 HK\$'000 |
| Revenue | 368,144 | 335,900 | 117,654 | 116,801 | 24,299 | 29,356 | 9,609 | 7,862 | - | - | 519,706 | 489,919 |
| Inter-segment transactions | (2,102) | (2,186) | (1,679) | (1,140) | (196) | (11) | (43) | (24) | - | - | (4,020) | (3,361) |
| Revenue – from external customers | 366,042 | 333,714 | 115,975 | 115,661 | 24,103 | 29,345 | 9,566 | 7,838 | - | - | 515,686 | 486,558 |
| (Loss)/profit for the period | (20,182) | 27,758 | 23,965 | 20,631 | 1,545 | 5,132 | (3,848) | (2,457) | 439 | (230) | 1,919 | 50,834 |

4. Other income

| | Unaudited For the six months ended 30 September | |
|-----------------------------|---|----------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Rental income from property | 191 | – |

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 | |
|---|---|----------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Amortisation of contractual customer relationships | 250 | 498 |
| Depreciation of property, plant and equipment and investment properties | 23,824 | 13,253 |
| Loss/(gain) on disposal of property, plant and equipment | 368 | (45) |
| Operating lease rentals on land and buildings | 10,053 | 8,384 |
| Provision for obsolete inventories | 260 | 305 |
| Reversal of provision for impairment of receivables | (324) | (330) |
| Staff costs | 216,411 | 203,558 |

6. Finance income and costs

| | Unaudited For the six months ended 30 September | |
|--|---|------------------|
| | 2012 HK\$'000 | 2011 HK\$'000 |
| Finance income | | |
| – Bank interest income | 575 | 1,546 |
| – Interest income from held-to-maturity investments and available-for-sale financial assets | 451 | 1,351 |
| | 1,026 | 2,897 |
| Finance costs | | |
| – Interest expense on bank borrowings | (1,003) | – |
| Finance income – net | 23 | 2,897 |

7. Income tax expense

Hong Kong profits tax has been provided at a rate of 16.5% (2011: 16.5%) on the estimated assessable profits for the period.

| | Unaudited For the six months ended 30 September | |
|--|---|------------------|
| | 2012 HK\$'000 | 2011 HK\$'000 |
| Current income tax – Hong Kong profits tax | 11,560 | 10,743 |
| Deferred income tax relating to the origination and reversal of temporary differences | (10,696) | 232 |
| | 864 | 10,975 |

8. Earnings per share

The calculation of basic earnings per share for current period is based on the profit attributable to owners of the Company of HK\$1,150,000 (2011: HK\$50,154,000) and number of 431,600,000 (2011: 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 2012 (2011: same).

9. Dividends

A final dividend in respect of the year ended 31 March 2012 of HK 5.8 cents per share, amounting to a total dividend of HK\$25,033,000 was paid in September 2012.

The Directors have declared an interim dividend of HK 1.0 cents (2011: HK 3.0 cents) per share, amounting to HK\$4,316,000 (2011: HK\$12,948,000), for the six months ended 30 September 2012.

10. Property, plant and equipment

| | Unaudited | | | | | | | Total HK\$'000 |
|--|--|---------------------------------------|---------------------------------------|--|-------------------------------|---|--|-------------------|
| | Leasehold land and buildings HK\$'000 | Leasehold improvements HK\$'000 | Plant and machinery HK\$'000 | Furniture, fixtures and equipment HK\$'000 | Motor vehicles HK\$'000 | Network and computer equipment HK\$'000 | Machinery under installation HK\$'000 | |
| At 1 April 2011 | 131,904 | 4,512 | 77,299 | 14,824 | 1,141 | 7,928 | - | 237,608 |
| Additions | - | 749 | 3,013 | 5,775 | 760 | 1,190 | - | 11,487 |
| Depreciation | (834) | (879) | (5,542) | (4,082) | (182) | (1,558) | - | (13,077) |
| Disposals | - | - | (1,167) | - | (73) | (1) | - | (1,241) |
| Net book value at 30 September 2011 | 131,070 | 4,382 | 73,603 | 16,517 | 1,646 | 7,559 | - | 234,777 |
| At 30 September 2011 | | | | | | | | |
| Cost | 166,430 | 29,849 | 170,268 | 109,676 | 2,242 | 49,897 | - | 528,362 |
| Accumulated depreciation | (35,360) | (25,467) | (96,665) | (93,159) | (596) | (42,338) | - | (293,585) |
| Net book value at 30 September 2011 | 131,070 | 4,382 | 73,603 | 16,517 | 1,646 | 7,559 | - | 234,777 |
| At 1 April 2012 | 223,879 | 9,314 | 196,334 | 21,651 | 1,573 | 9,993 | 64,002 | 526,746 |
| Additions | - | 3,649 | 2,700 | 8,989 | 177 | 1,222 | 48,739 | 65,476 |
| Depreciation | (2,465) | (1,337) | (12,840) | (4,869) | (219) | (2,064) | - | (23,794) |
| Disposals | - | - | (396) | (18) | - | (13) | - | (427) |
| Net book value at 30 September 2012 | 221,414 | 11,626 | 185,798 | 25,753 | 1,531 | 9,138 | 112,741 | 568,001 |
| At 30 September 2012 | | | | | | | | |
| Cost | 261,430 | 39,451 | 307,753 | 127,351 | 2,397 | 47,523 | 112,741 | 898,646 |
| Accumulated depreciation | (40,016) | (27,825) | (121,955) | (101,598) | (866) | (38,385) | - | (330,645) |
| Net book value at 30 September 2012 | 221,414 | 11,626 | 185,798 | 25,753 | 1,531 | 9,138 | 112,741 | 568,001 |

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 2012 HK\$'000 | Audited 31 March 2012 HK\$'000 |
|---|---|---|
| 0 to 30 days | 131,772 | 116,231 |
| 31 to 60 days | 30,605 | 26,607 |
| 61 to 90 days | 20,140 | 15,684 |
| Over 90 days | 25,471 | 28,773 |
| Trade receivables, gross | 207,988 | 187,295 |
| Less: provision for impairment of receivables | (3,223) | (3,547) |
| | 204,765 | 183,748 |

12. Trade payables

The ageing analysis of trade payables is as follows:

| | Unaudited 30 September 2012 HK\$'000 | Audited 31 March 2012 HK\$'000 |
|---------------|---|---|
| 0 to 30 days | 51,433 | 54,412 |
| 31 to 60 days | 4,612 | 2,461 |
| 61 to 90 days | 1,024 | 317 |
| Over 90 days | 1,332 | 595 |
| | 58,401 | 57,785 |

13. Share capital

| | Unaudited 30 September 2012 HK\$'000 | Audited 31 March 2012 HK\$'000 |
|---------------------------------------|---|---|
| Authorised: | | |
| 2,000,000,000 shares of HK\$0.10 each | 200,000 | 200,000 |
| Issued and fully paid: | | |
| 431,600,000 shares of HK\$0.10 each | 43,160 | 43,160 |

14. Bank borrowings

Movements in bank borrowings are analysed as follows:

| | HK\$'000 |
|-------------------------------------|------------------|
| Current | |
| Opening amount at 1 April 2012 | - |
| Proceeds from bank borrowings | 174,105 |
| Repayment of bank borrowing | (126,900) |
| Closing amount at 30 September 2012 | 47,205 |
| Non-current | |
| Opening amount at 1 April 2012 | - |
| Proceeds from bank borrowing | 102,795 |
| Closing amount at 30 September 2012 | 102,795 |
| Total | 150,000 |

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 | |
|---|--|----------|
| | 2012 | 2011 |
| | HK\$'000 | HK\$'000 |
| Service income from related parties | 78 | 284 |
| Hardware purchased from a related party | 1,245 | 483 |
| Rental expenses to a related party | 402 | 356 |
| | 1,647 | 839 |
| Key management personnel compensation | | |
| Salaries and other short-term benefits | 8,528 | 8,925 |
| Post-employment benefits | 412 | 392 |
| | 8,940 | 9,317 |

16. Capital commitments

Capital commitments at the end of the reporting period but not yet incurred are as follows:

| | Unaudited 30 September 2012 | Audited 31 March 2012 |
|---|--|-----------------------------|
| | HK\$'000 | HK\$'000 |
| Property, plant and equipment and investment property | | |
| – contracted but not yet provided for | 23,761 | 53,769 |
| – authorised but not yet contracted for | 1,067 | 3,923 |
| | 24,828 | 57,692 |

17. Approval of the interim condensed consolidated financial information

This interim condensed consolidated financial information was approved by the Board of Directors on 19 November 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Profit and Loss Account

| (HK\$'000) | For the six months ended | | % Change |
|--------------------------------------|--------------------------|----------------|-------------|
| | 30 September 2012 | 2011 | |
| Revenue | 515,686 | 486,558 | 6% |
| Cost of sales | (351,088) | (277,426) | 27% |
| Gross profit | 164,598 | 209,132 | -21% |
| Gross profit margin | 31.9% | 43.0% | |
| Other income | 191 | – | 100% |
| Selling and distribution expenses | (80,458) | (69,754) | 15% |
| General and administrative expenses | (81,571) | (80,466) | 1% |
| Operating profit | 2,760 | 58,912 | -95% |
| Finance income | 1,026 | 2,897 | -65% |
| Finance costs | (1,003) | – | 100% |
| Profit before income tax | 2,783 | 61,809 | -95% |
| Income tax expense | (864) | (10,975) | -92% |
| Profit for the period | 1,919 | 50,834 | -96% |
| Non-controlling interests | (769) | (680) | 13% |
| Profit attributable to owners | 1,150 | 50,154 | -98% |
| Net profit margin | 0.4% | 10.4% | |

General

Hong Kong's media industry, in particular printed media, was experiencing an evolutionary change. The emergence of two Chinese free dailies titles in 2011, including our *Sky Post*, together with the then four market players, with one being free English daily, had changed the landscape of printed media market. The Group's launch of *Sky Post* on 27 July 2011 broadened the Group's readers, advertisers and income base which were important to the sustainable growth of the Group.

The general economic slowdown, especially the weak financial market in the six months of the reporting period, coupled with the increase in the Group's operating and development costs following the investments in *Sky Post* and internet businesses, caused a substantial decline in the Group's net profit attributable to owners from HK\$50.2 million for the six months ended 30 September 2011 to HK\$1.2 million for the current period under review.

Revenue

| | Six months ended 30 September | | % Change |
|--------------------|----------------------------------|------------------|----------|
| | 2012 HK\$'000 | 2011 HK\$'000 | |
| Revenue: | | | |
| Advertising income | 277,894 | 272,025 | 2% |
| Circulation income | 60,824 | 69,068 | -12% |
| Service income | 170,361 | 135,530 | 26% |
| Enrolment income | 6,607 | 9,935 | -33% |
| Total | 515,686 | 486,558 | 6% |

Revenue for the six months ended 30 September 2012 was HK\$515.7 million, up from HK\$486.6 million from the same period last year.

The general economic slowdown, especially the weak financial market, the IPO market in particular, and to a lesser extent, the cautious recruitment advertising market, were having a negative impact on the Group's advertising revenue. However the decrease was offset by the increase in advertising revenue from *Sky Post* which captured the non-financial related advertising income. This further supported the Group's direction in diversifying the income base for a sustainable growth in the medium to longer term.

The sluggish stock market, the low IPO activities, and the availability of free online news caused circulation income to fall from HK\$69.1 million to HK\$60.8 million in the current period.

Service income increased 26% to HK\$170.4 million. The majority of the service income was contributed by the financial news agency, information and solutions business segment which revenue remained stable in the period under review. The increase in service income mainly came from the magazines and books printing company which was acquired by the Group on 2 November 2011.

Operating Costs

Gross profit margin of the Group for the six months ended 30 September 2012 decreased by 11.1 percentage points from a year earlier to 31.9%. The decrease in margin was mainly due to the increased cost of sales as a result of launching the free Chinese daily *Sky Post* in July 2011, and acquiring the Group's magazines and books printing company in November 2011.

The Group's number of employees as at 30 September 2012 was 1,550, an increase of 188 from a year earlier. The increased headcount was mainly the result of acquiring the printing company and investing in *Sky Post* and internet businesses. Staff costs for the six months ended 30 September 2012, representing approximately 42% of the Group's total operating costs, increased by 6% as compared to the same period last year.

Newsprint costs for the six months ended 30 September 2012 constituted around 13% of the Group's total operating costs. It increased by 32% as compared to the same period last year. The publication of *Sky Post* from July 2011 led to the increase in newsprint consumption.

Profit Attributable to Owners

The Group recorded a net profit attributable to owners for the six months ended 30 September 2012 of HK\$1.2 million, a decrease of HK\$49.0 million from same period last year.

Free dailies and internet had ushered in a new era for the media industry in Hong Kong. The Group managed to seize these opportunities to further expand and diversify our income bases by investing in *Sky Post* and internet businesses which the Group is confident that these investments would contribute to the growth of the Group in the medium to longer term. While these investments are at their early stages, profitability of the printed media segment was unavoidably affected.

Market leading positions of products and businesses under the financial news agency, information and solutions segment remained strong. The significant and stable net profit contribution from this segment provided a solid base for the Group's development in other business areas.

Liquidity and Capital Resources

| (in HK\$ million) | As at 30 September 2012 | As at 31 March 2012 |
|---|--|---------------------------|
| Net current assets | 263.7 | 241.1 |
| Term deposits, pledged deposits and cash and cash equivalents | 287.1 | 248.2 |
| Owners' funds | 734.9 | 757.2 |
| Gearing ratio | 13% | – |
| Current ratio | 1.88 times | 1.89 times |

To ensure the Group is in a sound financial position to meet any challenges and opportunities lying ahead, the Group had drawn down a total bank borrowing of HK\$150 million during the period under review. The bank borrowing is secured by part of the Group's property, plant and equipment. As at 30 September 2012, the Group had a gearing ratio of 13% (calculated based on the basis of total borrowings over total assets). Total cash and cash equivalents, term deposits and pledged deposits of the Group as at 30 September 2012 amounted to HK\$287.1 million.

During the period under review, the Group had net cash inflow from financing activities of HK\$125 million. This was due to the HK\$150 million bank borrowings drawn down and was offset by the distribution of final dividend of HK\$25 million in respect of the financial year ended 31 March 2012. Net cash outflow from investing activities amounted to HK\$23 million. The outflow was mainly in relation to the purchase of property, plant and equipment and net off by the release of pledged deposits and term deposits during the period.

OUTLOOK

The Group is facing unprecedented challenges, especially in the printed media business.

To meet the challenge from the free Chinese dailies, the Group launched *Sky Post* in July 2011. The Group built up a strong editorial and advertising sales team, expanded printing capacity, set up prime distribution network and reserved sufficient financial resources. The Group is determined and confident to make *Sky Post* a success. In just a short period of time since launch, *Sky Post* had established a recognised and well received positioning of being a positive and middle class free daily in the market.

The Group is also mindful of the impact of internet on printed media industry and had been investing in internet businesses and getting prepared for the opportunities which lie ahead.

The investments in *Sky Post* and internet businesses would have short term pressure on the profitability of the Group, but such investments are necessary for the sustainable growth of the Group and is in the best interest of our shareholders and other stakeholders.

The Group will continue to review the operation of its business units from time to time with a view to rationalise and re-deploy the Group's assets in a more efficient manner.

EMPLOYEES

As at 30 September 2012, the Group had 1,550 employees (30 September 2011: 1,362 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 1.0 cents (2011: HK 3.0 cents) per share, amounting to HK\$4,316,000 (2011: HK\$12,948,000), payable on 13 December 2012 to shareholders whose names appear on the Register of Members of the Company at the close of business on 4 December 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 5 December 2012 to 7 December 2012, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 4 December 2012.

DIRECTORS

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

Executive Directors

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

Mr. MAK Ping Leung
(*alias: Mr. MAK Wah Cheung*)

Mr. CHAN Cho Biu

Mr. SHEK Kang Chuen

Ms. SEE Sau Mei Salome

Mr. CHAN Wa Pong

Non-executive Director

Mr. CHU Yu Lun

Independent Non-executive Directors

Mr. CHAN Mo Po, Paul
(resigned on 28 July 2012)

Mr. CHOW On Kiu

Mr. LO Foo Cheung

Mr. O'YANG Wiley

(appointed on 1 October 2012)

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the period and 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 2012.

CORPORATE GOVERNANCE

The Company has complied with the code 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.

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

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

All Directors of the Company have confirmed their compliance with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules throughout the six months period ended 30 September 2012.

AUDIT COMMITTEE

The Company established an Audit Committee in 2005 with written terms of reference. The Audit Committee comprises three Independent Non-executive Directors, Mr. O'Yang Wiley as Committee Chairman, Mr. Chow On Kiu and Mr. Lo Foo Cheung. The Group's unaudited interim results for the six months ended 30 September 2012 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 Mr. Chow On Kiu.

NOMINATION COMMITTEE

The Company established a Nomination Committee in 2005 with written terms of reference. The Nomination Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. Chow On Kiu as Committee Chairman and Mr. O'Yang Wiley.

By order of the Board
Hong Kong Economic Times Holdings Limited
Chan Wa Pong
Executive Director

Hong Kong, 19 November 2012

This announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's websites at www.hketgroup.com and at www.etnet.com.hk/etg. The Group's Interim Report 2012/2013 containing all the information required by the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

As at the date of this announcement, the Board comprises: (a) Executive Directors: Mr. Fung Siu Por, Lawrence, Mr. Mak Ping Leung (alias: Mr. Mak Wah Cheung), Mr. Chan Cho Biu, Mr. Shek Kang Chuen, Ms. See Sau Mei Salome and Mr. Chan Wa Pong; (b) Non-executive Director: Mr. Chu Yu Lun; and (c) Independent Non-executive Directors: Mr. Chow On Kiu, Mr. Lo Foo Cheung and Mr. O'Yang Wiley.