



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 **2020/2021**

INTERIM RESULTS 2020/2021

The Directors of Hong Kong Economic Times Holdings Limited (the “Company”) announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2020. 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	
		2020 HK\$'000	2019 HK\$'000
	Note		
Revenue	3	467,809	602,603
Cost of sales	5	(292,467)	(369,925)
Gross profit		175,342	232,678
Selling and distribution expenses	5	(89,856)	(102,071)
General and administrative expenses	5	(105,366)	(112,359)
Net impairment losses on financial assets		(972)	(1,663)
Other income	4	52,280	949
Operating profit		31,428	17,534
Finance income	6	1,315	1,971
Finance costs	6	(277)	(418)
Finance income – net	6	1,038	1,553
Profit before income tax		32,466	19,087
Income tax expense	7	(2,756)	(7,252)
Profit for the period		29,710	11,835
Profit attributable to:			
Owners of the Company		28,726	11,041
Non-controlling interests		984	794
		29,710	11,835
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic and diluted	8	6.66	2.56

The above interim condensed consolidated income statement should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	For the six months	
	ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Profit for the period	29,710	11,835
Other comprehensive income/(loss):		
Item that may be reclassified to profit or loss		
Currency translation differences arising from foreign operations	442	(704)
Other comprehensive income/(loss) for the period, net of tax	442	(704)
Total comprehensive income for the period	30,152	11,131
Total comprehensive income attributable to:		
Owners of the Company	29,168	10,337
Non-controlling interests	984	794
	30,152	11,131

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited	Audited
		As at	As at
		30 September	31 March
		2020	2020
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment	10	556,671	559,646
Investment properties		6,033	6,116
Deferred income tax assets		23,273	22,631
Deposits paid for property, plant and equipment		–	2,721
		585,977	591,114
Current assets			
Inventories		22,209	34,634
Trade receivables	11	167,577	165,511
Deposits and other receivables		27,749	18,528
Prepayments		17,970	14,500
Tax recoverable		3,413	2,390
Pledged deposits		1,702	1,702
Term deposits with original maturities of over three months		127,728	164,551
Cash and cash equivalents		256,977	220,525
		625,325	622,341
Current liabilities			
Trade payables	12	21,535	25,875
Fees in advance		121,757	130,979
Accruals, other payables and provisions		89,541	98,177
Lease liabilities		16,419	8,108
Current income tax liabilities		5,112	2,445
		254,364	265,584
Net current assets		370,961	356,757
Total assets less current liabilities		956,938	947,871

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

		Unaudited	Audited
		As at	As at
		30 September	31 March
		2020	2020
	<i>Note</i>	HK\$'000	HK\$'000
Equity attributable to owners of the Company			
Share capital	13	43,160	43,160
Reserves		852,443	844,855
		895,603	888,015
Non-controlling interests		18,078	17,094
Total equity		913,681	905,109
Non-current liabilities			
Deferred income tax liabilities		28,684	30,945
Lease liabilities		8,573	6,960
Other non-current liabilities		6,000	4,857
		43,257	42,762
Total equity and non-current liabilities		956,938	947,871

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Currency translation			Retained earnings		
					reserve	reserves	Other			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2019	43,160	8,007	69,944	6,120	579	3,413	779,214	910,437	15,491	925,928
Profit for the period	-	-	-	-	-	-	11,041	11,041	794	11,835
Other comprehensive loss										
Currency translation differences arising from foreign operations	-	-	-	-	(704)	-	-	(704)	-	(704)
Total comprehensive income	-	-	-	-	(704)	-	11,041	10,337	794	11,131
Transaction with owners										
Final dividend for the year ended 31 March 2019	-	-	-	-	-	-	(28,054)	(28,054)	-	(28,054)
Balance at 30 September 2019	43,160	8,007	69,944	6,120	(125)	3,413	762,201	892,720	16,285	909,005
Balance at 1 April 2020	43,160	8,007	69,944	6,120	(128)	7,811	753,101	888,015	17,094	905,109
Profit for the period	-	-	-	-	-	-	28,726	28,726	984	29,710
Other comprehensive income										
Currency translation differences arising from foreign operations	-	-	-	-	442	-	-	442	-	442
Total comprehensive income	-	-	-	-	442	-	28,726	29,168	984	30,152
Transaction with owners										
Final dividend for the year ended 31 March 2020 (note 9)	-	-	-	-	-	-	(21,580)	(21,580)	-	(21,580)
Balance at 30 September 2020	43,160	8,007	69,944	6,120	314	7,811	760,247	895,603	18,078	913,681

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited	
	For the six months	
	ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from operations	41,484	60,325
Interest paid	(277)	(418)
Profits tax paid	(4,015)	(16)
Net cash generated from operating activities	37,192	59,891
Cash flows from investing activities		
Bank interest received	1,315	1,971
Purchase of property, plant and equipment	(9,077)	(12,746)
Deposits paid for purchase of property, plant and equipment	–	(60)
Proceeds from disposal of property, plant and equipment	459	1
Decrease/(increase) in term deposits with original maturities of over three months	36,823	(15,750)
Net cash generated from/(used in) investing activities	29,520	(26,584)
Cash flows from financing activities		
Final dividend paid to owners of the Company	(21,580)	(28,054)
Principal elements of lease payments	(9,122)	(10,844)
Net cash used in financing activities	(30,702)	(38,898)
Net increase/(decrease) in cash and cash equivalents	36,010	(5,591)
Effect of foreign exchange rate changes, net	442	(704)
Cash and cash equivalents at beginning of the period	220,525	182,959
Cash and cash equivalents at end of the period <i>(note)</i>	256,977	176,664

Note: As at 30 September 2020, the total cash and cash equivalents, term deposits with original maturities of over three months and pledged deposits amounted to HK\$386,407,000 (30 September 2019: HK\$324,957,000).

The above interim condensed consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 September 2020

Significant changes in the current reporting period

During the six months ended 30 September 2020, the Group's printed media business was adversely affected by the outbreak of Coronavirus Disease 2019 ("COVID-19 pandemic"). In response to these unprecedented challenges and extreme market conditions, the Group took a cautious and prudent approach in cost management, streamlined its operating structure to increase efficiency and utilised the applicable government relief measures funded by the Anti-epidemic Fund while at the same time increased its investment in the development of mobile and digital platforms to meet the rising market demand in digital advertising and services.

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 2020 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 2020, as described in those annual consolidated financial statements, except for the recognition of estimation of income tax and government subsidies as set out below.

Income tax

Income tax expenses for the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Government subsidies

Subsidies from the government are recognised at their fair value where there is a reasonable assurance that the subsidy will be received and the Group will comply with all attached conditions. Government subsidies relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies and did not require any adjustments.

Certain new and amended standards have been issued but are not mandatory for application in the current reporting period. The Group did not early adopt these new and amended standards in the current reporting period and they are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

1. Basis of preparation and accounting policies (Continued)

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 expenses. 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 annual consolidated financial statements for the year ended 31 March 2020.

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 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 for the year ended 31 March 2020.

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 payables, accruals, other payables and lease liabilities as at 30 September 2020 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:

	Unaudited For the six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Advertising income	232,129	327,944
Circulation income	35,171	42,508
Service income	200,509	232,151
	467,809	602,603

3. Revenue and segment information (Continued)

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 two reportable segments:

- (i) Media segment – principally engaged in the printing and publication of newspapers, magazines and books and the operation of digital platforms, including recruitment, finance and lifestyle. This segment generates advertising income, circulation income and service income from these publications and 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.

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 2020 are as follows:

Unaudited For the six months ended 30 September								
	Media		Financial news agency, information and solutions		Corporate		Total	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
REVENUE								
Revenue	304,944	436,650	165,580	168,972	-	-	470,524	605,622
Inter-segment transactions	(477)	(495)	(2,238)	(2,524)	-	-	(2,715)	(3,019)
Revenue – from external customers	304,467	436,155	163,342	166,448	-	-	467,809	602,603
RESULTS								
Profit/(loss) for the period	(859)	(13,272)	30,582	25,114	(13)	(7)	29,710	11,835

4. Other income

	Unaudited For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Rental income from investment properties	835	949
Government subsidies (<i>note</i>)	51,445	–
	52,280	949

Note:

Government subsidies recognised were primarily related to subsidies from the Hong Kong Government under the Anti-epidemic Fund. There were no unfulfilled conditions and other contingencies attached to the receipts of these subsidies.

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	
	2020	2019
	HK\$'000	HK\$'000
Staff costs including Directors' and CEO's remuneration	281,334	307,430
Depreciation of property, plant and equipment and investment properties	33,221	37,405
Provision for obsolete inventories	65	100

6. Finance income and costs

	Unaudited For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Finance income		
– Bank interest income	1,315	1,971
Finance costs		
– Interest on leases	(277)	(418)
Finance income – net	1,038	1,553

7. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits for the period.

	Unaudited	
	For the six months	
	ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	5,650	7,881
PRC enterprise income tax	9	1
	5,659	7,882
Deferred income tax	(2,903)	(630)
	2,756	7,252

8. Earnings per share

The calculation of basic earnings per share for the current period is based on the profit attributable to owners of the Company of HK\$28,726,000 (2019: HK\$11,041,000) and the number of 431,600,000 (2019: 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 2020 (2019: same).

9. Dividends

A final dividend in respect of the year ended 31 March 2020 of HK 5.0 cents per share, amounting to a total dividend of HK\$21,580,000 was paid in September 2020.

The Directors have declared an interim dividend of HK 2.0 cents (2019: HK 2.0 cents) per share, amounting to HK\$8,632,000 (2019: HK\$8,632,000), for the six months ended 30 September 2020.

10. Property, plant and equipment

	Unaudited							Total HK\$'000
	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Network and computer equipment	Right- of-use assets	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2019	133,238	9,252	134,184	21,990	1,249	18,756	263,399	582,068
Additions	-	2,017	148	5,117	-	5,674	17,081	30,037
Transfer from investment properties	3,576	-	-	-	-	-	9,368	12,944
Depreciation	(2,351)	(1,944)	(11,449)	(4,970)	(273)	(5,197)	(11,138)	(37,322)
Disposals	-	-	-	(3)	-	-	(142)	(145)
Net book value at 30 September 2019	134,463	9,325	122,883	22,134	976	19,233	278,568	587,582
At 30 September 2019								
Cost	169,750	71,076	445,023	190,377	3,138	104,129	312,457	1,295,950
Accumulated depreciation	(35,287)	(61,751)	(322,140)	(168,243)	(2,162)	(84,896)	(33,889)	(708,368)
Net book value at 30 September 2019	134,463	9,325	122,883	22,134	976	19,233	278,568	587,582
At 1 April 2020	131,218	9,394	111,661	19,923	1,037	16,919	269,494	559,646
Additions	345	19	4,062	4,758	700	2,260	19,250	31,394
Depreciation	(2,688)	(1,499)	(10,253)	(4,894)	(295)	(3,933)	(9,576)	(33,138)
Disposals	-	-	(839)	(25)	(43)	-	(324)	(1,231)
Net book value at 30 September 2020	128,875	7,914	104,631	19,762	1,399	15,246	278,844	556,671
At 30 September 2020								
Cost	170,095	72,819	444,856	196,928	3,454	107,477	317,904	1,313,533
Accumulated depreciation	(41,220)	(64,905)	(340,225)	(177,166)	(2,055)	(92,231)	(39,060)	(756,862)
Net book value at 30 September 2020	128,875	7,914	104,631	19,762	1,399	15,246	278,844	556,671

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 2020 HK\$'000	Audited 31 March 2020 HK\$'000
0 to 30 days	75,934	52,561
31 to 60 days	27,958	36,197
61 to 90 days	24,501	22,470
Over 90 days	45,819	59,891
Trade receivables, gross	174,212	171,119
Less: provision for impairment of trade receivables	(6,635)	(5,608)
	167,577	165,511

12. Trade payables

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

	Unaudited 30 September 2020 HK\$'000	Audited 31 March 2020 HK\$'000
0 to 30 days	17,234	21,017
31 to 60 days	646	952
61 to 90 days	815	7
Over 90 days	2,840	3,899
	21,535	25,875

13. Share capital

	Unaudited 30 September 2020 HK\$'000	Audited 31 March 2020 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. Related party transactions

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

	Unaudited	
	For the six months	
	ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Service income from related parties	266	265
Hardware purchased from a related party	51	1,012
Rental payment to a related party (note)	544	544
Key management personnel compensation		
Salaries and other short-term benefits	7,030	8,233
Post-employment benefits	251	362
	7,281	8,595

Note:

The Group entered into an operating lease agreement with a related company beneficially owned by Mr. FUNG Siu Por, Lawrence and Mr. CHU Yu Lun, the substantial shareholders and Directors of the Company, on terms mutually agreed by both parties.

15. Capital commitments

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

	Unaudited	Audited
	30 September	31 March
	2020	2020
	HK\$'000	HK\$'000
Property, plant and equipment		
– contracted but not yet provided for	–	1,166
– authorised but not yet contracted for	298	925
	298	2,091

16. Approval of the interim condensed consolidated financial information

This interim condensed consolidated financial information was approved by the Board of Directors on 23 November 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Profit and Loss Account

(HK\$'000)	For the six months ended 30 September		% Change
	2020	2019	
Revenue	467,809	602,603	-22%
Cost of sales	(292,467)	(369,925)	-21%
Gross profit	175,342	232,678	-25%
Gross profit margin	37.5%	38.6%	
Selling and distribution expenses	(89,856)	(102,071)	-12%
General and administrative expenses	(105,366)	(112,359)	-6%
Net impairment losses on financial assets	(972)	(1,663)	-42%
Other income	52,280	949	N/A
Operating profit	31,428	17,534	79%
Finance income – net	1,038	1,553	-33%
Profit before income tax	32,466	19,087	70%
Income tax expense	(2,756)	(7,252)	-62%
Profit for the period	29,710	11,835	151%
Non-controlling interests	(984)	(794)	24%
Profit attributable to owners	28,726	11,041	160%
Net profit margin	6.4%	2.0%	

General

The COVID-19 pandemic has caused severe disruptions to a wide range of local economic and business activities. Local advertising market, hard hit by the weak business and consumer sentiments, contracted significantly for the period under review.

Under such unprecedented difficult and extreme market conditions, the Group's revenue was down by HK\$134.8 million or 22% to HK\$467.8 million for the six months ended 30 September 2020 when compared to the same period last year. Profit attributable to owners was HK\$28.7 million for the six months ended 30 September 2020.

Revenue

	For the six months ended 30 September		% Change
	2020	2019	
	HK\$'000	HK\$'000	
Revenue:			
Advertising income	232,129	327,944	-29%
Circulation income	35,171	42,508	-17%
Service income	200,509	232,151	-14%
Total	467,809	602,603	-22%

Advertising income, mainly contributed by the Group's printed publications and digital platforms, decreased by 29% to HK\$232.1 million from the same period ended 30 September 2019. The decrease was mainly attributable to the significant decline of advertising income from the Group's printed publications. The COVID-19 pandemic has adversely affected all businesses across the marketing industry, particularly the printed media. Most advertisers and marketers remained cautious on their advertising spending by pulling back or deferring their advertising campaigns and promotion plans. The Group's digital advertising income, being our strategic focus in the recent years, has however maintained its growth momentum and was able to compensate part of the loss in advertising income from the printed publications.

Circulation income decreased by 17% to HK\$35.2 million when compared with the period ended 30 September 2019. The decrease was in line with most of the printed titles in the market during the period under review.

Service income decreased by 14% to HK\$200.5 million from the same period ended 30 September 2019. This 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 was mainly caused by the decrease of printing services income, in line with the decrease of print volume of most publications and promotional activities in the market. Service income from financial news agency, information and solutions remained solid for the period under review.

Operating Costs

Gross profit margin of the Group was 37.5% for the six months ended 30 September 2020, a decline of 1.1 percentage point from last year same period. Management would continue to monitor and streamline the cost structure and redeploy resources to improve cost effectiveness of the Group's operations.

Staff costs for the six months ended 30 September 2020, representing approximately 58% of the Group's total operating costs, decreased by 8% as compared to the same period last year. The decrease was mainly due to the decrease in headcount after rationalisation of the Group's operational resources.

Newsprint costs for the six months ended 30 September 2020, which constituted about 3% of the Group's total operating costs, decreased by 63% as compared to last year same period. The significant decrease was mainly due to the combined effect of reduced newsprint consumption and effective inventory and production material control.

Profit Attributable to Owners

The Group's net profit attributable to owners for the six months ended 30 September 2020 was HK\$28.7 million which was after an Employment Support Scheme subsidy of HK\$51.3 million granted by the Hong Kong Government under the Anti-epidemic Fund for use of paying part of the wages of employees for the period under review.

Media segment recorded negative operating results for the period under review. The segment was adversely affected by the weak consumer and business sentiments caused by COVID-19 pandemic. Despite the decrease of print advertising income, digital platforms maintained its growth momentum during the period under review. The severe disruptions caused by COVID-19 pandemic have further accelerated the digital transformation of local media. Social distancing and other anti-epidemic measures have stimulated record-high engagement for online and digital platforms. In order to match the new marketing demands on digital platforms, the Group has increased its investment in data and analytical technology with quality content creation, audience behavior studies, digital product integration, predictive analytics and smart marketing strategy. The Group believes that these initiatives are crucial for the Group's sustainable growth and long-term business development.

Financial news agency, information and solutions segment, being the solid profit contributor to the Group, recorded a stable segment results when compared to the preceding reporting period. Backed by its well-established competitive advantages, deep-rooted industry knowledge and the drive to stay ahead of the curve of the rapid digitalisation and diversification of the financial industry, this segment had secured various financial solution projects. The Group will continue its talent, capital and technology inputs into the mobile platform development to meet the rising market demand in the mobile digital banking and securities trading services.

Liquidity and Capital Resources

	As at 30 September 2020	As at 31 March 2020
(in HK\$ million)		
Net current assets	371.0	356.8
Term deposits, pledged deposits and cash and cash equivalents	386.4	386.8
Owners' equity	895.6	888.0
Gearing ratio	N/A	N/A
Current ratio	2.46 times	2.34 times

The Group's net current assets as at 30 September 2020 increased by HK\$14.2 million from the position as at 31 March 2020. An Employment Support Scheme subsidy of HK\$51.3 million was granted by the Hong Kong Government under the Anti-epidemic Fund for use of paying part of the wages of employees for the period under review, of which a sum of HK\$38.5 million was received during the reporting period and the balance of HK\$12.8 million, which would be paid after the period end, was recognised in 'other receivables' as at 30 September 2020.

The Group had distributed the final dividend declared for the financial year ended 31 March 2020 amounting to HK\$21.6 million.

As at 30 September 2020, the Group had a cash balance of HK\$386.4 million as compared to HK\$386.8 million as at 31 March 2020. 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 2020.

OUTLOOK

Despite there were signs of improvement in the fourth quarter of 2020, Hong Kong economy would continue to face uncertainties and downside risk, hinging crucially on the evolving global public health and economic situations. The US-China trade and political tensions and geopolitical uncertainties will continue to affect the global and local economies. Until effective vaccines or diagnosis can be successfully developed and widely applied, the COVID-19 pandemic will remain a threat to the global and local economies and bring challenges to the Group's operating environment for the rest of the year. The Group will closely monitor the economic situation and take a cautious and prudent approach in cost management, operational efficiency and financial discipline. The solid and stable results of financial news agency, information and solutions segment, together with our strong cash flow position, provide the Group with a strong foundation for our strategic focus in digital businesses. We are confident that the Group is well positioned to ride over the challenges ahead and capitalise any emerging opportunities.

EMPLOYEES

As at 30 September 2020, the Group had 1,407 employees (30 September 2019: 1,552 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 (2019: HK 2.0 cents) per share, amounting to HK\$8,632,000 (2019: HK\$8,632,000), payable on 18 December 2020 to shareholders whose names appear on the Register of Members of the Company at the close of business on 8 December 2020.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 9 December 2020 to 11 December 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 8 December 2020.

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)

(*retired on 1 May 2020*)

Ms. SEE Sau Mei Salome

Mr. CHAN Cho Biu

Ms. WONG Ching

Non-executive Director

Mr. CHU Yu Lun

Independent Non-executive Directors

Mr. CHOW On Kiu

Mr. LO Foo Cheung

Mr. O'YANG Wiley

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2020, 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	Number of shares held	Ordinary shares of the Company
			Percentage of issued share capital of the Company
Mr. FUNG Siu Por, Lawrence (<i>Note 1</i>)	Corporate	54,359,000	12.595%
Ms. SEE Sau Mei Salome	Beneficial owner	370,000	0.086%
Mr. CHAN Cho Bui	Beneficial owner	520,000	0.120%
Mr. CHU Yu Lun (<i>Note 2</i>)	Corporate	87,435,000	20.258%
Mr. LO Foo Cheung	Beneficial owner	740,000	0.171%

Note 1: The interests in the 54,359,000 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 2020 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 2020 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 2020, 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 (Note 1)	87,435,000	20.258%
MaMa Charitable Foundation Limited	58,169,000	13.478%
Golden Rooster Limited (Note 2)	54,359,000	12.595%
The University of Hong Kong	43,160,000	10.000%
Webb David Michael	30,238,000	7.006%

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.

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 2020.

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 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 2020.

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 2020 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. O'Yang Wiley.

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, Mr. Lo Foo Cheung and Mr. O'Yang Wiley.

On behalf of the Board

Hong Kong Economic Times Holdings Limited

Fung Siu Por, Lawrence

Chairman

Hong Kong, 23 November 2020