Hong Kong Economic Times Holdings Limited

Annual Report 2011/2012

Printed Media

Financial News Agency, Information and Solutions

Recruitment Advertising and Training

Lifestyle Portals

Stock Code 00423

The mission of the Group

is

to become one of the pre-eminent

financial and business

information and service providers

in

Greater China

Contents

Corporate Information and Key Dates

Board of Directors

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

Mr. Chow On Kiu

Mr. Lo Foo Cheung

Company Secretary

Mr. Chan Wa Pong *CPA*

Qualified Accountant

Ms. Chan Kit Man Fanny *FCPA*

Authorised Representatives

Mr. Fung Siu Por, Lawrence

Mr. Chan Wa Pong

Independent Auditor

PricewaterhouseCoopers

Audit Committee

Mr. Chan Mo Po, Paul *(Chairman)*

Mr. Chow On Kiu

Mr. Lo Foo Cheung

Nomination Committee

Mr. Chow On Kiu *(Chairman)*

Mr. Chan Mo Po, Paul

Mr. Chu Yu Lun

Remuneration Committee

Mr. Lo Foo Cheung *(Chairman)*

Mr. Chow On Kiu

Mr. Chu Yu Lun

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business

6th Floor, Kodak House II
321 Java Road
North Point
Hong Kong

Corporate Website

www.hketgroup.com

Email

groupinfo@hket.com

Stock Code

00423 HK

Principal Share Registrar and Transfer Office in Cayman Islands

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

Key Dates

Closure of Registers of Members

30 July 2012 to 2 August 2012
(for attending Annual General Meeting)
8 August 2012 to 10 August 2012
(for final dividend entitlement)

Annual General Meeting

2 August 2012

Proposed Payment of Final Dividend

7 September 2012

Business Organization Chart

Printed Media

Hong Kong Economic Times newspaper publishing
Sky Post newspaper publishing
e-zone magazine publishing
U Magazine magazine publishing
iMoney magazine publishing
ET Press and WHY book publishing

Financial News Agency, Information and Solutions

Finance

ET Net
ET Wealth
ET Trade

Property

EPRC

Recruitment Advertising and Training

Recruitment Advertising
Career Times

Training
ET Business College

Lifestyle Portals

Health Smart
U Travel
U Food
U Beauty

HKET Holdings At A Glance

Hong Kong Economic Times Holdings Limited ("HKET Holdings" / "the Group") is a diversified media company. Its core business – publication of the *Hong Kong Economic Times ("HKET")* – was established in 1988. It is the leading financial newspaper in Hong Kong. Besides, the Group launched its new free daily, *Sky Post*, in July 2011. Apart from newspaper publishing, the Group also operates other businesses such as magazines and book publishing, recruitment advertising & executive training, and lifestyle portals. In addition, the Group runs a financial news agency, information and solutions business. ET Net, the leading financial news agency in Hong Kong serving the professional market, has expanded to the Greater China market. HKET Holdings was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 3 August 2005 (Stock code: 00423).

Strategy and 5 Business Domains

Taking advantage of the strong foundation and rich experiences of the Group, HKET Holdings strives to attain sustainable growth for the utmost benefit of shareholders by pursuance of diversification strategy through 5 business domains:

Finance

Property

Human Resources

Education

Lifestyle

Leading Positions and Diversifications

The Group puts every endeavour to achieve and maintain the leading positions and products' uniqueness in such a highly competitive market and ever-changing world. Meanwhile, the group keeps abreast of the trend and further develops diversified businesses, which is a proven strategy for success.

In this financial year, members of the Group initiated and were involved in a number of representative events and projects, which again elaborated the Group's leading positions and strengths.

Hong Kong Economic Times the financial newspaper

In October 2011, *Hong Kong Economic Times*, *Economic Daily* of China and *Economic Daily News* of Taiwan jointly organized the first titled Economic and Financial Forum, with PRC Vice Premier, Mr. Wang Qishan, as honorable officiating guest.

In September 2011, *Hong Kong Economic Times and iMoney* were co-organizers of "The World CEO Forum - Hong Kong Phase" presented by GMC Manufacturer Union. Mr. Jack Welch, ex-Chairman and CEO of General Electric, was invited to share his entrepreneurship with the business community.

e-zone the mass market IT magazine

iMoney the financial magazine

ET Net the financial news agency

ET Wealth the electronic funds database and wealth management system provider

ET Trade the securities & futures trading solution provider

EPRC the electronic property database provider

U Magazine the travel and lifestyle magazine

Jointly presented by s1979.com of Shenzhen Media Group and *Hong Kong Economic Times*, the lifestyle and travel website www.qooua.com（酷游網）had its official launch in February 2012. The well-experienced editorial team from *U Magazine* provided the unrivaled content for the website.

The visionary team… *Sky Post*（晴報）

The Group is widely applauded of being visionary. The successful launch of *Sky Post* in July 2011 represented the Group's continuous effort on diversifications. *Sky Post* carries daily news, rich information on leisure and entertainment, and excellent writings by reputable columnists, which cater for different sectors of the society.

Awards

Mr. Perry Mak, Group Managing Director and Publisher of *HKET* received Best Media Partner Award.

HKET won in Consumer Rights Reporting Awards 2011,

- Gold Award in "Features"

U Magazine won in VisitBritain Media Awards 2011,

- "Outstanding Magazine Feature"

U Magazine won in Asian Publishing Awards 2011,

- Winner in "Best Use of Social Networks"

Sky Post won in Hong Kong News Awards 2011,

- Winner in "Photographic Section (News)"

HKET won in Office of the Privacy Commissioner for Personal Data (PCPD) Partnership Award,

- Best Media Partner

U Magazine, e-zone and _iMoney_ won in Magazine of the Year 2012,

- Top 10 Overall Magazines of the Year (*U Magazine and e-zone*)
- 1st in "Travel Magazine of the Year (Local)" (*U Magazine*)
- 1st in "Consumer Electronics Magazine of the Year" (*e-zone*)
- 2nd in "Business Magazine of the Year (Local)" (*iMoney*)

HKET and _iMoney_ won in Citi Journalistic Excellence Award (CJEA) 2012,

- Champion in CJEA Hong Kong (*HKET*)
- 2nd Runner-up in CJEA Hong Kong (*iMoney*)

iMoney won in The 16th Annual Human Rights Press Awards,

- Prize (Magazine)

Chairman's Statement

Dear Shareholders,

After the encouraging rebound in the Financial Year 2010/11 following the global financial crisis, we are confronted by the external economic instability resulting from the lingering eurozone sovereign debt crisis, fragile economic recovery in the US and the slowing down in the Mainland. The growth momentum in Hong Kong also eased in the second half of the financial year under review. Despite these negative impacts, we still performed competitively and achieved a moderate growth in revenue from HK$952 million to HK$1,006 million, a rise of 6%. However, as a result of the high inflationary pressure on costs and the Group's product investment plans on diversification, profit attributable to shareholders decreased from HK$155 million to HK$76 million, a drop of 51%. If the previous financial year was a remarkable growth year of the Group, Financial Year 2011/12 was an important product development and investment year for the future.

The continued expansion of free printed dailies, both in circulation and advertising revenue, further erodes the market share of paid newspapers. Despite the impact to our paid flagship *Hong Kong Economic Times* was small due to our market leadership and distinct positioning, we see an opportunity to broaden our customer base and revenue source. On 27 July 2011, we launched a free Chinese daily, *Sky Post*, targeting the general mass audience with audited distribution exceeding 500,000 copies. The launch of *Sky Post* not only captures advertising revenue which was not previously available to our other publications but it also attracts new readers. We have a strong team and is determined that the Group would become one of the significant players in the free dailies market. As *Sky Post* is still at its investment stage, it exerts pressure on the cost and profit of the Group in the short run but will bear fruits in the medium and longer term.

The emergence of new media and the increase of online advertising spending ranging from the traditional banner advertisement to social media, has gradually transformed the media landscape and placed pressure on printed media. In these fast-changing digital times, the audience's needs are direct, instantaneous and personalized. We need to listen constantly and attentively to their requirements, and provide relevant, customized and value-adding services that the readers want. We shall continue to identify, explore and invest in areas which have growth potential and we have the competitive edge.

During the financial year under review, we acquired a magazines and books printing company which had been one of our major printers for magazines over the last decade. The printing company is also one of the few large commercial web printers in Hong Kong. The acquisition would bring in synergistic value to the Group, secure and strengthen the smooth production of the Group's publications and facilitate the Group's future growth in core business.

Following the recent easing in global food and commodity prices and the expected economic slow down, inflation is expected to come down. This will relieve part of the pressure on production cost, wages level and other operating costs. Given *Sky Post* is at its early investment stage and our continued investment in internet business as well as quality personnel, we find ourselves in a situation that the rate of cost increase outpaced revenue in the current and coming financial year. We would continue to adhere to strict financial discipline and take steps to streamline the cost structure in order to attain a reasonable profit margin.

The uncertain economic and geopolitical backdrop will continue to raise challenges and cast shadows on the Group's performance throughout 2012 and beyond. We are likely to see slower economic growth in both Hong Kong and the Mainland amid concerns about the effect of the eurozone crisis and austerity measures and a fragile US recovery. Nevertheless, the Group will remain focused on preserving the core business and deepen our penetration into segments that offer growth opportunities. We are confident about the Group's prospect and would take challenges as opportunity. In the current difficult environment, we are more focused than ever on long-term value creation. With the well-established strong brand and solid business foundation, we are well placed to weather the cyclical swings and capitalize on the opportunities ahead.

Taking this opportunity, I would like to express my heartfelt thanks to my fellow Board colleagues for their advices and leadership, and to our passionate staff for their commitment, loyalty and inspirational teamwork. I am convinced that their resilience, forward thinking and resourcefulness will continue to drive the future sustainable growth of the Group in the years to come. I would also like to extend my gratitude to our readers, customers, business partners and investors for their continued support.

Fung Siu Por, Lawrence
Chairman

Hong Kong, 25 June 2012

Board of Directors

Executive Directors

Mr. FUNG Siu Por, Lawrence, GBS, aged 62, is the Chairman and Chief Executive Officer of the Company. Mr. Fung is a founder of the *Hong Kong Economic Times* ("*HKET*"). He was also the first Publisher and Chief Editor of *HKET*. Mr. Fung is responsible for the overall strategic planning and development, policy-making and setting corporate missions of the Group. He has over 30 years of entrepreneurial experience in media and publishing, securities trading, computer technology and exhibition industries. Mr. Fung obtained a Bachelor of Social Science degree from The University of Hong Kong ("HKU") and a Master of Arts degree in Economics from University of Manchester in the United Kingdom. In 2003, Mr. Fung was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Mr. Fung is a founder member and a director of Musketeers Education and Culture Charitable Foundation Limited. He is also a founder member and Chairman of Board of Directors of Hong Kong Ideas Centre Limited. Mr. Fung was conferred the degree of Doctor of Social Sciences *honoris causa* by HKU in 2010.

Mr. MAK Ping Leung (alias: Mr. MAK Wah Cheung), aged 62, is the Managing Director of the Group and Publisher of *HKET* and the *Sky Post*. He is also a founder of *HKET*. Mr. Mak is responsible for formulating the business strategies and the overall management of publishing, recruitment advertising and printing production of the Group. He has over 30 years of extensive experience in the media and publishing industry. Prior to joining the Group in 1987, he was the Bureau Chief of *Wen Wei Po*, European Bureau in London, and was later promoted to the Deputy General Manager of *Wen Wei Po*. Mr. Mak obtained his Bachelor of Arts degree from The University of Hong Kong and had attended a journalism programme "Journalists in Europe" in France. Mr. Mak is currently the honorary advisor of Hong Kong Institute of Marketing and a Director of Hong Kong Copyright Licensing Association Limited. In 1988, Mr. Mak was elected as one of the Ten Outstanding Young Persons of Hong Kong. In March 2010, Mr. Mak was appointed an Independent Non-executive Director of North Asia Resources Holdings Limited, a company listed in the Hong Kong Stock Exchange.

Mr. CHAN Cho Biu, BBS, aged 55, is the Associate Publisher and Chief Editor of *HKET*. Mr. Chan joined the Group in 1988 and is responsible for the editorial development of *HKET*. Mr. Chan has over 20 years of solid experience in the media and publishing industry. Prior to joining the Group, he had worked with the *Hong Kong Economic Journal* and Radio Television Hong Kong. Mr. Chan holds a Bachelor of Science degree and a Postgraduate Diploma in Education from The Chinese University of Hong Kong. In 2007, Mr. Chan was elected as the first Chairman of Journalism Education Foundation Hong Kong Limited and awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Mr. Chan was the Chairman of the Hong Kong News Executives' Association in 2001 and 2002.

Mr. SHEK Kang Chuen, aged 64, is the Associate Publisher and Head of Research Department of *HKET*. He is a founder of *HKET*. Mr. Shek is responsible for the overall development and management of Research Department of *HKET*. He is also responsible for the day-to-day management of the Group's book publication and training businesses. Mr. Shek has over 20 years of solid experience in the media and publishing industry. He is a columnist in *HKET* and its associated magazines, *Sky Post*, *iMoney* and on the financial portal of www.etnet.com.hk. Besides that, Mr. Shek has written several books on topics of investment, finance and wealth management. He is a regular speaker in various investment and wealth management conferences and seminars. He is currently a host of an investment programme for Radio Television Hong Kong. Mr. Shek obtained a Bachelor of Arts degree and a Postgraduate Diploma in Education from The University of Hong Kong.

Ms. SEE Sau Mei Salome, aged 49, is the Managing Director of the Company's subsidiaries which engage in the businesses of financial news agency, information and solutions. Ms. See joined the Group in 1989, responsible for the Group's marketing strategy and operations. She was later assigned to start and take charge of the Group's financial news agency, information and solutions businesses. Ms. See has over 20 years of solid experience in general business management. Prior to joining the Group, Ms. See worked in the regional marketing office of a multinational computer equipment corporation, Digital Equipment Limited, where she gained extensive experience in digital technology and a profound understanding of advanced networking. Ms. See obtained a Bachelor of Arts degree from Macquarie University, Australia.

Mr. CHAN Wa Pong, aged 60, joined the Group in 1990, and is the Company Secretary of the Company and Chief Financial Officer of the Group. Mr. Chan studied accountancy in North East London Polytechnic and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 30 years of financial and management experience in London and Hong Kong. Prior to joining the Group, Mr. Chan was the Chief Accountant of a multinational gas manufacturer in Hong Kong and the Financial Controller of a paper product manufacturer in Hong Kong.

Board of Directors

Non-executive Director

Mr. CHU Yu Lun, aged 61, was appointed as a Non-executive Director in April 2005. He is also a member of Company's Nomination Committee and Remuneration Committee. Mr. Chu is the founder and Chairman of the Adsale Group. Established in December 1977 in Hong Kong under the name of The Adsale People, the company was registered as Adsale People Limited in 1985. As an international trade media group in the Asia-Pacific region, the Adsale Group's major businesses include organizing international trade fairs, publishing international trade journals, e-publications and industry websites. Mr. Chu has extensive experience in the exhibition industry. Mr. Chu received a Master degree in Business Administration at The Chinese University of Hong Kong in 1984 after his Bachelor degree in Science from The University of Hong Kong in 1973. For years, Mr. Chu has taken active participation in social activities personally and on behalf of his companies. He is currently the Chair of the Global Association of the Exhibition Industry (UFI) Asia Pacific Chapter, Honorary Life President of Hong Kong Exhibition and Convention Industry Association (HKECIA), member of Tourism Strategy Group of HKSAR and has been the Founding President of Hong Kong University Science Alumni Association Limited, member of Advisory Board on the Master degree in Business Administration program of The Chinese University of Hong Kong and advisor of China Expo Forum for International Cooperation. His commitment in the industry granted him an award of "The Top Ten People in China Exhibition Industry 2001 & 2003". Mr. Chu is also a founder member and a director of Musketeers Education and Culture Charitable Foundation Limited. With his valuable contribution to the society and the University of Hong Kong, Mr. Chu received an Honorary University Fellowship from The University of Hong Kong in 2011.

Independent Non-executive Directors

Mr. CHAN Mo Po, Paul, JP, aged 57, was appointed as an Independent Non-executive Director in May 2005. He is currently the Chairman of Company's Audit Committee and a member of Company's Nomination Committee. Mr. Chan is a Co-chairman of Crowe Horwath (HK) CPA Limited and an Independent Non-executive Director of The Wharf (Holdings) Limited, Kingmaker Footwear Holdings Limited and China Communication Services Corporation Limited, all of which are companies listed on the Hong Kong Stock Exchange. Mr. Chan is an Independent Non-executive Director of China Vanke Company, Limited, a company listed on the Shenzhen Stock Exchange. Mr. Chan has over 30 years experience in the accounting and finance field and is the former President of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). He had also been the former Chairman of the Association of Chartered Certified Accountants ("ACCA") – Hong Kong. Mr. Chan obtained both his Bachelor and Master degrees in Business Administration from The Chinese University of Hong Kong. He is a fellow member of the HKICPA, the Institute of Chartered Secretaries and Administrators and the Taxation Institute of Hong Kong. In 2006, Mr. Chan was appointed as the Chairman of Legal Aid Services Council and was awarded a Medal of Honour by the Government of HKSAR. He was appointed as a Justice of the Peace in 2007. In 2008, he was appointed as a member of Shanghai City's Chinese People's Political Consultative Conference and as an advisor to the Accounting Standards Committee of The Ministry of Finance of People's Republic of China. Mr. Chan is currently a member of the Hong Kong Legislative Council representing the accountancy functional constituency.

Mr. CHOW On Kiu, aged 61, was appointed as an Independent Non-executive Director in April 2005. He is currently the Chairman of Company's Nomination Committee and a member of Company's Audit Committee and Remuneration Committee. Mr. Chow has extensive experience in banking, finance, trading, investment as well as property investment in Mainland China. Mr. Chow is currently the Vice Chairman of The Wharf (Holdings) Limited, a company listed on the Hong Kong Stock Exchange and the Chairman of Wharf China Development Limited. He had also been a Director of Sun Hung Kai Securities Limited from 1979 to 1985, Managing Director of Tian An China Investment Limited, a company listed on the Hong Kong Stock Exchange, from 1987 to 1992 and Executive Director of Next Media Limited, a company listed on the Hong Kong Stock Exchange, from 1999 to 2002. Mr. Chow graduated with a Bachelor degree in Social Science from The University of Hong Kong.

Mr. LO Foo Cheung, JP, aged 62, was appointed as an Independent Non-executive Director in April 2005. He is currently the Chairman of Company's Remuneration Committee and a member of Company's Audit Committee. Mr. Lo is the founder and Chairman of FC Packaging Holding Limited, one of the leading can manufacturers in the Greater China. Mr. Lo has extensive experience in the industrial and manufacturing industry in Hong Kong and Mainland China. He is currently the Honorary President of the Chinese Manufacturers' Association of Hong Kong, Standing Committee Member of the Chinese General Chamber of Commerce, a Member of the Election Committee of the Hong Kong Special Administrative Region, Standing Committee Member of the Chinese People's Political Consultative Conference of Heilongjiang Province and Jiangmen City and President of Jiangmen Association of Enterprises with Foreign Investment. Mr. Lo previously served as First Vice-President of the Chinese Manufacturers' Association of Hong Kong, Council Member of Hong Kong Trade Development Council, Council Member of Hong Kong Productivity Council, a member of the Business Advisory Group of Hong Kong Special Administrative Region, Committee Member of Business Facilitation Advisory Committee, Director and Chairman of Finance and Administration Committee of Hong Kong Design Centre, Committee Member of Small and Medium Enterprises Committee of Hong Kong, founding Vice Chairman of the Young Industrialists Council of Hong Kong and Council Member of the Hong Kong Quality Assurance Agency. Mr. Lo holds a Bachelor degree with honours in Social Science and a Master degree in Business Administration from The Chinese University of Hong Kong. Mr. Lo was a winner of the Young Industrialist Award of Hong Kong in 1988.

Corporate Governance

The Board of Directors (the "Board") was committed to maintain a high level of corporate governance standards and practices. The Board has complied with the provisions set out in the Corporate Governance Code (the "Code Provisions") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except as stated and explained below.

Board of Directors

The Board currently comprises ten Directors, four are Non-executive Directors with three of them being Independent Non-executive Directors, representing more than one-third of the Board. The composition of the Board reflects a comprehensive range of professions, knowledge and experience. All Directors are aware of their collective and individual responsibilities to shareholders and have exercised their duties with care, skill and diligence for the best interests of the shareholders. Names and biographies of the Directors are set out on pages 14 to 17 of this Annual Report.

Each of the Executive, Non-executive, and Independent Non-executive Directors has entered into a continuous service contract with the Company and is subject to the rotational retirement and re-election requirements of the Company's Articles of Association and the Code Provisions. Mr. Fung Siu Por, Lawrence (the Chairman and Executive Director of the Company) and Mr. Chu Yu Lun (the Non-executive Director of the Company) have been business partners for years and have common interests in certain companies. Save as disclosed above, none of the Directors has any financial, business, family relationships or any relationships in other material aspects with each other.

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

The Board is responsible for setting the Group's strategic direction and overseeing the business performance of the Group while business operations are delegated to qualified management under the supervision of respective Executive Directors. The Board will ensure that the decision and direction made are implemented through the management, and that all significant business matters including but not limited to budgets, business plans, investment decisions and material capital expenditure are subject to the Board's approval.

The Board intends to hold at least four meetings annually at approximately quarterly intervals. Notice of meeting, agenda (with consultation of members of the Board) and accompanying board papers are sent in full to all Directors in a timely manner before the intended date of each meeting. During the financial year ended 31 March 2012, four meetings were held with the presence of all members.

Minutes of the Board Meetings are recorded by the secretary of the meeting in sufficient detail of the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final version of minutes of Board Meetings are sent to all Directors for their comment and records respectively, in both cases within reasonable time after the Board Meeting is held.

Independence of Independent Non-executive Directors

Each Independent Non-executive Director has submitted to the Stock Exchange a written confirmation in respect of their independence in accordance with Rule 3.13 of the Listing Rules on 9 May 2005. The Board has also received from each of the Independent Non-executive Directors a confirmation of his independence as required under the Listing Rules. The Board is of the opinion that all Independent Non-executive Directors are independent and appreciates the professional and valuable contributions they made to the Board and the Committees.

Audit Committee

The Company established an Audit Committee on 29 April 2005 with written terms of reference which have been formulated and adopted and complied with the Code Provisions. The Audit Committee comprises three Independent Non-executive Directors, Mr. Chan Mo Po, Paul as Committee Chairman, Mr. Chow On Kiu and Mr. Lo Foo Cheung. The Committee members possess the necessary qualifications and experience in financial matters which are crucial to the Committee's key roles and functions. The principal roles and functions of the Committee include:

(a) to review the financial statements of the Group together with the Company's interim and annual report;

(b) to oversee the Group's financial control, internal control and risk management systems and to monitor the integrity of the financial reporting process; and

(c) to consider the appointment, re-appointment and removal of external auditors, and to approve their remuneration and deal with any question of their resignation or dismissal.

During the financial year ended 31 March 2012, the Audit Committee met two times with the presence of all members. The Company's Chief Financial Officer and Qualified Accountant and External Auditor were invited to attend the meetings. The Committee has reviewed the annual report for the financial year ended 31 March 2011, External Auditor's remuneration, internal control system and interim report for the period ended 30 September 2011 at the relevant meetings. The Chairman of the Audit Committee has reported to the Board on the proceedings of these meetings. The Board has not taken any view that is different from that of the Audit Committee.

Furthermore, the Committee has reviewed the Annual Report and Financial Statements of the Group for the year ended 31 March 2012, the report from External Auditor on the audit of the Group's Financial Statements, the connected transactions, internal control system review and the re-appointment of External Auditor.

Remuneration Committee

The Company established a Remuneration Committee on 29 April 2005 with written terms of reference which have been formulated and adopted and complied with the Code Provisions. The Remuneration Committee comprises Non-executive Director, Mr. Chu Yu Lun, and two Independent Non-executive Directors, Mr. Lo Foo Cheung as the Committee Chairman and Mr. Chow On Kiu. The principal roles and functions of the Remuneration Committee include:

(a) to make recommendations to the Board on the Company's policy and structure of the remuneration of directors and senior management;

(b) to have the delegated responsibility to determine the specific remuneration packages of all Executive Directors and senior management and make recommendations to the Board of the remuneration of the Non-executive Directors;

(c) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(d) to review and approve the compensation payable to Executive Directors and senior management in connection with any loss or termination of their office or appointment; and

(e) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct.

The Remuneration Committee met once during the financial year ended 31 March 2012 with the presence of all members to review and approve the remunerations and discretionary bonus payable to the Executive Directors and senior management for the financial year under review. The Committee Chairman has reported to the Board on the proceedings of the meeting.

Nomination Committee

The Company established a Nomination Committee on 29 April 2005 with written terms of reference which have been formulated and adopted and complied with the Code Provisions. The Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. Chow On Kiu as Committee Chairman and Mr. Chan Mo Po, Paul. The principal roles and functions of the Nomination Committee include:

(a) to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

(b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorship;

(c) to assess the independence of Independent Non-executive Directors with regard to the requirements under the Listing Rules; and

(d) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the Chief Executive Officer.

The Nomination Committee met once during the financial year ended 31 March 2012 with the presence of all members to review the size, structure and composition of the Board and made its recommendations to the Board on the re-appointment of Directors (not less than one-third of the Board) who are subject to retirement by rotation and eligible for re-election at the forthcoming annual general meeting.

Remuneration of Directors

The Directors' fees and all other emoluments paid or payable to the Directors during the year are set out on an individual and named basis in note 7(b) to the Consolidated Financial Statements of this Annual Report on page 67.

The Group's remuneration policy is set out in note 7(d) to the Consolidated Financial Statements of this Annual Report on page 68.

Securities Transactions of Directors

The Company confirmed the adoption of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). All Directors confirmed their compliance with the required standard set out in the Model Code regarding directors' securities transactions throughout the financial year ended 31 March 2012.

Specific employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with guidelines on no less exacting terms than the Model Code. No incident of non-compliance was noted by the Company for the period under review.

Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for the preparation of the Financial Statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period and in compliance with relevant laws and disclosure provisions of the Listing Rules. In preparing the Financial Statements for the year ended 31 March 2012, the Directors have selected appropriate accounting polices and applied them consistently; made judgements and estimates that are prudent and reasonable; and have prepared Financial Statements on a going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

External Auditor

The Group had appointed PricewaterhouseCoopers as the Group's External Auditor since the financial year 2004/05. Their reporting responsibilities on the Financial Statements are set out in the Independent Auditor's Report of this Annual Report on pages 35 to 36.

During the period under review, the Group has incurred a total fee of HK$2,550,000 in relation to the interim review and audit services provided by PricewaterhouseCoopers for the financial year 2011/12, which was approved by the Audit Committee and the Board. A fee of HK$1,284,000 was also paid or payable to PricewaterhouseCoopers for other services.

PricewaterhouseCoopers will retire and offer themselves for re-appointment at the annual general meeting of the Company to be held on 2 August 2012.

The re-appointment of PricewaterhouseCoopers as the External Auditor of the Group has been recommended by the Audit Committee and endorsed by the Board, subject to the approval of shareholders in the forthcoming annual general meeting.

Internal Controls

The Board acknowledges its responsibility for the Group's internal control system and has reviewed its effectiveness to ensure that internal control measures are in place to safeguard the Group's assets and to comply with relevant regulations and best practices.

Management Discussion and Analysis

Summary of Profit and Loss Account

	Year ended 31 March 2012 HK$'000	2011 HK$'000	% Change
Revenue	**1,006,027**	**952,284**	**6%**
Cost of sales	(619,150)	(496,938)	25%
Gross profit	386,877	455,346	-15%
Gross profit margin	**38.5%**	**47.8%**	
Other income	7,556	56	N/A
Selling and distribution expenses	(148,025)	(126,951)	17%
General and administrative expenses	(157,854)	(151,174)	4%
Operating profit	88,554	177,277	-50%
Finance income	4,050	4,304	-6%
Profit before income tax	92,604	181,581	-49%
Income tax expense	(15,087)	(25,342)	-40%
Profit for the year	**77,517**	**156,239**	**-50%**
Non-controlling interests	(1,447)	(1,601)	-10%
Profit attributable to equity holders	**76,070**	**154,638**	**-51%**
Net profit margin	**7.7%**	**16.4%**	

General

Year 2011 was a turbulent year for the media industry with new players emerging in both digital media and free dailies sectors. The printed free dailies continued to expand in circulation and advertising revenue, and eroding the market share of paid newspapers. Despite the fact that the impact on our paid title, *Hong Kong Economic Times*, was small due to its market niche, the Group considered this as an opportunity of broadening our income base and further consolidating the Group's media business structure. The Group launched its free Chinese daily, *Sky Post* on 27 July 2011, targeting the mass audience with audited distribution exceeding 500,000 copies. Together, our two newsprint titles provide a complete print platform capturing comprehensive advertising plans.

The Group, determined to become a significant market player in the free dailies segment, invested in various aspects, including advertising sales force, editorial content, printing capacity and distribution channel. These exerted pressure on the cost and profit of the Group in the near term, but would benefit the Group as a whole in the medium to longer term.

Compared to the financial year ended 31 March 2011, the Group's revenue for the financial year ended 31 March 2012 increased to HK$1,006.0 million, an increase of HK$53.7 million or 6%. Profit attributable to equity holders however, decreased by 51% from HK$154.6 million to HK$76.1 million.

General (Continued)

FY2011/12 was a year full of excitement for the Group. Apart from the launch of *Sky Post*, the Group also acquired a magazines and books printing company. The printing company had been one of the major commercial web printers of the Group over the last decade. The acquisition would be able to bring in synergistic value to the Group, strengthen the smooth production of the Group's publications and facilitates the future growth of the Group's core business.

The Group is confident in the prospect of the various business segments we are operating. We would continue to invest in both hardware, including the printing capacity and IT technology, and software, as well as quality personnel, which together would build a solid foundation for the Group to ride through any economic uncertainties and business challenges.

Revenue

	Year ended 31 March		
	2012 HK$'000	2011 HK$'000	% Change
Revenue:			
Advertising income	558,141	530,584	5%
Circulation income	135,666	145,397	-7%
Service income	295,202	261,292	13%
Enrolment income	17,018	15,011	13%
Total	1,006,027	952,284	6%

Revenue for the year ended 31 March 2012 recorded an increase of 6% against the year ended 31 March 2011, from HK$952.3 million to HK$1,006.0 million.

Advertising income for the year ended 31 March 2012 was HK$558.1 million, an increase of 5% as compared to the year ended 31 March 2011. Despite the negative impact on the local economy as a result of the worsening of European sovereign debt crisis, the fragile economic growth in the US and the concern over the slowing Chinese economic growth in the latter half of the financial year, the Group's publications, with their quality content and effective sales force, were able to secure a moderate growth.

Circulation income decreased by 7% from HK$145.4 million for the year ended 31 March 2011 to HK$135.7 million for the financial year under review, which is in line with the market trend on paid publications.

Service income for the year ended 31 March 2012 increased from HK$261.3 million to HK$295.2 million when compared with the last financial year. Our financial news agency, information and solutions business, with its well established leading position in the industry, continued to record a stable growth in revenue. The magazines and books printing company acquired in the second half of the financial year also contributed to the growth of the Group's service income.

Operating Costs

Gross profit margin for the year ended 31 March 2012 decreased by 9.3 percentage point to 38.5% from 47.8% in the year ended 31 March 2011. The operating costs increased at a faster pace than our revenue growth in FY2011/12 owing to the general inflationary pressure and the Group's product development plans.

Staff costs, representing approximately 46% of the Group's total operating costs, increased by 7% as compared to the year ended 31 March 2011. The increase was mainly due to general salary increment and addition in headcount arising mainly from the acquisition of the printing company and the launch of the Group's new publication *Sky Post*.

Newsprint costs, constituting around 13% of the Group's total operating costs, increased 73% as compared to the year ended 31 March 2011. The increase in newsprint costs was due to both rising paper prices and consumption volume during the financial year when the Group launched its free Chinese daily *Sky Post*.

Profit Attributable to Equity Holders

Profit attributable to equity holders for the year under review was HK$76.1 million, a decrease of HK$78.5 million or 51% as compared to HK$154.6 million for the year ended 31 March 2011. Net profit margin decreased from 16.4% for last financial year to 7.7% for the current financial year.

Printed media segment, with *Sky Post* at its early investment stage, recorded a significant decrease in net profit. The stable performance of other business segments provided a solid support to the Group's continued investment and development. The Management is of the view that the investment made today would bear fruit in the medium term and is in the best interest of our shareholders as a whole.

Liquidity and Capital Resources

	As at 31 March	
(in HK$ million)	2012	2011
Net current assets	241.1	459.6
Term deposits, pledged deposits and cash and cash equivalents	248.2	451.3
Equity holders' fund	757.2	772.3
Gearing ratio	–	–
Current ratio	1.89 times	3.01 times

The Group's net current assets as at 31 March 2012 decreased by HK$218.5 million from HK$459.6 million to HK$241.1 million. The decrease was mainly due to the payment for the acquisition of a printing company, capital expenditure for printing capacity expansion and dividends.

Net cash generated from investing activities was HK$10.4 million. The Group had paid HK$215 million for the acquisition of a printing company using internal funds. The Group had also disposed of several properties to independent third parties for HK$53.6 million.

Liquidity and Capital Resources (Continued)

The Group had distributed the final dividend declared for the financial year ended 31 March 2011 to equity holders of the Company and interim dividend for the six months period ended 30 September 2011 amounting to an aggregate total of HK$91.0 million.

The Group had no gearing as at 31 March 2012 and 2011. As at 31 March 2012, the Group had a cash balance of HK$248.2 million as compared to HK$451.3 million as at 31 March 2011. Majority of cash was placed under short-term deposits with banks in Hong Kong and was held in Hong Kong dollars, hence the Group had no significant exposure to foreign exchange fluctuations.

The Group is able to meet its working capital requirements, support investment needs of any future business plans and fulfill the dividend payment policy at the current fund level.

Outlook

Inflation is expected to come down due to the recent easing in global food and commodity prices and the expected economic slow down. This will relieve part of the pressure on our operating costs. However, given *Sky Post* is at its early investment stage and our continued investment in internet business as well as quality personnel, we find ourselves in a situation that the rate of cost increase outpaced revenue in the current and coming financial year. We would continue to adhere to strict financial discipline and take steps to streamline the cost structure in order to attain a reasonable profit margin.

Looking forward, the market environment will remain challenging. The emergence of new media and the increase of online advertising spending ranging from the traditional banner advertisement to social media, has gradually transformed the media landscape and placed pressure on printed media. In these fast-changing digital times, the audience's needs are direct, instantaneous and personalized. We need to listen constantly and attentively to their requirements, and provide relevant, customized and value-adding services that the readers want. We shall continue to identify, explore and invest in areas which have growth potential and we have the competitive edge.

We are likely to see slower economic growth in both Hong Kong and the Mainland amid concerns about the effect of the eurozone crisis and austerity measures and a fragile US recovery. The uncertain economic and geopolitical backdrop will continue to raise challenges and cast shadows on the Group's performance throughout 2012 and beyond. Nevertheless, the Group will remain focused on preserving the core business and deepen our penetration into segments that offer growth opportunities. We are confident about the Group's prospect and would take challenges as opportunity. In the current difficult environment, we are more focused than ever on long-term value creation. With the well-established strong brand and solid business foundation, we are well placed to weather the cyclical swings and capitalize on the opportunities ahead.

Employees

As at 31 March 2012, the Group had 1,525 employees (31 March 2011: 1,311 employees). The Directors believe that employees are the most valuable assets of the Group and competitive remuneration packages are offered to retain quality staff. Employee benefits include medical insurance, discretionary bonus, provident fund schemes and other staff benefits.

Directors' Report

The Directors of Hong Kong Economic Times Holdings Limited (the "Company") submit their report together with the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2012 (the "Financial Statements").

Principal Activities and Analysis of Operations

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in note 25 to the Financial Statements.

An analysis of the Group's performance for the year ended 31 March 2012 by operating segment is set out in note 5 to the Financial Statements.

A discussion of the Group's performance and its financial position are provided in the section headed "Management Discussion and Analysis" in this Annual Report.

Financial Results

The results of the Group for the year and the state of affairs of the Company and the Group as at 31 March 2012 are set out on pages 37 to 90.

Dividend Distributions

During the year, an interim dividend distribution from the distributable reserves of HK 3.0 cents per share, totalling HK$12,948,000 was paid on 6 December 2011.

The Directors recommend a payment from the distributable reserves of the Company a final dividend of HK 5.8 cents per share in respect of the year ended 31 March 2012 to the shareholders whose names appear on the register of members of the Company at the close of business on 7 August 2012, amounting to HK$25,033,000. The final dividend, payable on 7 September 2012, is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on 2 August 2012 ("the Meeting").

Reserves

Movements in the reserves of the Group and of the Company during the year are set out on page 42 and in note 24 to the Financial Statements.

Property, Plant and Equipment

Movements in property, plant and equipment of the Group are set out in note 14 to the Financial Statements.

Share Capital

Details of the authorised and issued share capital of the Company are set out in note 23 to the Financial Statements.

Distributable Reserves

Distributable reserves of the Company as at 31 March 2012, calculated under the Cayman Islands Companies Law, amounted to HK$314,351,000 (2011: HK$307,684,000) including share premium of HK$269,808,000 and retained earnings of HK$44,543,000.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the Section headed "Five-year Financial Summary" in this Annual Report.

Purchase, Sale or Redemption of the Company's Shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

Directors

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

Executive Directors

Mr. FUNG Siu Por, Lawrence *(Chairman)*
Mr. MAK Ping Leung (alias: Mr. MAK Wah Cheung)
Mr. CHAN Cho Biu
Mr. SHEK Kang Chuen
Ms. SEE Sau Mei Salome
Mr. CHAN Wa Pong

Non-executive Director

Mr. CHU Yu Lun

Independent Non-executive Directors

Mr. CHAN Mo Po, Paul
Mr. CHOW On Kiu
Mr. LO Foo Cheung

Details of the profile of each member of the Board are set out in the section headed "Board of Directors" in this Annual Report.

In accordance with Articles 86 and 87 of the Company's Articles of Association, Mr. Fung Siu Por, Lawrence, Mr. Shek Kang Chuen, Mr. Chow On Kiu and Mr. Chan Mo Po, Paul shall retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts

Other than as disclosed under "Related Party Transactions" in note 29 to the Financial Statements, no contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 March 2012, the interests and short positions of each director and chief executives 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:

(a) Long positions in ordinary shares of HK$0.10 each of the Company

Name of Director	Capacity/Nature of interest	Number of shares held	Percentage of issued share capital of the Company
Mr. FUNG Siu Por, Lawrence (Note 1)	Corporate	44,275,000	10.258%
Mr. MAK Ping Leung	Beneficial owner	810,000	0.188%
Mr. CHAN Cho Biu	Beneficial owner	520,000	0.120%
Mr. SHEK Kang Chuen	Beneficial owner	1,000,000	0.232%
Ms. SEE Sau Mei Salome	Beneficial owner	370,000	0.086%
Mr. CHAN Wa Pong	Beneficial owner	1,000,000	0.232%
Mr. CHU Yu Lun (Note 2)	Corporate	87,435,000	20.258%
Mr. CHOW On Kiu	Beneficial owner	150,000	0.035%
Mr. LO Foo Cheung	Beneficial owner	540,000	0.125%

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

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

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

(b) Long positions in underlying shares of the Company

The Company adopted a share option scheme in 2005 and no option has been granted by the Company under the share option scheme since its adoption. Details of the scheme are set out in the paragraph headed "Share Option Scheme" below.

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

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

Substantial Shareholders' Interests in Shares and Underlying Shares

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 March 2012, 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 Directors and chief executives:

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%
Golden Rooster Limited (Note 2)	44,275,000	10.258%
The University of Hong Kong	43,160,000	10.000%
MaMa Charitable Foundation Limited	42,681,000	9.889%
H Partners Management, LLC (Note 3)	40,122,000	9.296%
Aberdeen Asset Management Plc and its Associates (together "The Aberdeen Group") on behalf of Accounts Managed by the Aberdeen Group (Note 4)	26,432,000	6.124%

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: H Partners Management, LLC is wholly owned by Mr. Jaffer Rehan. For the purpose of Part XV of the SFO, Mr. Jaffer Rehan is therefore deemed interested in the shares held by H Partners Management, LLC.

Note 4: These shares are held by Aberdeen Asset Management Plc and its Associates (together "The Aberdeen Group") on behalf of accounts managed by the Aberdeen Group in the capacity of an investment manager.

Save as disclosed above, as at 31 March 2012, according to the register of interests required to be kept by the Company under Section 336 of Part XV of the SFO, there was no person, other than the Directors and chief executives of the Company, whose interests are set out in the paragraph headed "Directors' Interests in Shares, Underlying Shares and Debentures" above, who had any interest or short position in the shares or underlying shares of the Company.

Share Option Scheme

Pursuant to the share option scheme adopted by a written resolution of the then sole shareholder of the Company on 19 July 2005 (the "Scheme"), the Company may grant options to, among others, the directors or employees of the Company or its subsidiaries, for the recognition and acknowledgement of their contributions to the Group, to subscribe for shares of the Company (the "Shares").

According to the Scheme, pursuant to which the Board of Directors, may at its discretion, invite any eligible participants to take up options to subscribe for the Shares. The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not, in aggregate, exceed 30% of the issued share capital of the Company from time to time. The total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes, shall not, in aggregate, exceed 10% of the number of Shares in issue as at the date dealings in the Shares first commence on the Stock Exchange unless further shareholders' approval had been obtained pursuant to the conditions set out in the Scheme. The total number of Shares issued and to be issued upon exercise of all options already granted or to be granted under the Scheme and any other schemes (including both exercised or outstanding options) to each eligible participant in any 12-month period shall not exceed 1% of the issued share capital of the Company.

The offer for the grant of options (the "Offer") must be taken up within 21 business days from the day of the Offer, with a payment of HK$10 as consideration for the grant. The exercise price of the share option shall be determined by the Board and shall not be less than the highest of: (a) the nominal value of the Shares; (b) the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of Offer, which shall be a business day; and (c) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of Offer.

The share options are exercisable at any time during a period of not more than 10 years from the date of Offer, subject to the terms and conditions of the Scheme and any conditions of grant as may be stipulated by the Board. Unless terminated by the Company by the resolution in general meeting, the Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Scheme becomes unconditional (its listing date).

No option has been granted by the Company under the Scheme since its adoption.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Suppliers and Customers

The percentages of the Group's purchases and sales during the year attributable to the Group's major suppliers and customers are as follows:

Purchases		
–	the largest supplier	9%
–	five largest suppliers combined	26%
Sales		
–	the largest customer	10%
–	five largest customers combined	18%

None of the directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

Connected Transactions

The Group has entered into certain related party transactions as disclosed in note 29 to the Financial Statements. These related party transactions did not constitute connected transactions of the Company under the Listing Rules.

Competing Business

As at 31 March 2012, none of the Directors and directors of the Company's subsidiaries, or their respective associates had interests in businesses, other than being a director of the Company and/or its subsidiaries and their respective associates, which compete or are likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules, except for the interests held by Mr. Chu Yu Lun and Mr. Fung Siu Por, Lawrence, both Directors of the Company, in Adsale Publishing Limited which is engaged in the publication of industrial magazines catered for readers in the textile and apparel, plastic and rubber, and machinery industries. Mr. Chu is also a director of Adsale Publishing Limited.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float of more than 25% of the Company's issued shares as at the date of this Annual Report.

Compliance with Corporate Governance Code

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code Provisions") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 March 2012 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 believes that vesting the roles of the Chairman and the CEO in the same person would allow the Company to be more effective and efficient in developing long-term business strategies and execution of business plans. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced and high calibre individuals with a substantial number thereof being Non-executive Directors.

Auditor

The Financial Statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint PricewaterhouseCoopers as auditor of the Company.

On behalf of the Board
FUNG Siu Por, Lawrence
Chairman

Hong Kong, 25 June 2012

Independent Auditor's Report

羅兵咸永道

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

We have audited the consolidated financial statements of Hong Kong Economic Times Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 37 to 90, which comprise the consolidated and company statements of financial position as at 31 March 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 June 2012

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 March 2012 HK$'000	2011 HK$'000
Revenue	5	1,006,027	952,284
Cost of sales	6	(619,150)	(496,938)
Gross profit		386,877	455,346
Other income	5	7,556	56
Selling and distribution expenses	6	(148,025)	(126,951)
General and administrative expenses	6	(157,854)	(151,174)
Operating profit		88,554	177,277
Finance income	8	4,050	4,304
Profit before income tax		92,604	181,581
Income tax expense	9	(15,087)	(25,342)
Profit for the year		77,517	156,239
Other comprehensive income:			
Change in value of available-for-sale financial assets		(1,560)	–
Currency translation differences arising from foreign operations		617	513
Other comprehensive income for the year		(943)	513
Total comprehensive income for the year		76,574	156,752
Profit attributable to:			
Equity holders of the Company		76,070	154,638
Non-controlling interests		1,447	1,601
		77,517	156,239
Total comprehensive income attributable to:			
Equity holders of the Company		75,127	155,151
Non-controlling interests		1,447	1,601
		76,574	156,752
Earnings per share for profit attributable to the equity holders of the Company (expressed in HK cents)			
Basic and diluted	11	17.63	35.83

The notes on pages 43 to 90 are an integral part of these consolidated financial statements.

	Note	HK$'000	HK$'000
Dividends	12	37,981	94,952

Audited Financial Statements

Consolidated Statement of Financial Position

	Note	As at 31 March 2012 HK$'000	2011 HK$'000
Non-current assets			
Intangible assets	13	250	1,248
Property, plant and equipment	14	526,746	237,608
Investment properties	15	8,570	50,497
Held-to-maturity investments	16	–	28,179
Available-for-sale financial assets	17	14,221	–
Deferred income tax assets	18	3,665	4,488
Deposits paid for property, plant and equipment		11,696	17,462
		565,148	339,482
Current assets			
Inventories	19	50,177	21,071
Trade receivables	20	183,748	159,742
Deposits, prepayments and other receivables		24,276	14,878
Tax recoverable		4,518	661
Held-to-maturity investments	16	–	40,254
Pledged deposits	21	64,810	83,013
Term deposits with original maturities of over three months	21	15,440	194,114
Cash and cash equivalents	21	167,922	174,192
		510,891	687,925
Current liabilities			
Trade payables	22	57,785	25,788
Fees in advance		89,300	83,235
Accruals, other payables and provisions		117,593	112,523
Current income tax liabilities		5,148	6,804
		269,826	228,350
Net current assets		241,065	459,575
Total assets less current liabilities		806,213	799,057

	Note	As at 31 March 2012 HK$'000	2011 HK$'000
Financed by:			
Share capital	23	43,160	43,160
Reserves	24		
Proposed final dividends	12	25,033	77,256
Others		688,987	651,841
Equity holders' funds		757,180	772,257
Non-controlling interests		6,398	5,726
Total equity		763,578	777,983
Non-current liabilities			
Deferred income tax liabilities	18	42,635	21,074
Total equity and non-current liabilities		806,213	799,057

Fung Siu Por, Lawrence
Chairman

Mak Ping Leung
Director

The notes on pages 43 to 90 are an integral part of these consolidated financial statements.

Audited Financial Statements

Statement of Financial Position

	Note	As at 31 March 2012 HK$'000	2011 HK$'000
Non-current assets			
Investments in subsidiaries	25	178,627	178,627
Current assets			
Deposits, prepayments and other receivables		153	460
Amounts due from subsidiaries	25	482,939	422,537
Cash and cash equivalents	21	3,513	9,020
		486,605	432,017
Current liabilities			
Accruals, other payables and provisions		1,439	1,225
Amounts due to subsidiaries	25	300,162	252,455
		301,601	253,680
Net current assets		185,004	178,337
Total assets less current liabilities		363,631	356,964
Financed by:			
Share capital	23	43,160	43,160
Reserves	24		
Proposed final dividends	12	25,033	77,256
Others		295,438	236,548
Total equity		363,631	356,964

Fung Siu Por, Lawrence
Chairman

Mak Ping Leung
Director

The notes on pages 43 to 90 are an integral part of these financial statements.

Consolidated Cash Flow Statement

	Note	Year ended 31 March 2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Cash generated from operations	26	93,655	225,309
Hong Kong profits tax paid		(19,683)	(35,676)
Net cash generated from operating activities		73,972	189,633
Cash flows from investing activities			
Bank interest received	8	2,141	2,423
Interest income received from held-to-maturity investments and available-for-sale financial assets		3,395	2,044
Acquisition of a subsidiary, net of cash acquired	30	(202,195)	–
Purchase of property, plant and equipment and investment properties		(84,903)	(85,466)
Proceeds from disposal of property, plant and equipment and investment properties	26	54,929	191
Acquisition of held-to-maturity investments	16	(15,962)	(68,113)
Disposal of held-to-maturity investments	16	47,952	4,006
Redemption upon maturity of available-for-sales financial assets	17	19,432	–
Decrease in term deposits with original maturities of over three months		178,674	121,376
Decrease/(increase) in pledged deposits		18,203	(78,009)
Deposits paid for purchase of property, plant and equipment		(11,289)	(17,462)
Net cash generated from/(used in) investing activities		10,377	(119,010)
Cash flows from financing activities			
Interim dividend paid to equity holders of the Company		(12,948)	(17,696)
Final dividend paid to equity holders of the Company		(77,256)	(38,412)
Final dividend paid to non-controlling interest holders of the Company		(775)	(692)
Net cash used in financing activities		(90,979)	(56,800)
Net (decrease)/increase in cash and cash equivalents		(6,630)	13,823
Effect of foreign exchange rate changes, net		360	(15)
Cash and cash equivalents at beginning of the year		174,192	160,384
Cash and cash equivalents at end of the year		167,922	174,192

Note: As at 31 March 2012, the total cash and cash equivalents, term deposits with original maturities of over three months and pledged deposits amounted to HK$248,172,000 (31 March 2011: HK$451,319,000) (note 21).

The notes on pages 43 to 90 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Attributable to equity holders 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 2010	43,160	122,381	69,944	6,120	795	–	430,814	673,214	4,817	678,031
Profit for the year	–	–	–	–	–	–	154,638	154,638	1,601	156,239
Other comprehensive income										
Currency translation differences arising from foreign operations	–	–	–	–	513	–	–	513	–	513
Total comprehensive income	–	–	–	–	513	–	154,638	155,151	1,601	156,752
Transaction with owners										
Final dividend for the year ended 31 March 2010	–	–	–	–	–	–	(38,412)	(38,412)	(692)	(39,104)
Interim dividend for the year ended 31 March 2011	–	–	–	–	–	–	(17,696)	(17,696)	–	(17,696)
Balance at 31 March 2011	43,160	122,381	69,944	6,120	1,308	–	529,344	772,257	5,726	777,983
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 year	–	–	–	–	–	–	76,070	76,070	1,447	77,517
Other comprehensive income										
Change in fair value of available-for-sale financial assets	–	–	–	–	–	(2,099)	–	(2,099)	–	(2,099)
Reclassification adjustment for (gain)/loss included in the consolidated statement of comprehensive income	–	–	–	–	–	539	–	539	–	539
Currency translation differences arising from foreign operations	–	–	–	–	617	–	–	617	–	617
Total comprehensive income	–	–	–	–	617	(1,560)	76,070	75,127	1,447	76,574
Transaction with owners										
Final dividend for the year ended 31 March 2011	–	–	–	–	–	–	(77,256)	(77,256)	(775)	(78,031)
Interim dividend for the year ended 31 March 2012	–	–	–	–	–	–	(12,948)	(12,948)	–	(12,948)
Balance at 31 March 2012	43,160	122,381	69,944	6,120	1,925	(1,560)	515,210	757,180	6,398	763,578

The notes on pages 43 to 90 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Year ended 31 March 2012

1. General information

The Company was incorporated in the Cayman Islands on 15 February 2005 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1–1111, Cayman Islands.

The Company is an investment holding company. The principal activities of its subsidiaries are the printing and publishing of newspapers, magazines and books, the provision of electronic financial and property market information services, the provision of recruitment advertising and training services, and operation of portals in lifestyle focus.

These consolidated financial statements have been approved for issue by the Board of Directors on 25 June 2012.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets which have been stated at fair values.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Comparative figures

The comparative figures in respect of the land acquired during the year ended 31 March 2011 which was previously classified as property, plant and equipment has been reclassified to investment properties. This resulted in an increase in investment properties and a related decrease in property, plant and equipment of HK$34,894,000 as at 31 March 2011.

The reclassification has no impact on profit and earnings per share for the years ended 31 March 2012 and 31 March 2011. As the land was acquired during the year ended 31 March 2011, the consolidated statement of financial position as at 1 April 2010 was not affected by this reclassification of items and hence it was not presented.

Notes to the Consolidated Financial Statements
Year ended 31 March 2012

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Comparative figures (Continued)

The following new standards, amendments to standards and new interpretations are relevant to the Group's operation and are mandatory for the first time for the Group's financial year beginning 1 April 2011.

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 24 (Revised)	Related party disclosures
HKAS 27 (Amendment)	Consolidated and separate financial statements
HKAS 34 (Amendment)	Interim financial reporting
HKFRS 3 (Amendment)	Business combinations
HKFRS 7 (Amendment)	Financial instruments: Disclosures
HK (IFRIC) – Int 13 (Amendment)	Customer loyalty programmes
HK (IFRIC) – Int 14 (Amendment)	Prepayments of a minimum funding requirement
Improvements to HKFRSs 2010	

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

The following new or revised standards and amendments to standards are relevant to the Group's operation but are not effective for the Group's financial year beginning 1 April 2011 and have not been early adopted:

		Effective for accounting period beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets	1 January 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets	1 July 2011
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 12	Disclosures of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013

2. Summary of significant accounting policies (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(a) *Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the statement of comprehensive income.

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Notes to the Consolidated Financial Statements

Year ended 31 March 2012

2. Summary of significant accounting policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the statement of comprehensive income.

2.2.2 Separate financial statements

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

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer ("CEO") of the Group that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK dollars"), which is the Company's functional and the Group's presentation currency.

2. Summary of significant accounting policies (Continued)

2.4 Foreign currency translation (Continued)

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where the items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income. Foreign exchange gains and losses are presented in the statement of comprehensive income within 'general and administrative expenses'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the consolidated statement of comprehensive income, and other changes in carrying amount are recognised in other comprehensive income.

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements
Year ended 31 March 2012

2. Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment

Land and buildings comprise mainly factories and offices. Leasehold land classified as finance lease and all other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their costs over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Remaining lease term
Leasehold buildings	20 to 50 years or over the unexpired period of the lease, whichever is shorter
Leasehold improvements	5 to 30 years or over the unexpired period of the lease, whichever is shorter
Plant and machinery	3 to 15 years
Furniture, fixtures and equipment	3 to 10 years
Motor vehicles	2 to 5 years
Network and computer equipment	3 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'general and administrative expenses' in the consolidated statement of comprehensive income.

2. Summary of significant accounting policies (Continued)

2.6 Investment properties

Properties that are held for long-term rental yields, and that is not occupied by the Group, are classified as investment properties.

Investment properties are measured initially at cost, including related transaction costs. Subsequent expenditure is charged to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Investment properties are stated at historical cost less accumulated depreciation and impairment loss, if any. They are depreciated using the straight-line method over its estimated useful life or over the unexpired period of the lease, whichever is shorter.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'general and administrative expenses' in the consolidated statement of comprehensive income.

2.7 Intangible assets

(a) *Goodwill*

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) *Contractual customer relationships*

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the five years expected life of the contractual customer relationships.

Notes to the Consolidated Financial Statements
Year ended 31 March 2012

2. Summary of significant accounting policies (Continued)

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the consolidated statement of financial position (see notes 2.12 and 2.13).

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables, held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of comprehensive income as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of comprehensive income as part of other income.

2.10 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes to the Consolidated Financial Statements

Year ended 31 March 2012

2. Summary of significant accounting policies (Continued)

2.10 Impairment of financial assets (Continued)

(a) *Assets carried at amortised cost* (Continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

(b) *Assets classified as available-for-sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated statement of comprehensive income – is removed from equity and recognised in the consolidated statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the consolidated statement of comprehensive income, the impairment loss is reversed through the consolidated statement of comprehensive income.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress, comprises raw materials, direct labour and other direct costs and related production overheads. It excluded borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. Summary of significant accounting policies (Continued)

2.12 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the Consolidated Financial Statements

Year ended 31 March 2012

2. Summary of significant accounting policies (Continued)

2.16 Current and deferred income tax (Continued)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) *Pension obligations*

The Group operates defined contribution plans, including a mandatory provident fund scheme ("MPF") in Hong Kong, the assets of which are generally held in separate trustee-administered funds.

The Group's contributions to the defined contribution retirement plans are expensed as incurred. The Group's contributions to all these plans except for the MPF and the plans in the People's Republic of China ("PRC") are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund on a reduction in the future payments is available.

2. Summary of significant accounting policies (Continued)

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Revenue recognition

Revenue in measured at the fair value of the consideration received or receivable, and represents accounts receivable for goods and services supplied, stated net or discounts and rebates.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenues are recognised as follows:

(i) Advertising income is recognised when the relevant advertisement is published.

(ii) Circulation income, comprises the sales of newspapers, magazines and books, is recognised on the transfer of risks and rewards of ownership, which generally coincides with the date of delivery.

(iii) Service income is principally derived from the provision of printing services and provision of information subscription services, solution and other related maintenance services. Service income is recognised when the services are rendered.

(iv) Enrolment income on the provision of professional training is recognised when the training services are rendered.

(v) Rental from investment property is recognised on a straight-line basis over the lease periods.

(vi) Interest income is recognised on a time-proportion basis using the effective interest method.

The excess of cash received from the items (i), (ii), (iii) and (iv) over the amounts recognised as revenue for the year are recorded as fees in advance in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements
Year ended 31 March 2012

2. Summary of significant accounting policies (Continued)

2.20 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2.21 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's equity holders or directors, where appropriate.

2.22 Related parties

For the purpose of these consolidated financial statements, a party is considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals (being members of key management personnel, significant equity holders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has not used derivative financial instruments to hedge its risk exposures to changes in foreign currency exchange rates and interest rates.

(a) *Market risk*

(i) Foreign exchange risk

Most of the income and expenditures of the Group are denominated in HK dollars. Certain purchases of newsprint are denominated in United States dollars ("US dollars"). The value of the HK dollars is pegged to that of the US dollars and hence, the Group does not have any material foreign exchange exposure in this regard.

The Group's exposure to Renminbi ("RMB") mainly arises from bank deposits and available-for-sale financial assets. At 31 March 2012, if HK dollars had weakened/strengthened by 1% against RMB with all other variables held constant, the Group's profit for the year would have been increased/decreased by HK$817,000 (2011: HK$1,234,000). Profit is less sensitive to movement in HK dollars/RMB exchange rates in 2012 than 2011 because of the decreased amount of RMB denominated financial instruments.

The Group has not implemented or entered into any type of instruments or arrangements to hedge against currency exchange fluctuations for the year under review. As at 31 March 2012, the Group did not have any outstanding hedging instruments.

(ii) Cash flow and fair value interest rate risk

Except for bank deposits grouped under 'pledged deposits', 'term deposits with original maturities of over three months' and 'cash and cash equivalents' in the consolidated statement of financial position, the Group has no other significant interest-bearing assets or liabilities.

Since there is no borrowing in the Group and the Company and short-term bank deposits are under short maturity terms, the cash flow and fair value interest rate risk is considered to be low.

At 31 March 2012, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's and the Company's profit for the year by approximately HK$1,055,000 (2011: HK$1,738,000) and HK$35,000 (2011: HK$90,000) respectively, in respect of interest income on bank deposits.

Notes to the Consolidated Financial Statements
Year ended 31 March 2012

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(b) *Credit risk*

The Group's credit risk arises from its bank deposits and trade receivables while that of the Company arises from bank deposits and amounts due from group companies. To mitigate the risk arising from banks, the Group places its deposits to certain reputable banks with a minimum rating of "investment grade" ranked by an independent party. See note 21 for further disclosure on credit risk.

The Group manages its credit risk associated with trade receivables through the application of credit approvals, credit ratings and monitoring procedures.

Credit sales are only made to customers with appropriate credit history or high credit standing while sales to new customers or customers of low credit standing are usually made on an advance payment or cash on delivery basis.

In additions, trade receivables balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. See note 20 for further disclosure on credit risk.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

3. Financial risk management (Continued)

3.1 Financial risk factors (Continued)

(c) *Liquidity risk*

The Group's policy is to regularly monitor current and expected liquidity level to ensure that it maintains sufficient reserves of cash and cash equivalents to meet its liquidity requirements.

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year HK$'000
Group	
At 31 March 2012	
Trade payables	57,785
Accruals and other payables	93,019
At 31 March 2011	
Trade payables	25,788
Accruals and other payables	112,523
Company	
At 31 March 2012	
Accruals and other payables	1,009
Amounts due to subsidiaries	300,162
At 31 March 2011	
Accruals and other payables	1,225
Amounts due to subsidiaries	252,455

Notes to the Consolidated Financial Statements

Year ended 31 March 2012

3. Financial risk management (Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to equity holders or issue new shares.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and pledged deposits. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratio as at 31 March 2012 and 2011 was zero as the Group had no borrowing or debt.

3.3 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 31 March 2012 and 2011.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 March 2012				
Available-for-sale financial assets (note 17)	14,221	–	–	14,221
As at 31 March 2011	–	–	–	–

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 31 March 2012, the Company and the Group have available-for-sale financial assets under this category which are mainly comprise bond investments classified as available-for-sale.

3. Financial risk management (Continued)

3.3 Fair value estimation (Continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. As at 31 March 2012 and 31 March 2011, the Company and the Group do not have financial instruments under this category.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. As at 31 March 2012 and 31 March 2011, the Company and the Group do not have financial instruments under this category.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Deferred income tax assets

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group's management determines the deferred tax assets based on the enacted or substantively enacted tax rates and laws and the best knowledge of profit projections of the Group for coming years during which the deferred tax assets are expected to be utilised. In assessing the amount of deferred income tax assets that need to be recognised, the Group considers future taxable income and ongoing prudent and feasible tax planning strategies. In the event that the Group estimates of projected future taxable income and benefits from available tax strategies are changed, or changes in current tax regulations are enacted that would impact the timing or extent of the Group's ability to utilise the tax benefits of net operating loss carry forwards in the future, adjustments to the recorded amount of net deferred income tax assets and taxation expenses would need to be made. In addition, management will revisit the assumptions and profit projections at the end of the reporting period.

Notes to the Consolidated Financial Statements

Year ended 31 March 2012

4. Critical accounting estimates and judgements (Continued)

(b) Provision for impairment of trade receivables

The policy for impairment of receivables of the Group is based on the evaluation of collectibility and ageing analysis of trade receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(c) Useful lives of property, plant and equipment

Property, plant and equipment used by the Group are long-lived. The annual depreciation charges are sensitive to the estimated useful lives the Group allocates to each type of property, plant and equipment.

The Group's management determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. Management performs annual reviews to assess the appropriateness of their estimated useful lives. Such reviews take into account the technological changes, prospective economic utilisation and physical condition of the assets concerned.

(d) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates.

Management's judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations.

4. Critical accounting estimates and judgements (Continued)

(e) Excess of the acquirer's interest in the net fair value of the identifiable assets and liabilities acquired over the cost of the acquisition

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of comprehensive income.

The fair value adjustments made to the assets acquired and liabilities assumed in the business combination include fair value adjustments to properties and machineries which were based on a valuation on these properties and machineries conducted by an independent firm of professional valuer using valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's assets acquired and corresponding adjustments to the excess of the acquirer's interest in the net fair value of the identifiable assets and liabilities acquired over the cost of the acquisition in the consolidated statement of comprehensive income. The Group has recognised the excess of the acquirer's interest in the net fair value of the identifiable assets and liabilities acquired over the cost of the acquisition amounting to approximately HK$7,461,000 during the year.

5. Revenue, other income and segment information

Revenue comprises the advertising income, circulation income, service income and enrolment income.

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

	2012 HK$'000	2011 HK$'000
Revenue		
Advertising income	558,141	530,584
Circulation income	135,666	145,397
Service income	295,202	261,292
Enrolment income	17,018	15,011
	1,006,027	952,284
Other income		
Rental income from properties	95	56
Excess of the acquirer's interest in the net fair value of the identifiable assets and liabilities acquired over the cost of the acquisition (note 30)	7,461	–
	7,556	56
Total revenues and other income	1,013,583	952,340

Notes to the Consolidated Financial Statements
Year ended 31 March 2012

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

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

The Group has 4 reportable segments:

(a) 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.

(b) Financial news agency, information and solutions segment – principally engaged in the provision of electronic financial and property market information and related solutions and generates service income from provision of information subscription services, solutions and other related maintenance services.

(c) Recruitment advertising and training segment – principally engaged in the provision of recruitment advertising and training services. This segment generates advertising income from placement of recruitment advertisements, and enrolment income on the provision of professional training.

(d) Lifestyle 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.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

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

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

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

The segment results for the year ended 31 March 2012 are as follows:

	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												
Revenue	707,400	672,180	235,065	220,970	53,997	54,314	17,283	12,729	–	–	1,013,745	960,193
Inter-segment transactions	(4,424)	(3,890)	(2,728)	(2,068)	(523)	(1,935)	(43)	(16)	–	–	(7,718)	(7,909)
Revenue – from external customers	702,976	668,290	232,337	218,902	53,474	52,379	17,240	12,713	–	–	1,006,027	952,284
RESULT												
Profit/(loss) for the year	33,692	106,232	43,786	46,919	7,251	9,281	(7,725)	(11,225)	513	5,032	77,517	156,239

For the year ended 31 March 2012, revenue of approximately HK$95,589,000 (2011: HK$94,153,000) is derived from a single external customer. The revenue is attributable to the printed media segment.

The Group is domiciled in Hong Kong. The revenue from external customers attributed to Hong Kong and other countries are HK$999,776,000 (2011: HK$945,644,000) and HK$6,251,000 (2011: HK$6,640,000), respectively. The Group's revenue by geographical location is determined by the respective places of domicile of the relevant Group entities which include Hong Kong and the PRC.

Excess of the acquirer's interest in the net fair value of the identifiable assets and liabilities acquired over the cost of the acquisition of approximately HK$7,461,000 (2011: nil) is included in the printed media segment (note 30).

The total non-current assets other than available-for-sale financial assets, held-to-maturity investments and deferred income tax assets located in Hong Kong and other countries are HK$546,883,000 (2011: HK$306,588,000) and HK$379,000 (2011: HK$227,000), respectively.

Notes to the Consolidated Financial Statements

Year ended 31 March 2012

6. Expenses by nature – Group

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

	2012 HK$'000	2011 HK$'000
Crediting		
Gain on disposal of property, plant and equipment and investment properties (note 26)	12,006	–
Reversal of provision for impairment of receivables	445	–
Charging		
Cost of inventories sold or consumed in operation (note 19)	158,476	84,688
Acquisition-related costs (note 30)	1,918	–
Amortisation of contractual customer relationships (note 13)	998	998
Auditors' remuneration	2,320	2,200
Bad debts written off	–	109
Depreciation of property, plant and equipment and investment properties (notes 14 and 15)	35,988	27,087
Inventories written off	46	7
Loss on disposal of property, plant and equipment	–	95
Operating lease rentals on land and buildings	17,652	13,098
Provision for impairment of receivables	–	183
Provision for obsolete inventories	631	490
Staff costs (note 7)	422,067	393,856

7. Staff costs – Group

	2012 HK$'000	2011 HK$'000
Wages, salaries and bonuses	397,890	376,990
Unutilised leave pay	233	–
Pension costs – defined contribution plans (note a)	16,447	13,894
Long service payment	7,497	2,972
Total including Directors' remuneration	422,067	393,856

7. Staff costs – Group (Continued)

(a) Pensions – defined contribution plans

Forfeited contributions of approximately HK$352,000 for the year ended 31 March 2012 (2011: HK$607,000) were utilised during the year leaving nil (2011: nil) available at the year end to reduce future contributions.

Contributions totalling HK$2,182,000 (2011: HK$1,870,000) were payable to the MPF and another occupational retirement scheme at the year end.

(b) Directors' remuneration

The remuneration of each Director for the year ended 31 March 2012 is set out below:

	Salary HK$'000	Fees HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors					
Mr. FUNG Siu Por, Lawrence	2,923	–	439	146	3,508
Mr. MAK Ping Leung	3,142	–	733	157	4,032
Mr. CHAN Cho Biu	2,797	–	420	140	3,357
Mr. SHEK Kang Chuen	2,369	–	355	119	2,843
Ms. SEE Sau Mei Salome	2,582	–	387	129	3,098
Mr. CHAN Wa Pong	1,882	–	235	94	2,211
Non-executive Director					
Mr. CHU Yu Lun	–	143	–	–	143
Independent Non-executive Directors					
Mr. CHAN Mo Po, Paul	–	175	–	–	175
Mr. CHOW On Kiu	–	143	–	–	143
Mr. LO Foo Cheung	–	143	–	–	143
Total	15,695	604	2,569	785	19,653

Notes to the Consolidated Financial Statements

Year ended 31 March 2012

7. Staff costs – Group (Continued)

(b) Directors' remuneration (Continued)

The remuneration of each Director for the year ended 31 March 2011 is set out below:

	Salary HK$'000	Fees HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive Directors					
Mr. FUNG Siu Por, Lawrence	2,784	–	882	139	3,805
Mr. MAK Ping Leung	2,964	–	1,037	148	4,149
Mr. CHAN Cho Biu	2,664	–	844	133	3,641
Mr. SHEK Kang Chuen	2,256	–	714	113	3,083
Ms. SEE Sau Mei Salome	2,436	–	812	122	3,370
Mr. CHAN Wa Pong	1,800	–	540	90	2,430
Non-executive Director					
Mr. CHU Yu Lun	–	128	–	–	128
Independent Non-executive Directors					
Mr. CHAN Mo Po, Paul	–	160	–	–	160
Mr. CHOW On Kiu	–	128	–	–	128
Mr. LO Foo Cheung	–	128	–	–	128
Total	14,904	544	4,829	745	21,022

During the year, no remuneration was paid by the Group to any of the Directors as an inducement to join or upon joining the Group or as compensation for loss of office (2011: nil). No Directors of the Company waived or agreed to waive any remuneration during the year (2011: nil).

(c) Five highest paid individuals

The five individuals whose remuneration were the highest in the Group for the year include five (2011: five) Executive Directors whose remuneration are reflected in the analysis presented above.

(d) Group remuneration policy

The primary goal of the Group's remuneration policy is to attract, retain and motivate talented individuals to contribute to the success of our businesses. The Directors' remuneration is reviewed by the Remuneration Committee and/or the Board (in the case of Non-executive Directors) from time to time having regard to the performance of the Group, the duties and responsibilities concerned and the prevailing market conditions.

8. Finance income – Group

	2012 HK$'000	2011 HK$'000
Bank interest income	2,141	2,423
Interest income from held-to-maturity investments and available-for-sale financial assets	1,909	1,881
	4,050	4,304

9. Income tax expense – Group

	2012 HK$'000	2011 HK$'000
Current income tax		
Current income tax on profits for the year	14,310	31,184
(Over)/underprovisions in prior years	(111)	33
Total current income tax	14,199	31,217
Deferred income tax (note 18)	888	(5,875)
Income tax expense	15,087	25,342

(a) Hong Kong profits tax

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

(b) The PRC enterprise income tax

No provision for the PRC enterprise income tax has been made for two subsidiaries operating in the PRC, namely 環富通科技（深圳）有限公司 (ET Wealth Technology (Shenzhen) Limited) and 深圳港經廣告傳播有限公司 (HKET Advertising (Shenzhen) Limited) as they have no estimated assessable income for the year. Before 1 January 2008, these subsidiaries are subject to a standard PRC Enterprise Income Tax rate of 15% in accordance with relevant PRC tax laws.

Pursuant to the PRC Corporate Income Tax ("CIT") Law passed by the Tenth National People's Congress on 16 March 2007 (the "new CIT Law"), the general CIT rate is unified at 25%, effective from 1 January 2008. In addition, the new CIT Law also provides a five-year grandfathering period starting from its effective date for those enterprises which were established before 16 March 2007. According to Circular Guofa [2007] No. 39 issued by the State Council on 26 December 2007 regarding the implementation of transitional preferential income tax treatment, the transitional CIT rates of the PRC subsidiaries should be 18%, 20%, 22%, 24% and 25% respectively, for the calendar years of 2008, 2009, 2010, 2011 and 2012.

Notes to the Consolidated Financial Statements

Year ended 31 March 2012

9. Income tax expense – Group (Continued)

(c) The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2012 HK$'000	2011 HK$'000
Profit before income tax	92,604	181,581
Calculated at taxation rate of 16.5% (2011: 16.5%)	15,280	29,961
Effect of difference on tax rate arising from the PRC operation	127	56
(Over)/underprovisions in prior years	(111)	33
Income not subject to tax	(3,216)	(895)
Expenses not deductible for tax purposes	2,101	742
Utilisation of previously unrecognised tax losses	(370)	(226)
Tax losses for which no deferred income tax assets were recognised	1,276	1,294
Recognition of previously unrecognised tax losses as deferred income tax assets	–	(5,623)
	15,087	25,342

10. Profit attributable to equity holders – Company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$96,871,000 (2011: HK$66,794,000).

11. Earnings per share – Group

The calculation of basic earnings per share for current year is based on the profit attributable to equity holders of the Company of HK$76,070,000 (2011: HK$154,638,000) and number of 431,600,000 shares (2011: 431,600,000 shares) in issue during the year.

Diluted earnings per share are the same as basic earnings per share as there were no dilutive potential ordinary shares during the year ended 31 March 2012 (2011: same).

12. Dividends – Group and Company

	2012 HK$'000	2011 HK$'000
Dividends attributable to the year		
Interim dividend paid of HK 3.0 cents (2011: HK 4.1 cents) per ordinary share	12,948	17,696
Proposed final dividend of HK 5.8 cents (2011: HK 17.9 cents) per ordinary share	25,033	77,256
	37,981	94,952
Dividends paid during the year	90,204	56,108

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 is to be proposed at the annual general meeting on 2 August 2012. This proposed dividend is not reflected as a dividend payable in the consolidated statement of financial position, but is reflected as an appropriation of retained earnings.

The aggregate amounts of the dividends paid and proposed during 2012 and 2011 have been disclosed in the consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

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Year ended 31 March 2012

13. Intangible assets – Group

	Goodwill HK$'000 Note (a)	Contractual customer relationships HK$'000 Note (b)	Total HK$'000
At 1 April 2010			
Cost	25,539	4,991	30,530
Accumulated amortisation and impairment loss	(25,539)	(2,745)	(28,284)
Net book value at 1 April 2010	–	2,246	2,246
Net book value at 1 April 2010	–	2,246	2,246
Amortisation	–	(998)	(998)
Net book value at 31 March 2011	–	1,248	1,248
At 31 March 2011			
Cost	25,539	4,991	30,530
Accumulated amortisation and impairment loss	(25,539)	(3,743)	(29,282)
Net book value at 31 March 2011	–	1,248	1,248
Net book value at 1 April 2011	–	1,248	1,248
Amortisation	–	(998)	(998)
Net book value at 31 March 2012	–	250	250
At 31 March 2012			
Cost	25,539	4,991	30,530
Accumulated amortisation and impairment loss	(25,539)	(4,741)	(30,280)
Net book value at 31 March 2012	–	250	250

(a) The carrying amount of the CGUs had been reduced to its recoverable amount through recognition of an impairment loss against goodwill in 2010. This loss had been included as goodwill impairment loss in the consolidated statement of comprehensive income in 2010.

(b) Amortisation of HK$998,000 (2011: HK$998,000) is included in the 'general and administrative expenses' of the consolidated statement of comprehensive income.

14. Property, plant and equipment – Group

	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$'000	Total HK$'000
At 1 April 2010								
Cost	146,627	26,277	166,996	97,148	1,494	46,763	–	485,305
Accumulated depreciation	(32,945)	(22,674)	(80,778)	(80,427)	(860)	(39,009)	–	(256,693)
Net book value at 1 April 2010	113,682	3,603	86,218	16,721	634	7,754	–	228,612
Additions	53,273	2,823	2,050	6,995	1,089	3,554	–	69,784
Transfer from investment properties	1,388	–	–	–	–	–	–	1,388
Depreciation	(1,545)	(1,914)	(10,969)	(8,882)	(306)	(3,380)	–	(26,996)
Disposals	–	–	–	(10)	(276)	–	–	(286)
Net book value at 31 March 2011	166,798	4,512	77,299	14,824	1,141	7,928	–	272,502
At 31 March 2011								
Cost	201,334	29,100	169,046	103,916	1,922	48,716	–	554,034
Accumulated depreciation	(34,536)	(24,588)	(91,747)	(89,092)	(781)	(40,788)	–	(281,532)
Net book value at 31 March 2011, as previously reported	166,798	4,512	77,299	14,824	1,141	7,928	–	272,502
At 1 April 2011, as previously reported	166,798	4,512	77,299	14,824	1,141	7,928	–	272,502
Reclassification from leasehold land to investment properties (note 2)	(34,894)	–	–	–	–	–	–	(34,894)
	131,904	4,512	77,299	14,824	1,141	7,928	–	237,608
Additions	–	4,036	24,591	11,569	924	5,486	64,002	110,608
Acquisition of a subsidiary (note 30)	95,000	2,844	113,851	3,819	–	–	–	215,514
Depreciation	(3,025)	(2,075)	(18,240)	(8,561)	(397)	(3,404)	–	(35,702)
Disposals	–	(3)	(1,167)	–	(95)	(17)	–	(1,282)
Net book value at 31 March 2012	223,879	9,314	196,334	21,651	1,573	9,993	64,002	526,746
At 31 March 2012								
Cost	261,430	35,802	305,696	119,268	2,220	47,075	64,002	835,493
Accumulated depreciation	(37,551)	(26,488)	(109,362)	(97,617)	(647)	(37,082)	–	(308,747)
Net book value at 31 March 2012	223,879	9,314	196,334	21,651	1,573	9,993	64,002	526,746

At 31 March, leasehold land held under finance leases and their net book value is analysed as follows:

	2012 HK$'000	2011 HK$'000
In Hong Kong held on:		
Leases of over 50 years	71,687	106,665
Leases of between 10 to 50 years	41,546	3,113
	113,233	109,778

Notes to the Consolidated Financial Statements
Year ended 31 March 2012

15. Investment properties – Group

	Total HK$'000
At 1 April 2010	
Cost, accumulated depreciation and net book value	1,400
At 1 April 2010	1,400
Additions	15,682
Transfer to property, plant and equipment	(1,388)
Disposal	–
Depreciation	(91)
Net book value at 31 March 2011	15,603
At 31 March 2011	
Cost	15,682
Accumulated depreciation	(79)
Net book value at 31 March 2011, as previously reported	15,603
Leases of over 50 years	15,603
At 1 April 2011, as previously reported	15,603
Reclassification from leasehold land to investment properties (note 2)	34,894
	50,497
Additions	–
Transfer to property, plant and equipment	–
Disposal	(41,641)
Depreciation	(286)
Net book value at 31 March 2012	8,570
At 31 March 2012	
Cost	8,646
Accumulated depreciation	(76)
Net book value at 31 March 2012	8,570
Leases of over 50 years	8,570

The fair value of investment properties as at 31 March 2012 is HK$10,310,000 as valued by an independent professionally qualified valuer, on an open market value and existing state basis. The carrying amounts of the investment properties as at 31 March 2011 approximate their fair values.

16. Held-to-maturity investments – Group

	2012 HK$'000	2011 HK$'000
Listed in Hong Kong	–	–
Listed outside Hong Kong	–	44,151
Unlisted securities	–	24,282
	–	68,433

The movement in held-to-maturity investments is summarised as follows:

	2012 HK$'000	2011 HK$'000
At beginning of the year	68,433	3,961
Additions	15,962	68,113
Disposal	(47,952)	(4,006)
Transfer to available-for-sale financial assets	(35,936)	–
Amortisation	(787)	(163)
Exchange difference	280	528
At end of the year	–	68,433
Less: non-current portion	–	(28,179)
Current portion	–	40,254

During the year ended 31 March 2012, the Group disposed of a significant amount of its held-to-maturity investments and hence reclassified all its held-to-maturity investments to available-for-sale financial assets.

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17. Available-for-sale financial assets – Group

	2012 HK$'000	2011 HK$'000
Listed securities	14,221	–

The movement in available-for-sale financial assets is summarised as follows:

	2012 HK$'000
At beginning of the year	–
Additions	–
Redemption upon maturity	(19,432)
Transfer from held-to-maturity investments	35,936
Amortisation	(699)
Exchange difference	(24)
Net gain/(loss) transfer to equity	(2,099)
Reclassification adjustment for gain/(loss) included in the consolidated statement of comprehensive income	539
At end of the year	14,221
Less: non-current portion	(14,221)
Current portion	–

All available-for-sale financial assets as at 31 March 2012 are denominated in Renminbi and stated at quoted market prices (2011: nil).

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as available-for-sale.

18. Deferred income tax – Group

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

	2012 HK$'000	2011 HK$'000
Deferred income tax assets:		
– Deferred tax assets to be recovered after more than 12 months	3,665	4,488
Deferred income tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	(42,635)	(21,074)
	(38,970)	(16,586)

18. Deferred income tax – Group (Continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax liabilities

	Accelerated tax depreciation HK$'000	Fair value gain HK$'000	Others HK$'000	Total HK$'000
At 1 April 2010	22,421	–	370	22,791
Recognised in the consolidated statement of comprehensive income	(1,028)	–	(164)	(1,192)
At 31 March 2011	21,393	–	206	21,599
Recognised in the consolidated statement of comprehensive income	2,022	(398)	(164)	1,460
Acquisition of a subsidiary (note 30)	14,657	16,713	–	31,370
At 31 March 2012	38,072	16,315	42	54,429

Deferred income tax assets

	Provisions HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2010	(330)	–	(330)
Recognised in the consolidated statement of comprehensive income	(7)	(4,676)	(4,683)
At 31 March 2011	(337)	(4,676)	(5,013)
Recognised in the consolidated statement of comprehensive income	174	(746)	(572)
Acquisition of a subsidiary (note 30)	(355)	(9,519)	(9,874)
At 31 March 2012	(518)	(14,941)	(15,459)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$9,762,000 (2011: HK$9,046,000) in respect of tax losses amounting to HK$55,563,000 (2011: HK$49,486,000) that can be carried forward against future taxable income. The tax losses of HK$48,569,000 from Hong Kong subsidiaries have no expiry date while other tax losses from the PRC subsidiaries amounting to HK$2,701,000, HK$2,393,000 and HK$1,900,000 will expire in 2012, 2013 and 2014 respectively.

Notes to the Consolidated Financial Statements
Year ended 31 March 2012

19. Inventories – Group

	2012 HK$'000	2011 HK$'000
Raw materials	45,331	17,728
Finished goods	7,387	6,267
Work in progress	1,267	–
Less: provision for obsolete inventories	(3,808)	(2,924)
	50,177	21,071

The cost of inventories recognised as expense and included in cost of sales amounted to HK$158,476,000 (2011: HK$84,688,000).

20. Trade receivables – Group

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

	2012 HK$'000	2011 HK$'000
0 to 30 days	116,231	102,393
31 to 60 days	26,607	19,464
61 to 90 days	15,684	14,630
Over 90 days	28,773	27,055
Trade receivables, gross	187,295	163,542
Less: provision for impairment of receivables	(3,547)	(3,800)
	183,748	159,742

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

Trade receivables that are not past due and not impaired amounted to HK$77,049,000 (2011: HK$64,744,000). These balances relate to a wide range of customers for whom there was no recent history of default.

20. Trade receivables – Group (Continued)

The credit period granted by the Group to its trade customers ranges from 0 to 90 days. Below is an ageing analysis of trade receivables that are past due as at the reporting date but not impaired:

	2012 HK$'000	2011 HK$'000
1 to 30 days	39,182	37,568
31 to 60 days	26,607	19,464
61 to 90 days	15,684	14,546
Over 90 days	25,226	23,420
	106,699	94,998

Trade receivables past due but not impaired relate to a number of independent debtors for whom there is no significant financial difficulty and based on experience, the overdue amounts can be recovered.

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

	2012 HK$'000	2011 HK$'000
At beginning of the year	3,800	3,726
Impairment provision made	–	183
Amounts written off as uncollectible	(253)	(109)
At end of the year	3,547	3,800

The Group assesses its trade receivables individually to determine their recoverability and the provision for impairment of receivables is used to record the provision made as a result of such assessments. The ending balance of the provision for impairment of receivables represents accounts that were past due over an extended period of time and the Group considers that they may not be recoverable.

The maximum exposure to credit risk at reporting date is the carrying value of trade receivables mentioned above. The Group does not hold any collateral as security.

Notes to the Consolidated Financial Statements

Year ended 31 March 2012

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

	Group		Company	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Cash at bank and on hand	105,911	173,555	3,513	9,020
Term deposits with original maturities of less than three months	62,011	637	–	–
Cash and cash equivalents	167,922	174,192	3,513	9,020
Pledged deposits with original maturity of less than three months	64,810	–	–	–
Pledged deposits with original maturity of over three months	–	83,013	–	–
Term deposits with original maturities of over three months	15,440	194,114	–	–
Total	248,172	451,319	3,513	9,020
Maximum exposure to credit risk	247,788	450,910	3,511	9,017
Denominated in:				
– HK dollars	170,336	339,952	3,513	9,020
– RMB	65,389	99,164	–	–
– Other currencies	12,447	12,203	–	–
	248,172	451,319	3,513	9,020

The pledged deposits were mainly used to secure banking facility for the purchase of property, plant and equipment for the Group (note 28).

The effective interest rate on term deposits was 0.71% (2011: 0.69%) per annum. These deposits have an average maturity of 68 days (2011: 202 days).

The Group's bank balances and cash of approximately HK$15,312,000 and HK$12,984,000 as at 31 March 2012 and 2011, respectively, were denominated in RMB and kept with banks in the PRC. The remittance of these funds out of the PRC is subject to the foreign exchange restrictions imposed by the PRC government.

22. Trade payables – Group

An ageing analysis of trade payables is as follows:

	2012 HK$'000	2011 HK$'000
0 to 30 days	54,412	24,904
31 to 60 days	2,461	694
61 to 90 days	317	71
Over 90 days	595	119
	57,785	25,788

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

23. Share capital – Group and Company

	2012 HK$'000	2011 HK$'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

Notes to the Consolidated Financial Statements

Year ended 31 March 2012

24. Reserves – Group and Company

(a) Group

Movement of the Group's reserves for the year ended 31 March 2012 is presented in the consolidated statement of changes in equity on page 42.

(b) Company

	Share premium HK$'000	Capital reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 April 2010	269,808	6,120	27,190	303,118
Profit for the year	–	–	66,794	66,794
Final dividend for the year ended 31 March 2010	–	–	(38,412)	(38,412)
Interim dividend for the year ended 31 March 2011	–	–	(17,696)	(17,696)
At 31 March 2011	269,808	6,120	37,876	313,804
At 1 April 2011	269,808	6,120	37,876	313,804
Profit for the year	–	–	96,871	96,871
Final dividend for the year ended 31 March 2011	–	–	(77,256)	(77,256)
Interim dividend for the year ended 31 March 2012	–	–	(12,948)	(12,948)
At 31 March 2012	269,808	6,120	44,543	320,471

25. Investments in and amounts due from/(to) subsidiaries – Company

	Note	2012 HK$'000	2011 HK$'000
Investments in unlisted shares, at cost	(a)	178,627	178,627
Amounts due from subsidiaries	(b)	482,939	422,537
Amounts due to subsidiaries	(b)	(300,162)	(252,455)

(a) Particulars of the Company's principal subsidiaries at 31 March 2012 are as follows:

Company Name	Country/place of incorporation/ establishment	Principal activities and country/ place of operation	Issued and fully paid up share capital/ registered capital	Effective interest held
Hong Kong Economic Times Group (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$10,000	100%@
Asianway (Far East) Limited	Hong Kong	Properties holding in Hong Kong	Ordinary HK$100	100%
Career Times Online Limited	Hong Kong	Provision of recruitment advertising services in Hong Kong	Ordinary HK$2	100%
Cotino Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$10	100%
Culturecom Printing House Limited	Hong Kong	Property holding in Hong Kong	Ordinary HK$1,000 and non-voting deferred shares HK$800,000	100%*
EPRC Limited	Hong Kong	Provision of electronic property market database to the professional market in Hong Kong	Ordinary HK$100	100%
ET Business College Limited	Hong Kong	Provision of training services in Hong Kong	Ordinary HK$10,000	100%
ET Net Limited	Hong Kong	Provision of electronic financial information services in Hong Kong	Ordinary HK$2 and non-voting deferred shares HK$10,000	96.04%

Notes to the Consolidated Financial Statements
Year ended 31 March 2012

25. Investments in and amounts due from/(to) subsidiaries – Company
(Continued)

(a) Particulars of the Company's principal subsidiaries at 31 March 2012 are as follows:
(Continued)

Company Name	Country/place of incorporation/ establishment	Principal activities and country/ place of operation	Issued and fully paid up share capital/ registered capital	Effective interest held
ET Net (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$104,123	96.04%
ET Net News Agency Limited	Hong Kong	Provision of electronic financial information services in Mainland China	Ordinary HK$100	96.04%
ET Trade Limited	Hong Kong	Provision of equities and derivatives trading solutions in Hong Kong	Ordinary HK$10,000	96.04%
ET Wealth Limited	Hong Kong	Provision of funds market database and solutions to the professional market in Hong Kong	Ordinary HK$100	96.04%
ETVision Multimedia Limited	Hong Kong	Provision of multimedia production services in Hong Kong	Ordinary HK$100	100%
Euron Limited	Hong Kong	Provision of printing services in Hong Kong	Ordinary HK$100	100%
HKET China Investment (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$1	100%
Hong Kong Economic Times Limited	Hong Kong	Publication of newspaper, magazines and books in Hong Kong	Ordinary HK$100	100%
Health Smart Limited	Hong Kong	Operation of a health portal in Hong Kong	Ordinary HK$100	100%

25. Investments in and amounts due from/(to) subsidiaries – Company
(Continued)

(a) Particulars of the Company's principal subsidiaries at 31 March 2012 are as follows:
(Continued)

Company Name	Country/place of incorporation/ establishment	Principal activities and country/ place of operation	Issued and fully paid up share capital/ registered capital	Effective interest held
iCareerTimes (BVI) Limited	British Virgin Islands	Investment holding in Hong Kong	Ordinary US$2	100%
Ringier Print (HK) Limited	Hong Kong	Provision of periodicals and magazines printing services in Hong Kong	Ordinary HK$75,000,000	100%*
Safe City Limited	Hong Kong	Properties holding in Hong Kong	Ordinary HK$100	100%
環富通科技(深圳)有限公司# (ET Wealth Technology (Shenzhen) Limited)	The PRC	Operation of computer software research and development center in Mainland China	Registered capital HK$1,000,000	96.04%
深圳港經廣告傳播有限公司# (HKET Advertising (Shenzhen) Limited)	The PRC	Provision of advertising services in Mainland China	Registered capital HK$1,000,000	100%

@ Shares held directly by the Company
\# A wholly foreign owned enterprise in the PRC
* Ringier Print (HK) Limited and its subsidiaries are acquired by the Group in the current year.

(b) Amounts due from/(to) subsidiaries

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements

Year ended 31 March 2012

26. Cash generated from operations – Group

	2012 HK$'000	2011 HK$'000
Profit before income tax	92,604	181,581
Adjustments for:		
– Depreciation of property, plant and equipment and investment properties (note 6)	35,988	27,087
– Excess of the acquirer's interest in the net fair value of the identifiable assets and liabilities acquired over the cost of the acquisition (note 30)	(7,461)	–
– Amortisation of contractual customer relationships (note 6)	998	998
– (Gain)/loss on disposal of property, plant and equipment and investment properties (see below)	(12,006)	95
– Finance income (note 8)	(4,050)	(4,304)
– Bad debts written off (note 6)	–	109
– Inventories written off (note 6)	46	7
– (Reversal of)/provision for impairment of receivables (note 6)	(445)	183
– Provision for obsolete inventories (note 6)	631	490
Changes in working capital:		
– Increase in inventories	(8,638)	(4,307)
– Decrease/(increase) in trade receivables and deposits, prepayments and other receivables	5,957	(12,492)
– (Decrease)/increase in trade payables, fees in advance and accruals, other payables and provisions	(9,969)	35,862
Cash generated from operations	93,655	225,309

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

	2012 HK$'000	2011 HK$'000
Net book amount (notes 14 and 15)	42,923	286
Gain/(loss) on disposal of property, plant and equipment and investment properties (note 6)	12,006	(95)
Proceeds from disposal of property, plant and equipment and investment properties	54,929	191

Non-cash transactions

The principal non-cash transaction is the payable for acquisition of property, plant and equipment of approximately HK$8,243,000 (2011: nil) as at 31 March 2012.

27. Banking facilities

On 28 March 2012, the Group obtained general banking facilities from one of the Group's operation banks amounting to HK$150,000,000.

As at 31 March 2012, the Group had not drawn down any banking facility.

28. Commitments – Group and Company

(a) Group

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

	2012 HK$'000	2011 HK$'000
Property, plant and equipment		
– contracted but not yet provided for	53,769	72,201
– authorised but not yet contracted for	3,923	236
	57,692	72,437

(ii) *Commitments under operating leases*

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

	2012 HK$'000	2011 HK$'000
Not later than one year	8,091	15,726
Later than one year and not later than five years	3,267	4,739
	11,358	20,465

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

	2012 HK$'000	2011 HK$'000
Not later than one year	350	–

(b) Company

The Company had no capital and operating lease commitment as at 31 March 2012 and 2011.

Notes to the Consolidated Financial Statements

Year ended 31 March 2012

29. Related party transactions – Group

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

		2012 HK$'000	2011 HK$'000
(a)	**Service income** (Note (i))		
	– Roctec Credit Limited	411	198
	– Roctec International Limited	19	25
	– Roctec Securities Company Limited	161	161
		591	384
(b)	**Rental expenses on leased property** (Note (i))		
	– Roctec Systems Limited	712	712
(c)	**Purchase of hardware** (Note (i))		
	– Roctec Technology Limited	540	1,722
(d)	**Consultant royalties expenses** (Note (i))		
	– Wayca Development Limited	128	163
(e)	**Remuneration of contributor** (Note (i))		
	– Mak Ping Leung, a Director of the Company	42	44
	– Wayca Development Limited	13	–
		55	44

(f) **Key management personnel compensation**

Key management represents Directors (executive and non-executive). Please refer to note 7(b) for the compensation paid or payable to key management for employee services.

Note (i):

These transactions are carried out at a rate mutually-agreed by parties involved in the transactions. The terms of these transactions are no more favourable than those dealt with third parties.

Roctec Credit Limited is beneficially owned by Mr. CHU Yu Lun, the substantial shareholder and a Director of the Company.

Roctec International Limited, Roctec Securities Company Limited and Roctec Systems Limited are beneficially owned by Mr. FUNG Siu Por, Lawrence and Mr. CHU Yu Lun, the substantial shareholders and Directors of the Company.

Mr. FUNG Siu Por, Lawrence is a Director and a shareholder of Roctec Technology Limited. Mr. CHU Yu Lun is a shareholder of Roctec Technology Limited.

Wayca Development Limited is beneficially owned by Mr. SHEK Kang Chuen, the beneficial shareholder and a Director of the Company.

30. Business combination

On 2 November 2011, the Group acquired the entire issued share capital of Ringier Print (HK) Limited, a periodicals and magazines printing company in Hong Kong, for a consideration of HK$215,000,000. Ringier Print (HK) Limited is one of the major printers of the Group before acquisition.

The acquisition would have synergistic value to the Group, strengthened the smooth production of the Group's publications and facilitates the future growth of the Group's core business.

The following table summarises the consideration paid for Ringier Print (HK) Limited, the fair value of assets acquired and liabilities assumed at the acquisition date.

	HK$'000
Consideration	
Consideration paid by cash	215,000
Total consideration	215,000
The following table summarises the fair value of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	12,805
Property, plant and equipment	215,514
Deposits paid for property, plant and equipment	405
Inventories	21,145
Trade receivables	34,792
Deposits, prepayments and other receivables	4,121
Tax recoverable	32
Trade payables	(22,458)
Accruals, other payables and provisions	(22,399)
Deferred income tax liabilities	(21,496)
Total identifiable net assets	222,461
Excess of the acquirer's interest in the net fair value of the identifiable assets and liabilities acquired over the cost of the acquisition	(7,461)
	215,000

Acquisition-related costs of HK$1,918,000 have been charged to 'general and administrative expenses' in the consolidated statement of comprehensive income for the year ended 31 March 2012.

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

	HK$'000
Consideration paid	215,000
Cash and cash equivalents acquired	(12,805)
Net outflow of cash and cash equivalents in respect of the acquisition	202,195

Notes to the Consolidated Financial Statements

Year ended 31 March 2012

30. Business combination (Continued)

The excess of the acquirer's interest in the net fair value of the identifiable assets and liabilities acquired over the cost of the acquisition is mainly attributable to the immediate exit opportunity offered to the vendor.

(a) Acquired receivables

The fair value of trade receivables is HK$34,792,000. The gross contractual amount for trade receivables due is HK$35,239,000, of which HK$447,000 is expected to be uncollectible.

(b) Impact of acquisition to results of the Group

The acquired business contributed revenues of HK$40,051,000 and loss of HK$2,267,000 to the Group for the period from 2 November 2011 to 31 March 2012. If the acquisition had occurred on 1 April 2011, consolidated revenue and consolidated profit for the year ended 31 March 2012 would have been HK$1,077,683,000 and HK$71,499,000 respectively.

Five-year Financial Summary

(in HK$ millions, except per share amounts)	2012	Year ended 31 March 2011	2010	2009	2008
Operating Results					
Revenue	1,006	952	828	841	946
Gross profits	387	455	372	329	409
Operating profit	89	177	107	69	152
Finance income	4	4	2	6	9
Profit before income tax	93	181	109	75	161
Income tax expense	(15)	(25)	(22)	(11)	(27)
Profit for the year	78	156	87	64	134
Attributable to					
– equity holders of the Company	76	155	86	62	133
– non-controlling interests	2	1	1	2	1
	78	156	87	64	134
Earnings per share (in HK Cents)	17.63	35.83	19.80	14.37	30.71
Assets and Liabilities					
Non-current assets	565	339	232	299	312
Current assets	511	688	667	513	539
Total assets	1,076	1,027	899	812	851
Bank loans and finance leases	–	–	–	–	–
Other liabilities	(312)	(249)	(221)	(185)	(230)
Total liabilities	(312)	(249)	(221)	(185)	(230)
Net assets	764	778	678	627	621
Equity holders' fund	757	772	673	624	619
Non-controlling interests	7	6	5	3	2
Total equity	764	778	678	627	621

Five-year Financial Summary

	Year ended 31 March				
	2012	2011	2010	2009	2008
Key Financial Ratio					
Gross profit margin	38.5%	47.8%	44.9%	39.2%	43.2%
Operating profit margin	8.8%	18.6%	12.9%	8.2%	16.1%
Net profit margin	7.7%	16.2%	10.3%	7.4%	14.0%
Gearing ratio	–	–	–	–	–
Current ratio	1.89 times	3.01 times	3.36 times	3.20 times	2.64 times
Quick ratio	1.71 times	2.92 times	3.27 times	2.96 times	2.48 times