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香港經濟日報集團有限公司

HONG KONG ECONOMIC TIMES HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 00423)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

The Directors of Hong Kong Economic Times Holdings Limited (the "Company") announce the audited consolidated final results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2014 as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2014	2013
	Note	***HK$'000***	*HK$'000*
			(Restated)
Revenue	*2*	**1,065,145**	1,032,818
Cost of sales	*3*	**(701,718)**	(711,966)
Gross profit		**363,427**	320,852
Selling and distribution expenses	*3*	**(159,154)**	(160,370)
General and administrative expenses	*3*	**(174,235)**	(173,536)
Other income		**492**	556
Gain on disposal of a property		**–**	68,401
Operating profit		**30,530**	55,903
Finance income		**7,337**	2,698
Finance costs		**(2,829)**	(2,720)
Finance income/(costs) – net		**4,508**	(22)
Profit before income tax		**35,038**	55,881
Income tax (expense)/credit	*4*	**(5,583)**	8,031
Profit for the year		**29,455**	63,912
Profit attributable to:			
Owners of the Company		**28,138**	62,584
Non-controlling interests		**1,317**	1,328
		29,455	63,912
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic and diluted	*5*	**6.52**	14.50

		Year ended 31 March	
		2014	2013
	Note	***HK$'000***	*HK$'000*
Dividends	*6*	**25,896**	25,896

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Profit for the year	**29,455**	63,912
Other comprehensive income:		
Items that may be reclassified to profit or loss		
Change in value of available-for-sale financial assets	**147**	2,415
Reclassification of revaluation reserve upon maturity of available-for-sale financial assets	**(1,002)**	–
Currency translation differences arising from foreign operations	**(112)**	23
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of long service payment provision	**9,147**	(592)
Other comprehensive income for the year, net of tax	**8,180**	1,846
Total comprehensive income for the year	**37,635**	65,758
Total comprehensive income attributable to:		
Owners of the Company	**36,318**	64,430
Non-controlling interests	**1,317**	1,328
	37,635	65,758

CONSOLIDATED BALANCE SHEET

	Note	**31 March 2014** *HK$'000*	31 March 2013 *HK$'000* (Restated)	1 April 2012 *HK$'000* (Restated)
Non-current assets				
Intangible assets		**–**	–	250
Property, plant and equipment		**502,125**	534,687	526,746
Investment properties		**12,402**	20,999	8,570
Available-for-sale financial assets		**–**	–	14,221
Deferred income tax assets		**20,107**	16,121	3,665
Deposits paid for property, plant and equipment		**–**	1,397	11,696
		534,634	573,204	565,148
Current assets				
Inventories		**37,096**	34,918	50,177
Trade receivables	*7*	**219,436**	201,262	183,748
Deposits, prepayments and other receivables		**28,871**	25,070	24,276
Tax recoverable		**4,774**	3,965	4,518
Available-for-sale financial assets		**–**	16,582	–
Pledged deposits		**–**	4,869	64,810
Term deposits with original maturities of over three months		**198,613**	60,923	15,440
Cash and cash equivalents		**172,367**	278,559	167,922
		661,157	626,148	510,891
Current liabilities				
Trade payables	*8*	**38,126**	40,689	57,785
Fees in advance		**94,241**	89,510	89,300
Accruals, other payables and provisions		**96,205**	102,590	103,107
Current income tax liabilities		**4,337**	3,396	5,148
Bank borrowings	*9*	**29,504**	24,432	–
		262,413	260,617	255,340
Net current assets		**398,744**	365,531	255,551
Total assets less current liabilities		**933,378**	938,735	820,699
Equity attributable to owners of the Company				
Share capital		**43,160**	43,160	43,160
Reserves				
Proposed final dividend	*6*	**21,580**	21,580	25,033
Others		**737,943**	727,521	688,987
		802,683	792,261	757,180
Non-controlling interests		**8,317**	7,281	6,398
Total equity		**811,000**	799,542	763,578
Non-current liabilities				
Bank borrowings	*9*	**81,857**	90,461	–
Deferred income tax liabilities		**31,072**	32,125	42,635
Other non-current liabilities		**9,449**	16,607	14,486
		122,378	139,193	57,121
Total equity and non-current liabilities		**933,378**	938,735	820,699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2014

1. Basis of preparation and accounting policies

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.

Changes in accounting policy and disclosures

The amendment to Hong Kong Accounting Standard ("HKAS") 1 (amendment) requires entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

The amendment to HKAS 19 (revised) "Employee benefits" amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. In previous years, these actuarial gains and losses were recognised in profit or loss. The change has resulted in an increase in the consolidated income statement for the year ended 31 March 2013 of HK$592,000. The amendments have been applied retrospectively with comparative figures adjusted accordingly.

The adoption of amendment to HKAS 19 (revised) has the following impact on the consolidated financial statements due to the restatement as aforesaid:

	As reported *HK$'000*	Effect of adopting HKAS 19 (revised) *HK$'000*	As restated *HK$'000*
For the year ended 31 March 2013:			
Consolidated income statement			
Staff costs	464,751	(592)	464,159
Profit for the year	63,320	592	63,912
Basic earnings per share (HK cents)	14.36	0.14	14.50
Consolidated statement of comprehensive income			
Actuarial losses of long service payment	(592)	592	–
Remeasurement of long service payment provision	–	(592)	(592)
Other comprehensive income for the year, net of tax	2,438	(592)	1,846
As at 31 March 2013:			
Consolidated balance sheet			
Other reserves	–	(8,491)	(8,491)
Retained earnings	547,853	8,491	556,344
As at 1 April 2012:			
Consolidated balance sheet			
Other reserves	–	(7,899)	(7,899)
Retained earnings	515,210	7,899	523,109

There is a new term "remeasurements". This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.

The standard requires remeasurements to be recognised in retained earnings or a separate reserve. The Group has elected to recognise the remeasurements in separate reserve as other reserves, resulting in decreases of HK$7,899,000 and HK$8,491,000 in other reserves with corresponding increases in the retained earnings as at 1 April 2012 and 31 March 2013, respectively.

The amendment clarifies the definitions of short- and long-term benefits in HKAS 19 (revised) by confirming that the distinction is based on whether payment is expected within the next twelve months, rather than when payment can be demanded.

The Group has reassessed the classification of the long service payment provision as at 31 March 2014. As a result of the reassessment, the Group has reclassified long service payment provision from current liabilities to non-current liabilities. Comparative information has been restated to reflect this change in accounting policy. This has resulted in increases in other non-current liabilities and related decreases in accruals, other payables and provisions of HK$14,486,000 and HK$16,607,000 as at 1 April 2012 and 31 March 2013, respectively.

	As at 31 March 2014	**As at 31 March 2013**	**As at 1 April 2012**
	HK$'000	*HK$'000*	*HK$'000*
Consolidated balance sheet			
Current liabilities			
Decrease in accruals, other payables and provisions	**(9,449)**	(16,607)	(14,486)
Non-current liabilities			
Increase in other non-current liabilities	**9,449**	16,607	14,486

Apart from the amendments to HKAS 1 and HKAS 19 (revised), 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 2013 and have not been early adopted in these consolidated financial statements:

		Effective for accounting period beginning on or after
HKAS 19 (2011) (Amendment)	Defined benefit plans – Employee contributions	1 July 2014
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKAS 39 (Amendment)	Novation of derivatives and hedge Accounting	1 January 2014
HKFRS 9	Financial instruments	To be determined
HKFRS 10, HKFRS 12 and HKFRS 27 (2011) (Amendments)	Investment entities	1 January 2014
HKFRS 14	Regulatory deferral accounts	1 January 2016
HK(IFRIC)-Int 21	Levies	1 January 2014
Annual improvements project	Annual improvements 2010-2012 cycle	1 July 2014
Annual improvements project	Annual improvements 2011-2013 cycle	1 July 2014

The Group has commenced the assessment of the impact of these new or revised standards and amendments to standards but is not yet in a position to state whether they would have a significant impact on the Group's consolidated financial statements.

2. Revenue and segment information

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

The Group has 4 reportable segments:

(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.

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

Turnover consists of revenue comprising the advertising income, circulation income, service income and enrolment income.

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

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Advertising income	**590,855**	562,322
Circulation income	**115,860**	121,994
Service income	**344,296**	335,963
Enrolment income	**14,134**	12,539
	1,065,145	1,032,818

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.

The segment results for the year ended 31 March 2014 are as follows:

	Printed media		Financial news agency, information and solutions		Recruitment advertising and training		Lifestyle portals		Corporate		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
REVENUE												
Revenue	**766,638**	743,011	**244,046**	233,698	**41,987**	43,188	**20,829**	20,349	**–**	–	**1,073,500**	1,040,246
Inter-segment transactions	**(3,224)**	(3,394)	**(4,934)**	(2,305)	**(150)**	(1,634)	**(47)**	(95)	**–**	–	**(8,355)**	(7,428)
Revenue – from external customers	**763,414**	739,617	**239,112**	231,393	**41,837**	41,554	**20,782**	20,254	**–**	–	**1,065,145**	1,032,818
RESULTS												
Profit/(loss) for the year	**(11,052)**	26,416	**43,469**	42,492	**3,653**	1,878	**(6,648)**	(7,711)	**33**	837	**29,455**	63,912

For the year ended 31 March 2014, revenue of approximately HK$95,899,000 (2013: HK$94,643,000) 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$1,059,972,000 (2013: HK$1,026,123,000) and HK$5,173,000 (2013: HK$6,695,000), 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 People's Republic of China ("PRC").

Gain on disposal of a property of HK$68,401,000 is included in the results of printed media segment for the year ended 31 March 2013.

The total non-current assets other than available-for-sale financial assets and deferred income tax assets located in Hong Kong and other countries are HK$514,257,000 (2013: HK$556,663,000) and HK$270,000 (2013: HK$420,000), respectively.

3. Expenses by nature

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Crediting		
Gain on disposal of plant and equipment	**21**	243
Reversal of provision for impairment of trade receivables	**–**	427
Charging		
Cost of inventories sold or consumed in operation	**219,734**	224,438
Amortisation of contractual customer relationships	**–**	250
Auditors' remuneration	**2,600**	2,601
Bad debts written off	**195**	533
Property, plant and equipment written off	**14**	–
Depreciation of property, plant and equipment and investment properties	**56,235**	48,193
Inventories written off	**141**	98
Operating lease rentals on land and buildings	**22,020**	20,424
Provision for impairment of trade receivables	**21**	–
Provision for obsolete inventories	**508**	461
Staff costs including Directors' and CEO's remuneration	**473,876**	464,159

4. Income tax expense/(credit)

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year. The PRC enterprise income tax has been calculated at the rate of 25% (2013: 25%) on the estimated assessable profit of subsidiaries operating in the PRC.

	2014	2013
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**10,374**	11,511
PRC enterprise income tax	**180**	–
Under-provisions in prior years	**68**	3,424
Total current income tax	**10,622**	14,935
Deferred income tax	**(5,039)**	(22,966)
Income tax expense/(credit)	**5,583**	(8,031)

5. Earnings per share

The calculation of basic earnings per share for current year is based on the profit attributable to owners of the Company of HK$28,138,000 (2013 (Restated): HK$62,584,000) and number of 431,600,000 (2013: 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 for the year ended 31 March 2014 (2013: same).

6. Dividends

	2014	2013
	HK$'000	*HK$'000*
Dividends attributable to the year		
Interim dividend paid of HK 1.0 cent (2013: HK 1.0 cent) per ordinary share	**4,316**	4,316
Proposed final dividend of HK 5.0 cents (2013: HK 5.0 cents) per ordinary share	**21,580**	21,580
	25,896	25,896
Dividends paid during the year	**25,896**	29,349

A final dividend in respect of the year ended 31 March 2014 of HK 5.0 cents per ordinary share, amounting to a total dividend of HK$21,580,000, is to be proposed at the annual general meeting on 7 August 2014. This proposed dividend is not reflected as a dividend payable in the consolidated balance sheet, but is reflected as an appropriation of retained earnings.

7. Trade receivables

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

	2014	2013
	HK$'000	*HK$'000*
0 to 30 days	**137,167**	122,814
31 to 60 days	**27,567**	26,021
61 to 90 days	**20,888**	23,291
Over 90 days	**36,955**	32,256
Trade receivables, gross	**222,577**	204,382
Less: provision for impairment of trade receivables	**(3,141)**	(3,120)
	219,436	201,262

8. Trade payables

The ageing analysis of trade payables is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 to 30 days	**34,738**	38,156
31 to 60 days	**1,772**	1,311
61 to 90 days	**559**	137
Over 90 days	**1,057**	1,085
	38,126	40,689

9. Bank borrowings

	2014	2013
	HK$'000	*HK$'000*
Non-current		
Bank borrowings	**81,857**	90,461
Current		
Bank borrowings	**29,504**	24,432
Total	**111,361**	114,893

Movements in bank borrowings are analysed as follows:

	2014	2013
	HK$'000	*HK$'000*
At beginning of the year	**114,893**	–
Proceeds from bank borrowings	**23,100**	276,900
Repayment of bank borrowings	**(26,632)**	(162,007)
At end of the year	**111,361**	114,893

Bank borrowings were repayable as follows:

	2014	2013
	HK$'000	*HK$'000*
Within one year	**29,504**	24,432
Between one and two years	**30,232**	25,053
Between two and five years	**51,625**	65,408
Wholly repayable within five years	**111,361**	114,893

The carrying amounts of the floating rate bank borrowings are denominated in Hong Kong dollars and are secured by leasehold improvements, plant and machinery and machinery under installation under property, plant and equipment of the Group.

10. Event after the balance sheet date

Subsequent to the year end date, the Group is in the process of acquiring several office premises in Hong Kong for self use purpose with a total consideration of approximately HK$69.8 million and expects to complete the acquisitions in August 2014 and December 2014, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Profit and Loss Account

	Year ended 31 March		
	2014	2013	% Change
	HK$'000	*HK$'000*	
		(Restated)	
Revenue	**1,065,145**	1,032,818	3%
Cost of sales	**(701,718)**	(711,966)	-1%
Gross profit	**363,427**	320,852	13%
Gross profit margin	**34.1%**	31.1%	
Selling and distribution expenses	**(159,154)**	(160,370)	-1%
General and administrative expenses	**(174,235)**	(173,536)	0%
Other income	**492**	556	-12%
Gain on disposal of a property	**–**	68,401	N/A
Operating profit	**30,530**	55,903	-45%
Finance income/(costs) – net	**4,508**	(22)	N/A
Profit before income tax	**35,038**	55,881	-37%
Income tax (expense)/credit	**(5,583)**	8,031	N/A
Profit for the year	**29,455**	63,912	-54%
Non-controlling interests	**(1,317)**	(1,328)	-1%
Profit attributable to owners	**28,138**	62,584	-55%
Net profit margin	**2.8%**	6.2%	

General

The local printed media is undergoing gradual transformation from paid to free and from print to online oriented models. The Group's investments in *Sky Post*, a free Chinese daily, and internet-based businesses began to contribute to the growth of the Group and are expected to increase their significance to the Group's bottom line.

The Group's revenue for the financial year ended 31 March 2014 increased to HK$1,065.1 million, an increase of HK$32.3 million or 3% over the preceding financial year. Profit attributable to owners, however, decreased by 55% from HK$62.6 million to HK$28.1 million. The decrease was mainly attributable to the one-off gain on disposal of a property recorded in the last financial year. Excluding this one-off profit item in the financial year ended 31 March 2013, the Group recorded an increase in net profit attributable to owners by approximately HK$34.0 million.

Revenue

	Year ended 31 March		
	2014	2013	% Change
	HK\$'000	*HK\$'000*	
Revenue:			
Advertising income	**590,855**	562,322	5%
Circulation income	**115,860**	121,994	-5%
Service income	**344,296**	335,963	2%
Enrolment income	**14,134**	12,539	13%
Total	**1,065,145**	1,032,818	3%

Advertising income for the year ended 31 March 2014 was HK$590.9 million, an increase of HK$28.5 million, or 5% as compared to the year ended 31 March 2013. The moderate decrease in advertising income from our flagship paid newspaper, *Hong Kong Economic Times*, was compensated by the significant growth from *Sky Post*, resulting in an overall increase in advertising income of the Group. The Group's entry to the free daily market had broadened the advertising income base. The Group is confident that *Sky Post* will become a growth engine of the Group in the coming financial years.

Circulation income decreased by 5% from HK$122.0 million in the year ended 31 March 2013 to HK$115.9 million for the financial year under review. Despite the increasing trend of readers shifting to free contents and online platforms, the Group's paid publications are able to retain a stable and loyal group of readers by producing quality contents.

Service income for the year ended 31 March 2014 increased from HK$336.0 million to HK$344.3 million when compared with the preceding financial year. Revenue generated from the financial news agency, information and solutions businesses remained solid and significant. The Group also recorded an increase in printing service income from the Group's printing operations.

Operating Costs

Gross profit margin for the year ended 31 March 2014 increased by 3.0 percentage point to 34.1% from 31.1% for the year ended 31 March 2013. The increase in gross profit margin was mainly due to a combined effect of the decrease of cost of sales, in particular the newsprint price, and the improved topline performance.

Staff costs, representing approximately 46% of the Group's total operating costs, increased by 2% as compared to the year ended 31 March 2013. The increase was mainly due to general salary increment in line with the employment market.

Newsprint costs, constituting around 11% of the Group's total operating costs, decreased 12% as compared to the year ended 31 March 2013. The decrease in newsprint costs was mainly due to decrease in newsprint price and more effective production control.

Gain on Disposal of a Property

On 26 March 2013, the Group disposed of one of its printing plants after relocating its printing machineries to the Group's other printing locations. The disposal resulted in a gain of HK$68.4 million and was recorded in the financial year ended 31 March 2013.

Income Tax (Expense)/Credit

The effective tax rate of the Group for the financial year ended 31 March 2014 was 15.9%. This was close to the standard profits tax rate of 16.5% which was applicable to companies incorporated in Hong Kong, the Group's major place of operation. The Group recorded an income tax credit for the preceding financial year as a result of the recognition of deferred income tax assets in respect of tax losses incurred which Directors considered that the realisation of the related tax benefit through the availability of the future taxable profits were probable. The gain on the disposal of the printing plant recorded in the last financial year was capital in nature and was exempt from profits tax.

Profit Attributable to Owners

Profit attributable to owners of the Group for the year under review was HK$28.1 million, a decrease of HK$34.4 million or 55% as compared to HK$62.6 million recorded for the year ended 31 March 2013. Net profit margin decreased from 6.2% for the last financial year to 2.8% for the current financial year. Excluding the factor of one-off gain on disposal of a property in the last financial year, the Group's operating performance for the current financial year recorded a significant improvement.

In its third year of publication, *Sky Post*, progressing as planned, still exerted short term pressure on the results of the printed media segment. However, the Group is confident of the promising growth contribution of *Sky Post* in the coming financial years. The Group's other paid publications, namely *Hong Kong Economic Times, U Magazine*, *e-zone* and *iMoney* were able to maintain their profitability.

Financial news agency, information and solutions segment remained the major profit contributor for the financial year under review. With the leading market position in its various products and services, this segment had established a strong foundation in profit generation.

Recruitment advertising business of the Group had shifted to online-based model and proved successful in the transformation. Contribution from recruitment advertising and training segment was stable.

The Group continued to invest in lifestyle portals which were expected to bear fruits in the near future.

The Management of the Group is conscious of the economic and market changes and is focused to preserve and enlarge the premium customer and income base of the Group. Management is determined to make the initiatives in free Chinese daily market and online businesses successful and fruitful.

Liquidity and Capital Resources

	As at 31 March	
(in HK$ million)	**2014**	2013 (Restated)
Net current assets	**398.7**	365.5
Term deposits, pledged deposits and cash and cash equivalents	**371.0**	344.4
Bank borrowings	**111.4**	114.9
Owners' funds	**802.7**	792.3
Gearing ratio	**9.3%**	9.6%
Current ratio	**2.52 times**	2.40 times

The Group's net current assets as at 31 March 2014 increased by HK$33.2 million from HK$365.5 million to HK$398.7 million. The increase was mainly attributable to the positive operating results of the Group for the year ended 31 March 2014. The Group recorded a net cash generated from operating activities of HK$45.1 million.

Net cash used in investing activities was HK$121.5 million. During the year, the Group placed HK$137.7 million with banks in term deposits with original maturities of over three months and redeemed HK$16.6 million available-for-sale financial assets upon its maturity.

The Group had distributed the final dividend declared for the financial year ended 31 March 2013 and interim dividend for the six months period ended 30 September 2013 amounting to an aggregate total of HK$25.9 million. During the financial year, the Group had drawn down a leasing loan of HK$23.1 million with five years repayment term, and had repaid HK$26.6 million during the same period. The loan was secured on the Group's property, plant and equipment with net book value of approximately HK$145.5 million as at 31 March 2014. Net cash used in financing activities for the year therefore amounted to HK$29.7 million.

Gearing ratio of the Group, being total interest bearing liabilities divided by total assets, was 9.3% as at 31 March 2014. The Group did not have undrawn borrowing facilities as at 31 March 2014.

As at 31 March 2014, the Group had a cash balance of HK$371.0 million as compared to HK$344.4 million as at 31 March 2013. Majority of the cash was placed under short-term deposits with banks in Hong Kong and was held in Hong Kong dollars or in Renminbi. Exchange fluctuations, whether appreciation or devaluation, of Renminbi for the financial year under review was small and could be offset by the higher deposit interest rate received. The Group therefore 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.

To meet the Group's requirement for additional office space, the Group is in the process of acquiring several office premises in Hong Kong for self use purpose with a total consideration of approximately HK$69.8 million and expects to complete the acquisitions in August 2014 and December 2014, respectively.

OUTLOOK

The evolution of the printed media industry presents us challenges but also opens up new opportunities to the Group. Our investments in the free daily and internet-based businesses of the printed publications, though exerted pressure on the cost and results of the printed media segment, we are confident that these initiatives will become the growth drivers of the Group in the medium and longer term.

Sky Post, targeting the mass middle class audience, is the second largest circulation newspaper in Hong Kong, and has made significant progress since its launch. Positioned itself as a positive thinking and middle class free daily by delivering a variety of unbiased, responsive, up-to-date, rational and quality content with broad coverage on social and general news in a clean and easy-to-read format, *Sky Post* has been well received by the advertisers and attracted advertisements from business sectors which were not previously available to the Group's other niche publications. We have built up a strong editorial and sales team and are confident and determined to make *Sky Post* a continuing success.

The Group's two pillars, the paid publications, namely *Hong Kong Economic Times*, *U Magazine, e-zone* and *iMoney* reported under the printed media segment, and the financial news agency, information and solutions segment, continued to be profitable and remained the major profit contributors of the Group. ET Net in particular, a business unit under the financial news agency, information and solutions segment, has entered into a golden age with its successful diversification strategy. Its website, etnet.com.hk, is the Group's flagship internet platform ranking as one of the top local websites in Hong Kong, helping the Group successfully capitalize on the New Information Age. These two pillars formed the solid and stable foundation for the Group's development in other businesses.

Despite the positive signs of recovery, global economic conditions remained challenging. Continued uncertainty arising from the US monetary and fiscal measures and their impacts on the emerging markets, and the nascent and fragile eurozone recovery will cast shadows over the global economic growth. Mainland economy is expected to continue to play a significant role in balancing the global market, with expected GDP growth of above 7% in 2014, far outpacing the advanced economies. Hong Kong will continue to benefit from Mainland's growth and the outlook for 2014 is positive. We shall continue to consolidate our existing competitive strength, sharpen our competitive edge, deepen our penetration into segments that offer growth and enlarge our customer and income base. The Group is in a strong cash flow position. With strong liquidity and sufficient financial resources, we are well placed to capitalize on any investment opportunities that may arise and to ride through any storms that might come.

EMPLOYEES

As at 31 March 2014, the Group had 1,494 employees (31 March 2013: 1,516 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.

DIVIDENDS

The Directors recommend a payment from the distributable reserves of the Company a final dividend of HK 5.0 cents per share in respect of the year ended 31 March 2014 to the shareholders whose names appear on the Register of Members of the Company at the close of business on 15 August 2014, amounting to HK$21,580,000. The final dividend, payable on 26 September 2014, is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on 7 August 2014 ("the Meeting").

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 4 August 2014 to 7 August 2014 (both days inclusive) and 18 August 2014 to 20 August 2014 (both days inclusive) respectively, during which period no transfer of shares will be effected. In order to qualify for the entitlement to attend and vote at the Meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 1 August 2014. In order to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 15 August 2014.

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.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company 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 of Hong Kong Limited (the "Listing Rules") for the year ended 31 March 2014 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.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company confirmed the adoption of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. All Directors of the Company have confirmed their compliance with the required standard set out in the Model Code throughout the year ended 31 March 2014.

AUDIT COMMITTEE

The Company established an Audit Committee in 2005 with written terms of reference. The Audit Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. O'Yang Wiley as Committee Chairman and Mr. Lo Foo Cheung. The Audit Committee has reviewed the Group's audited final results for the year ended 31 March 2014.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

On Behalf of the Board
Hong Kong Economic Times Holdings Limited
Fung Siu Por, Lawrence
Chairman

Hong Kong, 23 June 2014

This announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company's websites at www.hketgroup.com and at www.etnet.com.hk/etg. The Group's Annual Report 2013/2014 containing all the information required by the Listing Rules will be dispatched to shareholders and published on the above websites in due course.

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