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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 2018

The Directors of Hong Kong Economic Times Holdings Limited (the "Company") are pleased to announce the audited consolidated final results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2018 as follows:

## CONSOLIDATED INCOME STATEMENT

| | | **Year ended 31 March** | |
|---|---|---|---|
| | | **2018** | 2017 |
| | *Note* | ***HK$'000*** | *HK$'000* |
| **Revenue** | *2* | **1,190,034** | 1,126,052 |
| Cost of sales | *3* | **(720,930)** | (715,629) |
| Gross profit | | **469,104** | 410,423 |
| Selling and distribution expenses | *3* | **(184,150)** | (176,095) |
| General and administrative expenses | *3* | **(200,314)** | (194,487) |
| Other income | | **3,374** | 3,845 |
| Operating profit | | **88,014** | 43,686 |
| Finance income | | **2,191** | 3,381 |
| Finance costs | | **(33)** | (449) |
| Finance income – net | | **2,158** | 2,932 |
| **Profit before income tax** | | **90,172** | 46,618 |
| Income tax expense | *4* | **(17,045)** | (15,859) |
| **Profit for the year** | | **73,127** | 30,759 |
| Profit attributable to: | | | |
| Owners of the Company | | **71,257** | 28,759 |
| Non-controlling interests | | **1,870** | 2,000 |
| | | **73,127** | 30,759 |
| Earnings per share attributable to owners of the Company (expressed in HK cents) | | | |
| Basic and diluted | *5* | **16.51** | 6.66 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Year ended 31 March | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| **Profit for the year** | **73,127** | 30,759 |
| Other comprehensive income: | | |
| Item that may be reclassified to profit or loss | | |
| Currency translation differences arising from foreign operations | **1,256** | (924) |
| Item that will not be reclassified subsequently to profit or loss | | |
| Remeasurement of long service payment provision | **3,910** | 4,821 |
| Other comprehensive income for the year, net of tax | **5,166** | 3,897 |
| **Total comprehensive income for the year** | **78,293** | 34,656 |
| Total comprehensive income attributable to: | | |
| Owners of the Company | **76,423** | 32,656 |
| Non-controlling interests | **1,870** | 2,000 |
| | **78,293** | 34,656 |

## CONSOLIDATED BALANCE SHEET

| | | As at 31 March | |
|---|---|---|---|
| | | **2018** | 2017 |
| | *Note* | ***HK$'000*** | *HK$'000* |
| **Non-current assets** | | | |
| Property, plant and equipment | | **547,815** | 415,122 |
| Investment properties | | **64,886** | 77,915 |
| Deferred income tax assets | | **22,901** | 23,085 |
| Deposits paid for property, plant and equipment | | **1,793** | 125 |
| Deposit paid for acquisition of a subsidiary | *9* | **–** | 15,240 |
| | | **637,395** | 531,487 |
| **Current assets** | | | |
| Inventories | | **47,138** | 22,261 |
| Trade receivables | *7* | **245,956** | 208,410 |
| Deposits, prepayments and other receivables | | **25,637** | 29,555 |
| Tax recoverable | | **1,399** | 263 |
| Pledged deposits | | **5,024** | 3,349 |
| Term deposits with original maturities of over three months | | **110,387** | 239,375 |
| Cash and cash equivalents | | **174,764** | 119,023 |
| | | **610,305** | 622,236 |
| **Current liabilities** | | | |
| Trade payables | *8* | **54,819** | 34,454 |
| Fees in advance | | **132,644** | 121,369 |
| Accruals, other payables and provisions | | **122,131** | 108,104 |
| Current income tax liabilities | | **1,943** | 1,343 |
| | | **311,537** | 265,270 |
| **Net current assets** | | **298,768** | 356,966 |
| **Total assets less current liabilities** | | **936,163** | 888,453 |
| **Equity attributable to owners of the Company** | | | |
| Share capital | | **43,160** | 43,160 |
| Reserves | | **835,992** | 787,623 |
| | | **879,152** | 830,783 |
| Non-controlling interests | | **13,896** | 12,306 |
| **Total equity** | | **893,048** | 843,089 |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | **36,711** | 35,743 |
| Other non-current liabilities | | **6,404** | 9,621 |
| | | **43,115** | 45,364 |
| **Total equity and non-current liabilities** | | **936,163** | 888,453 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2018

### 1. Basis of preparation and accounting policies

The consolidated financial statements of Hong Kong Economic Times Holdings Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention.

The following improvements and amendments to standards are relevant to the Group's operation and are mandatory for the financial year ended 31 March 2018:

| | |
|---|---|
| Annual improvements project to HKFRS 12 | Annual improvements 2014-2016 cycle |
| Amendment to HKAS 7 | Disclosure initiative |
| Amendment to HKAS 12 | Recognition of deferred tax assets for unrealised losses |

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

The following improvements, new standards and amendments to standards are relevant to the Group's operation but are not effective for the Group's financial year beginning on or after 1 April 2017 and have not been early adopted in these consolidated financial statements:

| | | **Effective for accounting period beginning on or after** |
|---|---|---|
| Annual improvements project to HKFRS 1 and HKAS 28 | Annual improvements 2014-2016 cycle | 1 January 2018 |
| HKFRS 9 | Financial instruments | 1 January 2018 |
| HKFRS 15 | Revenue from contracts with customers | 1 January 2018 |
| Amendment to HKFRS 15 | Clarifications to revenue | 1 January 2018 |
| Amendment to HKAS 40 | Transfer of investment property | 1 January 2018 |
| HK(IFRIC) – Int 22 | Foreign currency transactions and advance consideration | 1 January 2018 |
| Amendment to HKFRS 9 | Prepayment features with negative compensation | 1 January 2019 |
| HKFRS 16 | Leases | 1 January 2019 |
| HK(IFRIC) – Int 23 | Uncertainty over income tax treatments | 1 January 2019 |

Management is in the process of assessing the impact of these improvements, new standards, amendments to standards and the expected impact on the Group's financial performance and position. Details are set out in consolidated financial statements for the year ended 31 March 2018.

## 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) 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 platforms 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:

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Revenue** | | |
| Advertising income | **663,666** | 611,759 |
| Circulation income | **93,455** | 96,268 |
| Service income | **422,871** | 405,705 |
| Enrolment income | **10,042** | 12,320 |
| | **1,190,034** | 1,126,052 |

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 2018 are as follows:

| | Media | | Financial news agency, information and solutions | | Recruitment advertising and training | | Lifestyle platforms | | Corporate | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **REVENUE** | | | | | | | | | | | | |
| Revenue | **760,601** | 739,163 | **331,667** | 316,505 | **51,019** | 45,704 | **54,063** | 31,905 | **–** | – | **1,197,350** | 1,133,277 |
| Inter-segment transactions | **(3,131)** | (3,007) | **(4,053)** | (3,998) | **(125)** | (216) | **(7)** | (4) | **–** | – | **(7,316)** | (7,225) |
| Revenue – from external customers | **757,470** | 736,156 | **327,614** | 312,507 | **50,894** | 45,488 | **54,056** | 31,901 | **–** | – | **1,190,034** | 1,126,052 |
| **RESULTS** | | | | | | | | | | | | |
| Profit/(loss) for the year | **12,191** | (26,697) | **57,292** | 60,332 | **8,893** | 5,255 | **(4,883)** | (8,258) | **(366)** | 127 | **73,127** | 30,759 |

For the year ended 31 March 2018, revenue of approximately HK$77,286,000 (2017: HK$74,986,000) is derived from a single external customer. The revenue is attributable to the media segment.

The Group is domiciled in Hong Kong. The revenue from external customers attributed to Hong Kong and other countries are HK$1,188,086,000 (2017: HK$1,124,295,000) and HK$1,948,000 (2017: HK$1,757,000), 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").

The total non-current assets other than deferred income tax assets located in Hong Kong and other countries are HK$614,339,000 (2017: HK$508,310,000) and HK$155,000 (2017: HK$92,000), respectively.

## 3. Expenses by nature

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

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Crediting** | | |
| (Loss)/gain on disposal of property, plant and equipment | **(223)** | 110 |
| **Charging** | | |
| Staff costs including Directors' and CEO's remuneration | **546,116** | 525,053 |
| Cost of inventories sold or consumed | **176,388** | 175,708 |
| Auditors' remuneration | **2,800** | 2,720 |
| Depreciation of property, plant and equipment and investment properties | **55,602** | 59,720 |
| Operating lease rentals on land and buildings | **23,998** | 27,985 |
| Provision for impairment of trade receivables | **23** | 200 |
| Bad debts written off | **356** | – |
| Provision for obsolete inventories | **302** | 452 |
| Inventories written off | **64** | 196 |

## 4. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year. The PRC enterprise income tax has been calculated at the rate of 25% (2017: 25%) on the estimated assessable profit of subsidiaries operating in the PRC.

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current income tax | | |
| Hong Kong profits tax | **15,818** | 12,955 |
| PRC enterprise income tax | **195** | 122 |
| Over-provisions in prior years | **(120)** | (115) |
| Total current income tax | **15,893** | 12,962 |
| Deferred income tax | **1,152** | 2,897 |
| Income tax expense | **17,045** | 15,859 |

## 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$71,257,000 (2017: HK$28,759,000) and the number of 431,600,000 (2017: 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 2018 (2017: same).

## 6. Dividends

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Dividends attributable to the year** | | |
| Interim dividend paid of HK 2.0 cents (2017: HK 2.0 cents) per ordinary share | **8,632** | 8,632 |
| Proposed final dividend of HK 6.0 cents (2017: HK 4.5 cents) per ordinary share | **25,896** | 19,422 |
| | **34,528** | 28,054 |
| Dividends paid during the year | **28,054** | 38,844 |

A final dividend in respect of the year ended 31 March 2018 of HK 6.0 cents per ordinary share, amounting to a total dividend of HK$25,896,000, is to be proposed at the annual general meeting on 6 August 2018. This proposed dividend is not reflected as a dividend payable in the consolidated balance sheet.

## 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:

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 to 30 days | **130,210** | 117,852 |
| 31 to 60 days | **35,608** | 30,807 |
| 61 to 90 days | **25,587** | 20,919 |
| Over 90 days | **58,829** | 43,151 |
| Trade receivables, gross | **250,234** | 212,729 |
| Less: provision for impairment of trade receivables | **(4,278)** | (4,319) |
| | **245,956** | 208,410 |

## 8. Trade payables

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

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 to 30 days | **52,057** | 32,361 |
| 31 to 60 days | **922** | 658 |
| 61 to 90 days | **187** | 192 |
| Over 90 days | **1,653** | 1,243 |
| | **54,819** | 34,454 |

## 9. Acquisition of a subsidiary

On 30 June 2017 ("Acquisition Date"), the Group acquired the entire interest of Honley Limited ("Honley"), which is principally engaged in property investment in Hong Kong, at a cash consideration of HK$152,008,000. The properties of Honley are leased by the Group for its use as office premises and data centre.

The acquisition would help the Group to secure the location site of its own data centre and save future rental expenses.

The major assets of Honley are property, plant and equipment which are leased by the Group, and accordingly, the transaction has been accounted as the acquisition of assets.

The following table summarises the consideration paid for Honley and the fair values of assets acquired and liabilities assumed at the Acquisition Date.

| | *HK$'000* |
|---|---|
| Consideration | |
| Consideration paid by cash | **152,008** |
| Total consideration | **152,008** |
| Fair values of identifiable assets acquired and liabilities assumed | |
| Cash and cash equivalents | **152** |
| Property, plant and equipment | **152,663** |
| Deposits, prepayments and other receivables | **61** |
| Accruals, other payables and provisions | **(603)** |
| Current income tax liabilities | **(265)** |
| Total identifiable net assets | **152,008** |

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

| | *HK$'000* |
|---|---|
| Total consideration | **152,008** |
| Cash and cash equivalents acquired | **(152)** |
| Net outflow of cash and cash equivalents in respect of the acquisition | **151,856** |
| Deposit paid as at 31 March 2017 | **(15,240)** |
| Net outflow of cash and cash equivalents in respect of the acquisition for the year ended 31 March 2018 | **136,616** |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Summary of Profit and Loss Account

| | Year ended 31 March | | |
|---|---|---|---|
| | **2018** | 2017 | % Change |
| | ***HK$'000*** | *HK$'000* | |
| **Revenue** | **1,190,034** | **1,126,052** | **6%** |
| Cost of sales | **(720,930)** | (715,629) | 1% |
| Gross profit | **469,104** | 410,423 | 14% |
| **Gross profit margin** | **39.4%** | **36.4%** | |
| Selling and distribution expenses | **(184,150)** | (176,095) | 5% |
| General and administrative expenses | **(200,314)** | (194,487) | 3% |
| Other income | **3,374** | 3,845 | -12% |
| Operating profit | **88,014** | 43,686 | 101% |
| Finance income – net | **2,158** | 2,932 | -26% |
| Profit before income tax | **90,172** | 46,618 | 93% |
| Income tax expense | **(17,045)** | (15,859) | 7% |
| **Profit for the year** | **73,127** | **30,759** | **138%** |
| Non-controlling interests | **(1,870)** | (2,000) | -7% |
| **Profit attributable to owners** | **71,257** | **28,759** | **148%** |
| **Net profit margin** | **6.1%** | **2.7%** | |

### General

The Group's revenue for the financial year ended 31 March 2018 increased by HK$64.0 million or 6% over the last financial year to HK$1,190.0 million. Profit attributable to owners increased by 148% from HK$28.8 million to HK$71.3 million.

**Revenue**

| | Year ended 31 March | | |
|---|---|---|---|
| | **2018** | 2017 | % Change |
| | ***HK$'000*** | *HK$'000* | |
| Revenue: | | | |
| Advertising income | **663,666** | 611,759 | 8% |
| Circulation income | **93,455** | 96,268 | -3% |
| Service income | **422,871** | 405,705 | 4% |
| Enrolment income | **10,042** | 12,320 | -18% |
| Total | **1,190,034** | 1,126,052 | 6% |

Advertising income for the year ended 31 March 2018 recorded HK$663.7 million, a growth of HK$51.9 million, or 8% from the year ended 31 March 2017. Advertising income was mainly contributed by the Group's printed publications and digital platforms. Digital advertising income, being our strategic focus in recent years, had become the growth engine of the Group. Advertising income from the Group's various digital platforms including finance, recruitment and lifestyle, increased significantly for the financial year under review and was able to make up the moderate decrease in advertising income from the Group's flagship paid newspaper, *Hong Kong Economic Times*, resulting in an overall increase in advertising income of the Group. *Sky Post*, being the second largest circulation newspaper and the second largest readership free daily in Hong Kong, continued its growth in advertising income albeit at a lower rate. Income from the three weeklies remained stable despite the shrinking market trend in the magazine markets.

Circulation income recorded a moderate decrease of 3% from HK$96.3 million in the year ended 31 March 2017 to HK$93.5 million for the financial year under review. Media credibility and quality content was the key to retain our premium readers and to contain the decline in the circulation income.

Service income for the year ended 31 March 2018 increased by 4% from HK$405.7 million in preceding financial year to HK$422.9 million. The Group's service income was mainly generated by the financial news agency, information and solutions businesses and the printing services of the Group's printing plants. The increase was mainly due to the launch of new generation of products and projects of the financial news agency, information and solutions businesses and the increase of external printing services of the Group's printing plants.

**Operating Costs**

Gross profit margin for the year ended 31 March 2018 improved by 3.0 percentage point to 39.4% from 36.4% for the year ended 31 March 2017. The increase in gross profit margin was mainly due to the improved top line performance and the effective cost control.

Staff costs, representing approximately 49% of the Group's total operating costs, increased by 4% as compared to the year ended 31 March 2017. The increase was mainly due to general salary increment in line with the employment market.

Newsprint costs, constituting around 9% of the Group's total operating costs, similar to the amount when compared to the year ended 31 March 2017. The decrease in newsprint consumption volume was offset by the increase in newsprint price recorded in the second half of the financial year ended 31 March 2018. The Group would continue to deploy effective production control on material consumption.

**Income Tax Expense**

The effective tax rates of the Group for the financial years ended 31 March 2018 and 2017 were 18.9% and 34.0% respectively. The Group was subject 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 decrease in effective tax rate was mainly due to the reduction of tax losses for the year ended 31 March 2018 not being recognised as deferred tax assets. The Group would closely monitor the related operations and review the adequacy of deferred tax assets recognition from time to time.

**Profit Attributable to Owners**

Profit attributable to owners of the Group for the year under review was HK$71.3 million, an increase of HK$42.5 million or 148% as compared to HK$28.8 million recorded for the year ended 31 March 2017. Net profit margin increased by 3.4 percentage point to 6.1% for the financial year under review.

Media segment for the financial year under review recorded a significant improvement in the operating results. The Group's investment in both free daily publishing and development of digital platforms over our print publications had started to bear fruit while the paid daily and weeklies continued to make positive contribution to the segment.

Financial news agency, information and solutions segment, the major profit contributor to the Group, recorded a slight decrease in segment results for the year ended 31 March 2018 when compared to last financial year. In response to the new market opportunities and demand and to secure its distinct leading position in the market, the segment had been investing in talents and technologies for the financial year under review. The high product quality, dedicated product development and servicing team and extensive industry domain knowledge had earned the trust of market participants in the industry.

Contribution from recruitment advertising and training segment increased significantly despite the drop of training enrolment income. The encouraging growth of recruiting advertising income for the financial year under review was due to the sales team's focus in expanding market share and the efforts in providing creative marketing solutions to our customers.

Lifestyle platforms, leveraging on the strengths of the Group's publications became one of the main drivers of revenue growth of the Group and had made remarkable progress during the financial year under review. The investment was aimed to produce positive return in the near term.

**Liquidity and Capital Resources**

| | As at 31 March | |
|---|---|---|
| (in HK$ million) | **2018** | 2017 |
| Net current assets | **298.8** | 357.0 |
| Term deposits, pledged deposits and cash and cash equivalents | **290.2** | 361.7 |
| Owners' funds | **879.2** | 830.8 |
| Gearing ratio | **N/A** | N/A |
| Current ratio | **1.96 times** | 2.35 times |

The Group's net current assets as at 31 March 2018 decreased by HK$58.2 million from HK$357.0 million to HK$298.8 million. The reduction was mainly attributable to the payment for the acquisition of a property holding company which was offset by the contribution from the positive operating results of the Group for the year ended 31 March 2018. The Group recorded net cash generated from operating activities of HK$114.2 million for financial year under review.

Net cash used in investing activities was HK$31.6 million. During the year, the Group had paid a payment of HK$136.6 million for the acquisition of a property holding company, using internal funds from matured term deposits.

The Group had distributed the final dividend declared for the financial year ended 31 March 2017 and interim dividend for the six months period ended 30 September 2017 amounting to an aggregate total of HK$28.1 million.

The Group had no gearing (being total interest bearing liabilities divided by total assets) as at 31 March 2018 and 2017.

As at 31 March 2018, the Group had a cash balance of HK$290.2 million as compared to HK$361.7 million as at 31 March 2017. Majority of the cash was placed under short-term deposits with banks in Hong Kong and was held in Hong Kong dollars or in United States dollars. The Group had no material 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

Digitalization continues in a rapid pace. To embrace the change and capture new opportunities for sustainable growth, the Group will continue to focus its resources on quality content, technology and talent development. More capital investments are expected in the area of software and hardware, and technological innovation like artificial intelligence and big data analytics. We shall continue to invest on talents, both by keeping the valuable ones and equipping them with modern skills, and by enlisting new generations in this Digital Age. After all, no corporation can succeed without good talents with the right mindset and skillset.

The economic outlook for the coming year is challenging. The world is shadowed by the escalation of US-China trade conflicts, interest rate hikes, and scale back of quantitative easing. Hong Kong, however, will continue to leverage its solid market position, by riding on Mainland's policy focus on high-quality and technology-based economic development, along with the continued supply-side structural reforms with shifts towards consumption, services and innovations. Development of the Guangdong-Hong Kong-Macau Bay Area will also bring new impetus to Hong Kong's growth. The Hong Kong Government expects a modest growth of 3% per annum in short or medium terms.

We shall take a prudent stance whilst remaining positive, by streamlining the cost structure and improving efficiency and productivity. The Group is in a strong cash flow position with a cash balance of around HK$290 million as at 31 March 2018. We are determined to maintain a sustainable dividend policy with strong liquidity and healthy financial position. We are confident that with our prestigious brand, visionary business strategy and excellent execution capabilities, we will be able to sustain our business development.

## EMPLOYEES

As at 31 March 2018, the Group had 1,456 employees (31 March 2017: 1,455 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 6.0 cents per share in respect of the year ended 31 March 2018 to the shareholders whose names appear on the Register of Members of the Company at the close of business on 17 August 2018, amounting to HK$25,896,000. The final dividend, payable on 28 September 2018, is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on 6 August 2018 (“the Meeting”).

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 1 August 2018 to 6 August 2018 (both days inclusive) and 20 August 2018 to 22 August 2018 (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 31 July 2018. 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 17 August 2018.

## 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 2018 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 confirmed their compliance with the required standard set out in the Model Code throughout the year ended 31 March 2018.

## AUDIT COMMITTEE

The Company established an Audit Committee in 2005 with written terms of reference. The Audit Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. O'Yang Wiley as Committee Chairman and Mr. Lo Foo Cheung. The Audit Committee has reviewed the Group's audited final results for the year ended 31 March 2018.

## 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, 25 June 2018

*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. Shek Kang Chuen and Ms. See Sau Mei Salome; (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.*

*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 2017/2018 containing all the information required by the Listing Rules will be dispatched to shareholders and published on the above websites in due course.*