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 2019

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 2019 as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2019	2018
	Note	***HK$'000***	*HK$'000*
Revenue	*2*	**1,280,679**	1,190,034
Cost of sales	*3*	**(778,162)**	(720,930)
Gross profit		**502,517**	469,104
Selling and distribution expenses	*3*	**(203,552)**	(183,729)
General and administrative expenses	*3*	**(210,915)**	(200,355)
Net impairment losses on financial assets		**(2,124)**	(380)
Other income		**3,066**	3,374
Operating profit		**88,992**	88,014
Finance income		**2,785**	2,191
Finance costs		**–**	(33)
Finance income – net		**2,785**	2,158
Profit before income tax		**91,777**	90,172
Income tax expense	*4*	**(18,299)**	(17,045)
Profit for the year		**73,478**	73,127
Profit attributable to:			
Owners of the Company		**71,521**	71,257
Non-controlling interests		**1,957**	1,870
		73,478	73,127
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic and diluted	*5*	**16.57**	16.51

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Profit for the year	**73,478**	73,127
Other comprehensive (loss)/income:		
Item that may be reclassified to profit or loss		
Currency translation differences arising from foreign operations	**(777)**	1,256
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of long service payment provision	**(2,955)**	3,910
Other comprehensive (loss)/income for the year, net of tax	**(3,732)**	5,166
Total comprehensive income for the year	**69,746**	78,293
Total comprehensive income attributable to:		
Owners of the Company	**67,789**	76,423
Non-controlling interests	**1,957**	1,870
	69,746	78,293

CONSOLIDATED BALANCE SHEET

		As at 31 March	
		2019	2018
	Note	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**564,395**	547,815
Investment properties		**19,227**	64,886
Deferred income tax assets		**22,683**	22,901
Deposits paid for property, plant and equipment		**210**	1,793
		606,515	637,395
Current assets			
Inventories		**70,810**	47,138
Trade receivables	*7*	**243,404**	245,956
Deposits and other receivables		**15,824**	16,384
Prepayments		**12,470**	9,253
Tax recoverable		**934**	1,399
Pledged deposits		**1,661**	5,024
Term deposits with original maturities of over three months		**130,882**	110,387
Cash and cash equivalents		**182,959**	174,764
		658,944	610,305
Current liabilities			
Trade payables	*8*	**32,864**	54,819
Fees in advance		**147,028**	132,644
Accruals, other payables and provisions		**114,729**	122,131
Current income tax liabilities		**1,585**	1,943
		296,206	311,537
Net current assets		**362,738**	298,768
Total assets less current liabilities		**969,253**	936,163
Equity attributable to owners of the Company			
Share capital		**43,160**	43,160
Reserves		**867,277**	835,992
		910,437	879,152
Non-controlling interests		**15,491**	13,896
Total equity		**925,928**	893,048
Non-current liabilities			
Deferred income tax liabilities		**34,109**	36,711
Other non-current liabilities		**9,216**	6,404
		43,325	43,115
Total equity and non-current liabilities		**969,253**	936,163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2019

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.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current financial year. Of these, the followings are relevant to the Group's consolidated financial statements:

- HKFRS 9 "Financial Instruments"; and
- HKFRS 15 "Revenue from Contracts with Customers"

The other standards did not have material impact on the Group's consolidated financial statements and did not require any adjustments.

The following paragraphs explain the impact of adoption of HKFRS 9 "Financial Instruments" ("HKFRS 9") and HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") on the Group's consolidated financial statements.

(i) HKFRS 9 "Financial Instruments"

HKFRS 9 replaces the provisions of HKAS 39 "Financial Instruments: Recognition and Measurements" that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

<u>Classification and measurement of financial instruments</u>

On 1 April 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

The financial assets held by the Group mainly represent debt instruments previously classified as loans and receivables and measured at amortised cost, meet the conditions for classification at amortised cost under HKFRS 9. Accordingly, there is no impact on the Group's accounting for financial assets.

There is no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

Impairment

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade receivables; and

- other financial assets carried at amortised cost

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

While cash and cash equivalents, term deposits with original maturities of over three months and pledged deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

- Trade receivables

  The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance.

  Expected credit losses are also estimated by grouping the remaining receivables based on the shared credit risk characteristics and collectively assessed for the likelihood of recovery, taking into account the nature of the customer, its ageing category and applying expected credit loss rates to the respective gross carrying amounts of the receivables.

  The expected credit loss rates are determined based on the historical credit losses experienced of up to past 3 years and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables.

  Management has closely monitored the credit qualities and the collectability of the trade receivables. Trade receivables in dispute are assessed individually for impairment allowance and determined whether specific provisions are required. The adoption of the simplified expected credit loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables as at 1 April 2018.

- Other financial assets carried at amortised cost

  For other financial assets carried at amortised cost, including deposits and other receivables in the consolidated balance sheet, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the balance sheet date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the expected credit loss is immaterial.

The adoption of HKFRS 9 did not have any material impact on the Group's consolidated financial statements.

(ii) HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 replaces the provisions of HKAS 18 "Revenue"("HKAS 18") and HKAS 11 "Construction contracts" that relate to the recognition, classification and measurement of revenue and costs.

The adoption of HKFRS 15 resulted in the identification of separate performance obligations which affect the timing of the recognition of revenue in the Group's consolidated financial statements as described below. In accordance with the modified retrospective approach in HKFRS 15, HKFRS 15 was adopted without restating the comparative information. The adjustments arising from the new revenue recognition rules are recognised in the opening consolidated balance sheet on 1 April 2018.

Some contracts include multiple deliverables, such as the provision of financial solutions and related upfront design and implementation service. The upfront design and implementation services are accounted for as a single performance obligation with the financial solutions subscription, because the customer receives and consumes the benefit from both contract elements simultaneously during the contracted subscription period. Revenue for such contracts is recognised based on the actual service provided, using the straight-line basis over the terms of contracts.

The following table shows the adjustments recognised for each individual line item in the consolidated financial statements at the date of the initial application (at 1 April 2018) as a result of adoption of HKFRS 15.

	As at 31 March 2018 as previously stated	**Remeasurement under HKFRS 15**	**As at 1 April 2018 as restated**
	HK$'000	*HK$'000*	*HK$'000*
Fees in advance	132,644	2,465	135,109
Retained earnings	744,197	(1,976)	742,221
Non-controlling interests	13,896	(82)	13,814
Deferred income tax liabilities	36,711	(407)	36,304

For the current reporting period, the application of HKFRS 15 as compared to HKAS 18 resulted in the decrease in revenue, increase in fees in advance and decrease in retained earnings. Save as disclosed above, there is no other significant impact to the consolidated financial statements for the year ended 31 March 2019 in relation to the application of HKFRS 15 as compared to HKAS 18.

(b) *Impact of standard issued but not yet applied by the Group*

HKFRS 16 "Leases" ("HKFRS 16")

HKFRS 16 will result in almost all leases being recognised in the consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low value leases.

The accounting for lessors will not be significantly changed.

The standard will affect primarily the accounting for the Group's operating leases. As at the balance sheet date, the Group has non-cancellable operating lease commitments of HK$17,837,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. The Group will apply the standard from 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

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:

(i) 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 and their associated digital platforms.

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

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

(iv) Lifestyle platforms segment – principally engaged in the operation of digital channels in food, travel, health and other lifestyle focus. This segment generates advertising income and service income from operation of digital platforms.

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.

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

	2019	2018
	HK\$'000	*HK\$'000*
Revenue		
Advertising income	**710,091**	663,666
Circulation income	**89,893**	93,455
Service income	**472,989**	422,871
Enrolment income	**7,706**	10,042
	1,280,679	1,190,034

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 2019 are as follows:

	Media		Financial news agency, information and solutions		Recruitment advertising and training		Lifestyle platforms		Corporate		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	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	**814,101**	760,601	**343,551**	331,667	**59,126**	51,019	**71,302**	54,063	**–**	–	**1,288,080**	1,197,350
Inter-segment transactions	**(2,839)**	(3,131)	**(3,995)**	(4,053)	**(525)**	(125)	**(42)**	(7)	**–**	–	**(7,401)**	(7,316)
Revenue – from external customers	**811,262**	757,470	**339,556**	327,614	**58,601**	50,894	**71,260**	54,056	**–**	–	**1,280,679**	1,190,034
RESULTS												
Profit/(loss) for the year	**7,543**	12,191	**59,726**	57,292	**8,875**	8,893	**(3,076)**	(4,883)	**410**	(366)	**73,478**	73,127

For the year ended 31 March 2019, revenue of approximately HK$76,266,000 (2018: HK$77,286,000) 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$1,277,744,000 (2018: HK$1,188,086,000) and HK$2,935,000 (2018: HK$1,948,000), 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$583,668,000 (2018: HK$614,339,000) and HK$164,000 (2018: HK$155,000), respectively.

3. Expenses by nature

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

	2019	2018
	HK$'000	*HK$'000*
Crediting		
Gain/(loss) on disposal of property, plant and equipment	**6**	(223)
Charging		
Staff costs including Directors' and CEO's remuneration	**588,234**	546,116
Cost of inventories sold or consumed	**205,488**	176,388
Auditors' remuneration	**2,800**	2,800
Depreciation of property, plant and equipment and investment properties	**53,552**	55,602
Operating lease rentals on land and buildings	**27,776**	23,998
Provision for obsolete inventories	**331**	302
Inventories written off	**189**	64

4. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the year. The PRC enterprise income tax has been calculated at the rate of 25% (2018: 25%) on the estimated assessable profit of subsidiaries operating in the PRC.

	2019	2018
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**20,616**	15,818
PRC enterprise income tax	**–**	195
Over-provisions in prior years	**(340)**	(120)
Total current income tax	**20,276**	15,893
Deferred income tax	**(1,977)**	1,152
Income tax expense	**18,299**	17,045

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$71,521,000 (2018: HK$71,257,000) and the number of 431,600,000 (2018: 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 2019 (2018: same).

6. Dividends

	2019	2018
	HK$'000	*HK$'000*
Dividends attributable to the year		
Interim dividend paid of HK 2.0 cents (2018: HK 2.0 cents) per ordinary share	**8,632**	8,632
Proposed final dividend of HK 6.5 cents (2018: HK 6.0 cents) per ordinary share	**28,054**	25,896
	36,686	34,528
Dividends paid during the year	**34,528**	28,054

A final dividend in respect of the year ended 31 March 2019 of HK 6.5 cents per ordinary share, amounting to a total dividend of HK$28,054,000, is to be proposed at the annual general meeting on 26 July 2019. 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 based on invoice date is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**81,249**	78,806
31 to 60 days	**61,485**	60,127
61 to 90 days	**35,942**	25,952
Over 90 days	**69,748**	85,349
Trade receivables, gross	**248,424**	250,234
Less: provision for impairment of trade receivables	**(5,020)**	(4,278)
	243,404	245,956

8. Trade payables

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

	2019	2018
	HK$'000	*HK$'000*
0 to 30 days	**27,887**	52,057
31 to 60 days	**1,044**	922
61 to 90 days	**790**	187
Over 90 days	**3,143**	1,653
	32,864	54,819

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Profit and Loss Account

	Year ended 31 March		
	2019	2018	% Change
	HK$'000	*HK$'000*	
Revenue	**1,280,679**	**1,190,034**	**8%**
Cost of sales	**(778,162)**	(720,930)	8%
Gross profit	**502,517**	469,104	7%
Gross profit margin	**39.2%**	**39.4%**	
Selling and distribution expenses	**(203,552)**	(183,729)	11%
General and administrative expenses	**(210,915)**	(200,355)	5%
Net impairment losses on financial assets	**(2,124)**	(380)	459%
Other income	**3,066**	3,374	-9%
Operating profit	**88,992**	88,014	1%
Finance income – net	**2,785**	2,158	29%
Profit before income tax	**91,777**	90,172	2%
Income tax expense	**(18,299)**	(17,045)	7%
Profit for the year	**73,478**	**73,127**	**0%**
Non-controlling interests	**(1,957)**	(1,870)	5%
Profit attributable to owners	**71,521**	**71,257**	**0%**
Net profit margin	**5.7%**	**6.1%**	

General

The Group's revenue for the financial year ended 31 March 2019 increased by HK$90.6 million or 8% over the last financial year to HK$1,280.7 million. Profit attributable to owners for the year under review was HK$71.5 million, similar to HK$71.3 million recorded for the year ended 31 March 2018.

Revenue

	Year ended 31 March		
	2019	2018	% Change
	HK$'000	*HK$'000*	
Revenue:			
Advertising income	**710,091**	663,666	7%
Circulation income	**89,893**	93,455	-4%
Service income	**472,989**	422,871	12%
Enrolment income	**7,706**	10,042	-23%
Total	**1,280,679**	1,190,034	8%

Advertising income for the year ended 31 March 2019 recorded HK$710.1 million, a growth of HK$46.4 million, or 7% from the year ended 31 March 2018. Advertising income was mainly derived from the Group's printed publications and digital platforms. The growth of advertising income was mainly contributed by the Group's digital platforms with various business domains in finance, lifestyle and human resources. The Group's advertising income from printed publications recorded a drop in line with market trend albeit at a lower rate. The advertising teams of the Group were able to provide creative and one-stop marketing solutions across a comprehensive range of publications and platforms, from online to offline, to our clients and business partners.

Circulation income decreased by 4% from HK$93.5 million in the year ended 31 March 2018 to HK$89.9 million for the financial year under review. In February 2019, the Group raised the retail price of *Hong Kong Economic Times*, the Group's flagship title, as a result of the rocketing newsprint price. With our dedicated effort to produce high credibility and quality contents, bringing value to our premium readers, we were able to contain the shifting of reading habit to digital medium and the decline in the circulation income.

Service income for the year ended 31 March 2019 increased by 12% from HK$422.9 million in preceding financial year to HK$473.0 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 from the external printing services of the Group's printing plants. The continuous investment in service quality enhancement and technology advancement in financial news agency, information and solutions businesses had earned the segment a steady growth in service income.

Operating Costs

Gross profit margin of the Group was 39.2% for the year ended 31 March 2019, similar to the year ended 31 March 2018. Management would continue to monitor the cost effectiveness of the Group's operations.

Staff costs, representing approximately 49% of the Group's total operating costs, increased by 8% as compared to the year ended 31 March 2018. The increase was mainly due to general salary increment in line with the employment market and increase in headcount mainly for the digital businesses development.

Newsprint costs, constituting around 9% of the Group's total operating costs, increased by 12% when compared to the year ended 31 March 2018. The increase was mainly due to the soaring newsprint price in the financial year ended 31 March 2019. 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 2019 and 2018 were 19.9% and 18.9% 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.

Profit Attributable to Owners

Profit attributable to owners of the Group for the year under review was HK$71.5 million, an increase of HK$0.2 million as compared to HK$71.3 million recorded for the year ended 31 March 2018. Net profit margin decreased by 0.4 percentage point to 5.7% for the financial year under review.

Media segment recorded a decline in profit for the financial year under review. Despite an encouraging increase in revenue, profit for the year decreased as a result of increase in operating costs, in particular for the development of digital platforms over our printed publications and the increase in newsprint costs. The digital platforms had become the drivers of revenue growth of the segment. The Group believed that the investments are worthwhile for the segment's sustainable profitability.

Financial news agency, information and solutions segment, the major profit contributor to the Group, recorded a growth in both segment revenue and results for the year ended 31 March 2019 when compared to last financial year. During the financial year under review, more financial institutions were introducing new, convenient and larger internet and mobile banking and securities trading services to their customers. The segment was able to benefit from this trend and had secured various financial solution projects in current financial year. The segment would continue to invest in talents and technologies to capture the opportunities emerged from this industry.

Contribution from recruitment advertising and training segment remained stably positive. The drop of training enrolment income was offset by the increase of recruitment advertising income resulting from the robust local recruitment market in current financial year.

Lifestyle platforms, engaging in the operation of channels in food, travel, beauty, health and other lifestyle focus, recorded a significant increase in revenue and had become one of the main drivers of revenue growth of the Group. The Group would continue its investment in digital businesses to expand and solidify the success aimed to bring in positive contribution to the Group in the near term.

Liquidity and Capital Resources

	As at 31 March	
(in HK$ million)	**2019**	2018
Net current assets	**362.7**	298.8
Term deposits, pledged deposits and cash and cash equivalents	**315.5**	290.2
Owners' funds	**910.4**	879.2
Gearing ratio	**N/A**	N/A
Current ratio	**2.22 times**	1.96 times

The Group's net current assets as at 31 March 2019 increased by HK$63.9 million from HK$298.8 million to HK$362.7 million. The increase was mainly contributed by the positive operating results of the Group. The Group recorded net cash generated from operating activities of HK$81.0 million for the financial year under review.

Net cash used in investing activities was HK$37.2 million, including HK$23.0 million used in purchase of property, plant and equipment.

The Group had distributed the final dividend declared for the financial year ended 31 March 2018 and interim dividend for the six months period ended 30 September 2018 amounting to an aggregate total of HK$34.5 million.

The Group had no gearing (being total interest bearing liabilities divided by total assets) as at 31 March 2019 and 2018.

As at 31 March 2019, the Group had a cash balance of HK$315.5 million as compared to HK$290.2 million as at 31 March 2018. 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 to transform the local media landscape. Mobile advertising expands apace and has taken the largest slice from the local advertising spending. So, notwithstanding the uncertainty and pessimism of the recent economic outlook, the Group is ploughing more investments and resources into quality content, innovative technologies and the talents required. The Group is determined to build an integrated, all-around, quality-based and customer-oriented digital platform in Hong Kong, connecting the readers and marketers across various business domains. We are confident that these initiatives will bring new impetus to the Group's sustainable growth.

Looking ahead, the operating environment remains challenging. The US-China trade war and tariff hikes, further aggravated by Brexit and political changes in many countries, will continue to affect the global market. The resulting volatility may lead to a further deterioration in investor sentiment and, ultimately, a global economic slowdown. The local retail and investment markets are already seeing signs of decline in confidence. The Group will closely monitor the economic situation, take a cautious and prudent approach in cost management, operational efficiency and financial discipline.

The Group is in a healthy cash flow position with a cash balance of around HK$316 million as at 31 March 2019. We are determined to maintain a sustainable dividend policy as well as strong liquidity to preserve its strength for our strategic business development. We believe that by leveraging on our prestigious brands, strong vision and market positioning, and incredible execution capabilities, the Group will achieve sustainable growth and stay ahead of the curve in local media industry.

EMPLOYEES

As at 31 March 2019, the Group had 1,559 employees (31 March 2018: 1,456 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 6.5 cents per share in respect of the year ended 31 March 2019 to the shareholders whose names appear on the Register of Members of the Company at the close of business on 12 August 2019, amounting to HK$28,054,000. The final dividend, payable on 27 September 2019, is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on 26 July 2019 ("the Meeting").

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 22 July 2019 to 26 July 2019 (both days inclusive) and 13 August 2019 to 15 August 2019 (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 (before 11 July 2019) and Level 54 (on or after 11 July 2019), Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 19 July 2019. 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 (before 11 July 2019) and Level 54 (on or after 11 July 2019), Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 12 August 2019.

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 2019 except as stated and explained below.

Under Code A.2.1 of the Code Provisions, the roles of Chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. However, the Company has appointed Mr. Fung Siu Por, Lawrence as both its Chairman and the CEO. The Board of Directors (the "Board") believes that vesting the roles of the Chairman and the CEO in the same person would allow the Company to be more effective and efficient in developing long-term business strategies and execution of 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 2019.

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 2019.

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, 24 June 2019

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 2018/2019 containing all the information required by the Listing Rules will be dispatched to shareholders and published on the above websites in due course.