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 2020

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 2020 as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2020	2019
	Note	***HK$'000***	*HK$'000*
Revenue	*2*	**1,131,823**	1,280,679
Cost of sales	*3*	**(688,004)**	(778,162)
Gross profit		**443,819**	502,517
Selling and distribution expenses	*3*	**(197,217)**	(203,552)
General and administrative expenses	*3*	**(225,049)**	(210,915)
Net impairment losses on financial assets		**(3,616)**	(2,124)
Other income		**2,385**	3,066
Operating profit		**20,322**	88,992
Finance income		**4,047**	2,785
Finance costs		**(701)**	–
Finance income – net		**3,346**	2,785
Profit before income tax		**23,668**	91,777
Income tax expense	*4*	**(11,212)**	(18,299)
Profit for the year		**12,456**	73,478
Profit attributable to:			
Owners of the Company		**10,573**	71,521
Non-controlling interests		**1,883**	1,957
		12,456	73,478
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic and diluted	*5*	**2.45**	16.57

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2020	2019
	HK$'000	*HK$'000*
Profit for the year	**12,456**	73,478
Other comprehensive income/(loss):		
Item that may be reclassified to profit or loss		
Currency translation differences arising from foreign operations	**(707)**	(777)
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of long service payment provision	**4,398**	(2,955)
Other comprehensive income/(loss) for the year, net of tax	**3,691**	(3,732)
Total comprehensive income for the year	**16,147**	69,746
Total comprehensive income attributable to:		
Owners of the Company	**14,264**	67,789
Non-controlling interests	**1,883**	1,957
	16,147	69,746

CONSOLIDATED BALANCE SHEET

	Note	As at 31 March **2020** ***HK$'000***	2019 *HK$'000*
Non-current assets			
Property, plant and equipment		**559,646**	564,395
Investment properties		**6,116**	19,227
Deferred income tax assets		**22,631**	22,683
Deposits paid for property, plant and equipment		**2,721**	210
		591,114	606,515
Current assets			
Inventories		**34,634**	70,810
Trade receivables	*7*	**165,511**	243,404
Deposits and other receivables		**18,528**	15,824
Prepayments		**14,500**	12,470
Tax recoverable		**2,390**	934
Pledged deposits		**1,702**	1,661
Term deposits with original maturities of over three months		**164,551**	130,882
Cash and cash equivalents		**220,525**	182,959
		622,341	658,944
Current liabilities			
Trade payables	*8*	**25,875**	32,864
Fees in advance		**130,979**	147,028
Accruals, other payables and provisions		**98,177**	114,729
Lease liabilities		**8,108**	–
Current income tax liabilities		**2,445**	1,585
		265,584	296,206
Net current assets		**356,757**	362,738
Total assets less current liabilities		**947,871**	969,253
Equity attributable to owners of the Company			
Share capital		**43,160**	43,160
Reserves		**844,855**	867,277
		888,015	910,437
Non-controlling interests		**17,094**	15,491
Total equity		**905,109**	925,928
Non-current liabilities			
Deferred income tax liabilities		**30,945**	34,109
Lease liabilities		**6,960**	–
Other non-current liabilities		**4,857**	9,216
		42,762	43,325
Total equity and non-current liabilities		**947,871**	969,253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2020

1. Basis of preparation and accounting policies

The consolidated financial statements of Hong Kong Economic Times Holdings Limited have been prepared in accordance with 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. The Group had to change its accounting policies and make adjustments as a result of adopting HKFRS 16 Leases ("HKFRS 16"). 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 16 on the Group's consolidated financial statements and disclose the new accounting policies that have been applied from 1 April 2019.

(i) Accounting policies applied from 1 April 2019

<u>Accounting for leases as lessee from 1 April 2019</u>

From 1 April 2019, a lease is recognised as a right-of-use asset (included in property, plant and equipment) and a corresponding liability at the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments and variable lease payments that are based on an index or a rate.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- prepayment,
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

Accounting for leases as lessor from 1 April 2019

The lessor accounting under HKFRS 16 did not have any significant impact on the Group's accounting policies.

(ii) Impact of adoption of HKFRS 16

The Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provision in the standard. The adjustments arising from the new leasing rules are therefore recognised in the opening consolidated balance sheet on 1 April 2019.

The Group leases various properties including offices and premises. Lease terms are negotiated on an individual basis and a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

In applying HKFRS 16 for the first time, the Group has used the following practical expedient permitted by the standard:

– the use of a single discount rate to a portfolio of lease with reasonably similar characteristics

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 Leases ("HKAS 17") and Hong Kong (Financial Reporting Interpretations Committee) Interpretation 4 "Determining whether an Arrangement contains a Lease".

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 3.26%.

On adoption of HKFRS 16, the Group did not need to make any adjustments to the accounting for investment property held as lessor as a result of adopting the new leasing standard.

The reconciliation between the operating lease commitments as disclosed by applying HKAS 17 as at 31 March 2019 and the lease liabilities recognised in the consolidated balance sheet as at 1 April 2019 (date of initial application of HKFRS 16) is as follows:

	HK$'000
Operating lease commitments disclosed as at 31 March 2019	17,837
Discounted using the lessee's incremental borrowing rate at the date of initial application	17,673
Less: prepaid rent	(182)
Lease liabilities recognised as at 1 April 2019	17,491
Of which are:	
Current lease liabilities	15,912
Non-current lease liabilities	1,579
	17,491

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated balance sheet as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy resulted in the recognition of right-of-use assets and lease liabilities approximated to HK$263,399,000 and HK$17,491,000 in the opening of the consolidated balance sheet on 1 April 2019 respectively. Among the right-of-use assets recognised on 1 April 2019, balance approximated to HK$245,726,000 and HK$182,000 was reclassified from "leasehold land and buildings" in property, plant and equipment and other current assets respectively.

The change in accounting policy did not have any impact on the Group's retained earnings as at 1 April 2019.

(b) New standards, amendments and interpretations not yet adopted

The following new standards, amendments and interpretations have been published that are not mandatory for the year ended 31 March 2020 and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
HKFRS 3 (amendments)	Definition of a business	1 January 2020
HKAS 1 and HKAS 8 (amendments)	Definition of material	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
HKAS 39, HKFRS 7 and HKFRS 9 (amendments)	Hedge accounting	1 January 2020
HKFRS 10 and HKAS 28 (amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The expected impacts from the adoption of the above standards, amendments and interpretations are still being assessed by the management, and management is not yet in a position to state whether they would have a significant impact on the Group's financial performance and position.

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.

During the year, the Group shifted its strategic focus to building an omni-channel media platform with quality content providing to the readers and marketers. To reflect this change of business strategy, the operating segments have been reorganised which is the basis on which the internal reports are provided to the CEO for assessing performance and determining the allocation of resources. The comparative segment information for the year ended 31 March 2019 has been reclassified to align with the presentation of the latest segment information disclosure as a result of such change.

After the reorganisation, the Group has two reportable segments:

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

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

The chief operating decision-maker assesses the performance of the operating segments based on their respective segment results.

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

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

	2020	2019
	HK$'000	*HK$'000*
Revenue		
Advertising income	**592,749**	710,091
Circulation income	**82,231**	89,893
Service income	**456,843**	480,695
	1,131,823	1,280,679

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 years ended 31 March 2020 and 2019 are as follows:

	Media		Financial news agency, information and solutions		Corporate		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE								
Revenue	**796,913**	942,180	**340,913**	343,551	**–**	–	**1,137,826**	1,285,731
Inter-segment transactions	**(973)**	(1,057)	**(5,030)**	(3,995)	**–**	–	**(6,003)**	(5,052)
Revenue – from external customers	**795,940**	941,123	**335,883**	339,556	**–**	–	**1,131,823**	1,280,679
RESULTS								
Profit/(loss) for the year	**(37,694)**	13,342	**50,163**	59,726	**(13)**	410	**12,456**	73,478

For the year ended 31 March 2020, revenue of approximately HK$68,573,000 (2019: HK$76,266,000) 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 locations are HK$1,129,575,000 (2019: HK$1,277,744,000) and HK$2,248,000 (2019: HK$2,935,000), 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 locations are HK$568,100,000 (2019: HK$583,668,000) and HK$383,000 (2019: HK$164,000), respectively.

3. Expenses by nature

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

	2020	2019
	HK$'000	*HK$'000*
Crediting		
(Loss)/gain on disposal of property, plant and equipment	**(5)**	6
Charging		
Staff costs including Directors' and CEO's remuneration	**592,673**	588,234
Cost of inventories sold or consumed	**130,165**	205,488
Auditors' remuneration	**2,800**	2,800
Depreciation of property, plant and equipment and investment properties	**74,304**	53,552
Operating lease rentals on land and buildings	**–**	27,776
Provision for obsolete inventories	**31**	331
Inventories written off	**279**	189

4. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the year. The PRC enterprise income tax has been calculated at the rate of 25% (2019: 25%) on the estimated assessable profit of subsidiaries operating in the PRC.

	2020	2019
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**14,569**	20,616
PRC enterprise income tax	**27**	–
Over-provisions in prior years	**(272)**	(340)
Total current income tax	**14,324**	20,276
Deferred income tax	**(3,112)**	(1,977)
Income tax expense	**11,212**	18,299

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$10,573,000 (2019: HK$71,521,000) and the number of 431,600,000 (2019: 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 2020 (2019: same).

6. Dividends

	2020	2019
	HK$'000	*HK$'000*
Dividends attributable to the year		
Interim dividend paid of HK 2.0 cents (2019: HK 2.0 cents) per ordinary share	**8,632**	8,632
Proposed final dividend of HK 5.0 cents (2019: HK 6.5 cents) per ordinary share	**21,580**	28,054
	30,212	36,686
Dividends paid during the year	**36,686**	34,528

A final dividend in respect of the year ended 31 March 2020 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 6 August 2020. 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:

	2020	2019
	HK$'000	*HK$'000*
0 to 30 days	**52,561**	81,249
31 to 60 days	**36,197**	61,485
61 to 90 days	**22,470**	35,942
Over 90 days	**59,891**	69,748
Trade receivables, gross	**171,119**	248,424
Less: provision for impairment of trade receivables	**(5,608)**	(5,020)
	165,511	243,404

8. Trade payables

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

	2020	2019
	HK$'000	*HK$'000*
0 to 30 days	**21,017**	27,887
31 to 60 days	**952**	1,044
61 to 90 days	**7**	790
Over 90 days	**3,899**	3,143
	25,875	32,864

9. Event after balance sheet date

Following the outbreak of Coronavirus Disease 2019 (the "COVID-19 pandemic") in early 2020, a series of precautionary and control measures have been and continued to be implemented by the government including except for certain exempted persons, restrictions on entering Hong Kong for all non-Hong Kong residents and compulsory quarantine measures of all inbound travellers, and various social distancing measures. As at the date of this announcement, the Company was not aware of any material adverse effects on the financial statements as a result of the COVID-19 pandemic. The Company will pay close attention to the development of the COVID-19 pandemic, perform further assessment of its impact and take relevant measures.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Profit and Loss Account

	Year ended 31 March		
	2020	2019	% Change
	HK$'000	*HK$'000*	
Revenue	**1,131,823**	**1,280,679**	**-12%**
Cost of sales	(688,004)	(778,162)	-12%
Gross profit	443,819	502,517	-12%
Gross profit margin	**39.2%**	**39.2%**	
Selling and distribution expenses	(197,217)	(203,552)	-3%
General and administrative expenses	(225,049)	(210,915)	7%
Net impairment losses on financial assets	(3,616)	(2,124)	70%
Other income	2,385	3,066	-22%
Operating profit	20,322	88,992	-77%
Finance income – net	3,346	2,785	20%
Profit before income tax	23,668	91,777	-74%
Income tax expense	(11,212)	(18,299)	-39%
Profit for the year	**12,456**	**73,478**	**-83%**
Non-controlling interests	(1,883)	(1,957)	-4%
Profit attributable to owners	**10,573**	**71,521**	**-85%**
Net profit margin	**1.1%**	**5.7%**	

General

Impacted by the social unrest and the escalation of Sino-US trade tensions, Hong Kong economy had entered into a recession since the second half of 2019. The weak economic and consumer sentiment was further dampened by COVID-19 pandemic since January 2020 which has caused severe disruptions to a wide range of local economic activities, particularly consumption- and tourism-related activities.

The Group's revenue for the financial year ended 31 March 2020 decreased by HK$148.9 million or 12% over the last financial year to HK$1,131.8 million. Profit attributable to owners for the year under review reported a significant decline of HK$60.9 million to HK$10.6 million.

Revenue

	Year ended 31 March		
	2020	2019	% Change
	HK$'000	*HK$'000*	
Revenue:			
Advertising income	**592,749**	710,091	-17%
Circulation income	**82,231**	89,893	-9%
Service income	**456,843**	480,695	-5%
Total	**1,131,823**	1,280,679	-12%

Advertising income for the year ended 31 March 2020 recorded HK$592.7 million, a drop of HK$117.3 million, or 17% from the year ended 31 March 2019. Advertising income was mainly derived from the Group's printed publications and digital platforms. Local media was hard hit by the adverse economic and extreme market and operating conditions caused by COVID-19. Advertising income from Group's printed publications decreased significantly in the first quarter of 2020. Most advertisers and marketers remained cautious on their advertising spending by deferring or suspending their marketing campaigns and promotion plans. The Group's digital advertising income generated from various digital platforms has however continued its growth momentum and was able to compensate part of the loss in advertising income from printed publications. The strategic efforts placed on digital platforms development enabled the Group to broaden its advertising income base.

Circulation income recorded a decrease of 9% from HK$89.9 million in the year ended 31 March 2019 to HK$82.2 million for the financial year under review. High 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 2020 decreased by 5% from HK$480.7 million in preceding financial year to HK$456.8 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 drop was mainly caused by the decrease of external printing services income from the Group's printing operations which was in line with the decrease of print volume of most titles in the market. Service income from financial news agency, information and solutions remained solid for the financial year under review.

Operating Costs

Gross profit margin of the Group was 39.2% for the year ended 31 March 2020, same as for the year ended 31 March 2019. Management would continue to monitor and streamline the Group's operations to improve cost effectiveness.

Staff costs, representing approximately 53% of the Group's total operating costs, increased by 1% as compared to the year ended 31 March 2019. The slight increase was mainly due to the general salary increment in line with the employment market, offset by the decrease in headcount after rationalisation of Group's operational resources.

Newsprint costs, constituting around 6% of the Group's total operating costs, decreased by 47% when compared to the year ended 31 March 2019. The significant decrease was mainly due to the combining effect of newsprint consumption reduction and effective inventory and production control on material usage.

Income Tax Expense

The effective tax rates of the Group for the financial years ended 31 March 2020 and 2019 were 47.4% and 19.9% 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. The increase of effective tax rate was mainly caused by a change in the profitability mix of the Group's subsidiaries for the financial year under review. The Group would closely monitor the related operations from time to time.

Profit Attributable to Owners

Profit attributable to owners of the Group for the year under review was HK$10.6 million, a decrease of HK$60.9 million as compared to HK$71.5 million recorded for the year ended 31 March 2019. Net profit margin decreased by 4.6 percentage point to 1.1% for the financial year under review.

Media segment's operating results turned negative for the financial year under review. The segment was adversely affected by the weak consumer sentiment caused by the social unrest and COVID-19 pandemic. Despite the decrease of print advertising income, digital platforms maintained its growth momentum during the period under review and had become the drivers of growth of this segment. The Group would continue its investment initiatives in digital platforms by ploughing more resources into quality content, innovative technologies and the talents development. The Group is confident that these initiatives are worthwhile for the Group's sustainable growth and better profit.

Financial news agency, information and solutions segment, remained the solid profit contributor to the Group, recorded a moderate decrease in segment results for the year ended 31 March 2020 when compared to last financial year. To capture emerging market demand on new innovative digital banking and securities trading services and to secure its distinct position in the market, more investments had been made on talent development and technology advancement for the financial year under review. The high product quality, distinctive services level and excellent servicing team had earned the trust of market participants in the industry.

Liquidity and Capital Resources

	As at 31 March	
(in HK$ million)	**2020**	2019
Net current assets	**356.8**	362.7
Term deposits, pledged deposits and cash and cash equivalents	**386.8**	315.5
Owners' equity	**888.0**	910.4
Gearing ratio	**N/A**	N/A
Current ratio	**2.34 times**	2.22 times

The Group's net current assets as at 31 March 2020 decreased by HK$5.9 million from HK$362.7 million to HK$356.8 million. The decrease was due to the recognition of current lease liabilities amounted to HK$8.1 million on the adoption of new accounting standard, HKFRS 16 Leases, from 1 April 2019. The Group recorded a positive operating results with net cash generated from operating activities amounted to HK$148.6 million for the financial year under review.

Net cash used in investing activities was HK$52.1 million, including HK$19.8 million used in purchase of property, plant and equipment.

The Group had distributed the final dividend declared for the financial year ended 31 March 2019 and interim dividend for the six months period ended 30 September 2019 amounting to an aggregate total of HK$36.7 million.

The Group had no gearing (being total interest bearing liabilities divided by total assets) as at 31 March 2020 and 2019.

As at 31 March 2020, the Group had a cash balance of HK$386.8 million as compared to HK$315.5 million as at 31 March 2019. 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 has a strong balance sheet and cash position to enable it to meet its business needs, support its investment plans, and fulfill the dividend payment policy as well as to weather the currently challenging operating and business environment.

OUTLOOK

The severe disruptions caused by COVID-19 pandemic have further accelerated the digital transformation of local media. The social distancing and other anti-epidemic measures have stimulated record-high engagement for online and digital platforms. People are spending significantly more time online since the onset of the pandemic. In order to deepen our relationship with audiences and enhance their user experience by providing personalised content and to match the increasing needs of marketers of targeted advertising, the Group has increased its investment in data and analytical technology with quality content creation, audience behavior studies, digital product integration, predictive analytics and smart marketing strategy. We believe that these initiatives are worthwhile for the Group's sustainable growth and long-term business development.

Hong Kong economy will continue to face uncertainties and downside risk, hinging crucially on the evolving global public health and economic situations and the local social unrest. The intensified US-Mainland trade and political tensions and geopolitical uncertainties will continue to affect the global and local economies. Until effective vaccines or diagnosis can be successfully developed and widely applied, the COVID-19, though increasingly under relative control, will remain a threat to the global and local economies for the year to come. The Group will closely monitor the economic and social situations, take a cautious and prudent approach in cost management, operational efficiency and financial discipline and utilise the applicable government relief measures. The Group is in a strong cash flow position with a cash balance of around HK$387 million as at 31 March 2020. All indications point towards a challenging year to come but we are confident that with our competitive strengths built over the years, the Group is well positioned to ride over the challenges ahead.

EMPLOYEES

As at 31 March 2020, the Group had 1,440 employees (31 March 2019: 1,559 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 2020 to the shareholders whose names appear on the Register of Members of the Company at the close of business on 14 August 2020, amounting to HK$21,580,000. The final dividend, payable on 25 September 2020, is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on 6 August 2020 ("the Meeting").

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 3 August 2020 to 6 August 2020 (both days inclusive) and 17 August 2020 to 19 August 2020 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 31 July 2020. 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 14 August 2020.

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 2020 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 confirmed their compliance with the required standard set out in the Model Code throughout the year ended 31 March 2020.

AUDIT COMMITTEE

The Company established an Audit Committee in 2005 with written terms of reference. The Audit Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. O'Yang Wiley as Committee Chairman and Mr. Lo Foo Cheung. The Audit Committee has reviewed the Group's audited final results for the year ended 31 March 2020.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

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

Hong Kong, 22 June 2020

As at the date of this announcement, the Board comprises: (a) Executive Directors: Mr. Fung Siu Por, Lawrence, Ms. See Sau Mei Salome, Mr. Chan Cho Biu and Ms. Wong Ching; (b) Non-executive Director: Mr. Chu Yu Lun; and (c) Independent Non-executive Directors: Mr. Chow On Kiu, 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 2019/2020 containing all the information required by the Listing Rules will be dispatched to shareholders and published on the above websites in due course.