



香港經濟日報集團有限公司

HONG KONG ECONOMIC TIMES HOLDINGS LIMITED

Stock Code 00423



HONG KONG ECONOMIC TIMES HOLDINGS LIMITED

ANNUAL REPORT 2020/2021

The mission of the Group is  
to **become one** of the most  
**pre-eminent financial and  
business information and  
service providers**  
in Greater China





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# Corporate Information and Key Dates

## Board of Directors

### Executive Directors

Mr. Fung Siu Por, Lawrence (*Chairman*)  
Ms. See Sau Mei Salome  
Mr. Chan Cho Bui  
Ms. Wong Ching

### Non-executive Director

Mr. Chu Yu Lun

### Independent Non-executive Directors

Mr. Chow On Kiu  
Mr. Lo Foo Cheung  
Mr. O'Yang Wiley

## Company Secretary

Ms. Wong Ching *CPA, ACS, ACIS*

## Qualified Accountant

Ms. Chan Kit Man Fanny *FCPA, ACS, ACIS*

## Authorised Representatives

Mr. Fung Siu Por, Lawrence  
Ms. Wong Ching

## Independent Auditor

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## Audit Committee

Mr. O'Yang Wiley (*Chairman*)  
Mr. Chu Yu Lun  
Mr. Lo Foo Cheung

## Nomination Committee

Mr. Chow On Kiu (*Chairman*)  
Mr. Lo Foo Cheung  
Mr. O'Yang Wiley

## Remuneration Committee

Mr. Lo Foo Cheung (*Chairman*)  
Mr. Chu Yu Lun  
Mr. O'Yang Wiley



## Registered Office

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

## Head Office and Principal Place of Business

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

## Corporate Website

[www.hketgroup.com](http://www.hketgroup.com)

## Email

[groupinfo@hket.com](mailto:groupinfo@hket.com)

## Stock Code

00423 HK

## Principal Share Registrar and Transfer Office in Cayman Islands

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3  
Building D, P.O. Box 1586  
Gardenia Court, Camana Bay  
Grand Cayman, KY1-1100  
Cayman Islands

## Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited  
Level 54  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## Key Dates

### Closure of Registers of Members

2 August 2021 to 5 August 2021  
(for attending Annual General Meeting)

16 August 2021 to 18 August 2021  
(for final dividend entitlement)

### Annual General Meeting

5 August 2021

### Proposed Payment of Final Dividend

3 September 2021

# Business Organisation Chart

## Media

Hong Kong Economic Times  
 Sky Post  
 U Lifestyle  
 U Magazine  
 e-zone  
 iMoney  
 CTgoodjobs  
 Health Smart  
 Apex Print  
 Euron



## Financial News Agency, Information and Solutions

ET Net  
 ET Trade  
 ET Wealth  
 EPRC



## HKET Holdings At A Glance

Hong Kong Economic Times Holdings Limited (“HKET Holdings”/“the Group”) is a diversified multi-media company. Its core business – publication of the *Hong Kong Economic Times* (“HKET”) – was established in 1988. It is the leading financial newspaper in Hong Kong. Besides, the Group launched its free publication, *Sky Post*, in 2011. Apart from newspapers, magazines and associated digital businesses, we also run a financial news agency, information and solutions business, ET Net, the leading financial news agency serving the professional market in Hong Kong and the Greater China; as well as operating in businesses of recruitment advertising and various lifestyle platforms. HKET Holdings was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 3 August 2005 (Stock code: 00423).

## Strategy and 5 Business Domains

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

**Finance**

**Property**

**Lifestyle**

**Human Resources**

**Education**



# The Leading Edges

We always focus on building intimate market connection with our customers. In this financial year, the Group organised a number of remarkable events to demonstrate our strength in providing high-quality content and services, as well as strong brands.



## Banking & Finance Awards by Sky Post

The 5th edition of "Banking & Finance Awards" organised by *Sky Post* was held in 2020. The award recognises excellence and contributions of banking and finance organisations in providing outstanding services and products.



## FinTech Awards by ET Net

FinTech Awards 2020 recognises excellence and innovation in the use of IT in financial services in Hong Kong and Greater Bay Area, and the people who make it happen.



## Best HR Awards by CTgoodjobs

"Best HR Awards" aims to recognise outstanding talent acquisition and development, thereby encouraging innovation and excellence among enterprises.



## E-Brand Awards by HKET and e-zone

"e-brand awards" aims to inspire and encourages Hong Kong brands to embrace creativity and technology in building a smarter lifestyle.

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## Driving Business Excellence

Our visionary teams always see customers first and are passionate to exceed their expectation. Over the years, with proliferation of diverse media, interactive content and ever-changing needs of customers, we make every endeavour to develop our digital businesses and react proactively to customer's need through continuous enhancement of the related platforms.

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## The Market Leaders

*Hong Kong Economic Times* the financial daily

*U Magazine* the travel and lifestyle magazine

*e-zone* the mass market IT magazine

*iMoney* the financial magazine

ET Net the financial news agency

ET Trade the securities & futures trading solution provider

ET Wealth the electronic funds database and wealth management system provider

EPRC the electronic property database provider

Apex Print the local printer for magazines and periodicals

# Awards

## hket.com, U Lifestyle and U Magazine recognised in Digital Media of the Year 2020

- 1st in "Financial information" (previously known as "Local Business & Finance"), in six consecutive years (hket.com)
- 1st in "Lifestyle", in four consecutive years (U Lifestyle)
- 1st in "Travel" (U Magazine)



## ET Net won in HKEX Market Data Awards 2020

- "Excellent Full Services Vendor Award"



## U Magazine and iMoney recognised in Magazine of the Year 2020

- 1st in "Lifestyle" and "Travel" (U Magazine)
- 3rd in "Business" (iMoney)



## iMoney won in HSUHK Business Journalism Awards 2020

- Gold Award in "Best Property Market News Reporting – Text"
- Silver Award in "Best Business & Finance Profile Interview – Text"



## CTgoodjobs won in HKIM Market Leadership Award 2019/2020

- "Enterprise Market Leadership Award – Recruitment Marketing"



## HKET, Sky Post and CTgoodjobs won 24 awards in Spark Awards 2020 including 5 Gold, 6 Silver and 13 Bronze awards

# Chairman's Statement

## Dear Shareholders,

The impact of the COVID-19 pandemic on the global economy and peoples' livelihood made 2020 one of the most challenging years in the Group's history. Local business and consumer activities had been severely disrupted, as evidenced by the surge of Hong Kong's unemployment rate to a 16-year height of 6.6% in the fourth quarter of 2020 and the economy contraction by 6.1%, the steepest decline ever recorded.

Faced with these unprecedented challenges, the Group's revenue for the financial year under review has reduced by 12% to HK\$999.9 million. Advertising revenue from our printed publications dropped significantly in the first half of the financial year. Nonetheless, the digital advertising revenue has registered a notable growth and was able to compensate part of the loss. Profit attributable to shareholders, after the government subsidies under the Anti-epidemic Fund of HK\$77.2 million and the impairment losses on the non-current assets of HK\$79.8 million, was HK\$30.9 million, an increase of HK\$20.3 million as compared to the financial year ended 31 March 2020.

Border restrictions, quarantines, social distancing and other anti-epidemic measures have accelerated the digital transformation of local media. During the pandemic, both readers and advertisers have shifted rapidly toward digital channels. To enhance our user experience by providing personalised content and to match the marketers' increased needs for target marketing, the Group has increased its investment in digital capabilities including data and analytical tool for quality content creation, audience behavior studies, advance analytics, cloud computing and smart marketing strategy. We believe that these initiatives are invaluable to our sustainable growth and long-term business development.

*Hong Kong Economic Times* and *Sky Post*, the Group's print dailies, which target the premium and general mass audience market respectively, maintain as an effective means of communication to our readers. Our extensive readers' base, together with various digital channels, provides a cross-platform, cross-channel, integrated and orchestrated marketing solution to the marketers to reach and engage their target audience.

The news agency, information and solution segment, remained the major and solid profit contributor to the Group, recorded an increase in result for the year ended 31 March 2021 when compared to the last financial year. In this year, ET Net, the core business unit in this segment had completed the migration of all its real-time professional financial terminals to a new innovative platform on which the customers can have easy access anywhere, anytime through their computer or mobile devices. Benefited by the



buoyant IPO market and robust trading activities of the securities and wealth management market, this segment had also secured various financial solution projects for the year under review. The Group will continue its talent and technology input into the mobile platform development to meet the rising demand in the mobile banking and securities trading services.

The global economic outlook, amid strong fiscal and monetary support in major economies and the rollout of mass vaccination programs, improves markedly in 2021. Benefited from the sharp rebound in global demand, Hong Kong economy shows visible signs of recovery in the first quarter of 2021. However, the recovery is uneven and uncertainty associated with the pandemic is still high. Social distancing requirements and travel restrictions continue to weigh on certain economic segments particularly those consumer-facing activities. Apart from the pandemic, the China-US relations under the new US administration and geopolitical tensions will continue to affect the global and local economies. The Group will closely monitor the economic and political situations, take a cautious and prudent approach in cost management, operational efficiency and financial discipline and ready ourselves to endure changes.

The Group is in a strong financial position with cash balance of approximately HK\$471 million as at 31 March 2021. The Board recommends the payment of a final dividend of HK 6.0 cents per share, bringing the total distribution for the financial year ended 31 March 2021 to HK 8.0 cents per share. The Group is determined to maintain a sustainable dividend policy as well as strong liquidity to preserve its strength for strategic business investment and development. While the global economic outlook remains challenging, with our competitive strengths built over the years, we are well placed to capture the opportunities and meet the challenges ahead.

I wish to express my sincere appreciation to our passionate colleagues for demonstrating creativity, adaptability, resilience and professionalism during this most challenging year. Their inexhaustible work spirit and commitment is the cornerstone of our success. I also thank my fellow Board members for their perceptive guidance and support; and our management team for their diligence, team spirit, dedication and contributions during this difficult time. Last but not least, my gratefulness is to be given to our readers, viewers, customers, business partners and investors for their ongoing support.

**Fung Siu Por, Lawrence**  
*Chairman*

21 June 2021



# Board of Directors

## Executive Directors

**Mr. FUNG Siu Por, Lawrence, GBS**, aged 71, is the Chairman and Chief Executive Officer of the Company. Mr. Fung is a founder of the *Hong Kong Economic Times* ("HKET"). He was also the first Publisher and Chief Editor of *HKET*. Mr. Fung is responsible for the overall strategic planning and development, policy-making and setting corporate missions of the Group. He has over 40 years of entrepreneurial experience in media and publishing, securities trading and computer technology industries. Mr. Fung obtained a Bachelor of Social Science degree from The University of Hong Kong ("HKU") and a Master of Arts degree in Economics from University of Manchester in the United Kingdom. In 2003, Mr. Fung was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Mr. Fung is a founder member and a director of Musketeers Education and Culture Charitable Foundation Limited. He is also a founder member and Chairman of Board of Directors of Hong Kong Ideas Centre Limited. Mr. Fung was conferred the degree of Doctor of Social Sciences honoris causa by HKU in 2010.



**Ms. SEE Sau Mei Salome**, aged 58, is the Managing Director of the Group. Ms. See joined the Group in 1989, responsible for the Group's marketing strategy and operations. She was later assigned to start and take charge of the Group's financial news agency, information and solutions businesses. Ms. See has over 30 years of solid experience in general business management. Prior to joining the Group, Ms. See worked in the regional marketing office of a multinational computer equipment corporation, Digital Equipment Limited, where she gained extensive experience in digital technology and a profound understanding of advanced networking. Ms. See obtained a Bachelor of Arts degree from Macquarie University, Australia.

**Mr. CHAN Cho Biu, BBS**, aged 64, is the Publisher of the publications under the Group and the Group Director of Content. Mr. Chan joined the Group in 1988 and is responsible for the editorial development of *HKET*. Mr. Chan has over 30 years of solid experience in the media and publishing industry. Prior to joining the Group, he had worked with *the Hong Kong Economic Journal* and Radio Television Hong Kong. Mr. Chan holds a Bachelor of Science degree and a Postgraduate Diploma in Education from The Chinese University of Hong Kong. In 2007, Mr. Chan was elected as the first Chairman of Journalism Education Foundation Hong Kong Limited and awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Mr. Chan was the Chairman of the Hong Kong News Executives' Association in 2001 and 2002.

**Ms. WONG Ching**, aged 47, joined the Group in 2000, and is the Company Secretary and Head of Finance of the Group. Ms. Wong has over 20 years of experience in accounting and financial management. Ms. Wong holds a Bachelor degree of Business Administration (majoring in Professional Accountancy) from The Chinese University of Hong Kong and a Bachelor of Laws (LL.B.) degree from University of London. Ms. Wong is a member of The Hong Kong Institute of Chartered Secretaries and a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Ms. Wong had worked with an international audit firm.

# Board of Directors

## Non-executive Director

**Mr. CHU Yu Lun**, aged 70, was appointed as a Non-executive Director in April 2005. He is also a Member of the Company's Audit Committee and Remuneration Committee. Mr. Chu is the founder and Chairman of the Adsale Group. Established in December 1977 in Hong Kong under the name of The Adsale People, the company was registered as Adsale People Limited in 1985. As an international trade media group in the Asia-Pacific region, the Adsale Group's major businesses include organising international trade fairs, publishing international trade journals, e-publications and industry websites. Mr. Chu has extensive experience in the exhibition industry. Mr. Chu received a Master degree in Business Administration at The Chinese University of Hong Kong in 1984 after his Bachelor degree in Science from The University of Hong Kong in 1973. For years, Mr. Chu has taken active participation in social activities personally and on behalf of his companies. He is formerly the Chair of the Global Association of the Exhibition Industry (UFI) Asia Pacific Chapter, currently the Honorary Life President of Hong Kong Exhibition and Convention Industry Association (HKECIA), and has been the Founding President of Hong Kong University Science Alumni Association Limited, Vice-President of Advisory Board on the Master degree in Business Administration program of The Chinese University of Hong Kong. His commitment in the industry granted him an award of "The Top Ten People in China Exhibition Industry 2001 & 2003". Mr. Chu is also a founder member and a director of Musketeers Education and Culture Charitable Foundation Limited. With his valuable contribution to the society and The University of Hong Kong, Mr. Chu received an Honorary University Fellowship from The University of Hong Kong in 2011.

## Independent Non-executive Directors

**Mr. CHOW On Kiu**, aged 70, was appointed as an Independent Non-executive Director in April 2005. He is currently the Chairman of the Company's Nomination Committee. Mr. Chow has extensive experience in banking, finance, trading, investment as well as property investment in Mainland China. Mr. Chow is currently the Deputy Chairman of The Wharf (Holdings) Limited, a company listed on the Hong Kong Stock Exchange and the Chairman of Wharf China Development Limited. He had also been a Director of Sun Hung Kai Securities Limited from 1979 to 1985, Managing Director of Tian An China Investment Limited, a company listed on the Hong Kong Stock Exchange, from 1987 to 1992 and Executive Director of Next Digital Limited, a company listed on the Hong Kong Stock Exchange, from 1999 to 2002. Mr. Chow graduated with a Bachelor degree in Social Science from The University of Hong Kong.

**Mr. LO Foo Cheung, JP**, aged 71, was appointed as an Independent Non-executive Director in April 2005. He is currently the Chairman of the Company's Remuneration Committee and a Member of the Company's Audit Committee and Nomination Committee. Mr. Lo is the founder and Chairman of FC Packaging Holding Limited, one of the leading can manufacturers in the Greater China. Mr. Lo has extensive experience in the industrial and manufacturing industry in Hong Kong and Mainland China. He is currently the Honorary President of the Chinese Manufacturers' Association of Hong Kong, Standing Committee Member of the Chinese General Chamber of Commerce, Honorary Citizen of Guangzhou City, Foshan City and Jiangmen City. Mr. Lo previously served as a Member of the Election Committee of the Hong Kong Special Administrative Region, Council Member of Hong Kong Trade Development Council, Council Member of Hong Kong Productivity Council, a Member of the Business Advisory Group, Financial Secretary's Office, HKSAR, Committee Member of Business Facilitation Advisory Committee, HKSAR, Director and Chairman of Finance and Administration Committee of Hong Kong Design Centre, Committee Member of Small and Medium Enterprises Committee of Hong Kong, First Vice-President of the Chinese Manufacturers' Association of Hong Kong, founding Vice Chairman of the Young Industrialists Council of Hong Kong, Council Member of the Hong Kong Quality Assurance Agency, Standing Committee Member of the Chinese People's Political Consultative Conference of Heilongjiang Province, Qingdao City and Jiangmen City. Mr. Lo holds a Bachelor degree with honours in Social Science (1970) and a Master degree in Business Administration (1972) from The Chinese University of Hong Kong. Mr. Lo was a winner of the Young Industrialist Award of Hong Kong in 1988.

**Mr. O'YANG Wiley**, aged 58, was appointed as an Independent Non-executive Director in October 2012. He is currently the Chairman of the Company's Audit Committee and a Member of the Company's Nomination Committee and Remuneration Committee. Mr. O'Yang is a managing director of Shanggu Securities Limited ("Shanggu Securities"), a licenced corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities and has extensive experience in the accounting, finance and legal fields. Prior to joining Shanggu Securities, Mr. O'Yang worked for various investment banks, including CMBC International Holdings Limited, a subsidiary of China Minseng Banking Corporation Limited, Kim Eng Securities (Hong Kong) Limited, a wholly-owned subsidiary of Malayan Banking Berhad, UBS AG, Hong Kong Branch, J.P. Morgan Securities (Asia Pacific) Limited and BNP Paribas Capital (Asia Pacific) Limited and held the positions of managing director and executive director. Prior to those, he was a partner of Richards Butler, an international law firm. Mr. O'Yang also served as Independent Non-executive Directors of Midea Real Estate Holding Limited, D&G Technology Holding Company Limited, AB Builders Group Limited and Tianyun International Holdings Limited, all listed on the Hong Kong Stock Exchange, since October 2018, May 2019, June 2019 and November 2019 respectively. Mr. O'Yang graduated from The Chinese University of Hong Kong with a Bachelor of Social Science degree and a Master of Business Administration degree. He is also a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Law Society of Hong Kong.

# Corporate Governance

The Board of Directors (the “Board”) was committed to maintain a high level of corporate governance standards and practices. 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”) except as stated and explained below.

## Board of Directors

As at 31 March 2021, the Board comprised eight Directors, with three of them being Independent Non-executive Directors, representing one-third of the Board.

### Executive Directors:

Mr. Fung Siu Por, Lawrence (*Chairman*)  
Ms. See Sau Mei Salome  
Mr. Chan Cho Bui  
Ms. Wong Ching

### Non-executive Director:

Mr. Chu Yu Lun (*Members of Remuneration and Audit Committees*)

### Independent Non-executive Directors:

Mr. Chow On Kiu (*Chairman of Nomination Committee*)  
Mr. Lo Foo Cheung (*Chairman of Remuneration Committee and Members of Nomination and Audit Committees*)  
Mr. O'Yang Wiley (*Chairman of Audit Committee and Members of Remuneration and Nomination Committees*)

The composition of the Board reflects a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Directors are aware of their collective and individual responsibilities to shareholders and have exercised their duties with care, skill and diligence for the best interests of the shareholders. Names and biographies of the Directors are set out on pages 10 to 13 under the section headed “Board of Directors” of this Annual Report.

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

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

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

## **Board Diversity Policy**

The Board has adopted its own board diversity policy (“Board Diversity Policy”). The Board Diversity Policy aimed to achieve diversity of the Board through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience. The Nomination Committee of the Company shall review the Board Diversity Policy as appropriate and make recommendations on any proposed revisions to the Board.

Board appointments will be based on objective criteria having due regard to the benefits of diversity of the Board.

## **Independence of Independent Non-executive Directors**

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

# Corporate Governance

## Directors' Training and Professional Development

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

Each newly appointed Director received a comprehensive, formal and tailored induction on appointment so as to ensure that he had a proper understanding of the Company's operation and business and was fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

During the year, all Directors had attended various seminars, conferences or forums which were relevant to their respective duties and responsibilities or the businesses of the Company.

## Board Proceedings

Directors' attendance record of Board, Committee and General Meetings:

Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
(number of meetings attended/number of meetings held during respective Director's tenure)					
<b>Executive Directors:</b>					
Fung Siu Por, Lawrence	4/4				1/1
See Sau Mei Salome	4/4				1/1
Chan Cho Biu	4/4				1/1
Wong Ching	4/4				1/1
<b>Non-executive Director:</b>					
Chu Yu Lun	4/4	2/2	1/1		0/1
<b>Independent Non-executive Directors:</b>					
Chow On Kiu	4/4			1/1	0/1
Lo Foo Cheung	4/4	2/2	1/1	1/1	0/1
O'Yang Wiley	4/4	2/2	1/1	1/1	1/1

The Board intends to hold at least four meetings annually at approximately quarterly intervals. Notice of meeting, agenda (with consultation of members of the Board) and accompanying board papers are sent in full to all Directors in a timely manner before the intended date of each meeting. During the financial year ended 31 March 2021, four meetings were held.

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

## Audit Committee

The Company established an Audit Committee in 2005 with written terms of reference which have been formulated and adopted and complied with the Code Provisions. 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 principal roles and functions of the Committee as set out in its terms of reference are available on both the Company's and the Stock Exchange's websites.

During the financial year ended 31 March 2021, the Audit Committee met twice. The Company's Chief Financial Officer and External Auditor were invited to attend the meetings. The Committee has reviewed the annual report for the financial year ended 31 March 2020, External Auditor's remuneration, internal control system and interim report for the period ended 30 September 2020. The Committee also discussed and reviewed the key audit matters determined by the External Auditor under the new and revised auditor reporting standards under Hong Kong Standards on Auditing for the year ended 31 March 2021. The Chairman of the Audit Committee has reported to the Board on the findings of these reviews. The Board has not taken any view that is different from that of the Audit Committee.

Furthermore, the Committee has reviewed, inter alia, the Annual Report and Financial Statements of the Group for the year ended 31 March 2021, the connected transactions, internal control system review, the report from External Auditor on the audit of the Group's Financial Statements and the re-appointment of External Auditor.

## Remuneration Committee

The Company established a Remuneration Committee in 2005 with written terms of reference which have been formulated and adopted and complied with the Code Provisions. The Remuneration Committee comprises Non-executive Director, Mr. Chu Yu Lun, and two Independent Non-executive Directors, Mr. Lo Foo Cheung as Committee Chairman and Mr. O'Yang Wiley. The principal roles and functions of the Remuneration Committee as set out in its terms of reference are available on both the Company's and the Stock Exchange's websites.

# Corporate Governance

The Remuneration Committee met once during the financial year ended 31 March 2021 with the presence of all members to review and approve the remunerations and discretionary bonus payable to the Executive Directors and senior management for the financial year under review. The Committee Chairman has reported to the Board on the proceedings of the meeting.

## Nomination Committee

The Company established a Nomination Committee in 2005 with written terms of reference which have been formulated and adopted and complied with the Code Provisions. 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. The principal roles and functions of the Nomination Committee as set out in its terms of reference are available on both the Company's and the Stock Exchange's websites.

The Nomination Committee met once during the financial year ended 31 March 2021 with the presence of all members to review the size, structure and composition of the Board and made its recommendations to the Board on the re-appointment of Directors (not less than one-third of the Board) who are subject to retirement by rotation and eligible for re-election at the forthcoming annual general meeting.

## Remuneration of Directors

The Directors' fees and all other emoluments paid or payable to the Directors during the year are set out on an individual and named basis in note 7(b) to the Audited Financial Statements of this Annual Report on page 77.

The Group's remuneration policy is set out in note 7(d) to the Audited Financial Statements of this Annual Report on page 79.

## Securities Transactions of Directors

The Company confirmed the adoption of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). All Directors confirmed their compliance with the required standard set out in the Model Code regarding directors' securities transactions throughout the financial year ended 31 March 2021.

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

## Directors' Responsibilities for the Financial Statements

The Directors acknowledge their responsibilities for the preparation of the Financial Statements for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period and in compliance with relevant laws and disclosure provisions of the Listing Rules. In preparing the Financial Statements for the year ended 31 March 2021, the Directors have selected appropriate accounting policies and applied them consistently; made judgements and estimates that are prudent and reasonable; and have prepared the Financial Statements on a going concern basis. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

## External Auditor

The Group has appointed PricewaterhouseCoopers as the Group's External Auditor since the financial year 2004/05. Their reporting responsibilities on the Financial Statements are set out in the Independent Auditor's Report of this Annual Report on pages 34 to 41.

During the period under review, the Group has incurred a total fee of HK\$2,702,000 in relation to the interim review and audit services provided by PricewaterhouseCoopers for the financial year 2020/21, which was approved by the Audit Committee and the Board. A fee of HK\$316,000 was also paid or payable to PricewaterhouseCoopers for other services.

PricewaterhouseCoopers will retire and offer themselves for re-appointment at the annual general meeting of the Company to be held on 5 August 2021.

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

## Risk Management and Internal Control

The Board acknowledges that it has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. Such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board had received from the management a confirmation on the effectiveness of these systems.

# Corporate Governance

The Group has established an on-going process for identifying, evaluating and managing the significant risks of the Group in the areas of financial, operational and compliance. The Group's business units are responsible for identifying, assessing and monitoring risks associated with their respective units. The results of evaluation will be reported to the management of the Group through internal meetings. The management of the Group is responsible in assessing the impact of the risks identified to the Group and report to the Board on an annual basis.

The Group handles and disseminates inside information with due care. Employees are required to comply with confidentiality terms inside the Staff Handbook. Access to inside information is limited to employees at appropriate level and on need-to-know basis.

The Group maintains its internal audit function which reviews major operating and financial control and risk management system of the Group on an on-going and rotational basis covering all major operations of the Group. The results of the reviews are reported to the management of the Group.

## Company Secretary

The Company Secretary is responsible for assisting the Board and respective Board Committees in their proceedings and advising the Board on corporate governance matters. During the year ended 31 March 2021, the Company Secretary has complied with the professional training requirements under the Code Provisions.

## Shareholders' Rights and Investor Relation

The Board is committed to upholding shareholders' rights. Shareholders are informed of the Company's performance, operations and developments.

Pursuant to the Articles of Association of the Company, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Shareholders may put forward proposals at general meetings of the Company in the same manner as set out above. The Board shall arrange the extraordinary general meeting to be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists may themselves convene the meeting and reimburse the expenses so incurred from the Company.

Shareholders may propose a person other than a retiring director of the Company for election as a director of the Company at a general meeting by depositing a notice signed by the shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least 7 days and that (if the notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Shareholders may at any time direct their enquiries about the Company to the Board by writing to the Company's place of business in Hong Kong, 6th Floor, Kodak House II, 321 Java Road, North Point, Hong Kong or by email to [groupinfo@hket.com](mailto:groupinfo@hket.com). Shareholders may also put forward their enquiries to the Board at the general meetings of the Company.

During the year ended 31 March 2021, there is no significant change in the Company's constitutional documents. The Company's Memorandum and Articles of Association are available on both the Company's and the Stock Exchange's websites.

# Management Discussion and Analysis

## Summary of Profit and Loss Account

	Year ended 31 March		% Change
	2021 HK\$'000	2020 HK\$'000	
<b>Revenue</b>	<b>999,937</b>	<b>1,131,823</b>	<b>-12%</b>
Cost of sales	(584,289)	(688,004)	-15%
Gross profit	415,648	443,819	-6%
<b>Gross profit margin</b>	<b>41.6%</b>	<b>39.2%</b>	
Selling and distribution expenses	(178,725)	(197,217)	-9%
General and administrative expenses	(208,994)	(225,049)	-7%
Net impairment losses on financial assets	(1,293)	(3,616)	-64%
Impairment losses on non-current assets	(79,778)	–	N/A
Other income	78,923	2,385	N/A
Operating profit	25,781	20,322	27%
Finance income – net	1,771	3,346	-47%
Profit before income tax	27,552	23,668	16%
Income tax credit/(expense)	5,399	(11,212)	N/A
<b>Profit for the year</b>	<b>32,951</b>	<b>12,456</b>	<b>165%</b>
Non-controlling interests	(2,035)	(1,883)	8%
<b>Profit attributable to owners</b>	<b>30,916</b>	<b>10,573</b>	<b>192%</b>
<b>Net profit margin</b>	<b>3.3%</b>	<b>1.1%</b>	

## General

The COVID-19 pandemic has caused severe disruptions to local consumption and business activities. Despite there are signs of recovery in the first quarter of 2021, the pace of recovery was uneven and the overall economic activity was still below the pre-pandemic level.

Impacted by the adverse market conditions, the Group's revenue for the financial year ended 31 March 2021 decreased by HK\$131.9 million or 12% over last financial year to HK\$999.9 million. Profit attributable to owners, however, registered an increase of HK\$20.3 million, from HK\$10.6 million to HK\$30.9 million for the financial year ended 31 March 2021, with improved net profit margin resulting from the effective cost control measures.

## Revenue

	Year ended 31 March		% Change
	2021 HK\$'000	2020 HK\$'000	
Revenue:			
Advertising income	523,756	592,749	-12%
Circulation income	69,382	82,231	-16%
Service income	406,799	456,843	-11%
Total	999,937	1,131,823	-12%

Advertising income, mainly contributed by the Group's printed publications and digital platforms, recorded HK\$523.8 million for the financial year ended 31 March 2021, a drop of HK\$69.0 million, or 12% from the last financial year. Local consumption and business activities were severely disrupted by the COVID-19 pandemic. Advertising income from Group's printed publications decreased significantly in the first half of the financial year. The social distancing and other anti-epidemic measures have further accelerated the digital transformation of local media. Both consumers and advertisers have moved rapidly toward digital channels. The Group's digital advertising income generated from various digital platforms has registered a notable growth and was able to compensate part of the loss in advertising income from printed publications.

Circulation income recorded a decrease of 16% from HK\$82.2 million for the year ended 31 March 2020 to HK\$69.4 million for the financial year under review. The decrease was in line with most of the printed titles in the market during the year under review.

Service income for the year ended 31 March 2021 decreased by 11% from HK\$456.8 million in preceding financial year to HK\$406.8 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 printing services income, in line with the decrease of print volume of most periodicals and promotional activities in the market. Service income from financial news agency, information and solutions remained solid for the financial year under review.

# Management Discussion and Analysis

## Operating Costs

Gross profit margin for the year ended 31 March 2021 improved by 2.4 percentage point to 41.6% from 39.2% for the year ended 31 March 2020. During the year under review, management had reorganised and redeployed the operational resources to improve cost effectiveness of the Group's operations.

Staff costs, representing approximately 57% of the Group's total operating costs, decreased by 7% as compared to the year ended 31 March 2020. The decrease was mainly due to the decrease in headcount after rationalisation of the Group's operational resources.

Content costs which mainly represent market data license fees of various exchanges, financial index providers and foreign news agencies, constituting around 12% of the Group's total operating costs, increased by 2% when compared to the year ended 31 March 2020. The increase was in line with the market data usage of customers who had subscribed for ET Net quotation services under the financial news agency, information and solutions segment.

## Impairment Losses on Non-current Assets

The prolonged unprecedented COVID-19 pandemic and the associated anti-epidemic measures extended following the fourth wave of COVID-19 infections in late 2020 had further accelerated the digital transformation of local media. Management noted the trend of shrinking demand for printed newspapers is becoming irrevocable. In view of the economic performance of the printing presses which was worse than expected, management considered that impairment indicators were identified. Based on the latest market conditions, management had performed impairment assessment for the carrying amount of the printing presses, including property, plant and equipment and right-of-use assets as at 31 March 2021. The impairment assessment was carried out by determining the recoverable amount of the printing presses based on the higher of fair value less cost of disposal and value-in-use calculation. The carrying amount of the printing presses is written down to its recoverable amount if the carrying amount is greater than its estimated recoverable amount. Management used discounted cash flow projections from the financial budgets covering a period of remaining useful life of the relevant assets to determine the recoverable amount under the value-in-use calculation and performed market search to estimate the recoverable amount of the relevant assets based on the fair value less cost of disposal calculation. The assessment resulted in impairment losses on non-current assets of HK\$79.8 million for the financial year under review.

## Income Tax (Credit)/Expense

The Group recorded an income tax credit for the current financial year as compared to the income tax expense in the last financial year. The Group's effective tax rate before impairment losses on non-current assets for the year ended 31 March 2021 was approximately 7.4%. The Group was principally 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 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 and the non-taxable government subsidies granted by the Hong Kong Government under the Anti-epidemic Fund. The Group would closely monitor the related operations from time to time.

## Profit Attributable to Owners

Profit attributable to owners of the Group, after the government subsidies under the Anti-epidemic Fund of HK\$77.2 million and the impairment losses on non-current assets of HK\$79.8 million, was HK\$30.9 million, an increase of HK\$20.3 million as compared to the last financial year. Net profit margin increased by 2.2 percentage point to 3.3% for the financial year under review.

Media segment recorded negative operating results for the financial year under review. The segment was adversely affected by the weak consumer and business sentiments caused by COVID-19 pandemic. Despite the decrease of print advertising income, digital advertising income maintained its growth momentum and was the main driver 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 to expand and solidify the success aimed to bring in sustainable growth and better profit.

Financial news agency, information and solutions segment, remained the solid profit contributor to the Group, recorded an increase in results for the year ended 31 March 2021 when compared to the last financial year. Benefited by the buoyant IPO market and robust trading activities of the securities and wealth management market, this segment had secured several financial solution projects during the year under review. The Group will continue its talent and technology inputs into the mobile platform development to meet the rising demand in the mobile banking and securities trading services.

## Liquidity and Capital Resources

(in HK\$ million)	As at 31 March	
	2021	2020
Net current assets	437.8	356.8
Term deposits, pledged deposits and cash and cash equivalents	470.5	386.8
Owners' equity	891.4	888.0
Gearing ratio	N/A	N/A
Current ratio	2.66 times	2.34 times

The Group's net current assets as at 31 March 2021 increased by HK\$81.0 million from HK\$356.8 million to HK\$437.8 million. An Employment Support Scheme subsidy of HK\$77.0 million was granted by the Hong Kong Government under the Anti-epidemic Fund for use of paying part of the wages of employees for the year under review.

# Management Discussion and Analysis

Net cash used in investing activities was HK\$93.8 million, consisting of HK\$19.9 million used in purchase of property, plant and equipment and HK\$76.3 million placed on term deposits with original maturities of over three months.

The Group had distributed the final dividend declared for the financial year ended 31 March 2020 and interim dividend for the six months period ended 30 September 2020 amounting to an aggregate total of HK\$30.2 million.

The Group had no gearing (being total interest bearing liabilities divided by total assets) as at 31 March 2021 and 2020.

As at 31 March 2021, the Group had a cash balance of HK\$470.5 million as compared to HK\$386.8 million as at 31 March 2020. 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 weather the currently challenging operating and economic environment.

## Outlook

Border restrictions, quarantines, social distancing and other anti-epidemic measures have accelerated the digital transformation of local media. Both readers and advertisers have shifted rapidly toward digital channels. To enhance our user experience by providing personalised content and to match the marketers' increased needs for target marketing, the Group has increased its investment in digital capabilities including data and analytical tool for quality content creation, audience behavior studies, advance analytics, cloud computing and smart marketing strategy. We believe that these initiatives are invaluable to our sustainable growth and long-term business development.

The global economic outlook, amid strong fiscal and monetary support in major economies and the rollout of mass vaccination programs, improves markedly in 2021. Benefited from the sharp rebound in global demand, Hong Kong economy shows visible signs of recovery in the first quarter of 2021. However, the recovery is uneven and uncertainty associated with the pandemic is still high. Social distancing requirements and travel restrictions continue to weigh on certain economic segments particularly those consumer-facing activities.

Looking ahead, the global and local economies will continue to be shaped by the impact of the Covid-19 pandemic, the China-US relations under the new US administration and geopolitical tensions. We will closely monitor the economic and political situations, take a cautious and prudent approach in cost management, operational efficiency and financial discipline. The Group is in a strong financial position with cash balance of approximately HK\$471 million as at 31 March 2021. We are determined to maintain a sustainable dividend policy as well as strong liquidity to preserve our strength for strategic business investment and development. While the global economic outlook remains challenging, with our competitive strengths built over the years, we are well placed to capture the opportunities and meet the challenges ahead.

## Employees

As at 31 March 2021, the Group had 1,397 employees (31 March 2020: 1,440 employees). The Directors believe that employees are the most valuable assets of the Group and competitive remuneration packages are offered to retain quality staff. Employee benefits include medical insurance, discretionary bonus, provident fund schemes and other staff benefits.

# Directors' Report

The Directors of Hong Kong Economic Times Holdings Limited (the "Company") submit their report together with the audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2021 (the "Financial Statements").

## Principal Activities

The principal activity of the Company is investment holding. The activities of the Company's principal subsidiaries are set out in note 23 to the Financial Statements.

## Business Review

An analysis of the Group's performance for the year ended 31 March 2021 by operating segment is set out in note 5 to the Financial Statements.

A review of the Group's business during the year and discussion of the Group's performance and its financial position including an indication of likely future development of the Group's business are provided in the section headed "Management Discussion and Analysis" on pages 22 to 26 of this Annual Report.

The Group is committed to operate in a sustainable manner while balancing the interests of its various stakeholders including employees, customers and suppliers. This includes promoting employee benefits and development, emphasising safety working environments to employees, ensuring quality products and services and developing mutual beneficial relationships with suppliers.

The Group is committed to protecting the environment and improving the environmental performance in compliance with applicable environmental laws and practices. The Group had integrated environmental considerations into the Group's business processes seeking for a sustainable development. Details of the discussion on the Group's environmental policies and performance, its compliance with relevant laws and regulations are set out in the "Environmental, Social and Governance Report" of the Group.

The Group has complied with the relevant laws and regulations that have a significant impact on the Group.

## Financial Results

The results of the Group for the year and the state of affairs of the Company and the Group as at 31 March 2021 are set out on pages 42 to 102.

# Directors' Report

## Dividend Distributions

During the year, an interim dividend distribution from the distributable reserves of HK 2.0 cents per share, totalling HK\$8,632,000 was paid on 18 December 2020.

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 2021 to the shareholders whose names appear on the Register of Members of the Company at the close of business on 13 August 2021, amounting to HK\$25,896,000. The final dividend, payable on 3 September 2021, is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on 5 August 2021.

## Reserves

Movements in the reserves of the Group and of the Company during the year are set out on page 46 of and in note 27(b) to the Financial Statements.

## Property, Plant and Equipment

Movements in property, plant and equipment of the Group are set out in note 13 to the Financial Statements.

## Share Capital

Details of the number of authorised and issued shares of the Company are set out in note 22 to the Financial Statements.

## Distributable Reserves

Distributable reserves of the Company as at 31 March 2021, calculated under the Cayman Islands Companies Law, amounted to HK\$252,828,000 (2020: HK\$262,957,000) including share premium and retained earnings.

## Pre-emptive Rights

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

## Five-year Financial Summary

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

## Purchase, Sale or Redemption of the Company's Shares

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

## Directors

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

### Executive Directors

Mr. FUNG Siu Por, Lawrence (*Chairman*)  
Mr. MAK Ping Leung (alias: Mr. MAK Wah Cheung) (*retired on 1 May 2020*)  
Ms. SEE Sau Mei Salome  
Mr. CHAN Cho Bui  
Ms. WONG Ching

### Non-executive Director

Mr. CHU Yu Lun

### Independent Non-executive Directors

Mr. CHOW On Kiu  
Mr. LO Foo Cheung  
Mr. O'YANG Wiley

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

In accordance with Article 87 of the Company's Articles of Association, Mr. Fung Siu Por, Lawrence, Mr. Chu Yu Lun and Mr. Lo Foo Cheung shall retire from office and, are eligible for re-election at the forthcoming annual general meeting.

## Directors' Service Contracts

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

# Directors' Report

## Directors' Interests in Contracts

Other than as disclosed under "Related Party Transactions" in note 26 to the Financial Statements, no contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 March 2021, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

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

Name of Directors	Capacity/Nature of interest	Number of shares held	Percentage of number of issued shares of the Company
Mr. FUNG Siu Por, Lawrence (Note 1)	Corporate	54,359,000	12.595%
Ms. SEE Sau Mei Salome	Beneficial owner	370,000	0.086%
Mr. CHAN Cho Bui	Beneficial owner	520,000	0.120%
Mr. CHU Yu Lun (Note 2)	Corporate	87,435,000	20.258%
Mr. LO Foo Cheung	Beneficial owner	740,000	0.171%

Note 1: The interests in the 54,359,000 shares are in respect of the deemed corporate interests held by Mr. Fung Siu Por, Lawrence through Golden Rooster Limited which is wholly owned by Mr. Fung Siu Por, Lawrence and his wife, Ms. Lee Suk Wai Alexandra. For the purpose of Part XV of the SFO, Mr. Fung Siu Por, Lawrence is therefore deemed interested in the shares held by Golden Rooster Limited.

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

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

(b) Long positions in underlying shares of the Company

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

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

## Substantial Shareholders' Interests in Shares and Underlying Shares

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 31 March 2021, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's number of issued shares. These interests are in addition to those disclosed above in respect of Directors and chief executive:

Name of Substantial Shareholders	Number of ordinary shares held (long position)	Percentage of number of issued shares of the Company
Sky Vision Investments Limited (Note 1)	87,435,000	20.258%
MaMa Charitable Foundation Limited	58,169,000	13.478%
Golden Rooster Limited (Note 2)	54,359,000	12.595%
The University of Hong Kong	43,160,000	10.000%
Webb David Michael	34,896,000	8.085%

Note 1: Sky Vision Investments Limited is wholly owned by Mr. Chu Yu Lun and his wife, Ms. Chow Chiu Hing. For the purpose of Part XV of the SFO, Mr. Chu Yu Lun and Ms. Chow Chiu Hing are therefore deemed interested in the shares held by Sky Vision Investments Limited.

Note 2: Golden Rooster Limited is wholly owned by Mr. Fung Siu Por, Lawrence and his wife, Ms. Lee Suk Wai Alexandra. For the purpose of Part XV of the SFO, Mr. Fung Siu Por, Lawrence and Ms. Lee Suk Wai Alexandra are therefore deemed interested in the shares held by Golden Rooster Limited.

Save as disclosed above, as at 31 March 2021, according to the register of interests required to be kept by the Company under Section 336 of Part XV of the SFO, there was no person, other than the Directors and chief executive of the Company, whose interests are set out in the paragraph headed "Directors' Interests in Shares, Underlying Shares and Debentures" above, who had any interests or short positions in the shares or underlying shares of the Company.

# Directors' Report

## Management Contracts

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

## Major Suppliers and Customers

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

Purchases	
– the largest supplier	11%
– five largest suppliers combined	24%
Sales	
– the largest customer	6%
– five largest customers combined	14%

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

## Connected Transactions

The Group has entered into certain related party transactions as disclosed in note 26 to the Financial Statements. These related party transactions did not constitute connected transactions of the Company under the Listing Rules.

## Competing Business

As at 31 March 2021, none of the Directors and directors of the Company's subsidiaries, or their respective associates had interests in businesses, other than being a director of the Company and/or its subsidiaries and their respective associates, which compete or are likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules, except for the interests held by Mr. Chu Yu Lun and Mr. Fung Siu Por, Lawrence, both Directors of the Company, in Adsale Publishing Limited which is engaged in the publication of industrial magazines catered for readers in the textile and apparel, plastic and rubber, and machinery industries. Mr. Chu is also a director of Adsale Publishing Limited.

## Sufficiency of Public Float

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

## Compliance with Corporate Governance Code

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code (the “Code Provisions”) contained in Appendix 14 of the Listing Rules for the year ended 31 March 2021 except as stated and explained below.

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

## Auditor

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

On behalf of the Board  
**Fung Siu Por, Lawrence**  
*Chairman*

Hong Kong, 21 June 2021

# Independent Auditor's Report



羅兵咸永道

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

## Opinion

What we have audited

The consolidated financial statements of Hong Kong Economic Times Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 42 to 102, which comprise:

- the consolidated balance sheet as at 31 March 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong  
T: +852 2289 8888, F: +852 2810 9888, [www.pwchk.com](http://www.pwchk.com)*

## Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

### Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Provision of impairment of trade receivables of the media segment
- Impairment on property, plant and equipment and right-of-use assets of the cash-generating unit for the printing presses

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><b>Provision for impairment of trade receivables of the media segment</b></p> <p><i>Refer to note 3.1 (b) (Credit risk), note 4 (Critical accounting estimates and judgements) and note 17 (Trade receivables) to the consolidated financial statements.</i></p> <p>As at 31 March 2021, the Group has gross trade receivables of HK\$185.6 million, of which a significant portion was attributable to customers from the media segment. Provision is made for lifetime expected credit losses on trade receivables.</p>	<p>We obtained an understanding of management internal control and impairment assessment process of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.</p> <p>We evaluated and validated the key controls performed by management over the credit control procedures, including its procedures on periodic review on aged trade receivables, and assessment on the expected credit losses allowance of trade receivables.</p>

# Independent Auditor's Report

## Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Customers of the media segment has a slower settlement pattern and may settle after the contractual credit period. Management applied judgement in assessing 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 and 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 2 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.</p> <p>We focused on auditing of the provision for impairment of trade receivables of the media segment due to the magnitude of the relevant trade receivables, the higher degree of estimation uncertainty and subjectivity in management's judgement involved in determining the expected credit loss allowance of the trade receivables. The inherent risk in relation to the determining of the expected credit losses allowance of the trade receivables is considered significant due to subjectivity of significant assumptions used, and significant judgements involved in selecting data.</p>	<p>We performed retrospective review by comparing previous estimates to actual outcome, and evaluated the outcome of prior period assessment of impairment of trade receivables to assess the effectiveness of management's estimation process.</p> <p>We tested on a sample basis, the accuracy of ageing profile of trade receivables by checking to the underlying sales invoices.</p> <p>We tested on a sample basis, the subsequent settlement of trade receivables against bank receipts.</p> <p>We obtained management's assessment on the expected credit losses allowance of trade receivables.</p> <p>We corroborated and validated management's assessment based on the historical settlement pattern of up to past 2 years, correspondence with the customers and market research regarding the relevant forward-looking information such as macroeconomic factors used in management's assessment.</p> <p>Based upon the above, we found that the estimation and judgement made by management in respect of the expected credit losses allowance and the collectability of trade receivables were supportable by the available evidence.</p>

## Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><b>Impairment on property, plant and equipment and right-of-use assets of the cash-generating unit for the printing presses</b></p> <p><i>Refer to note 4 (Critical accounting estimates and judgements) and note 13 (Property, plant and equipment) to the consolidated financial statements.</i></p> <p>Management performs assessment whenever events or changes in circumstances indicate that the carrying amounts of property, plant and equipment and right-of-use assets may not be recoverable. In carrying out the impairment assessment, management identified and determined cash-generating units ("CGUs") and performed the assessment for individual CGUs as required by HKAS36 "Impairment of assets".</p> <p>During the year ended 31 March 2021, the CGU for the printing presses has incurred losses significantly higher than budget previously prepared by management, and this represented an impairment indicator of the property, plant and equipment and right-of-use assets within that CGU. The total property, plant and equipment and right-of-use assets of this CGU amounted to HK\$72,893,000 and HK\$6,885,000 as at 31 March 2021 respectively. Management carried out the impairment assessment for the relevant CGU by determining the recoverable amount based on the higher of fair value less cost of disposal ("FVLCD") derived from market search and value-in-use ("VIU") calculation using discounted cash flows forecast ("DCF").</p>	<p>We understood and evaluated the internal controls over the determination of individual CGUs, the identification of relevant CGU having impairment indicators and preparation of the cash flow forecasts and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.</p> <p>We evaluated the appropriateness of management's assessment process on CGU determination and impairment indicator identification by:</p> <ul style="list-style-type: none"><li>– Enquiring of management on their basis of identifying impairment indicators; and</li><li>– Challenging the judgements made in the identification of impairment indicators.</li></ul> <p>We tested management's impairment assessment of property, plant and equipment and right-of-use assets by assessing the DCF used in the calculation as set out below:</p> <ul style="list-style-type: none"><li>– Comparing the key input data in management's DCF to the budget and the business plan approved by senior management;</li><li>– Assessing the methodology adopted and the mathematical accuracy of the underlying DCF calculation; and</li></ul>

# Independent Auditor's Report

## Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>Preparation of DCF required the use of many assumptions and management exercised significant judgements in determining these assumptions. Key assumptions adopted and judgements exercised in the preparation of the DCF included:</p> <ul style="list-style-type: none"><li>– Revenue growth rates; and</li><li>– Discount rate.</li></ul> <p>Based on the results of management's impairment assessment, provision for impairment of HK\$72,893,000 and HK\$6,885,000 in respect of property, plant and equipment and right-of-use assets respectively of the CGU was made for the year ended 31 March 2021.</p> <p>We focused on this area due to the magnitude of the relevant balances, the higher degree of estimation uncertainty and subjectivity in management's judgement involved to determine the recoverable amounts of these assets.</p>	<ul style="list-style-type: none"><li>– Assessing the reasonableness of management's key assumptions adopted and judgements exercised in its DCF in relation to:<ul style="list-style-type: none"><li>– revenue growth rates by comparing them to historical performance and business plan, as well as benchmarking against industry and market forecast; and</li><li>– discount rates by comparing with the cost of capital of comparable companies with assistance of our in-house valuation experts.</li></ul></li></ul> <p>We evaluated the sensitivity analysis to ascertain the extent of the change in the key assumptions that would result in the assets being impaired and discussed with management the likelihood of such a change in the key assumptions arising.</p> <p>We understood and evaluated the procedures performed by management in estimating the recoverable amounts under FVLCD and reviewed and evaluated the source documents supporting management's estimation of the recoverable amounts under FVLCD.</p> <p>Based on the procedures performed, we found the significant judgements and assumptions made by management to identify whether any impairment indicators existed for any of these assets and determine the recoverable amounts of these assets to be supportable by available evidence.</p>

## Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee are responsible for overseeing the Group's financial reporting process.

# Independent Auditor's Report

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. WONG Ka Keung Johnny.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 21 June 2021

# Audited Financial Statements

## Consolidated Income Statement

	Note	Year ended 31 March	
		2021 HK\$'000	2020 HK\$'000
Revenue	5	999,937	1,131,823
Cost of sales	6	(584,289)	(688,004)
Gross profit		415,648	443,819
Selling and distribution expenses	6	(178,725)	(197,217)
General and administrative expenses	6	(208,994)	(225,049)
Net impairment losses on financial assets		(1,293)	(3,616)
Impairment losses on non-current assets	13	(79,778)	–
Other income	5	78,923	2,385
Operating profit		25,781	20,322
Finance income	8	2,269	4,047
Finance costs	8	(498)	(701)
Finance income – net	8	1,771	3,346
Profit before income tax		27,552	23,668
Income tax credit/(expense)	9	5,399	(11,212)
Profit for the year		32,951	12,456
Profit attributable to:			
Owners of the Company		30,916	10,573
Non-controlling interests		2,035	1,883
		32,951	12,456
Earnings per share attributable to owners of the Company (expressed in HK cents)			
Basic and diluted	10	7.16	2.45

The above consolidated income statement should be read in conjunction with the accompanying notes.

## Consolidated Statement of Comprehensive Income

	Note	Year ended 31 March	
		2021 HK\$'000	2020 HK\$'000
<b>Profit for the year</b>		32,951	12,456
Other comprehensive income:			
Item that may be reclassified to profit or loss			
Currency translation differences arising from foreign operations		742	(707)
Item that will not be reclassified subsequently to profit or loss			
Remeasurement of long service payment provision	12	1,980	4,398
Other comprehensive income for the year, net of tax		2,722	3,691
<b>Total comprehensive income for the year</b>		35,673	16,147
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		33,638	14,264
Non-controlling interests		2,035	1,883
		35,673	16,147

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Audited Financial Statements

## Consolidated Balance Sheet

		As at 31 March	
	Note	2021	2020
		HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	13	459,610	559,646
Investment properties	14	5,949	6,116
Deferred income tax assets	15	28,128	22,631
Deposits paid for property, plant and equipment		270	2,721
		493,957	591,114
<b>Current assets</b>			
Inventories	16	16,836	34,634
Trade receivables	17	179,023	165,511
Deposits and other receivables		17,513	18,528
Prepayments		15,133	14,500
Tax recoverable		2,496	2,390
Pledged deposits	18	1,742	1,702
Term deposits with original maturities of over three months	18	240,823	164,551
Cash and cash equivalents	18	227,917	220,525
		701,483	622,341
<b>Current liabilities</b>			
Trade payables	19	25,920	25,875
Fees in advance		113,776	130,979
Accruals, other payables and provisions	20	103,387	98,177
Lease liabilities	21	17,165	8,108
Current income tax liabilities		3,403	2,445
		263,651	265,584
<b>Net current assets</b>		437,832	356,757
<b>Total assets less current liabilities</b>		931,789	947,871

		As at 31 March	
	Note	2021	2020
		HK\$'000	HK\$'000
<b>Equity attributable to owners of the Company</b>			
Share capital	22	43,160	43,160
Reserves		848,281	844,855
		891,441	888,015
Non-controlling interests		19,129	17,094
<b>Total equity</b>		<b>910,570</b>	<b>905,109</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	15	16,996	30,945
Lease liabilities	21	1,654	6,960
Other non-current liabilities	12	2,569	4,857
		21,219	42,762
<b>Total equity and non-current liabilities</b>		<b>931,789</b>	<b>947,871</b>

The consolidated financial statements on pages 42 to 102 were approved by Board of Directors on 21 June 2021 and were signed on its behalf.

Fung Siu Por, Lawrence  
Chairman

See Sau Mei Salome  
Director

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

# Audited Financial Statements

## Consolidated Statement of Changes in Equity

	Attributable to owners of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Currency translation reserve HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000			
Balance at 1 April 2019	43,160	8,007	69,944	6,120	579	3,413	779,214	910,437	15,491	925,928
Profit for the year	-	-	-	-	-	-	10,573	10,573	1,883	12,456
<b>Other comprehensive income/(loss)</b>										
Currency translation differences arising from foreign operations	-	-	-	-	(707)	-	-	(707)	-	(707)
Remeasurement of long service payment provision	-	-	-	-	-	4,398	-	4,398	-	4,398
Total comprehensive income/(loss)	-	-	-	-	(707)	4,398	10,573	14,264	1,883	16,147
<b>Transactions with owners</b>										
Final dividend for the year ended 31 March 2019	-	-	-	-	-	-	(28,054)	(28,054)	-	(28,054)
Dividend declared by a subsidiary for the year ended 31 March 2019	-	-	-	-	-	-	-	-	(280)	(280)
Interim dividend for the year ended 31 March 2020	-	-	-	-	-	-	(8,632)	(8,632)	-	(8,632)
Balance at 31 March 2020	43,160	8,007	69,944	6,120	(128)	7,811	753,101	888,015	17,094	905,109
Balance at 1 April 2020	43,160	8,007	69,944	6,120	(128)	7,811	753,101	888,015	17,094	905,109
Profit for the year	-	-	-	-	-	-	30,916	30,916	2,035	32,951
<b>Other comprehensive income</b>										
Currency translation differences arising from foreign operations	-	-	-	-	742	-	-	742	-	742
Remeasurement of long service payment provision	-	-	-	-	-	1,980	-	1,980	-	1,980
Total comprehensive income	-	-	-	-	742	1,980	30,916	33,638	2,035	35,673
Reversal of long service payment provision	-	-	-	-	-	(66)	66	-	-	-
<b>Transactions with owners</b>										
Final dividend for the year ended 31 March 2020	-	-	-	-	-	-	(21,580)	(21,580)	-	(21,580)
Interim dividend for the year ended 31 March 2021	-	-	-	-	-	-	(8,632)	(8,632)	-	(8,632)
Balance at 31 March 2021	43,160	8,007	69,944	6,120	614	9,725	753,871	891,441	19,129	910,570

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated Cash Flow Statement

	Note	Year ended 31 March	
		2021 HK\$'000	2020 HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	24(a)	162,290	164,228
Interest paid	8	(498)	(701)
Hong Kong profits tax paid		(13,193)	(14,921)
<b>Net cash generated from operating activities</b>		<b>148,599</b>	<b>148,606</b>
<b>Cash flows from investing activities</b>			
Bank interest received	8	2,269	4,047
Purchases of property, plant and equipment		(19,925)	(19,751)
Deposits paid for purchase of property, plant and equipment		(270)	(2,721)
Proceeds from disposal of property, plant and equipment	24(b)	467	10
Increase in term deposits with original maturities of over three months		(76,272)	(33,669)
Increase in pledged deposits		(40)	(41)
<b>Net cash used in investing activities</b>		<b>(93,771)</b>	<b>(52,125)</b>
<b>Cash flows from financing activities</b>			
Principal elements of lease payments	24(c)	(17,966)	(21,242)
Interim dividend paid to owners of the Company		(8,632)	(8,632)
Final dividend paid to owners of the Company		(21,580)	(28,054)
Final dividend paid to non-controlling interests		–	(280)
<b>Net cash used in financing activities</b>		<b>(48,178)</b>	<b>(58,208)</b>
<b>Net increase in cash and cash equivalents</b>		<b>6,650</b>	<b>38,273</b>
Effect of foreign exchange rate changes, net		742	(707)
Cash and cash equivalents at beginning of the year		220,525	182,959
<b>Cash and cash equivalents at end of the year</b>	18	<b>227,917</b>	<b>220,525</b>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 1. General information

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

The Company is an investment holding company. The principal activities of its subsidiaries are the printing and publishing of newspapers and magazines and operation of their associated digital businesses; the operation of recruitment advertising and lifestyle platforms; and the provision of electronic financial and property market information services.

### 2. Summary of significant accounting policies

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

#### 2.1 Basis of preparation

The consolidated financial statements of 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.

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

## 2. Summary of significant accounting policies (Continued)

### 2.1 Basis of preparation (Continued)

#### New standards and amendments adopted by the Group

The following new standards and amendments to standards are relevant to the Group's operation and are mandatory for the financial year ended 31 March 2021:

HKFRS 3 (amendments)	Definition of business
HKAS 1 and HKAS 8 (amendments)	Definition of material
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting

The Group has early adopted Amendment to HKFRS 16 "COVID-19-Related Rent Concessions" retrospectively from 1 April 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met: (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (b) any reduction in lease payments affects only payments due on or before 30 June 2021; and (c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions of approximately HK\$200,000 have been accounted for as negative variable lease payments and recognised in 'general and administrative expenses' in the consolidated income statement for the year ended 31 March 2021, with a corresponding adjustment to the lease liabilities. There is no impact on the opening balance of equity at 1 April 2020.

A number of new or amended standards became applicable for the current reporting period. Except for the Amendment to HKFRS 16 set out above, the adoption of the other new standard and amendments to existing standards did not have a significant effect on the financial statements or result in any significant changes in the Group's significant accounting policies, except for certain changes in presentation and disclosures.

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 2. Summary of significant accounting policies (Continued)

#### 2.1 Basis of preparation (Continued)

##### *Amendments that have not yet been adopted*

The following amendments to standards are relevant to the Group but are not effective for the Group's financial year beginning on or after 1 April 2020 and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
HKFRS 3 (amendments)	Reference to the conceptual framework	1 January 2022
HKAS 16 (amendments)	Property, plant and equipment: Proceeds before intended use	1 January 2022
HKAS 37 (amendments)	Onerous contracts – Cost of fulfilling a contract	1 January 2022
Annual improvement projects	Annual improvements 2018-2020 Cycle	1 January 2022
HKAS 1 (amendments)	Classification of liabilities as current or non-current	1 January 2023

None of these amendments is expected to have a significant impact on the consolidated financial statements of the Group.

## 2. Summary of significant accounting policies (Continued)

### 2.2 Subsidiaries

#### 2.2.1 Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

#### (a) Business combinations

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

Acquisition-related costs are expensed as incurred.

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 2. Summary of significant accounting policies (Continued)

#### 2.2 Subsidiaries (Continued)

##### 2.2.1 Consolidation (Continued)

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

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

(c) Disposal of subsidiaries

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

##### 2.2.2 Separate financial statements

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

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

## 2. Summary of significant accounting policies (Continued)

### 2.3 Segment reporting

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

### 2.4 Foreign currency translation

#### (a) *Functional and presentation currency*

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

#### (b) *Transactions and balances*

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

#### (c) *Group companies*

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

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

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

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 2. Summary of significant accounting policies (Continued)

#### 2.5 Property, plant and equipment

Buildings comprise mainly factories and offices. All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs over their estimated useful lives, as follows:

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

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

## 2. Summary of significant accounting policies (Continued)

### 2.6 Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields, and that are not occupied by the Group.

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

### 2.7 Impairment of non-financial assets

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

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 2. Summary of significant accounting policies (Continued)

#### 2.8 Financial assets

##### 2.8.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

##### 2.8.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

## 2. Summary of significant accounting policies (Continued)

### 2.8 Financial assets (Continued)

#### 2.8.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as amortised cost. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated income statement. Impairment losses are presented as separate line item in the consolidated income statement.

#### 2.8.4 Impairment

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other financial assets carried at amortised cost, the loss allowance recognised is based on the 12-month ECL. 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 reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

### 2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 2. Summary of significant accounting policies (Continued)

#### 2.10 Inventories

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

#### 2.11 Trade and other receivables

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

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

#### 2.12 Cash and cash equivalents

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

#### 2.13 Share capital

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

#### 2.14 Trade and other payables

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

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

## 2. Summary of significant accounting policies (Continued)

### 2.15 Current and deferred income tax

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

#### (a) *Current income tax*

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

#### (b) *Deferred income tax*

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

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

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

#### (c) *Offsetting*

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

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 2. Summary of significant accounting policies (Continued)

#### 2.16 Employee benefits

##### (a) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

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

##### (b) *Long service payments*

The Group's net obligation in respect of long service payments to its employees in Hong Kong upon cessation of their employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

The obligation is calculated using the projected unit credit cost method, discounted to its present value and reduced by entitlements accrued under the Group's retirement schemes that are attributed to contributions made by the Group. The discount rate is the yield at each balance sheet date of Hong Kong Government's Exchange Fund Notes which have terms to maturity approximating the terms of the related liability. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans.

The current service cost of the defined benefit plan, recognised in the consolidated income statement in employee benefit expense reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in consolidated income statement.

The interest expenses are calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated income statement.

Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

## 2. Summary of significant accounting policies (Continued)

### 2.16 Employee benefits (Continued)

#### (c) Pension obligations

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

In addition, pursuant to the government regulations in the People’s Republic of China (the “PRC”), the Group is required to contribute an amount to certain retirement benefit schemes for those employees in the PRC. The local municipal government undertakes to assume the retirement benefits obligations of those employees of the Group. Contributions to these retirement benefits schemes are charged to the consolidated income statement as incurred.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group’s contributions to the defined contribution retirement plans are expensed as incurred. The Group’s contributions to all these plans except for the MPF and the plans in the PRC are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### 2.17 Provisions

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

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

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

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 2. Summary of significant accounting policies (Continued)

#### 2.18 Revenue recognition

The Group recognised revenue as follows:

##### (a) *Sales of goods*

Circulation income, comprises the sales of newspapers, magazines and books, and sales of goods, are recognised when control of the products has transferred, being when the products are delivered to the customers, the customer has accepted the products, the collection of the related consideration is probable and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. The Group recognised its contract liabilities as fees in advance in the consolidated balance sheet.

##### (b) *Provision of services*

Revenue from providing services includes:

- Advertising income;
- Service income derived from the provision of printing services, provision of professional training and provision of information subscription services, solution and other related maintenance services;

and is recognised in the accounting period in which the services are rendered.

If the contract includes a monthly fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

A contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. The Group recognised its contract liabilities as fees in advance in the consolidated balance sheet.

## 2. Summary of significant accounting policies (Continued)

### 2.18 Revenue recognition (Continued)

#### (c) *Rental income*

Rental income receivable under operating leases is recognised in the consolidated income statement in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the consolidated income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

#### (d) *Finance income*

Finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

### 2.19 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

### 2.20 Leases

#### (a) *As a lessee*

The Group leases various properties including offices and workshops. Lease terms are negotiated on an individual basis and contain 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.

Leasehold land is included in right-of-use assets. Leases are 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. Right-of-use assets are depreciated the shorter of the assets useful life and over the lease terms on a straight-line basis.

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 2. Summary of significant accounting policies (Continued)

#### 2.20 Leases (Continued)

##### (a) As a lessee (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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 the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to be incurred by the lease in dismantling and removing the underlying asset.

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.

## 2. Summary of significant accounting policies (Continued)

### 2.20 Leases (Continued)

#### (a) As a lessee (Continued)

Extension options are included in the property leases across the Company. These terms are used to maximise operational flexibility in terms of managing contracts. All extension options held are exercisable only by the Company and not by the respective lessor. The Company considers all facts and circumstances that create an economic incentive to exercise an extension option in determining the lease term. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment.

#### (b) As a lessor

When an asset is leased out under an operating lease, the asset is included in the consolidated balance sheet based on the nature of the asset. Lease income on operating leases is recognised over the term of the lease on a straight-line basis.

### 2.21 Dividend distribution

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

### 2.22 Related parties

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

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 3. Financial risk management

#### 3.1 Financial risk factors

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

#### (a) Market risk

##### (i) Foreign exchange risk

Most of the income and expenditures of the Group are denominated in HK dollars. Certain transactions are denominated in United States dollars ("US dollars") and Renminbi ("RMB"). The value of HK dollars is pegged to that of US dollars and hence, the Group does not have any material foreign exchange exposure in this regard. The Group's exposure to RMB is considered to be minimal, as there are no significant assets and liabilities denominated in RMB.

The Group has not implemented or entered into any type of instruments or arrangements to hedge against currency exchange fluctuations for the year under review. As at 31 March 2021 and 2020, the Group did not have any outstanding hedging instruments.

##### (ii) Interest rate risk

Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rates expose the Group to fair value interest rate risk.

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

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

At 31 March 2021, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit for the year by approximately HK\$2,274,000 (2020: HK\$2,200,000), in respect of interest income on floating rate bank deposits.

### 3. Financial risk management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk

The Group's credit risk arises from its bank deposits, deposits and other receivables and trade receivables.

##### (i) Risk management

To mitigate the risk arising from banks, the Group places its deposits to certain reputable banks with a minimum rating of "investment grade" ranked by an independent party.

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

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

In addition, trade receivables balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. See note 17 for further disclosure on credit risk.

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

##### (ii) Impairment of financial assets

Trade receivables of the Group are subject to the ECL model. While bank deposits and other financial assets at amortised cost are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

##### Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. The Group measures the ECL on a combination of both individual and collective basis.

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 3. Financial risk management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### Trade receivables (Continued)

- Measurement of ECL on individual basis

Receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance.

The following table represents the gross carrying amount and the provision for impairment in respect of the individually assessed receivables as at 31 March 2021 and 2020.

	2021 HK\$'000	2020 HK\$'000
Gross carrying amount	4,479	3,600
Provision for impairment	(4,301)	(2,414)
Net carrying amount	178	1,186

### 3. Financial risk management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk (Continued)

##### (ii) Impairment of financial assets (Continued)

##### Trade receivables (Continued)

- Measurement of ECL on collective basis

The Group also estimates the provision for ECL on a collective basis by grouping the trade receivables based on shared credit loss risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer and its ageing category, and applying ECL rates to respective gross carrying amounts of the receivables.

The ECL rates are based on historical credit losses experienced up to 2 years and are adjusted to reflect current and forward looking information on factors affecting the ability of the customers to settle the receivables. The provision for loss allowance is based on the payment profiles of trade receivables and trade receivable ageing, ranged from 0.7% to 12.3% for balances aged below 365 days and up to 100% for balances aged above 365 days.

Impairment losses on trade receivables are presented as 'net impairment losses on financial assets' in the consolidated income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the same line item.

##### Cash and cash equivalents, term deposits with original maturities of over three months and other financial assets at amortised cost

For cash and cash equivalents, term deposits with original maturities of over three months and other financial assets at amortised cost, management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which is close to zero (31 March 2020: same).

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 3. Financial risk management (Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk

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

As at 31 March 2021 and 2020, the Group does not have undrawn borrowing facilities.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000
<b>At 31 March 2021</b>			
Trade payables	25,920	–	–
Accruals and other payables	101,856	–	–
Lease liabilities	17,576	1,671	–
<b>At 31 March 2020</b>			
Trade payables	25,875	–	–
Accruals and other payables	96,886	–	–
Lease liabilities	8,446	6,453	626

### 3. Financial risk management (Continued)

#### 3.2 Capital management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of gearing ratio. This ratio is calculated as total interest bearing liabilities divided by total assets. Total interest bearing liabilities are calculated as total borrowings including current and non-current bank borrowings as shown in the consolidated balance sheet. Total assets are calculated as 'total assets' as shown in the consolidated balance sheet.

As at 31 March 2021 and 2020, the Group had no borrowings.

#### 3.3 Fair value estimation

The carrying values of the Group's financial assets and financial liabilities are reasonable approximation of their fair values due to the relatively short term nature of these financial instruments.

### 4. Critical accounting estimates and judgements

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

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

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 4. Critical accounting estimates and judgements (Continued)

#### (a) Deferred income tax assets

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

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

#### (b) Provision for impairment of trade receivables

The Group makes provision for impairment of receivables based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the balance sheet date.

## 4. Critical accounting estimates and judgements (Continued)

### (c) Impairment of non-financial assets

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

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

## 5. Revenue, other income and segment information

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

	2021 HK\$'000	2020 HK\$'000
<b>Revenue</b>		
Advertising income	523,756	592,749
Circulation income	69,382	82,231
Service income	406,799	456,843
	999,937	1,131,823
<b>Other income</b>		
Rental income from investment properties	1,688	2,385
Government subsidies (note)	77,235	–
	78,923	2,385
<b>Total revenue and other income</b>	<b>1,078,860</b>	<b>1,134,208</b>

Note: Government subsidies recognised were primarily related to subsidies from the Hong Kong Government under the Anti-epidemic Fund. There were no unfulfilled conditions and other contingencies attached to the receipts of these subsidies.

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## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

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

Timing of recognition is as follows:

	2021 HK\$'000	2020 HK\$'000
Point in time	187,947	236,742
Over time	811,990	895,081
	999,937	1,131,823

The following table shows revenue recognised in relation to contract liabilities during the years ended 31 March 2021 and 31 March 2020 related to carried forward contract liabilities at the beginning of the year:

	2021 HK\$'000	2020 HK\$'000
Revenue recognised in relation to contract liabilities at the beginning of the year – fees in advance	121,360	129,101

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

The Group has 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.

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

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

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

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 2021 and 2020 are as follows:

	Media		Financial news agency, information and solutions		Corporate		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>REVENUE</b>								
Revenue	667,442	796,913	338,446	340,913	–	–	1,005,888	1,137,826
Inter-segment transactions	(1,163)	(973)	(4,788)	(5,030)	–	–	(5,951)	(6,003)
Revenue – from external customers	666,279	795,940	333,658	335,883	–	–	999,937	1,131,823
<b>EXPENSES</b>								
Impairment losses on non-current assets (note 13)	(79,778)	–	–	–	–	–	(79,778)	–
<b>RESULTS</b>								
Profit/(loss) for the year	(28,632)	(37,694)	61,530	50,163	53	(13)	32,951	12,456

For the year ended 31 March 2021, revenue of approximately HK\$57,383,000 (2020: HK\$68,573,000) 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 is HK\$999,937,000 (2020: HK\$1,129,575,000) and no revenue from external customer attributable to other locations for the year ended 31 March 2021 (2020: HK\$2,248,000). The Group's revenue by geographical location is determined by the respective places of domicile of the relevant group entities which include Hong Kong and the PRC.

The total non-current assets other than deferred income tax assets located in Hong Kong and other locations are HK\$465,515,000 (2020: HK\$568,100,000) and HK\$314,000 (2020: HK\$383,000), respectively.

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## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 6. Expenses by nature

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

	2021 HK\$'000	2020 HK\$'000
<b>Charging</b>		
Staff costs including Directors' and CEO's remuneration (note 7)	549,280	592,673
Content expenses	114,855	113,054
Cost of inventories sold or consumed (note 16)	67,103	130,165
Auditors' remuneration	2,702	2,800
Depreciation of property, plant and equipment and investment properties (notes 13 and 14)	64,118	74,304
Loss on disposal of property, plant and equipment (note 24(b))	517	5
Provision for obsolete inventories	14	31
Inventories written off	173	279

### 7. Staff costs including Directors' and CEO's remuneration

	2021 HK\$'000	2020 HK\$'000
Wages, salaries and bonuses	526,443	566,942
Unutilised pay leave	240	(28)
Pension costs – defined contribution plans (note a)	22,326	25,046
Long service payment (note 12)	271	713
<b>Total</b>	<b>549,280</b>	<b>592,673</b>

#### (a) Pensions – defined contribution plans

Contributions totalling approximately HK\$2,873,000 (2020: HK\$2,958,000) were payable to the MPF and another occupational retirement scheme at the year end.

No forfeited contributions were utilised for the year ended 31 March 2021 (2020: nil). Furthermore, no forfeited contributions were available at the year end to reduce future contributions (2020: nil).

## 7. Staff costs including Directors' and CEO's remuneration (Continued)

### (b) Directors' and CEO's remuneration

The benefit and interests of each Director and the CEO, disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622), and Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) and the Listing Rules, is set out below:

	For the year ended 31 March 2021				
	Salaries HK\$'000	Fees HK\$'000	Discretionary bonuses HK\$'000	Employer's contributions to pension scheme HK\$'000	Total HK\$'000
<b><u>Executive Directors</u></b>					
Mr. FUNG Siu Por, Lawrence (note (i))	3,240	–	459	162	3,861
Mr. MAK Ping Leung (note (ii))	270	–	–	14	284
Ms. SEE Sau Mei Salome	3,240	–	459	162	3,861
Mr. CHAN Cho Biu (note (iv))	2,640	–	308	132	3,080
Ms. WONG Ching (note (iv))	2,280	–	313	18	2,611
<b><u>Non-executive Director</u></b>					
Mr. CHU Yu Lun	–	165	–	–	165
<b><u>Independent Non-executive Directors</u></b>					
Mr. CHOW On Kiu	–	165	–	–	165
Mr. LO Foo Cheung	–	165	–	–	165
Mr. O'YANG Wiley	–	200	–	–	200
<b>Total</b>	<b>11,670</b>	<b>695</b>	<b>1,539</b>	<b>488</b>	<b>14,392</b>

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## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 7. Staff costs including Directors' and CEO's remuneration (Continued)

#### (b) Directors' and CEO's remuneration (Continued)

	For the year ended 31 March 2020				
	Salaries HK\$'000	Fees HK\$'000	Discretionary bonuses HK\$'000	Employer's contributions to pension scheme HK\$'000	Total HK\$'000
<b>Executive Directors</b>					
Mr. FUNG Siu Por, Lawrence (note (i))	3,523	–	324	176	4,023
Mr. MAK Ping Leung (note (ii))	3,706	–	–	185	3,891
Mr. SHEK Kang Chuen (note (iii))	1,266	–	–	51	1,317
Ms. SEE Sau Mei Salome	3,350	–	324	168	3,842
Mr. CHAN Cho Biu (note (iv))	1,540	–	242	77	1,859
Ms. WONG Ching (note (iv))	1,330	–	209	11	1,550
<b>Non-executive Director</b>					
Mr. CHU Yu Lun	–	165	–	–	165
<b>Independent Non-executive Directors</b>					
Mr. CHOW On Kiu	–	165	–	–	165
Professor LEUNG Gabriel Matthew (note (v))	–	52	–	–	52
Mr. LO Foo Cheung	–	165	–	–	165
Mr. O'YANG Wiley	–	200	–	–	200
<b>Total</b>	<b>14,715</b>	<b>747</b>	<b>1,099</b>	<b>668</b>	<b>17,229</b>

Note (i): The Director is also the CEO, hence no separate disclosure in respect of the remuneration of the CEO has been made (2020: same).

Note (ii): Mr. Mak Ping Leung retired as executive director of the Company on 1 May 2020.

Note (iii): Mr. Shek Kang Chuen resigned as executive director of the Company on 23 July 2019.

Note (iv): Mr. Chan Cho Biu and Ms. Wong Ching were appointed as executive director of the Company on 1 September 2019.

Note (v): Professor Leung Gabriel Matthew retired as independent non-executive director of the Company on 26 July 2019.

## 7. Staff costs including Directors' and CEO's remuneration (Continued)

### (b) Directors' and CEO's remuneration (Continued)

During the year, no payments or benefits in respect of termination of directors' services, remuneration in respect of accepting office as director, emoluments in respect of director's other services in connection with the management of the affairs of the Company or its subsidiaries and other benefits were paid or made, directly or indirectly, to the directors; nor are any payable (2020: nil). No consideration was provided to or receivable by third parties for making available directors' services (2020: nil). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2020: nil).

Except for those disclosed elsewhere in the consolidated financial statements, no director of the Company had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2020: same).

### (c) Five highest paid individuals

The five individuals whose remuneration were the highest in the Group for the year include four (2020: four) Executive Directors whose remuneration are reflected in the analysis presented above. The remuneration to the remaining one (2020: one) individual during the year is as follows:

	2021 HK\$'000	2020 HK\$'000
Wages, salaries and bonuses	2,165	2,395
Pension costs – defined contribution plans	18	72
	2,183	2,467

### (d) Group remuneration policy

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

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## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 8. Finance income and costs

	2021 HK\$'000	2020 HK\$'000
<b>Finance income</b>		
– Bank interest income	2,269	4,047
<b>Finance costs</b>		
– Interest on lease liabilities	(498)	(701)
Finance income – net	1,771	3,346

### 9. Income tax (credit)/expense

	2021 HK\$'000	2020 HK\$'000
Current income tax		
– Hong Kong profits tax	14,178	14,569
– PRC enterprise income tax	29	27
– Over-provisions in prior years	(160)	(272)
Total current income tax	14,047	14,324
Deferred income tax (note 15)	(19,446)	(3,112)
Income tax (credit)/expense	(5,399)	11,212

(a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the year.

(b) The PRC enterprise income tax

The PRC enterprise income tax is calculated at the rate of 25% (2020: 25%) on the profits for the PRC statutory financial reporting purposes, adjusted for those items which are not assessable or deductible for the PRC enterprise income tax purposes.

## 9. Income tax (credit)/expense (Continued)

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

	2021 HK\$'000	2020 HK\$'000
Profit before income tax	27,552	23,668
Calculated at tax rate of 16.5% (2020: 16.5%)	4,546	3,905
Effect of difference on tax rate arising from the PRC operations	(132)	56
Effect of two-tiered profits tax rates regime (note (i))	(165)	(165)
Income not subject to tax	(13,423)	(680)
Expenses not deductible for tax purposes	780	813
Utilisation of previously unrecognised deferred tax assets	(78)	(109)
Tax losses for which no deferred income tax assets were recognised	3,233	7,664
Over-provisions in prior years	(160)	(272)
Income tax (credit)/expense	(5,399)	11,212

Note (i):

Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporation under Hong Kong profits tax will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%.

For the year ended 31 March 2021, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The assessable profits of other entities of the Group not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5% (2020: same).

## 10. 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\$30,916,000 (2020: HK\$10,573,000) and the number of 431,600,000 (2020: 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 2021 (2020: same).

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## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 11. Dividends

	2021 HK\$'000	2020 HK\$'000
<b>Dividends attributable to the year</b>		
Interim dividend paid of HK 2.0 cents (2020: HK 2.0 cents) per ordinary share	8,632	8,632
Proposed final dividend of HK 6.0 cents (2020: HK 5.0 cents) per ordinary share	25,896	21,580
	34,528	30,212
Dividends paid during the year	30,212	36,686

A final dividend in respect of the year ended 31 March 2021 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 5 August 2021. This proposed dividend is not reflected as a dividend payable in the consolidated balance sheet.

### 12. Other non-current liabilities

	2021 HK\$'000	2020 HK\$'000
Long service payment provision	2,569	4,857

Long service payment provision represents the long service payment obligations for its employees in Hong Kong.

Pension costs are assessed using the projected unit credit cost method. The pension costs are charged to the consolidated income statement (note 7) so as to spread the regular costs as at 31 March 2021 and 2020 over the service lives of employees. A full valuation of the defined benefit obligation based on the projected unit credit cost method has been carried out by Mercer (Hong Kong) Limited, an independent qualified actuary, and the pension costs are charged to the consolidated income statement.

## 12. Other non-current liabilities (Continued)

The amounts recognised in the consolidated balance sheet are determined as follows:

	2021 HK\$'000	2020 HK\$'000
Present value of the long service payment provision	2,569	4,857

Movements in the present value of the long service payment provision are as follows:

	2021 HK\$'000	2020 HK\$'000
At beginning of the year	4,857	9,216
Current service costs	239	550
Interest expense	32	163
Remeasurement:		
– Gain from changes in financial assumptions	(103)	(2,984)
– Gain from experience adjustments	(1,877)	(1,414)
Actual benefits paid	(579)	(674)
At end of the year	2,569	4,857

The amounts recognised in the consolidated income statement are as follows:

	2021 HK\$'000	2020 HK\$'000
Current service costs	239	550
Interest expense	32	163
Total expenses recognised in the consolidated income statement	271	713

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## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 12. Other non-current liabilities (Continued)

The cumulative amounts of remeasurement of long service payment provision recognised in the consolidated statement of comprehensive income are as follows:

	2021 HK\$'000	2020 HK\$'000
At beginning of the year	(7,811)	(3,413)
Remeasurement for the year	(1,980)	(4,398)
At end of the year	(9,791)	(7,811)

The principal actuarial parameters used are as follows:

	2021	2020
Discount rate	1.25%	0.70%
Expected inflation rate	4.00%	4.00%

The sensitivity of the defined benefit obligation to changes in significant parameters is:

	Change in assumption	Impact on defined benefit obligation
Discount rate	Increase by 0.25%	Decrease 1.71%
	Decrease by 0.25%	Increase 1.83%
Expected inflation rate	Increase by 0.50%	Increase 8.29%
	Decrease by 0.50%	Decrease 7.47%

The above sensitivity analyses are based on a change in an assumption while holding all other parameters constant. In practice, it is unlikely to occur, and changes in some of the parameters may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial parameters, the same method (present value of the defined benefit obligation calculated with the projected unit credit cost method at the balance sheet date) has been applied as when calculating the pension liability recognised within the consolidated balance sheet.

## 13. Property, plant and equipment

	Buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Network and computer equipment HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
At 1 April 2019								
Cost	165,520	69,058	444,946	185,265	3,139	98,455	284,594	1,250,977
Accumulated depreciation	(32,282)	(59,806)	(310,762)	(163,275)	(1,890)	(79,699)	(21,195)	(668,909)
Net book value at 1 April 2019	133,238	9,252	134,184	21,990	1,249	18,756	263,399	582,068
Net book value at 1 April 2019	133,238	9,252	134,184	21,990	1,249	18,756	263,399	582,068
Additions	–	3,744	341	7,841	339	7,696	19,368	39,329
Transfer from investment properties (note (i))	3,576	–	–	–	–	–	9,368	12,944
Depreciation	(5,596)	(3,602)	(22,864)	(9,893)	(551)	(9,533)	(22,098)	(74,137)
Disposals	–	–	–	(15)	–	–	(543)	(558)
Net book value at 31 March 2020	131,218	9,394	111,661	19,923	1,037	16,919	269,494	559,646
At 31 March 2020								
Cost	169,750	72,803	445,257	192,999	3,392	105,495	312,457	1,302,153
Accumulated depreciation	(38,532)	(63,409)	(333,596)	(173,076)	(2,355)	(88,576)	(42,963)	(742,507)
Net book value at 31 March 2020	131,218	9,394	111,661	19,923	1,037	16,919	269,494	559,646
Net book value at 1 April 2020	131,218	9,394	111,661	19,923	1,037	16,919	269,494	559,646
Additions	345	963	8,496	8,217	736	4,234	22,027	45,018
Depreciation	(5,375)	(2,992)	(18,645)	(9,866)	(596)	(7,647)	(18,830)	(63,951)
Disposals	–	(86)	(841)	(31)	(42)	(1)	(324)	(1,325)
Impairment (note (ii))	–	(219)	(72,056)	(618)	–	–	(6,885)	(79,778)
Net book value at 31 March 2021	126,188	7,060	28,615	17,625	1,135	13,505	265,482	459,610
At 31 March 2021								
Cost	170,095	32,887	129,613	185,127	3,380	109,304	300,884	931,290
Accumulated depreciation and impairment	(43,907)	(25,827)	(100,998)	(167,502)	(2,245)	(95,799)	(35,402)	(471,680)
Net book value at 31 March 2021	126,188	7,060	28,615	17,625	1,135	13,505	265,482	459,610

The carrying amounts of buildings and leasehold land in 'right-of-use assets' as at 31 March 2021 are approximately HK\$379,854,000 (2020: HK\$385,598,000). Fair values of these buildings and leasehold land are approximately HK\$1,079,600,000 (2020: HK\$1,063,600,000) as valued by an independent professionally qualified valuer, on an open market value and existing state basis.

Note (i):

During the year ended 31 March 2020, investment properties of HK\$12,944,000 have been reclassified to property, plant and equipment as a result of change in usage.

Note (ii):

The prolonged unprecedented COVID-19 pandemic and the associated anti-epidemic measures extended following the fourth wave of COVID-19 infections in late 2020 had further accelerated the digital transformation of local media. Management noted that the trend of diminishing demand for printed newspapers is becoming irrevocable. In view of the economic performance of the cash-generating unit ("CGU") for the printing presses which was worse than expected, management considered that indicators of potential impairment of property, plant and equipment and right-of-use assets totalling of HK\$79,778,000 existed as at 31 March 2021. Management carried out the impairment assessment for the CGU by determining the recoverable amount based on the higher of fair value less cost of disposal ("FVLCD") derived from market search and value-in-use calculation using cash flow projections from financial budgets covering a period of the remaining useful life of relevant assets approved by senior management. The discount rate adopted was 11.0% and the compound average growth rate in revenue was 3%. As a result, an impairment loss of HK\$79,778,000 was recognised for the year ended 31 March 2021.

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Year ended 31 March 2021

### 14. Investment properties

	Total HK\$'000
At 1 April 2019	
Cost	21,834
Accumulated depreciation	(2,607)
Net book value at 1 April 2019	19,227
Net book value at 1 April 2019	19,227
Transfer to property, plant and equipment	(12,944)
Depreciation	(167)
Net book value at 31 March 2020	6,116
At 31 March 2020	
Cost	8,187
Accumulated depreciation	(2,071)
Net book value at 31 March 2020	6,116
Net book value at 1 April 2020	6,116
Depreciation	(167)
Net book value at 31 March 2021	5,949
At 31 March 2021	
Cost	8,187
Accumulated depreciation	(2,238)
Net book value at 31 March 2021	5,949

The fair values of investment properties as at 31 March 2021 are approximately HK\$33,100,000 (2020: HK\$28,000,000) as valued by an independent professionally qualified valuer, on an open market value and existing state basis.

## 14. Investment properties (Continued)

Details of investment property as at 31 March 2021:

Address of the property	Type	Lease term
Unit 7B, 7th Floor, Tai Ping Industrial Centre, 67 Ting Kok Road, Tai Po, New Territories	Industrial building	Long

## 15. Deferred income tax

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

	2021 HK\$'000	2020 HK\$'000
Deferred income tax assets:		
– Deferred tax assets to be recovered after more than 12 months	28,128	22,631
Deferred income tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	(16,996)	(30,945)
	11,132	(8,314)

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## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 15. Deferred income tax (Continued)

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

#### Deferred income tax liabilities

	Accelerated tax depreciation HK\$'000	Fair value loss HK\$'000	Total HK\$'000
At 1 April 2019	35,707	5,594	41,301
Recognised in the consolidated income statement	(3,688)	(279)	(3,967)
At 31 March 2020	32,019	5,315	37,334
Recognised in the consolidated income statement	(14,717)	(249)	(14,966)
At 31 March 2021	17,302	5,066	22,368

#### Deferred income tax assets

	Tax losses HK\$'000	Others HK\$'000	Total HK\$'000
At 1 April 2019	(29,213)	(662)	(29,875)
Recognised in the consolidated income statement	856	(1)	855
At 31 March 2020	(28,357)	(663)	(29,020)
Recognised in the consolidated income statement	(4,453)	(27)	(4,480)
At 31 March 2021	(32,810)	(690)	(33,500)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately HK\$36,361,000 (2020: HK\$33,216,000) in respect of tax losses amounting to HK\$219,271,000 (2020: HK\$201,288,000) that can be carried forward against future taxable income. The tax losses of HK\$217,139,000 from Hong Kong subsidiaries have no expiry date while other tax losses from the PRC subsidiaries amounting to HK\$2,132,000 will expire in 2025.

## 16. Inventories

	2021 HK\$'000	2020 HK\$'000
Raw materials	12,876	30,205
Finished goods	4,169	11,120
Less: provision for obsolete inventories	(209)	(6,691)
	16,836	34,634

The cost of inventories recognised as expense and included in 'cost of sales' amounted to HK\$67,103,000 (2020: HK\$130,165,000).

## 17. Trade receivables

The ageing analysis of trade receivables based on invoice date is as follows:

	2021 HK\$'000	2020 HK\$'000
0 to 30 days	67,907	52,561
31 to 60 days	41,720	36,197
61 to 90 days	23,845	22,470
Over 90 days	52,082	59,891
Trade receivables, gross	185,554	171,119
Less: provision for impairment of trade receivables	(6,531)	(5,608)
	179,023	165,511

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

The credit period granted by the Group to its trade customers ranges from 0 to 90 days.

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## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 17. Trade receivables (Continued)

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

	2021 HK\$'000	2020 HK\$'000
At beginning of the year	5,608	5,020
Provision made for impairment	923	3,616
Amounts written off as uncollectible	–	(3,028)
At end of the year	6,531	5,608

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

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

	2021 HK\$'000	2020 HK\$'000
Cash at bank and on hand	227,917	220,525
Cash and cash equivalents	227,917	220,525
Pledged deposits with original maturities of over three months	1,742	1,702
Term deposits with original maturities of over three months	240,823	164,551
Total	470,482	386,778
Maximum exposure to credit risk	469,969	386,327
Denominated in:		
– HK dollars	417,226	335,042
– RMB	11,821	11,583
– US dollars and other currencies	41,435	40,153
	470,482	386,778

## 18. Cash and cash equivalents, term deposits with original maturities of over three months and pledged deposits (Continued)

The pledged deposits were mainly used to secure banking facility for the printing contract entered into by the Group for the year ended 31 March 2021 (2020: same).

The Group's weighted effective interest rate on term deposits was 0.63% (2020: 2.52%) per annum with an average maturity of 255 (2020: 320) days.

The Group's bank balances and cash of approximately HK\$11,599,000 (2020: HK\$11,433,000) as at 31 March 2021 were denominated in RMB and kept with banks in the PRC. The remittance of these funds out of the PRC is subject to the foreign exchange restrictions imposed by the PRC government.

## 19. Trade payables

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

	2021 HK\$'000	2020 HK\$'000
0 to 30 days	21,035	21,017
31 to 60 days	784	952
61 to 90 days	371	7
Over 90 days	3,730	3,899
	25,920	25,875

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

## 20. Accruals, other payables and provisions

	2021 HK\$'000	2020 HK\$'000
Accrued staff costs	55,129	44,717
Other accruals, payables and provisions	48,258	53,460
	103,387	98,177

The carrying amounts of accruals, other payables, and provisions approximate their fair values. Majority of the accruals, other payables and provisions are denominated in HK dollars.

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 21. Leases

(i) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2021 HK\$'000	2020 HK\$'000
<b>Right-of-use assets</b>		
Leasehold land	253,666	254,380
Properties	11,816	15,114
	265,482	269,494
	2021 HK\$'000	2020 HK\$'000
<b>Lease liabilities</b>		
Current	17,165	8,108
Non-current	1,654	6,960
	18,819	15,068
	2021 HK\$'000	2020 HK\$'000
<b>Lease liabilities</b>		
Properties	18,819	15,068

During the year ended 31 March 2021, additions to the right-of-use assets were HK\$22,027,000 (2020: HK\$28,736,000).

## 21. Leases (Continued)

### (ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts related to leases:

	2021 HK\$'000	2020 HK\$'000
<b>Depreciation charge of right-of-use assets</b>		
Leasehold land	714	714
Properties	18,116	21,384
	18,830	22,098
	2021 HK\$'000	2020 HK\$'000
Interest on lease liabilities (included in the finance cost in note 8)	498	701

The total cash outflow for leases for the year ended 31 March 2021 are HK\$18,464,000 (2020: HK\$21,943,000), including the payment of principal elements and interest elements of lease liabilities amounting to HK\$17,966,000 (2020: HK\$21,242,000) and HK\$498,000 (2020: HK\$701,000) respectively.

### (iii) The Group's leasing activities

The Groups leases various properties. Rental contracts are typically made for fixed periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 22. Share capital

	2021 HK\$'000	2020 HK\$'000
Authorised: 2,000,000,000 shares of HK\$0.10 each	200,000	200,000
Issued and fully paid: 431,600,000 shares of HK\$0.10 each	43,160	43,160

### 23. Subsidiaries

Particulars of the principal subsidiaries at 31 March 2021 are as follows:

Company name	Country/place of incorporation/ establishment	Principal activities and country/place of operation	Issued and fully paid up share capital/registered capital	Effective interest held
Apex Print Limited	Hong Kong	Provision of periodicals and magazines printing services in Hong Kong	Ordinary HK\$75,000,000	100%
Asianway (Far East) Limited	Hong Kong	Properties holding in Hong Kong	Ordinary HK\$100	100%
Career Times Online Limited	Hong Kong	Provision of recruitment advertising services in Hong Kong	Ordinary HK\$2	100%
EPRC Limited	Hong Kong	Provision of electronic property market database to the professional market in Hong Kong	Ordinary HK\$100	100%
ET Business College Limited	Hong Kong	Provision of training services in Hong Kong	Ordinary HK\$10,000	100%

## 23. Subsidiaries (Continued)

Particulars of the principal subsidiaries at 31 March 2021 are as follows: (Continued)

Company name	Country/place of incorporation/ establishment	Principal activities and country/place of operation	Issued and fully paid up share capital/registered capital	Effective interest held
ET Net Limited	Hong Kong	Provision of electronic financial information services in Hong Kong	Ordinary HK\$2 and non-voting deferred shares HK\$10,000	96.04%
ET Net News Agency Limited	Hong Kong	Provision of electronic financial information services in Mainland China	Ordinary HK\$100	96.04%
ET Trade Limited	Hong Kong	Provision of equities and derivatives trading solutions in Hong Kong	Ordinary HK\$10,000	96.04%
ET Wealth Limited	Hong Kong	Provision of funds market database and solutions to the professional market in Hong Kong	Ordinary HK\$100	96.04%
Euron Limited	Hong Kong	Provision of printing services in Hong Kong	Ordinary HK\$100	100%
Hong Kong Economic Times Limited	Hong Kong	Publication of newspapers, magazines and books and operation of lifestyle platforms in Hong Kong	Ordinary HK\$100	100%
Health Smart Limited	Hong Kong	Operation of a health portal in Hong Kong	Ordinary HK\$100	100%
Honley Limited	Hong Kong	Properties holding in Hong Kong	Ordinary HK\$100	100%
Safe City Limited	Hong Kong	Properties holding in Hong Kong	Ordinary HK\$100	100%

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 23. Subsidiaries (Continued)

Particulars of the principal subsidiaries at 31 March 2021 are as follows: (Continued)

Company name	Country/place of incorporation/ establishment	Principal activities and country/place of operation	Issued and fully paid up share capital/registered capital	Effective interest held
環富通科技(深圳) 有限公司# (ET Wealth Technology (Shenzhen) Limited)	The PRC	Operation of computer software research and development centre in Mainland China	Registered capital HK\$1,000,000	96.04%
深圳港經廣告傳播 有限公司# (HKET Advertising (Shenzhen) Limited)	The PRC	Provision of advertising services in Mainland China	Registered capital HK\$1,000,000	100%

# A wholly foreign owned enterprise in the PRC

## 24. Notes to the consolidated cash flow statement

### (a) Cash generated from operations

	2021 HK\$'000	2020 HK\$'000
Profit before income tax	27,552	23,668
Adjustments for:		
– Depreciation of property, plant and equipment and investment properties (note 6)	64,118	74,304
– Loss on disposal of property, plant and equipment (see below)	517	5
– Finance income (note 8)	(2,269)	(4,047)
– Finance costs (note 8)	498	701
– Net impairment losses on financial assets	1,293	3,616
– Impairment losses on non-current assets (note 13)	79,778	–
– Provision for obsolete inventories (note 6)	14	31
– Inventories written off (note 6)	173	279
– (Reversal of provision)/provision for long service payment	(308)	39
– Unrealised exchange loss/(gain)	71	(6)
Changes in working capital:		
– Decrease in inventories	17,610	35,866
– (Increase)/decrease in trade receivables, deposits and other receivables and prepayments	(14,423)	69,362
– Decrease in trade payables, fees in advance and accruals, other payables and provisions	(12,334)	(39,590)
Cash generated from operations	162,290	164,228

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 24. Notes to the consolidated cash flow statement (Continued)

#### (b) Proceeds from disposal of property, plant and equipment

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

	2021 HK\$'000	2020 HK\$'000
Net book amount (note 13)	1,325	558
Loss on disposal of property, plant and equipment (note 6)	(517)	(5)
Derecognition of right-of-use assets	(341)	(543)
Proceeds from disposal of property, plant and equipment	467	10

#### *Non-cash transactions*

The principal non-cash transaction as at 31 March 2021 is the proceed for disposal of property, plant and equipment related to the early termination of leases of approximately HK\$341,000 (2020: HK\$543,000).

#### (c) Changes in financial liabilities arising from financing activities

Movements in lease liabilities are analysed as follows:

	2021 HK\$'000	2020 HK\$'000
At beginning of the year	15,068	17,491
Finance cost (note 8)	498	701
Cash flows		
– Principal elements of payments	(17,966)	(21,242)
– Interest paid	(498)	(701)
Non-cash changes		
– Additions of lease liabilities	22,027	19,368
– Disposal of lease liabilities	(329)	(543)
– Unrealised exchange loss/(gain)	19	(6)
At end of the year	18,819	15,068

## 25. Commitments

(a) Capital commitments at the balance sheet date but not yet incurred are as follows:

	2021 HK\$'000	2020 HK\$'000
Property, plant and equipment		
– contracted but not yet provided for	–	1,166
– authorised but not yet contracted for	1,396	925
	1,396	2,091

(b) Commitments under operating leases as lessor

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

	2021 HK\$'000	2020 HK\$'000
Not later than one year	1,668	139
Later than one year and not later than five years	139	–
	1,807	139

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 26. Related party transactions

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

	2021 HK\$'000	2020 HK\$'000
(a) <b>Service income</b> (note (i)) – Roctec Securities Company Limited	538	535
(b) <b>Rental payment on leased property</b> (note (ii)) – Roctec Systems Limited	1,088	1,088
(c) <b>Purchase of hardware</b> (note (i)) – Roctec Technology Limited	434	937
(d) <b>Remuneration of contributor</b> (note (i)) – Mak Ping Leung, a Director of the Company – Shek Kang Chuen, a Director of the Company	3 –	42 103
	3	145
(e) <b>Key management personnel compensation</b> Key management represents Directors (executive and non-executive). Please refer to note 7(b) for the compensation paid or payable to key management for employee services.		

Note (i):

These transactions are carried out at rate mutually-agreed between the parties involved in the transactions.

Note (ii):

The Group entered into an operating lease agreement with Roctec Systems Limited on terms mutually-agreed by both parties.

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

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

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

## 27. Balance sheet and reserve movements of the Company

### (a) Balance sheet of the Company

	Note	As at 31 March	
		2021 HK\$'000	2020 HK\$'000
<b>Non-current assets</b>			
Investments in subsidiaries	23	178,627	178,627
		178,627	178,627
<b>Current assets</b>			
Deposits and other receivables		84	24
Prepayments		168	150
Amounts due from subsidiaries		894,518	805,406
Term deposits with original maturities of over three months		24,000	–
Cash and cash equivalents		19,492	48,186
		938,262	853,766
<b>Current liabilities</b>			
Accruals, other payables and provisions		446	334
Amounts due to subsidiaries		814,335	719,822
		814,781	720,156
<b>Net current assets</b>		123,481	133,610
<b>Total assets less current liabilities</b>		302,108	312,237
<b>Equity attributable to owner of the Company</b>			
Share capital		43,160	43,160
Reserves	27(b)	258,948	269,077
<b>Total equity</b>		302,108	312,237

The balance sheet of the Company was approved by the Board of Directors on 21 June 2021 and were signed on its behalf.

Fung Siu Por, Lawrence  
Chairman

See Sau Mei Salome  
Director

# Audited Financial Statements

## Notes to the Consolidated Financial Statements

Year ended 31 March 2021

### 27. Balance sheet and reserve movements of the Company (Continued)

(b) Reserve movements of the Company

	Share premium HK\$'000	Capital reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
<b>At 1 April 2019</b>	155,434	6,120	137,400	298,954
Profit for the year	–	–	6,809	6,809
Final dividend for the year ended 31 March 2019	–	–	(28,054)	(28,054)
Interim dividend for the year ended 31 March 2020	–	–	(8,632)	(8,632)
<b>At 31 March 2020</b>	155,434	6,120	107,523	269,077
<b>At 1 April 2020</b>				
Profit for the year	–	–	20,083	20,083
Final dividend for the year ended 31 March 2020	–	–	(21,580)	(21,580)
Interim dividend for the year ended 31 March 2021	–	–	(8,632)	(8,632)
<b>At 31 March 2021</b>	155,434	6,120	97,394	258,948

# Five-Year Financial Summary

(in HK\$ millions, except per share amounts)	Year ended 31 March				
	2021	2020	2019	2018	2017
<b>Operating Results</b>					
<b>Revenue</b>	1,000	1,132	1,281	1,190	1,126
Gross profit	416	444	503	469	410
<b>Operating profit</b>	26	20	89	88	44
Finance income – net	2	3	3	2	3
Profit before income tax	28	23	92	90	47
Income tax credit/(expense)	5	(11)	(18)	(17)	(16)
<b>Profit for the year</b>	33	12	74	73	31
Attributable to					
– equity holders of the Company	31	10	72	71	29
– non-controlling interests	2	2	2	2	2
	33	12	74	73	31
<b>Earnings per share (in HK cents)</b>	7.16	2.45	16.57	16.51	6.66
<b>Assets and Liabilities</b>					
Non-current assets	494	591	607	638	532
Current assets	701	622	659	610	622
<b>Total assets</b>	1,195	1,213	1,266	1,248	1,154
Other liabilities	(285)	(308)	(340)	(355)	(311)
<b>Total liabilities</b>	(285)	(308)	(340)	(355)	(311)
<b>Net assets</b>	910	905	926	893	843
Equity holders' fund	891	888	911	879	831
Non-controlling interests	19	17	15	14	12
<b>Total equity</b>	910	905	926	893	843

# Five-Year Financial Summary

Key Financial Ratio	Year ended 31 March				
	2021	2020	2019	2018	2017
Gross profit margin	41.6%	39.2%	39.2%	39.4%	36.4%
Operating profit margin	2.6%	1.8%	6.9%	7.4%	3.9%
Net profit margin	3.3%	1.1%	5.7%	6.1%	2.7%
Gearing ratio	N/A	N/A	N/A	N/A	N/A
Current ratio	2.66 times	2.34 times	2.22 times	1.96 times	2.35 times
Quick ratio	2.53 times	2.21 times	1.98 times	1.81 times	2.26 times