Annual Report | 年報 2007

才庫媒體集團有限公司
RECRUIT HOLDINGS LIMITED

Stock code: 550

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Lau Chuk Kin *(Chairman)*
Ms Ho Suk Yi
Ms Chow So Chu

Non-Executive Directors
Mr. Lee Ching Ming, Adrian
Mr. Wan Siu Kau
Mr. Peter Stavros Patapios Christofis
Ms Lam Mei Lan

Independent Non-Executive Directors
Mrs. Ling Lee Ching Man, Eleanor
Mr. Cheng Ping Kuen, Franco
Mr. Tyen Kan Hee, Anthony

COMPANY SECRETARY
Ms Ho Suk Yi *CPA, FCCA*

QUALIFIED ACCOUNTANT
Ms Ho Suk Yi *CPA, FCCA*

COMPLIANCE OFFICER
Mr. Lau Chuk Kin

AUTHORISED REPRESENTATIVES
Mr. Lau Chuk Kin
Ms Ho Suk Yi

AUDIT COMMITTEE
Mrs. Ling Lee Ching Man, Eleanor
Mr. Cheng Ping Kuen, Franco
Mr. Tyen Kan Hee, Anthony

WEBSITE
www.recruitonline.com

AUDITORS
Grant Thornton
Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

LEGAL ADVISER
Richards Butler
20th Floor, Alexandra House
16-20 Chater Road,
Hong Kong

PRINCIPAL BANKERS
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Registrar
Butterfield Fund Services (Bermuda) Limited
Rosebank Centre, 11 Bermudiana Road
Hamilton HM08
Bermuda

Hong Kong Branch Registrar
Computershare Hong Kong Investor Services Limited
Shops 1712 – 1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
26th Floor
625 King's Road
North Point
Hong Kong

STOCK CODE
0550

Chairman's Statement

Dear Shareholders,

2007 turned out to be a year of consolidation for the Group. The migration of our shares to the main board of the Hong Kong Stock Exchange on 23 July 2007 was a milestone in the Group's history. We enjoyed a 47% growth in our revenue and the Group's net profit before minority interests showed a 15% increase.

The buoyant stock market and the generally bullish economic environment resulting in unrealistic asking prices have made our attempts to grow through acquisitions difficult. During the year, the Group took a detailed review of our business portfolio and realigned some of our strategic investments.

We sold our effective interest of 25% in Premier Printing Group Limited, which is also a contract newspaper printer, for a HK$2 million profit. In November, we exited from the recruitment print advertising business in Shanghai. The last quarter of the year also saw the impact of the Hong Kong Stock Exchange allowing listed companies to publish their results on the Internet came into full force. Revenue for SAR Media division, a subsidiary of the Company, which handles the corporate announcement advertisements, became negligible.

The "Recruit" advertising sales business in Hong Kong continued to retain its leadership position in the segment but pure Internet players have continued their erosion of the share of the recruitment print advertising in Hong Kong. Despite rising costs in distribution and production, this division has maintained its profit contribution. Following our alliance with Jobstreet of Malaysia, we are trying to identify ways to leverage the strong information technology platform our partner offers. We have installed a new management team for the division. Going into 2008, we are confident that the new team will provide the much needed impetus for this division to resume its growth path.

After three years of strenuous battle in Shanghai through our 1010 job magazine and 1010job.com website, we finally terminated our print business in November, though we have kept our 1010job.com website which is gaining traction with jobseekers. The experience drawn from this project will provide much value if we are to undertake other business ventures in China in the future.

The Group's printing division ("1010 Printing") which commenced operation in 2005, continued to perform well. It almost doubled its sales revenue as compared to 2006, though operating margin suffered due to high initial marketing costs. Looking forward, management is upbeat on the future of this division. 1010 Printing has over the past three years, established itself as a quality printer that "delivers". We enjoy a sterling reputation in the trade for meeting delivery deadlines, even in the peak summer season when many of our competitors had to postpone delivery due to over-capacity. In 2008, 1010 Printing will double our production output through the completion of the annex to the existing plant and the installation of equipment with an aggregate investment of approximately HK$60 million.

Our inflight magazine advertising division continues to perform well. Riding on the tailwind powered by the Beijing Olympics, this division will enjoy solid growth in revenue and earnings in 2008.

Chairman's Statement

We have faced severe challenges in recruiting and retaining high potential middle level managers in the past year. This will be a goal for all our division heads in 2008.

I wish to thank all our staff and business associates for their continued support in the year.

Lau Chuk Kin
Chairman
Hong Kong, 29 February 2008

Management Discussion and Analysis

FINANCIAL REVIEW

For the year ended 31 December 2007, the Group's profit attributable to shareholders was HK$57.9 million, compared with HK$55.1 million reported in 2006. The profit for the year included a gain of HK$9.5 million arisen on disposal of 20% interest in Hong Kong recruitment business to a strategic investor, Jobstreet Corporation Berhad, a leader in the online recruitment business in the Asia Pacific region. During the year, professional expenses of HK$4.6 million was incurred for the migration of the listing of the Company's shares from the Growth Enterprise Market of the Hong Kong Stock Exchange to the Main Board of the Hong Kong Stock Exchange by way of introduction.

Turnover for the year was HK$439.1 million, representing a 47% increase over that of last year (2006: HK$298.3 million). The growth in revenue was contributed by (a) the inflight magazine advertising business which had a 42% rise and (b) the printing business which has grown by 96%.

BUSINESS REVIEW

Advertising Business

Recruitment Advertising

The print recruitment advertising business faces tough competition in both Hong Kong and Shanghai. Although the general economic conditions in Hong Kong have improved due to the booming financial market, the recruitment needs in low- to middle-level clerical posts have not demonstrated strong growth in 2007. Recruit magazine has maintained its revenue at same level as 2006. Recruit magazine endeavors to develop value-added customer services with aggressive sales strategies, which will secure revenue for the division in the coming year.

The Group has operated recruitment advertising business in Shanghai for nearly three years, however, the print advertising business has failed to turn around despite its growing revenue. As the print advertising business has suffered sustained losses and faced continual tough competition, the Group decided to terminate its print advertising business in Shanghai in November. However, the Group will continue to develop its recruitment website 1010job.com in China.

Inflight magazine advertising

2007 has seen a rising success of the inflight magazine advertising business. The business achieved a 42% increase in revenue this year. The pre-Beijing Olympics advertising campaign has been gathering strong momentum, especially through prestigious magazine titles. The inflight magazines and publications for which the Group acts as sole advertising agents were among the most desired titles for local and international consumer brands. The fast economic growth in 2007 and the pre-Olympic spending spree have enabled the Group to increase its advertising yield significantly, which directly contributed to a jump in profit.

Management Discussion and Analysis

Printing Business

The printing business in 2007 has brought in HK$207 million of revenue, which represents a 96% increase over last year. During the year, the Group has successfully consolidated its position as a reliable book printer in the Australia, the United Kingdom and United States markets and further introduced its printing services to more world-leading publishers throughout European countries. The diversification of the geographic distribution of its client base has reduced the risk of reliance on a single or limited number of markets and thus provided a more balanced growth opportunity for the Group. The investment in client development has had a short-term negative impact on the profitability of the Group. However, such investment will bring in long term benefits to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2007, the Group had bank and cash balances of HK$89.2 million as compared to HK$55.2 million as at 31 December 2006. The Group had finance lease liabilities of HK$14.1 million (2006: HK$17.4 million). The net book amount of property, plant and equipment held under finance lease amounted to HK$18,941,000 (2006: HK$20,664,000).

The finance lease banking facilities are obtained for financing the acquisition of printing machinery and equipment for our production line in China. The finance lease is at floating interest rates and denominated in Hong Kong dollars.

The Group's gearing ratio as at 31 December 2007 was 6.8% (2006: 9.9%), which is calculated on the basis of the Group's total interest bearing debts over the total equity attributable to equity holders of the company as at the reporting date.

The Group's trading transactions were mainly denominated in HK dollars, US dollars, UK Sterling, Australian dollars and Renminbi. The Group would use forward exchange contracts to hedge its foreign currency exposure in trading activities when considered appropriate. The Group adopts a centralised treasury polices in cash and financial management and would review its liquidity and financing requirements regularly.

Prospects

The Group expects to see two major sectors of its businesses, the inflight magazine advertising and printing, continue to grow in 2008 and beyond. With the additional manufacturing capacity acquired, the printing business is expected to take a leap forward in its business expansion with the aim of becoming one of the leading book printers in China. 2008, the year of the Beijing Olympics, has provided a platform for the inflight magazine to achieve record performance and further expand the business in related areas. The termination of the Shanghai print recruitment advertising business will enable the Group to redirect its focus on the revamp and development of its online recruitment service. Owing to the uncertain conditions prevailing in the financial markets, the Group has downsized its investment activities in listed securities in the Hong Kong stock market in the fourth quarter of 2007.

The Group has always enjoyed a very healthy financial position in terms of cashflow generated from its operations. The Group will continue to adopt a prudent approach in utilizing its funds to the further development in its major areas of businesses.

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Mr. Lau Chuk Kin, aged 55, was appointed as Chairman and an Executive Director of the Group in October 2002. Mr. Lau was formerly the Managing Director of a leading executive search consultancy in Hong Kong. He also founded a main board listed printing company. Mr. Lau holds a Bachelor of Arts Degree from the US and a Master of Business Administration Degree from The Chinese University of Hong Kong.

Ms. Ho Suk Yi, aged 40, was appointed as an Executive Director of the Company in June 2004. She is also the Qualified Accountant and the Company Secretary of the Group. Ms. Ho holds a Bachelor's and a Master's Degree in Accountancy and is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. She has extensive experience in auditing, finance and accounting.

Ms. Chow So Chu, Rita, aged 35, was appointed as an Executive Director of the Company in February 2008. She is also the General Manager of inflight magazine advertising division of the Group. Ms. Chow holds a Bachelor Degree in Language and Communication from The Hong Kong Polytechnics University respectively and has over 11 years experience in sales and marketing. She joined the Group in March 2004.

NON-EXECUTIVE DIRECTORS

Mr. Lee Ching Ming, Adrian, aged 56, was appointed as a Non-Executive Director in June 2002. Mr. Lee graduated from The University of Hong Kong with a Bachelor of Social Sciences Degree. He is an Assistant Director of Great Eagle Holdings Limited and has more than 34 years of experience in banking, finance, investment, marketing and general management.

Mr. Wan Siu Kau, aged 56, joined the Group in January 2003 as a Non-Executive Director. Mr. Wan has over 20 years of experience in the executive search industry and holds a Master of Business Administration Degree from The Chinese University of Hong Kong. He is currently the Advisor of Amrop Hever, a global executive search firm and an independent non-executive director of Wai Kee Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Mr. Peter Stavros Patapios Christofis, aged 63, was appointed as a Non-Executive Director in March 2000. Mr. Christofis is a consultant – International Transport Media to JCDecaux SA. Prior to taking on this role, he was the Managing Director of JCDecaux Pearl & Dean – Hong Kong from where he retired in 2003. Mr. Christofis has over 36 years of advertising sales and general management experience gained in Europe, Africa and South East Asia.

Ms. Lam Mei Lan, aged 41, was appointed as an Executive Director in October 2002. She resigned her executive role but continues to serve on the board as a Non-Executive Director in July 2003. Ms. Lam holds a Master of Business Administration Degree from The Chinese University of Hong Kong. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants respectively. Ms. Lam has over 19 years of experience in finance and had held senior financial position in various main board listed companies in Hong Kong. Ms. Lam is now the Financial Administrator of The Salvation Army Hong Kong and Macau Command.

Directors and Senior Management Profile

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mrs. Ling Lee Ching Man, Eleanor, *SBS, OBE, JP*, aged 60 was appointed as an Independent Non-Executive Director in April 2000. Mrs. Ling has over 30 years of experience in management and is a Fellow of the Institute of Chartered Management. Mrs. Ling is now an Adviser to Jardine Matheson Limited and also serves on a number of statutory bodies including the Medical Council, the Standing Commission on Civil Service Salaries and Conditions of Service. Mrs. Ling is also an Executive Committee Member of the Employers' Federation of Hong Kong and a Vice Patron of the Community Chest.

Mr. Cheng Ping Kuen, Franco, aged 54, was appointed as an Independent Non-Executive Director in January 2003. Mr. Cheng has over 28 years of experience in the management of private banking and investment businesses both in Hong Kong and Canada. Mr. Cheng holds a Master's Degree in Business Administration from The Chinese University of Hong Kong and is now the Chief Representative of Rothschild Bank AG in Hong Kong.

Mr. Tyen Kan Hee, Anthony, aged 52, was appointed as an Independent Non-Executive Director of the Company in September 2004. Mr. Tyen holds a Doctoral degree in Philosophy and a Master's Degree in Business Administration, both from The Chinese University of Hong Kong. He is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of both the Association of Chartered Certified Accountants and the Institute of Chartered Secretaries and Administrators. He is currently a practising certified public accountant in Hong Kong and has over 30 years of experience in auditing, accounting, management and company secretary. Mr. Tyen is currently an independent non-executive director of Value Convergence Holdings Limited, a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong.

SENIOR MANAGEMENT

Ms. Choi Ching Kam, Dora, aged 43, is the Human Resources Manager of the Group, Ms. Choi has over 17 years experience in mainstream publishing and held senior positions in a number of leading newspapers and magazines in Hong Kong. She joined the Group as Editor in July 2002, was promoted to Managing Editor in November 2002 and became the Chief Editor of the Group in 2005. In May 2007, she was reassigned as the Human Resources Manager of the Group. Ms. Choi holds a Diploma in Chinese Language and Literature from Hong Kong Shue Yan College, the predecessor of Hong Kong Shue Yan University.

Ms. Fung So Mui, Fion, aged 45, is the Director and General Manager of our recruitment advertising division. She joined the Group in January 2008. Ms. Fung holds a Bachelor Degree in Business Administration from the University of Wisconsin, Madison in the United States and a Master Degree in Human Resources Management from the University of Sydney in Australia. Prior to joining the Group, Ms. Fung was a director of business development in City Telecom (H.K.) Limited for 13 years. Before that, Ms. Fung worked in a leading executive search consultancy in Hong Kong for 3 years.

Ms. Lai Wing Ting, Jacklen, aged 37, is the General Sales Manager of the Group. She is responsible for the recruitment and display advertising business of the Group. She joined the Group in 1995 and has over 12 years experience in advertising industry.

Mr. Tsoi Chit Shun, Roger, aged 47, joined the Group in September 2005. Mr. Tsoi is the Chief Operation Officer of 1010 Printing International Limited, the printing division of the Group. Mr. Tsoi has 16 years of experience in factory management. Mr. Tsoi holds a Degree in Science from The University of Hong Kong. Prior to joining the Group, he was the General Manager of an ink plant in Mainland China.

Directors' Report

The Directors present their annual report and the audited financial statements of the Company and the Group for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries and associates are set out in notes 38 and 18 respectively to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2007 are set out in the consolidated income statement on page 23.

The directors have declared an interim dividend of HK$0.02 per share, totaling HK$5,554,000 which was paid on 8 October 2007.

The Directors recommended a final dividend of HK$0.05 per share (the "Final Dividend") for the year ended 31 December 2007 payable to shareholders whose names appear on the Register of Members of the Company at the close of business on 21 April 2008. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, the Final Dividend will be payable on 30 April 2008.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on pages 27 to 28 and note 30 to the financial statements respectively.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 82 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 28 to the financial statements.

Directors' Report

DIRECTORS

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

Executive Directors

Mr. Lau Chuk Kin
Ms Ho Suk Yi
Ms Chow So Chu (appointed on 1 February 2008)
Mr. Peh Tun Lu, Jefferson (appointed on 12 March 2007 and resigned on 1 September 2007)

Non-Executive Directors

Mr. Lee Ching Ming Adrian
Mr. Peter Stavros Patapios Christofis
Ms. Lam Mei Lan
Mr. Wan Siu Kau

Independent Non-Executive Directors

Mrs. Ling Lee Ching Man, Eleanor
Mr. Cheng Ping Kuen, Franco
Mr. Tyen Kan Hee, Anthony

In accordance with No. 86 of the Company's bye-laws, Ms. Chow So Chu will retire at the forthcoming annual general meeting and, being eligible, offer herself for re-election.

In accordance with No. 87 of the Company's bye-laws, Mr. Wan Siu Kau, Ms. Ho Suk Yi and Mr. Tyen Kan Hee, Anthony will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Company confirms that it has received from each of its independent non-executive directors a confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company considers the independent non-executive directors to be independent.

DIRECTORS' SERVICES CONTRACT

Each of the non-executive directors has entered into a service contract with the Company for a term of two years commenced on 1 January 2008 and is subject to termination by either party giving not less than one month's prior written notice to the other.

None of the directors being proposed for re-election at the forthcoming annual general meeting has any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contracts of significance 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' Report

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December, 2007, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any associated corporations, within the meaning of Part XV the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the 'Model Code") were as follows:

(a) Long Position in the shares of the Company

Name of Directors	Personal Interests (Shares)	Family Interests (Shares)	Corporate Interests (Shares)	Total Interests (Shares)	Percentage to the issued share capital of the Company (%)
Mr. Lau Chuk Kin (Note 1)	114,000	Nil	178,894,000	179,008,000	64.46
Mr. Lee Ching Ming, Adrian (Note 2)	100,500	50,000	Nil	150,500	0.05
Mr. Peter Stavros Patapios Christofis	670,500	Nil	Nil	670,500	0.24
Mr. Cheng Ping Kuen	120,000	Nil	Nil	120,000	0.04
Ms. Ho Suk Yi	198,000	Nil	Nil	198,000	0.07

(b) Options to subscribe for shares of the Company

	Number of share options				
Name of Director	Outstanding at 1.1.2007	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding at 31.12.2007
Ms Ho Suk Yi	500,000	–	498,000	2,000	–

Notes:

1. Of 178,894,000 shares, 940,000 shares and 177,954,000 shares are beneficially owned by ER2 Holdings Limited ("ER2") and City Apex Limited respectively. As at 31 December 2007, Mr. Lau Chuk Kin beneficially owned 67% of the issued share capital of ER2, which is the ultimate holding company of City Apex Limited. Accordingly, Mr. Lau Chuk Kin is deemed to be interested in the said shares pursuant to Part XV of the SFO.

2. Of 150,500 shares, 50,000 shares are beneficially owned by the wife of Mr. Lee Ching Ming, Adrian, who is deemed to be interested in the said shares under Part XV of the SFO.

Saved as disclosed above, as at 31 December 2007, to the knowledge of the Company, none of the directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be maintained under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Directors' Report

SHARE OPTIONS

Details of the movements in the share options of the Company during the year are set out in note 29 to the financial statements.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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 of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the directors, chief executive or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2007, the following persons, other than a director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company, being 5% or more in the issued share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Number of shares	Percentage to the issued share capital of the Company %
Mr. Lau Chuk Kin (Note 1)	179,008,000	64.46
ER2 Holdings Limited (Note 1)	178,894,000	64.42
City Apex Limited (Note 1)	177,954,000	64.08
Tai Wah Investment Company Limited (Note 2)	22,000,000	7.92
Chan Family Investment Corporation Limited (Note 2)	24,115,333	8.68
Great Eagle Holdings Limited (Note 3)	21,638,000	7.79
Jolly Trend Limited (Note 3)	21,638,000	7.79
The Great Eagle Company, Limited (Note 3)	21,638,000	7.79
Dr. Lo Ka Shui (Note 4)	21,788,000	7.85

Notes:

1. Of the 179,008,000 shares, Mr. Lau Chuk Kin has 114,000 personal interest and is deemed to be interested in the 940,000 shares directly held by ER2. Each of Mr. Lau Chuk Kin and ER2 is deemed to be interested in the 177,954,000 shares owned by City Apex Limited.

2. Of these shares, 1,117,333 shares are directly owned by Chan Family Investment Corporation Limited, 998,000 shares and 22,000,000 shares are respectively held by Earnyear Limited and Tai Wah Investment Company Limited. Both Earnyear Limited and Tai Wah Investment Company Limited are wholly-owned subsidiaries of Chan Family Investment Corporation Limited.

3. Each of Great Eagle Holdings Limited and Jolly Trend Limited is deemed to be interested in the 21,638,000 shares owned by The Great Eagle Company, Limited.

4. Of these shares, 21,638,000 shares are duplicated in the interest described in note 3, as The Great Eagle Company, Limited is a wholly-owned subsidiary of Great Eagle Holdings Limited. Dr. Lo Ka Shui was interested and/or deemed to be interested in the issued share capital of Great Eagle Holdings Limited. In addition, Dr. Lo Ka Shui has personal interest in 150,000 shares.

Directors' Report

Save as disclosed above, as at 31 December 2007, the Company had not been notified of any other person (other than a director or chief executive of the Company) who had an interest or short position in the shares, underlying shares or debentures of the Company and was required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

MAJOR SUPPLIERS AND CUSTOMERS

The top five suppliers in aggregate and the single largest supplier of the Group accounted for approximately 45% and 21% for the Group's total purchases for the year ended 31 December 2007 respectively.

The top five customers in aggregate and the single largest customer of the Group accounted for approximately 29% and 14% for the Group's total sales for the year ended 31 December 2007 respectively.

At no time during the year did a director, an associate of a director, within the meaning of the Listing Rules, or a shareholder of the Company which to the knowledge of the directors owns more than 5% of the Company's share capital have any interest in the Group's five largest suppliers and five largest customers.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws and there was no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2007, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

Interests of the directors of the Company in competing businesses required to be disclosed pursuant to of the Listing Rules are as follows:

Name of director	Name of companies	Nature of competing business	Nature of interest
Mr. Lau Chuk Kin *(Note 1)*	International Resources Group Limited ("IRG")	Executive search in the United Kingdom	As a director and shareholder with an interest in IRG of approximately 1%
Mr. Lau Chuk Kin *(Note 2)*	Amrop Hever	Executive search in Hong Kong and the PRC	As a shareholder with an interest in Amrop Hever of approximately 12.5%
Mr. Wan Siu Kau *(Note 2)*	Amrop Hever	Executive search in Hong Kong and the PRC	As a director and shareholder with an interest in Amrop Hever of approximately 55.0%

Directors' Report

Notes:

1. Mr. Lau Chuk Kin is a director and shareholder of IRG. IRG is a subsidiary of OPD Group, a company providing human resources / recruitment consulting services with a focus on senior executive and board level appointments and is listed on the London Stock Exchange, while the Group provides staff selection service which forms only a minimal part of the Group's turnover as an ancillary service for promoting its recruitment publication in Shanghai. IRG is managed by OPD Group, a separate publicly listed company with independent management in the United Kingdom. Having considered the (i) nature, scope and size of the IRG businesses; and (ii) the nature and extent of Mr. Lau's interest in IRG, the directors of the Company believe that there is a clear delineation and no competition between the businesses of the Group and IRG.

2. During the year, Mr. Lau Chuk Kin and Mr. Wan Siu Kau had an interest of 12.5% and 55.0% respectively in Samuel Wan & Partners Limited (operating under the licensed name of "Amrop Hever") ("Amrop Hever"). Mr. Wan was also a director of Amrop Hever.

   Amrop Hever is a global executive search firm which is principally engaged in senior level executive search services worldwide through its international network whilst the Group provides staff selection service which forms only a minimal part of the Group's turnover as an ancillary service for promoting its recruitment publication in Shanghai. The clear delineation in nature of business and clientele served has ensured that there is no competition in business between Amrop Hever and the Group. Amrop Hever and the Group have always been operating separately and independently under different management and operational and financial systems. The directors of the Company believe that there is a clear delineation and no competition between the businesses of the Group and Amrop Hever.

   In December 2007, Mr. Wan Siu Kau ceased to be a director and shareholder of Amrop Hever and is therefore no longer by virtue of such positions interested in the businesses of Amrop Hever which may cause competition to the Group as disclosed above. Mr. Wan is currently an advisor to Amrop Hever, which is a non-executive role.

   In December 2007, Mr. Lau Chuk Kin ceased to be a shareholder of Amrop Hever and is therefore no longer interested in the businesses of Amrop Hever which may cause competition to the Group as disclosed above.

Save as disclosed in this section, none of directors of the Company or any of their respective associates (as defined in the Listing Rules) has any business or interest that competes or may compete with the business of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its directors, the directors confirm that the Company has maintained throughout the year ended 31 December 2007, the amount of public float as required under the Listing Rules.

CONNECTED TRANSACTION

During the year, the Group has entered into certain related party transactions as disclosed in Note 36 to the consolidated financial statements. Such transactions do not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

Directors' Report

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on pages 17 to 20 of the annual report.

AUDIT COMMITTEE

The audit committee has three members comprising the three independent non-executive directors, namely, Mrs. Ling Lee Ching Man, Eleanor, Mr. Cheng Ping Kuen, Franco and Mr. Tyen Kan Hee, Anthony, with terms of reference in compliance with the Listing Rules.

During the year, the audit committee met from times to times to review the Company's annual report and accounts, half-yearly report, quarterly reports and circulars, and providing advice and comments thereon to the Company's board of directors, meeting with external auditors to discuss audit matters of governance interest that arise from the annual audit of the Company's financial statements.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2007, the Group had around 116 employees (2006: 200), which was reduced by the number of employees in our print operation in Shanghai following its closure in November. The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Other employees benefits include provident fund, insurance and medical cover. No share options were outstanding as at 31 December 2007.

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting to appoint Messrs. Grant Thornton as auditors of the Company.

On behalf of the Board

Lau Chuk Kin
Chairman
Hong Kong, 29 February 2008

Corporate Governance Report

The Group has adopted practices which meet the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the" Stock Exchange"). The report describes its corporate governance practices, explains the applications of the principles of the Code and deviations, if any.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with the required standard as set out in the Model Code regarding securities transactions by the directors throughout the year ended 31 December 2007.

BOARD OF DIRECTORS

The Board comprises ten directors, of whom three are executive directors, four are non-executive directors and three are independent non-executive directors. The participation of non-executive directors in the Board brings independent judgement on issues relating to the Group's strategy, performance, conflicts of interest and management process to ensure that the interests of all shareholders of the Company have been duly considered.

Each of the non-executive directors has entered into a service contract with the Company for a term of two year and is subject to termination by either party giving not less than one month's prior written notice to the other.

The Board considers that all of the independent non-executive directors are independent and has received from each of them the annual confirmation of independence required by the Listing Rules.

The Board members for the year ended 31 December 2007 were:

Chairman

Mr. Lau Chuk Kin

Executive directors

Mr. Lau Chuk Kin
Ms. Ho Suk Yi
Mr. Peh Tun Lu, Jefferson (appointed on 12 March 2007 and resigned on 1 September 2007)

Non-executive director

Mr. Lee Ching Ming, Adrian
Mr. Wan Siu Kau
Mr. Peter Stavros Patapios Christofis
Ms. Lam Mei Lan

Independent non-executive directors

Mrs. Ling Lee Ching Man, Eleanor
Mr. Cheng Ping Kuen, Franco
Mr. Tyen Kan Hee, Anthony

Corporate Governance Report

The Board is responsible for the approval and monitoring of the Group's overall strategies and policies; approval of business plans; evaluating the performance of the Group and oversight of management. It is also responsible for promoting the success of the Company and its businesses by directing and supervising the Company's affairs.

The Board focuses on overall strategies and policies with particular attention paid to the growth and financial performance of the Group.

The Board delegates day-to-day operations of the Group to executive directors and senior management, while reserving certain key matters for its approval. Decisions of the Board are communicated to the management through executive directors who have attended at Board meetings.

The Board held a board meeting for each quarter. Details of the attendance of the Board are as follows:

Directors	Attendance
Mr. Lau Chuk Kin	4/4
Ms. Ho Suk Yi	4/4
Mr. Peh Tun Lu, Jefferson (appointed on 12 March 2007 and resigned on 1 September 2007)	1/4
Mr. Lee Ching Ming, Adrian	4/4
Mr. Wan Siu Kau	4/4
Mr. Peter Stavros Patapios Christofis	1/4
Ms. Lam Mei Lan	4/4
Mrs. Ling Lee Ching Man, Eleanor	4/4
Mr. Cheng Ping Kuen, Franco	4/4
Mr. Tyen Kan Hee, Anthony	3/4

ACCOUNTABILITY AND AUDIT

The Directors were responsible for overseeing the preparation of the financial statements for the year ended 31 December 2007.

The Directors' responsibilities in the preparation of the financial statements and the auditors' responsibility are set out in the Auditors' Report.

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Company and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interest of the shareholders and the Group's assets.

CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

Mr. Lau Chuk Kin assumes the role of both the chairman and the chief executive officer of the Company. While serving as the chairman of the Group, Mr. Lau leads the Board and is responsible for the proceedings and workings of the Board. He ensures that:

– the Board acts in the best interests of the Group; and

– the Board functions effectively, and that all key and appropriate issues are properly briefed and discussed by the Board.

Corporate Governance Report

The role of chairman and chief executive officer of the Group rests on the same individual which deviates from the code provision in the Code of not having a clear division of responsibilities. The Board is of the view that this has not compromised accountability and independent decision making for the following reasons:

– the non-executive directors form the majority of the Board of which three out of seven are independent;

– Audit Committee composed exclusively of independent non-executive directors; and

– The independent directors have free and direct access to the Company's external auditors and independent professional advice when considered necessary.

Mr. Lau, the executive chairman, is a substantial shareholder of the Group and has considerable industry experience. He is motivated to contribute to the growth and profitability of the Group. The Board is of the view that it is in the best interests of the Group to have an executive chairman so that the Board can have the benefit of a chairman who is knowledgeable about the business of the Group and is most capable to guide discussions and brief the Board in a timely manner on pertinent issues and developments to facilitate open dialogue between the Board and the management.

REMUNERATION COMMITTEE

The Remuneration committee is established and comprising three independent non-executive directors, namely Mrs. Ling Lee Ching Man, Eleanor, Mr. Cheng Ping Kuen, Franco and Mr. Tyen Kan Hee, Anthony.

The terms of reference of the Remuneration committee are posted on the Company's website. The principal functions include:

– to recommend to the Board on the Company's policies and structure for the remuneration of the directors and senior management of the Group;

– to determine the remuneration packages of all executive directors and senior management of the directors and senior management of the Group; and

– to review and approve their performance-based remuneration.

The principal elements of executive remuneration package include basic salary, discretionary bonus and share option. The emoluments of executive directors are based on skill, knowledge and involvement in the Company's affairs of each director and are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

The Remuneration committee consults the chairman and chief executive officer about its proposals relating to the remuneration of other executive directors. During the year, a meeting of the Remuneration committee was duly held and attended by all committee members for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the executive directors and the senior executives and other related matters. The meeting was chaired by Mrs. Ling Lee Ching Man, Eleanor.

Corporate Governance Report

NOMINATION OF DIRECTORS

The Board is empowered under the Company's Bye Laws to appoint any person as a director either to fill a casual vacancy on or, subject to authorization by the shareholders of the Company in general meeting, as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are mainly based on the assessment of their professional qualifications and experience. The Board selects and recommends candidates for directorship having regard to the balance of skills and experience appropriate to the Group's business.

During the year, there was one director nominated by the Board.

AUDITORS' REMUNERATION

The Company engaged Grant Thornton, the external auditors of the Group to prepare the accountants' report in relation to the main board listing during the year for HK$0.5 million (2006: HK$0.3 million). The Group's audit fee for the year ended 31 December 2007 was approximately HK$0.9 million (2006: HK$0.6 million). There was no other significant non-audit service assignment undertaken by the auditors during the year.

AUDIT COMMITTEE

The Audit Committee was established in April 2000 to review the Group's financial reporting, internal controls and make relevant recommendations to the Board. The terms of reference of the Audit Committee are posted on the Company's website.

The Audit Committee comprises three independent non-executive directors, namely Mrs. Ling Lee Ching Man, Eleanor, Mr. Cheng Ping Kuen, Franco and Mr. Tyen Kan Hee, Anthony. The chairman of the Audit Committee is Mr. Tyen Kan Hee, Anthony.

The Audit Committee held three meetings in 2007. Details of the attendance record of the committee meetings are as follows:

Committee members	**Attendance**
Mrs. Ling Lee Ching Man, Eleanor	3/3
Mr. Cheng Ping Kuen, Franco	3/3
Mr. Tyen Kan Hee, Anthony	3/3

The Group's 2007 quarterly report, 2007 half-yearly report and 2006 annual report have been reviewed by the Audit Committee, which was of the opinion that such reports were prepared in accordance with the applicable accounting standards and requirements. For 2006 annual report, the Audit Committee met with the external auditors to discuss auditing, internal control, statutory compliance and financial reporting matters before recommending it to the Board for approval. The committee also monitored the Company's progress in implementing the code provisions on corporate governance practices as required under the Listing Rules.

Independent Auditors' Report

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TO THE MEMBERS OF RECRUIT HOLDINGS LIMITED
才庫媒體集團有限公司
(Incorporated in Cayman Islands and redomiciled to Bermuda with limited liability)

We have audited the consolidated financial statements of Recruit Holdings Limited (the "Company") set out on pages 23 to 81, which comprise the consolidated and company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

Independent Auditors' Report

Grant Thornton
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Grant Thornton

Grant Thornton
Certified Public Accountants

29 February 2008

Consolidated Income Statement

For the year ended 31 December 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
Revenue and turnover	5	**439,075**	298,333
Direct operating costs		**(285,686)**	(182,526)
Gross profit		**153,389**	115,807
Other operating income		**27,291**	14,977
Gain on disposals of investment properties		**–**	12,114
Selling and distribution costs		**(65,575)**	(41,333)
Administrative expenses		**(40,382)**	(32,598)
Other operating expenses		**(1,503)**	(2,087)
Operating profit		**73,220**	66,880
Finance costs	7	**(1,260)**	(2,618)
Profit before income tax	8	**71,960**	64,262
Income tax expense	11	**(4,918)**	(5,982)
Profit for the year		**67,042**	58,280
Attributable to:			
Equity holders of the Company	12	**57,904**	55,102
Minority interests		**9,138**	3,178
Profit for the year		**67,042**	58,280
Dividends	13	**19,440**	26,106
Earnings per share for profit attributable to the equity holders of the Company during the year	14		
Basic		**HK20.96 cents**	HK20.07 cents
Diluted		**HK20.88 cents**	HK19.94 cents

Consolidated Balance Sheet

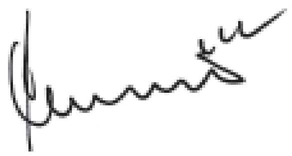
As at 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15	**81,156**	74,257
Prepaid land lease payments	16	**1,013**	1,034
Interests in associates	18	**–**	1,411
		82,169	76,702
Current assets			
Inventories	21	**32,100**	15,455
Trade and other receivables and deposits	22	**122,598**	75,724
Financial assets at fair value through profit or loss	23	**1,808**	11,452
Advances to associates	18	**96**	18,978
Taxes recoverable		**1,817**	–
Cash and cash equivalents	24	**89,199**	55,157
		247,618	176,766
Current liabilities			
Trade and other payables	25	**76,552**	43,611
Finance lease liabilities	26	**4,103**	3,691
Provision for taxation		**5,602**	2,855
		86,257	50,157
Net current assets		**161,361**	126,609
Total assets less current liabilities		**243,530**	203,311
Non-current liabilities			
Finance lease liabilities	26	**10,017**	13,714
Deferred tax liabilities	27	**1,612**	1,990
		11,629	15,704
Net assets		**231,901**	187,607

Consolidated Balance Sheet

As at 31 December 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	28	**55,543**	54,960
Reserves	30	**139,970**	100,028
Proposed final and special dividends	13	**13,886**	20,610
		209,399	175,598
Minority interests		**22,502**	12,009
Total equity		**231,901**	187,607



Director

Director

Balance Sheet

As at 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	17	**62,030**	–
Interest in an associate	18	**–**	–
		62,030	–
Current assets			
Amounts due from subsidiaries	19	**158,974**	146,435
Advances to an associate	18	**70**	70
Other receivables		**377**	221
Cash and cash equivalents	24	**24,455**	10,814
		183,876	157,540
Current liabilities			
Other payables		**87**	22
Amounts due to subsidiaries	20	**63,810**	12,666
		63,897	12,688
Net current assets		**119,979**	144,852
Net assets		**182,009**	144,852
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital	28	**55,543**	54,960
Reserves	30	**112,580**	69,282
Proposed final and special dividends	13	**13,886**	20,610
Total equity		**182,009**	144,852

Director *Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2007

	Equity attributable to the equity holders of the Company										Minority interests	Total
	Share capital HK$'000	Share premium HK$'000	Employee compensation reserve HK$'000	Exchange reserve HK$'000	Merger reserve HK$'000	Contributed surplus HK$'000	Capital contribution HK$'000	Proposed final and special dividends HK$'000	Retained earnings HK$'000	Total HK$'000	HK$'000	HK$'000
At 1 January 2006	54,844	54,065	951	65	(43,897)	34,031	521	10,969	25,473	137,022	179	137,201
Currency translation	–	–	–	(20)	–	–	–	–	–	(20)	(4)	(24)
Net results recognised directly in equity	**–**	**–**	**–**	**(20)**	**–**	**–**	**–**	**–**	**–**	**(20)**	**(4)**	**(24)**
Profit for the year	–	–	–	–	–	–	–	–	55,102	55,102	3,178	58,280
Total recognised income and expense for the year	**–**	**–**	**–**	**(20)**	**–**	**–**	**–**	**–**	**55,102**	**55,082**	**3,174**	**58,256**
Shares issued at premium	116	35	–	–	–	–	–	–	–	151	–	151
Share issue expenses	–	(3)	–	–	–	–	–	–	–	(3)	–	(3)
Equity-settled share-based payment expenses (Note 10)	–	–	332	–	–	–	–	–	–	332	–	332
Final 2005 dividend paid (Note 13)	–	–	–	–	–	(8)	–	(10,969)	–	(10,977)	–	(10,977)
Interim 2006 dividend paid (Note 13)	–	–	–	–	–	(5,488)	–	–	–	(5,488)	–	(5,488)
Proposed final and special 2006 dividends (Note 13)	–	–	–	–	–	(20,610)	–	20,610	–	–	–	–
Transfer to minority shareholders	–	–	–	–	–	–	(521)	–	–	(521)	521	–
Capitalisation of loan by minority shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	–	8,389	8,389
Acquisition of additional interests in a subsidiary	–	–	–	–	–	–	–	–	–	–	(254)	(254)
At 31 December 2006	**54,960**	**54,097**	**1,283**	**45**	**(43,897)**	**7,925**	**–**	**20,610**	**80,575**	**175,598**	**12,009**	**187,607**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2007

	Equity attributable to the equity holders of the Company										Minority interests	Total
	Share capital	Share premium	Employee compensation reserve	Exchange reserve	Merger reserve	Contributed surplus	Capital contribution	Proposed final and special dividends	Retained earnings	Total		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2007	54,960	54,097	1,283	45	(43,897)	7,925	–	20,610	80,575	175,598	12,009	187,607
Currency translation	–	–	–	(407)	–	–	–	–	–	(407)	(25)	(432)
Net results recognised directly in equity	**–**	**–**	**–**	**(407)**	**–**	**–**	**–**	**–**	**–**	**(407)**	**(25)**	**(432)**
Profit for the year	–	–	–	–	–	–	–	–	57,904	57,904	9,138	67,042
Total recognised income and expense for the year	**–**	**–**	**–**	**(407)**	**–**	**–**	**–**	**–**	**57,904**	**57,497**	**9,113**	**66,610**
Share issued on exercise of share options	583	2,056	(1,212)	–	–	–	–	–	–	1,427	–	1,427
Share issue expenses	–	(9)	–	–	–	–	–	–	–	(9)	–	(9)
Share options forfeited	–	–	(71)	–	–	–	–	–	71	–	–	–
Final 2006 dividend paid (Note 13)	–	–	–	–	–	–	–	(20,610)	–	(20,610)	–	(20,610)
Interim 2007 dividend paid (Note 13)	–	–	–	–	–	(5,554)	–	–	–	(5,554)	–	(5,554)
Proposed final 2007 dividends (Note 13)	–	–	–	–	–	–	–	13,886	(13,886)	–	–	–
Disposals of partial interests in a subsidiary	–	–	–	–	–	–	–	–	–	–	2,966	2,966
Dividend paid to minority shareholders	–	–	–	–	–	–	–	–	–	–	(536)	(536)
Transfer of dividend entitlement from minority shareholders	–	–	–	–	–	–	–	–	1,050	1,050	(1,050)	–
At 31 December 2007	**55,543**	**56,144**	**–**	**(362)**	**(43,897)**	**2,371**	**–**	**13,886**	**125,714**	**209,399**	**22,502**	**231,901**

The merger reserve of the Group arose as a result of a group reorganisation in 2000 and represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the issued share capital of Recruit (BVI) Limited.

The contributed surplus of the Group arose as a result of the reduction in share capital in accordance with the Group's capital reorganisation in 2003.

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
Cash flows from operating activities			
Profit before income tax		**71,960**	64,262
Adjustments for:			
Amortisation of prepaid land lease payments		**21**	21
Depreciation		**13,800**	11,978
Dividend income from equity investments		**(83)**	(1)
Equity-settled share-based payment expenses		**–**	332
Excess over the costs of acquisition of additional interests in a subsidiary		**–**	(254)
Gain on disposals of investment properties		**–**	(12,114)
Loss/(Gain) on financial assets at fair value through profit or loss		**839**	(9,149)
Gain on partial disposals of investments in subsidiaries		**(9,455)**	–
Loss on disposals of a subsidiary		**811**	–
Impairment of receivables		**1,503**	2,087
Write back of provision for impairment of advances to associates		**(3,492)**	–
Provision for inventories		**1,544**	–
Impairment of advances to associate		**243**	–
Impairment of goodwill in associate		**1,411**	–
Interest expenses		**1,260**	2,618
Interest income		**(1,823)**	(827)
Loss on disposals and write-off of property, plant and equipment		**10**	392
Operating profit before working capital changes		**78,549**	59,345
Increase in inventories		**(18,189)**	(6,856)
Increase in trade and other receivables and deposits		**(49,352)**	(65)
Increase/(Decrease) in trade and other payables		**31,392**	(6,987)
Cash generated from operations		**42,400**	45,437
Income taxes paid		**(4,366)**	(2,197)
Net cash from operating activities		**38,034**	43,240

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	Note	2007 HK$'000	2006 HK$'000
Cash flows from investing activities			
Dividend income received		**83**	1
Increase in investment in an associate		**–**	(1,411)
Increase in prepaid land lease payments		**–**	(1,055)
Interest received		**1,823**	827
Net repayments/(advances) of advances to associates		**22,131**	(13,613)
Proceeds on disposals of financial assets at fair value through profit or loss		**58,723**	39,763
Proceeds on disposals of property, plant and equipment		**365**	502
Proceeds on disposals of investment properties		**–**	51,914
Proceeds on partial disposals of investments in subsidiaries		**7,500**	–
Proceeds from sale of subsidiary, net of cash disposed	35 (b)	**(610)**	–
Purchases of property, plant and equipment		**(20,604)**	(22,780)
Purchases of financial assets at fair value through profit or loss		**(49,918)**	(41,904)
Net cash generated from investing activities		**19,493**	12,244
Cash flows from financing activities			
Capital element of finance lease liabilities paid		**(3,741)**	(25,329)
Decrease in loans from minority shareholders		**–**	(997)
Capital injection by minority shareholders		**7,629**	–
Interest element of finance lease payments		**(1,041)**	(2,618)
Proceeds from shares issued on exercise of share options		**1,427**	151
Share issue expenses paid		**(9)**	(3)
Dividends paid		**(27,750)**	(16,465)
Net cash used in financing activities		**(23,485)**	(45,261)
Net increase in cash and cash equivalents		**34,042**	10,223
Cash and cash equivalents at 1 January		**55,157**	44,934
Cash and cash equivalents at 31 December		**89,199**	55,157

Notes to the Financial Statements

For the year ended 31 December 2007

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company on 13 March 2000 and redomiciled to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda, with limited liability on 29 January 2003. The address of the Company's registered office is 26/F, 625 King's Road, North Point, Hong Kong. On 20 July 2000, the Company's shares were listed on The Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company withdrew the listing of its shares on the GEM of the Stock Exchange on 23 July 2007, and on the same date, by way of introduction, listed its entire issued share capital on the Main Board of the Stock Exchange.

The Company acts as an investment holding company, provides corporate management services and is engaged in investment trading activities. Details of the activities of its principal subsidiaries are set out in Note 38 to the financial statements. The Company and its subsidiaries are collectively referred to as the "Group" hereafter.

The financial statements on pages 23 to 81 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The financial statements for the year ended 31 December 2007 were approved for issue by the board of directors on 29 February 2008.

2. ADOPTION OF NEW OR AMENDED HKFRSs

2.1 In the current year, the Group has applied, for the first time, the following new standards, amendment and interpretations issued by the HKICPA, which are relevant and effective for the Group's financial period beginning on 1 January 2007.

HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

2.2 HKAS 1 (Amendment) – Capital Disclosures

In accordance with the HKAS 1 (Amendment) – Capital Disclosures, the Group now reports on its capital management objectives, policies and procedures in each annual financial report. The new disclosures that become necessary due to this change in HKAS 1 are set out in Note 40.

Notes to the Financial Statements

For the year ended 31 December 2007

2. ADOPTION OF NEW OR AMENDED HKFRSs (CONTINUED)

2.3 HKFRS 7 – Financial Instruments: Disclosures

HKFRS 7 – Financial Instruments: Disclosures is mandatory for reporting periods beginning on 1 January 2007 or later. The new standard replaces and amends the disclosure requirements previously set out in HKAS 32 Financial Instruments: Presentation and Disclosures and has been adopted by the Group in its consolidated financial statements for the year ended 31 December 2007. All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements. In particular, the Group's financial statements now feature:

- a sensitivity analysis, to explain the Group's market risk exposure in regards to its financial instruments, and

- a maturity analysis that shows the remaining contractual maturities of financial liabilities,

each as at the balance sheet date. The first-time application of HKFRS 7, however, has not resulted in any prior-period adjustments of cash-flows, net income or balance sheet line items.

2.4 The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's consolidated financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions[2]
HK(IFRIC) – Int 12	Service Concession Arrangements[3]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interactions[3]

[1] Effective for annual periods beginning on or after 1 January 2009

[2] Effective for annual periods beginning on or after 1 March 2007

[3] Effective for annual periods beginning on or after 1 January 2008

[4] Effective for annual periods beginning on or after 1 July 2008

Notes to the Financial Statements

For the year ended 31 December 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss, which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

3.3 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Business combinations (other than combining entities under common control) are accounted for by applying the purchase method. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies. If the cost of acquisition is less than the fair value of the net assets and contingent liabilities of the subsidiary acquired, the difference is recognised in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Notes to the Financial Statements

For the year ended 31 December 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Subsidiaries (Continued)

In the Company's balance sheet, subsidiaries are carried at cost less impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

Minority interest represents the portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned by the Group and are not the Group's financial liabilities.

Minority interests are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated income statement as an allocation of the Group's results.

3.4 Associates

Associates are those entities over which the Group is able to exert significant influence, generally accompanying a shareholding of between 20% and 50% of voting rights but which are neither subsidiaries nor investment in a joint venture. In consolidated financial statements, investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Under the equity method, the Group's interest in the associate is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on goodwill relating to the investment in associate recognised for the year.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. For this purpose, the Group's interest in the associate is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment.

Goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. At each balance sheet date, the Group determines whether there is any objective evidence that the investment in associate is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (see Note 3.9) of the associate and its carrying amount.

Notes to the Financial Statements

For the year ended 31 December 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Associates (Continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, investments in associates are stated at cost less any impairment losses. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

3.5 Foreign currencies

The financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet date retranslation of monetary assets and liabilities are recognised in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the balance sheet date. Income and expenses have been converted into HK$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with in the exchange reserve in equity.

Notes to the Financial Statements

For the year ended 31 December 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Revenue recognition

Revenue comprises the fair value for the sale of goods, rendering of services, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

– Advertising income is recognised on the date of the relevant publication issue or on time basis by reference to the period in which the advertisement is displayed in the website.

– Printing income and publication sales are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

– Service income is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

– Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

– Interest income is recognised on a time-proportion basis using the effective interest rate method.

– Dividend income is recognised when the right to receive payment is established.

The policies on financial assets at fair value through profit or loss are dealt with in Note 3.10(i) to the financial statements.

3.7 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Depreciation on property, plant and equipment is provided to write off their costs over their estimated useful lives, using the straight-line method, at the following rates per annum:

Buildings	Over 50 years or the lease term, whichever is shorter
Furniture and fixtures	20%
Office equipment	20%
Leasehold improvements	20% – 50% or over the lease term, whichever is shorter
Computer equipment and systems	33%
Motor vehicles	20%
Machinery	10%

Notes to the Financial Statements

For the year ended 31 December 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Property, plant and equipment (Continued)

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

The gain or loss arising on retirement or disposals is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

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. All other costs, such as repairs and maintenance, are charged to the income statement during the period in which they are incurred.

Assets held under finance leases are depreciated over their estimated useful lives or where shorter the term of the lease using the same method as owned assets in the same category.

3.8 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) *Classification of assets leased to the Group*

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) *Assets acquired under finance leases*

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments (the "initial value"), of such assets are included in property, plant and equipment and the corresponding liabilities, net of finance lease charges, are recorded as finance lease liabilities.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance lease charges.

Finance lease charges implicit in the lease payments are charged to income statement over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the finance lease liabilities for each accounting period. Contingent rentals are charged to income statement in the accounting period in which they are incurred.

Notes to the Financial Statements

For the year ended 31 December 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Leases (Continued)

(iii) Operating lease charges as the lessee

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the income statement on a straight-line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rental are charged to the income statement in the accounting period in which they are incurred.

Prepaid land lease payments are up-front payments to acquire the leasehold land. The payments are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the lease term.

3.9 Impairment of assets

Property, plant and equipment, prepaid land lease payments, and interests in subsidiaries and associates are subject to impairment testing.

All individual assets or cash-generating units are tested for impairment whenever there are indications that the carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

Notes to the Financial Statements

For the year ended 31 December 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets

The Group classifies its financial assets into the following categories: loans and receivables and financial assets at fair value through profit or loss. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on settlement date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the income statement.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Notes to the Financial Statements

For the year ended 31 December 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Financial assets (Continued)

Impairment of financial assets

At each balance sheet date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment. If any such evidence exists, the impairment loss is measured and recognised as follows:

(i) *Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in the income statement of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in the income statement of the period in which the reversal occurs.

(ii) *Financial assets carried at cost*

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

3.11 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Cost comprises direct materials and, where applicable, direct labour costs and those overhead costs that have been incurred in bringing the inventories to their present condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable selling expenses.

Notes to the Financial Statements

For the year ended 31 December 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.

3.13 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand as well as short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, such as bank deposits and cash held at the brokers.

3.14 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issue of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Notes to the Financial Statements

For the year ended 31 December 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Employee benefits

(i) *Retirement benefit schemes*

The Group participates in several staff retirement benefit schemes for employees in Hong Kong and the People's Republic of China, except Hong Kong (the "PRC"), comprising defined contribution retirement schemes and a Mandatory Provident Fund scheme (the "MPF Scheme"). The assets of these schemes are held separately from those of the Group in independently administered funds. The retirement benefit schemes are generally funded by payments from employees and by the relevant group companies. The retirement benefit scheme costs charged to the income statement represents contributions payable by the Group to the schemes.

The subsidiaries operating in the PRC are required to participate in the defined contribution retirement schemes for their employees, organised by the relevant local government authorities. They are required to make contributions to the retirement benefit schemes at a specified percentage of employees' relevant income and there are no other further obligations to the Group.

Before 1 December 2000, the Group operated a defined contribution retirement scheme (the "ORSO Scheme") in Hong Kong for all qualified employees. The ORSO Scheme is funded by monthly contributions from both employees and the Group at rates ranging from 5% to 7.5% of the employees' basic salary, depending on the length of service with the Group. The Group's contributions under the ORSO Scheme were reduced by contributions forfeited by those employees who left the ORSO Scheme prior to vesting fully in the contributions.

The Mandatory Provident Fund Schemes Authority has approved the ORSO Scheme as a Mandatory Provident Fund Exempted Occupational Retirement Scheme under the Mandatory Provident Fund Schemes Ordinance (the "MPF Schemes Ordinance"). With effect from 1 December 2000, the MPF Scheme was set up under the MPF Schemes Ordinance for existing staff who opt for this scheme and eligible staff recruited on or after that date. When the underlying staff elects the MPF Scheme, retirement scheme benefits attributed to the staff under the ORSO Scheme remain unchanged in the MPF Scheme. Under the MPF Scheme, eligible employees are required to contribute 5% of their monthly basic salaries whereas the Group's contribution will be 5% of the relevant income with a maximum monthly contribution of HK$1,000 and there are no other legal or constructive obligations to the Group.

Notes to the Financial Statements

For the year ended 31 December 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Employee benefits (Continued)

(ii) Share-based employee compensation

All share-based payment arrangements granted after 7 November 2002 and had not yet vested on 1 January 2005 are recognised in the financial statements. The Group operates equity-settled share-based compensation plans to remunerate its employees and directors.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is ultimately recognised as an expense in the income statement with a corresponding credit to the employee compensation reserve in equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

At the time when the share options are exercised, the amount previously recognised in employee compensation reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in employee compensation reserve will be transferred to retained earnings.

(iii) Bonus plans

The Group recognises a liability and an expense for bonuses where it has a contractual obligation or where there is a past practice that has created a constructive obligation.

3.16 Related parties

A party is considered to be related to the Group if:

(i) directly, or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with, the Group;
- has an interest in the Group that gives it significant influence over the Group;
- has joint control over the Group;

(ii) the party is a jointly-controlled entity;

(iii) the party is an associate;

(iv) the party is a member of the key management personnel of the Group or its parent;

Notes to the Financial Statements

For the year ended 31 December 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Related parties (Continued)

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

3.17 Financial liabilities

The Group's financial liabilities include trade and other payables, finance lease liabilities and amounts due to group companies.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see Note 3.8(ii) to the financial statements).

Trade and other payables and amounts due to group companies

These are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest rate method.

3.18 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Notes to the Financial Statements

For the year ended 31 December 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Contingent liabilities (Continued)

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisaton, if appropriate.

3.19 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in income statement on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in income statement over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

3.20 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment assets consist primarily of inventories, receivables and property, plant and equipment and operating cash but exclude corporate assets and interests in associates. Segment liabilities consist primarily of operating liabilities but exclude deferred tax liabilities and liabilities incurred for financing rather than operating purposes. Segment revenue, expenses, assets and liabilities are determined before intra-group balance and intra-group transactions are eliminated as part of the consolidation process unless the group entities are in the same segment.

Notes to the Financial Statements

For the year ended 31 December 2007

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Segment reporting (Continued)

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Unallocated items mainly comprise deferred tax liabilities, corporate assets and liabilities, corporate and financing expenses.

In respect of geographical segment reporting, sales are based on the country in which the customer is located and segment assets and capital expenditure are where the assets are located.

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 discussed below:

(i) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to the changes in market condition. Management reassesses these estimations at the balance sheet date.

(ii) *Estimated impairment of receivables and advances*

The policy for the impairment of receivables and advances of the Group is based on, where appropriate, the evaluation of collectibility and ageing analysis of the receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these outstandings, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provision for impairment may be required.

(iii) *Valuation of share options granted*

The fair value of share options granted was calculated using the Black-Scholes valuation model based on certain estimates and assumptions made by Group's management. Some of the significant estimates and assumptions made by management included the estimated life of share options granted to be five years based on exercise restrictions and behavioural considerations; and the volatility of share price which was determined by reference to historical data and weighted average share prices. Details of the inputs are set out in Note 29 to the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2007

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(iv) *Depreciation*

The Group depreciates property, plant and equipment on a straight-line method over the estimated useful lives, starting from the date on which the assets are placed into productive use. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

(v) *Current taxation and deferred taxation*

The Group is subject to income taxes in different jurisdictions. Significant judgement is required in determining the amount of the provision of taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. REVENUE AND TURNOVER

	2007	2006
	HK$'000	HK$'000
Advertising income	**232,143**	192,622
Printing income	**206,932**	105,711
	439,075	298,333

Notes to the Financial Statements

For the year ended 31 December 2007

6. SEGMENT INFORMATION

Primary reporting format – Business segment

The Group is organised on a worldwide basis into three main business segments:

Advertising – providing advertising services on different publications and magazines.

Printing – printing of books and magazines.

Investment – trading of financial assets at fair value through profit or loss.

	Advertising		Printing		Investment		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue								
– External sales	**232,143**	192,622	**206,932**	105,711	**–**	–	**439,075**	298,333
Segment results	**60,520**	36,076	**21,650**	13,984	**60**	7,910	**82,230**	57,970
Unallocated operating income							**13,223**	15,525
Unallocated operating expenses							**(22,233)**	(6,615)
Operating profit							**73,220**	66,880
Finance costs							**(1,260)**	(2,618)
Profit before income tax							**71,960**	64,262
Income tax expense							**(4,918)**	(5,982)
Profit for the year							**67,042**	58,280
Segment assets	**74,860**	65,327	**198,407**	127,296	**26,724**	28,846	**299,991**	221,469
Interests in associates							**96**	20,389
Unallocated assets							**29,700**	11,610
Total assets							**329,787**	253,468
Segment liabilities	**40,788**	24,987	**35,588**	18,570	**20**	–	**76,396**	43,557
Unallocated liabilities							**21,490**	22,304
Total liabilities							**97,886**	65,861
Other information								
Amortisation of prepaid land lease payments	**21**	21	**–**	–	**–**	–	**21**	21
Capital expenditure	**876**	3,001	**20,184**	43,174	**–**	–	**21,060**	46,175
Depreciation	**2,722**	3,276	**11,078**	8,702	**–**	–	**13,800**	11,978
Impairment of receivables	**964**	2,087	**539**	–	**–**	–	**1,503**	2,087

Notes to the Financial Statements

For the year ended 31 December 2007

6. SEGMENT INFORMATION (CONTINUED)

Secondary reporting format – Geographical segment

The Group's operations are located in six main geographical areas. The following table provides an analysis of the Group's sales by geographical market based on the country in which the customer is located.

Sales by geographical markets:

	2007	2006
	HK$'000	HK$'000
Mainland China	**135,589**	111,052
Hong Kong	**116,026**	87,657
Australia	**77,605**	72,843
United Kingdom	**57,508**	21,930
United States	**32,171**	2,938
New Zealand	**11,722**	1,598
Others	**8,454**	315
	439,075	298,333

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment and prepaid land lease payments, analysed by the geographical area in which the assets are located.

	Segment assets		**Capital expenditure**	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**180,876**	126,611	**314**	3,704
Mainland China	**115,824**	94,858	**19,736**	42,471
United Kingdom	**3,291**	–	**1,010**	–
	299,991	221,469	**21,060**	46,175

7. FINANCE COSTS

	2007	2006
	HK$'000	HK$'000
Imputed interest on financial liabilities stated at amortised cost	**219**	–
Finance lease charges	**1,041**	2,618
	1,260	2,618

Notes to the Financial Statements

For the year ended 31 December 2007

8. PROFIT BEFORE INCOME TAX

	2007 **HK$'000**	2006 HK$'000
Profit before income tax is arrived at after charging:		
Amortisation of prepaid land lease payments	**21**	21
Auditors' remuneration		
– Audit services	**908**	653
– Other services	**470**	350
Cost of inventories recognised as an expense	**97,592**	47,797
Depreciation (Note):		
– Owned assets	**11,566**	10,302
– Leased assets	**2,234**	1,676
Employee benefit expense (Note 10)	**48,393**	43,059
Impairment of advances to associate	**243**	–
Impairment of goodwill in associate	**1,411**	–
Impairment of receivables	**1,503**	2,087
Loss on disposals and write-off of property, plant and equipment	**10**	392
Minimum lease payments paid under operating leases in respect of:		
– Rented premises and production facilities	**6,812**	5,704
– Internet access line	**276**	156
Loss on disposals of a subsidiary (Note 35(b))	**811**	–
Loss on financial assets at fair value through profit or loss	**839**	–
Provision for inventories	**1,544**	–
and after crediting:		
Bad debts recovered	**(2,143)**	–
Dividend income from listed equity investments	**(83)**	(1)
Excess over the costs of acquisition of additional interests in a subsidiary	**–**	(254)
Gain on financial assets at fair value through profit or loss, included in other operating income	**–**	(9,149)
Gain on partial disposals of investments in subsidiaries	**(9,455)**	–
Interest income on financial assets stated at amortised cost	**(1,823)**	(827)
Net foreign exchange gain	**(5,727)**	(1,524)
Operating lease rental income from investment properties	**–**	(953)
Gains from sales of scrap paper and by-products	**(3,329)**	(1,687)
Write back of provision for impairment of advances to associates (Note 18(c))	**(3,492)**	–

Note: Depreciation expenses of HK$10,874,000 (2006: HK$9,785,000) and HK$2,926,000 (2006: HK$2,193,000) have been included in direct operating costs and administrative expenses respectively.

Notes to the Financial Statements

For the year ended 31 December 2007

9. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to the directors were as follows:

	Fee HK$'000	Salaries, allowances and discretionary bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Year ended 31 December 2007				
Executive directors				
Ms. Ho Suk Yi	–	1,008	12	1,020
Mr. Lau Chuk Kin	–	1,800	12	1,812
Mr. Peh Tun Lu, Jefferson (appointed on 12 March 2007 and resigned on 1 September 2007)	–	422	6	428
Non-executive directors				
Ms. Lam Mei Lan	50	–	–	50
Mr. Lee Ching Ming, Adrian	50	–	–	50
Mr. Peter Stavros Patapios Christofis	50	–	–	50
Mr. Wan Siu Kau	50	–	–	50
Independent non-executive directors				
Mr. Cheng Ping Kuen, Franco	110	–	–	110
Mrs. Ling Lee Ching Man, Eleanor	110	–	–	110
Mr. Tyen Kan Hee, Anthony	110	–	–	110
	530	**3,230**	**30**	**3,790**
Year ended 31 December 2006				
Executive directors				
Ms. Ho Suk Yi	–	870	12	882
Mr. Lau Chuk Kin	–	3,000	–	3,000
Non-executive directors				
Ms. Lam Mei Lan	50	–	–	50
Mr. Lee Ching Ming, Adrian	50	–	–	50
Mr. Peter Stavros Patapios Christofis	50	–	–	50
Mr. Wan Siu Kau	50	–	–	50
Independent non-executive directors				
Mr. Cheng Ping Kuen, Franco	110	–	–	110
Mrs. Ling Lee Ching Man, Eleanor	110	–	–	110
Mr. Tyen Kan Hee, Anthony	110	–	–	110
	530	**3,870**	**12**	**4,412**

Notes to the Financial Statements

For the year ended 31 December 2007

9. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two (2006: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2006: three) individuals during the year are as follows:

	2007 **HK$'000**	2006 HK$'000
Salaries, allowances, discretionary bonuses and other benefits	**2,959**	5,920
Retirement benefit scheme contributions	**36**	31
	2,995	5,951

The emoluments fell within the following bands:

	Number of individuals **2007**	2006
Emolument bands		
Nil – HK$1,000,000	**1**	–
HK$1,000,001 – HK$3,000,000	**2**	2
HK$3,000,001 – HK$3,500,000	**–**	1

During each of the two years ended 31 December 2007 and 2006, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any emoluments during each of the two years ended 31 December 2007 and 2006.

10. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2007 **HK$'000**	2006 HK$'000
Wages and salaries	**43,239**	39,977
Equity-settled share-based payments (Note 29)	**–**	332
Retirement benefit scheme contributions (Note 34)	**2,530**	1,872
Other benefits	**2,624**	878
	48,393	43,059

Notes to the Financial Statements

For the year ended 31 December 2007

11. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits for the year (2006: 17.5%). Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2007 **HK$'000**	2006 HK$'000
Hong Kong profits tax		
Current year	**4,931**	5,019
(Over)/Under provision in prior years	**(152)**	33
Overseas profits tax		
Current year	**517**	–
Deferred taxation		
Current year (Note 27)	**(378)**	930
	4,918	5,982

Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2007 **HK$'000**	2006 HK$'000
Profit before income tax	**71,960**	64,262
Notional tax on the profit before income tax, calculated at the rates applicable to the profits in the tax jurisdictions concerned	**12,733**	10,249
Tax effect of non-taxable revenue	**(15,708)**	(6,450)
Tax effect of non-deductible expenses	**6,803**	2,362
Tax effect of tax losses not recognised	**1,631**	2,736
Tax effect of temporary differences not recognised	**391**	(470)
Utilisation of previously unrecognised tax losses	**(780)**	(2,478)
(Over)/Under provision in prior years	**(152)**	33
Income tax expense	**4,918**	5,982

12. PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

Of the consolidated profit attributable to the equity holders of the Company of HK$57,904,000 (2006: HK$55,102,000), a profit of HK$61,903,000 (2006: HK$33,607,000) has been dealt with in the financial statements of the Company.

Notes to the Financial Statements

For the year ended 31 December 2007

13. DIVIDENDS

(a) Dividends attributable to the year:

	2007 **HK$'000**	2006 HK$'000
Interim dividend of HK$0.02 (2006: HK$0.02) per share	**5,554**	5,488
Proposed final dividend of HK$0.05 (2006: HK$0. 05) per share	**13,886**	13,740
Proposed special dividend of HK$Nil (2006: HK$0.025) per share	**–**	6,870
Additional final dividend in respect of the previous financial year	**–**	8
	19,440	26,106

The final and special dividends proposed after the balance sheet date has not been recognised as a liability at the balance sheet date, but reflected as an appropriation of contributed surplus and retained earnings for each of the two years ended 31 December 2007 and 2006 and a proposed final and special dividends reserve has been set up.

The proposed final and special dividends are to be distributed subsequent to the balance sheet date and are subject to the approval of the Company's equity holders in the forthcoming annual general meeting.

(b) Dividends approved and paid during the year:

	2007 **HK$'000**	2006 HK$'000
Interim dividend of HK$0.02 (2006: HK$0.02) per share	**5,554**	5,488
Final and special dividends in respect of the previous financial year	**20,610**	10,969
Additional final dividend in respect of the previous financial year	**–**	8
	26,164	16,465

Notes to the Financial Statements

For the year ended 31 December 2007

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2007	2006
	HK$'000	HK$'000
Profit attributable to the equity holders of the Company	**57,904**	55,102

	Number of shares	
	2007	2006
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**276,213**	274,517
Effect of dilutive potential ordinary shares in respect of share options granted	**1,059**	1,799
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**277,272**	276,316

Notes to the Financial Statements

For the year ended 31 December 2007

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Leasehold improvements HK$'000	Computer equipment and systems HK$'000	Motor vehicles HK$'000	Machinery HK$'000	Total HK$'000
At 1 January 2006								
Cost	–	1,874	1,594	11,637	31,869	1,089	24,218	72,281
Accumulated depreciation	–	(789)	(1,167)	(1,412)	(26,028)	(315)	(599)	(30,310)
Net book amount	**–**	**1,085**	**427**	**10,225**	**5,841**	**774**	**23,619**	**41,971**
Year ended 31 December 2006								
Opening net book amount	–	1,085	427	10,225	5,841	774	23,619	41,971
Exchange differences	–	6	2	2	28	–	–	38
Additions	453	491	124	1,862	1,757	108	40,325	45,120
Disposals	–	–	–	–	(574)	(320)	–	(894)
Depreciation	(9)	(296)	(113)	(2,684)	(3,240)	(233)	(5,403)	(11,978)
Closing net book amount	**444**	**1,286**	**440**	**9,405**	**3,812**	**329**	**58,541**	**74,257**
At 31 December 2006								
Cost	453	2,374	1,705	13,507	31,758	517	64,543	114,857
Accumulated depreciation	(9)	(1,088)	(1,265)	(4,102)	(27,946)	(188)	(6,002)	(40,600)
Net book amount	**444**	**1,286**	**440**	**9,405**	**3,812**	**329**	**58,541**	**74,257**
Year ended 31 December 2007								
Opening net book amount	444	1,286	440	9,405	3,812	329	58,541	74,257
Exchange differences	–	26	5	13	69	9	–	122
Additions	–	394	543	2,015	2,825	917	14,366	21,060
Disposals	–	(2)	(10)	–	(175)	(188)	–	(375)
Disposal of subsidiary	–	(14)	–	(51)	(43)	–	–	(108)
Depreciation	(9)	(400)	(168)	(3,098)	(2,988)	(331)	(6,806)	(13,800)
Closing net book amount	**435**	**1,290**	**810**	**8,284**	**3,500**	**736**	**66,101**	**81,156**
At 31 December 2007								
Cost	453	2,794	2,163	15,506	31,181	1,256	78,909	132,262
Accumulated depreciation	(18)	(1,504)	(1,353)	(7,222)	(27,681)	(520)	(12,808)	(51,106)
Net book amount	**435**	**1,290**	**810**	**8,284**	**3,500**	**736**	**66,101**	**81,156**

The net book amount of property, plant and equipment includes the net carrying amount of HK$18,941,000 (2006: HK$20,664,000) in respect of assets held under finance leases.

The Group's buildings are situated in Hong Kong, which is held under a medium-term lease.

Notes to the Financial Statements

For the year ended 31 December 2007

16. PREPAID LAND LEASE PAYMENTS

	Group 2007 HK$'000	Group 2006 HK$'000
At 1 January		
Cost	**1,055**	–
Accumulated amortisation	**(21)**	–
Net book amount	**1,034**	–
Opening net book amount	**1,034**	–
Additions	**–**	1,055
Amortisation	**(21)**	(21)
Closing net book amount	**1,013**	1,034
At 31 December		
Cost	**1,055**	1,055
Accumulated amortisation	**(42)**	(21)
Net book amount	**1,013**	1,034

The Group's prepaid land lease payments represent up-front payments to acquire an interest in the usage of land situated in Hong Kong, which is held under a medium-term lease.

17. INVESTMENTS IN SUBSIDIARIES

	Company 2007 HK$'000	Company 2006 HK$'000
Unlisted shares, at cost	**62,030**	62,030
Less: Impairment losses	**–**	(62,030)
	62,030	–

Details of principal subsidiaries are set out in Note 38 to the financial statements.

Provision for impairment losses of HK$62,030,000 was brought forward since 31 December 2003 as the directors considered that the expected cash flows from the subsidiaries were not sufficient to recover the investment cost at that time. In view of the substantial and continuous profits generated by these subsidiaries for the years ended 31 December 2004, 2005, 2006 and 2007 and given that the net assets of these subsidiaries had already exceeded the investment cost as at 31 December 2007, impairment loss of HK$62,030,000 was reversed in the Company's balance sheet as at 31 December 2007.

Notes to the Financial Statements

For the year ended 31 December 2007

18. INTERESTS IN ASSOCIATES

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current portion:				
Unlisted shares at cost, less impairment losses			**–**	–
Goodwill on acquisition (Note (a))	**1,411**	1,411	**N/A**	N/A
Share of net assets	**–**	–	**N/A**	N/A
Impairment losses	**(1,411)**	–	**N/A**	N/A
	–	1,411	**–**	–
Current portion:				
Advances to associates (Note (b))				
– Trion Pacific Limited	**70**	70	**70**	70
– PPG Investments Limited ("PPGI") (Note (c))	**–**	27,649	**–**	–
– Oriental Touch China Limited	**269**	–	**–**	–
	339	27,719	**70**	70
Less: Impairment losses	**(243)**	(8,741)	**–**	–
	96	18,978	**70**	70

Notes:

(a) Goodwill above related to the further acquisition of an indirect interest in PPGI from 20% to 50% on 1 December 2006 by the Company.

For the year ended 31 December 2006, PPGI served as an investment vehicle and it had not been involved in any significant business transactions other than its investment of a 50% interest in Premier Printing Group Limited ("PPGL") which was engaged in printing business in Hong Kong and provided printing services to the Group (Note 36). In view of the above, the directors of the Company carried out its impairment test for goodwill primarily based on the financial information of PPGL and no impairment loss had been recognised at the balance sheet date. During the year ended 31 December 2007, as PPGI has sold its entire interest in PPGL and became dormant, impairment loss of HK$1,411,000 has therefore been recognised.

(b) Advances to associates are unsecured, interest-free and repayable on demand.

(c) During the year, PPGI repaid the advances of HK$22,400,000 to the Group and the directors are of the opinion that PPGI is unable to repay the remaining advances of HK$5,249,000. As impairment losses of HK$8,741,000 had been made in the previous years, the outstanding advances of HK$5,249,000 was written off against the impairment losses and the recovery of excess impairment losses of HK$3,492,000 is recognised as other operating income during the year.

Notes to the Financial Statements

For the year ended 31 December 2007

18. INTERESTS IN ASSOCIATES (CONTINUED)

Notes: (Continued)

(d) Particulars of the associates as at 31 December 2007 are as follows:

Name of company	Particulars of issued shares held	Country of incorporation/ operation and kind of legal entity	Percentage of interest held by the Company directly/indirectly*	Principal activities
Oriental Touch China Limited	45 ordinary shares of US$1 each	British Virgin Islands/ Hong Kong, limited liability company	45%*	Stock photo sales
PPGI	5,000 ordinary shares of US$1 each	British Virgin Islands/ Hong Kong, limited liability company	50%*	Dormant
Trion Pacific Limited 三慧顧問有限公司	35 ordinary shares of HK$1 each	Hong Kong, limited liability company	35%	Inactive

(e) Summarised financial information in respect of the Group's associates is set out below:

	Assets HK$'000	Liabilities HK$'000	Equity HK$'000	Revenue HK$'000	Profit/(Loss) HK$'000
2007					
100 per cent	**77**	**778**	**(701)**	**27,512**	**26,715**
Group's effective interest	**29**	**329**	**(300)**	**13,753**	**13,404**
2006					
100 per cent	28,440	55,856	(27,416)	17	(221)
Group's effective interest	14,182	27,886	(13,704)	6	(116)

The financial information above is based on the unaudited management accounts for each of the two years ended 31 December 2007 and 2006.

The Group has not recognised profits of HK$13,404,000 (2006: losses of HK$116,000) for the Group's associates. The accumulated losses not recognised were HK$300,000 (2006: HK$13,704,000).

Notes to the Financial Statements

For the year ended 31 December 2007

19. AMOUNTS DUE FROM SUBSIDIARIES

	Company 2007 HK$'000	Company 2006 HK$'000
Amounts due from subsidiaries		
– interest bearing at 7% (2006: 7%) per annum	**89,703**	33,047
– interest-free	**72,511**	119,717
Sub-total	**162,214**	152,764
Less: Impairment losses	**(3,240)**	(6,329)
	158,974	146,435

Amounts due from subsidiaries are unsecured and repayable on demand.

20. AMOUNTS DUE TO SUBSIDIARIES

Amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

21. INVENTORIES

	Group 2007 HK$'000	Group 2006 HK$'000
Raw materials	**23,333**	13,647
Work-in-progress	**9,419**	1,382
Finished goods	**892**	426
	33,644	15,455
Less: Provision	**(1,544)**	–
	32,100	15,455

During the year, the Group made the provision for inventories of HK$1,544,000 (2006: Nil). The amount has been included in direct operating costs in the income statement.

Notes to the Financial Statements

For the year ended 31 December 2007

22. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	Group	
	2007	2006
	HK$'000	HK$'000
Trade receivables	**105,334**	63,287
Other receivables and deposits	**17,264**	12,437
	122,598	75,724

Ageing analysis of trade receivables, as at 31 December 2007, based on sales invoice date and net of provisions, is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
0 – 30 days	**35,731**	19,792
31 – 60 days	**21,469**	13,385
61 – 90 days	**15,318**	8,602
91 – 120 days	**22,083**	12,280
121 – 150 days	**8,329**	6,623
Over 150 days	**2,404**	2,605
Total trade receivables	**105,334**	63,287

The Group allows a credit period from 7 to 150 days (2006: 7 to 150 days) to its customers.

The carrying value of trade receivables is considered as reasonable approximation of fair value. Impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors and default or delinquency in payments are considered indicators that the trade receivables is impaired. All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and bad debts of HK$1,503,000 (2006: HK$2,087,000) has been recognised accordingly. The impaired trade receivables are mostly due from customers in the Company's business-to-business market that encounter financial difficulties.

Notes to the Financial Statements

For the year ended 31 December 2007

22. TRADE AND OTHER RECEIVABLES AND DEPOSITS (CONTINUED)

In addition, some of the unimpaired trade receivables are past due as at the reporting date. Ageing analysis of trade receivables past due but not impaired is as follows:

	2007 HK$'000	2006 HK$'000
Neither past due nor impaired	**65,915**	32,163
1 – 30 days past due	**27,956**	19,903
31 – 90 days past due	**9,872**	8,841
Over 90 days past due but less than one year	**1,591**	2,380
	39,419	31,124
	105,334	63,287

The directors of the Company are of the opinion that no further impairment of trade receivables is necessary as there was no recent history of default in respect of these trade receivables.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2007 HK$'000	2006 HK$'000
Held for trading		
Equity securities, listed in Hong Kong	**1,808**	11,452
Market value of listed securities	**1,808**	11,452

24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	Group		Company	
	2007 HK$'000	2006 HK$'000	2007 HK$'000	2006 HK$'000
Bank and cash balances	**27,917**	27,707	**9,455**	775
Cash at brokers	**24,882**	16,450	**–**	39
Short-term bank deposits	**36,400**	11,000	**15,000**	10,000
	89,199	55,157	**24,455**	10,814

The effective interest rates of short-term bank deposits of the Group ranged from 2.5% to 3.5% (2006: 3.3% to 3.8%). These deposits have maturity periods ranging from 7 to 14 days (2006: 1 to 3 days) on inception and are eligible for immediate cancellation without penalty but any interest for the last deposit period would be forfeited.

Notes to the Financial Statements

For the year ended 31 December 2007

24. CASH AND CASH EQUIVALENTS (CONTINUED)

Included in bank and cash balances of the Group is HK$4,379,000 (2006: HK$3,798,000) of bank balances denominated in Renminbi ("RMB") placed with the banks in the PRC. RMB is not a freely convertible currency. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through the banks authorised to conduct foreign exchange business.

25. TRADE AND OTHER PAYABLES

	Group	
	2007	2006
	HK$'000	HK$'000
Trade payables	**44,672**	20,516
Other payables	**31,880**	23,095
	76,552	43,611

As at 31 December 2007, ageing analysis of trade payables based on invoice date is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
0 – 30 days	**25,772**	6,554
31 – 60 days	**5,577**	4,355
61 – 90 days	**4,040**	4,466
91 – 120 days	**2,464**	1,161
Over 120 days	**6,819**	3,980
Total trade payables	**44,672**	20,516

Credit terms granted by suppliers are 30 days to 90 days save for the net balance payable to a major business partner of the Group's inflight magazine advertising division that will be settled on an annual basis in March each year according to the terms of an agreement signed with this business partner.

Notes to the Financial Statements

For the year ended 31 December 2007

26. FINANCE LEASE LIABILITIES

The analysis of the obligations under finance leases is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Due within one year	**4,806**	4,667
Due in the second to fifth years	**10,684**	15,181
	15,490	19,848
Future finance charges on finance leases	**(1,370)**	(2,443)
Present value of finance lease liabilities	**14,120**	17,405

The present value of finance lease liabilities is as follows:

	Group	
	2007	2006
	HK$'000	HK$'000
Due within one year	**4,103**	3,691
Due in the second to fifth years	**10,017**	13,714
	14,120	17,405
Less: Portion due within one year included under current liabilities	**(4,103)**	(3,691)
Non-current portion included under non-current liabilities	**10,017**	13,714

The Group entered into finance leases for various items of machineries and motor vehicles. The lease runs for initial periods of three to five years. These leases do not have options to renew or any contingent rental provisions.

Notes to the Financial Statements

For the year ended 31 December 2007

27. DEFERRED TAX LIABILITIES

Deferred taxation is calculated on temporary differences under the liability method using the rates of taxation prevailing in the counties in which the Group operates.

Group

The movement on the deferred tax liabilities is as follows:

	2007 HK$'000	2006 HK$'000
At 1 January	**1,990**	1,060
Deferred taxation (credited)/charged to income statement (Note 11)	**(378)**	930
At 31 December	**1,612**	1,990

The following are the major deferred tax liabilities/(assets) recognised in the balance sheet and the movements during the current and prior years:

	Accelerated tax depreciation		Fair value gains		Tax losses		Total	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
At 1 January	**4,965**	2,438	**–**	890	**(2,975)**	(2,268)	**1,990**	1,060
Charged/(Credited) to income statement	**(845)**	2,527	**–**	(890)	**467**	(707)	**(378)**	930
At 31 December	**4,120**	4,965	**–**	–	**(2,508)**	(2,975)	**1,612**	1,990

Company

No deferred tax has been provided in the financial statements of the Company as there are no temporary differences.

At the balance sheet date, the major components of unrecognised deductible temporary differences are as follows:

	Group		Company	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Difference between depreciation and depreciation allowance	**1,017**	1,448	**–**	–
Unutilised tax losses	**13,993**	6,974	**659**	2,720
	15,010	8,422	**659**	2,720

Notes to the Financial Statements

For the year ended 31 December 2007

27. DEFERRED TAX LIABILITIES (CONTINUED)

The deductible temporary differences have not been recognised in the financial statements as it is not probable that future taxable profit will be available against which these deductible temporary differences can be utilised. All tax losses and deductible temporary differences of the Group and the Company have no expiry dates under the current tax legislation except for the tax losses amounting to HK$7,753,000 (2006: HK$4,222,000) incurred by two (2006: two) subsidiaries in the PRC which will expire after 5 years from the year in which the tax losses were incurred. Unused tax losses of HK$4,321,000 and HK$3,432,000 will expire in 2011 and 2012 respectively.

28. SHARE CAPITAL

	2007		2006	
	Number of shares '000	**Nominal value HK$'000**	Number of shares '000	Nominal value HK$'000
Authorised:				
Ordinary shares of HK$0.20 each	**500,000**	**100,000**	500,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.20 each				
At 1 January	**274,800**	**54,960**	274,218	54,844
Shares issued on exercise of share options (Note)	**2,916**	**583**	582	116
At 31 December	**277,716**	**55,543**	274,800	54,960

Note: The increase in share capital in 2007 and 2006 represented the shares issued on exercise of share options, granted under the Company's share option scheme as stated in Note 29 to the financial statements.

Notes to the Financial Statements

For the year ended 31 December 2007

29. SHARE-BASED EMPLOYEE COMPENSATION

GEM Share option scheme

The Company's GEM share option scheme (the "GEM Share Option Scheme") was adopted pursuant to a resolution passed on 3 July 2000 for the purpose of providing incentives to directors and eligible employees, and would expire on 2 July 2010. The committee of the board of directors constituted to administer the GEM Share Option Scheme might, at its discretion, offer to full time employees, including executive directors in the full time employment of the Company or any of its subsidiaries, options to subscribe for shares in the Company at a price not less than the highest of: (i) the closing price of the shares of the Company on the Stock Exchange on the date of offer of the option; (ii) the average of the closing prices of the shares on the Stock Exchange for the five trading days immediately preceding the date of the grant of the options; and (iii) the nominal value of a share. A nominal consideration of HK$1 was payable on acceptance of the grant of an option.

Pursuant to Chapter 23 of the GEM Listing Rules, unless shareholders' prior approval is obtained, the maximum number of shares in respect of which options may be granted should not exceed 10% of the issued share capital of the Company and the maximum number of shares in respect of which options might be granted to any one employee in any 12 month period should not exceed 1% of the issued share capital. The GEM Share Option Scheme was terminated on 23 July 2007.

The share-based employee compensation was settled by the issue of the Company's ordinary shares. The Group had no legal or constructive obligation to repurchase or settle the options other than in the Company's ordinary shares.

Details of the share options granted under the GEM Share Option Scheme are as follows:

Share option type	Date of grant	Number of options granted	Vesting period	Exercisable period	Exercise price per share HK$
2003	2.7.2003	1,875,000	2.7.2003 to 1.7.2004	2.7.2004 to 2.7.2013	0.24 (Note)
2004(a)	17.5.2004	3,000,000	17.5.2004 to 16.5.2005	17.5.2005 to 2.7.2013	0.28 (Note)
2004(b)	9.12.2004	250,000	9.12.2004 to 8.12.2005	9.12.2005 to 2.7.2013	0.43
2005	7.7.2005	1,250,000	7.7.2005 to 6.7.2006	7.7.2006 to 2.7.2013	0.80

Note: Following the share consolidation in 2004, the exercise prices of the share options were adjusted to HK$0.24 and HK$0.28 from the initial exercise price of HK$0.012 and HK$0.014 respectively. The number of share options was also adjusted as a result of the share consolidation.

Notes to the Financial Statements

For the year ended 31 December 2007

29. SHARE-BASED EMPLOYEE COMPENSATION (CONTINUED)

GEM Share option scheme (Continued)

The following table shows the movements in the outstanding options granted under the GEM Share Option Scheme:

Year	Grantees	Share option type	Number of share options: Outstanding at 1 January	Forfeited during the year	Exercised during the year	Outstanding at 31 December
2007	Director	2004(a)	250,000	–	(250,000)	–
		2004(b)	250,000	(2,000)	(248,000)	–
			500,000	(2,000)	(498,000)	–
	Employees	2003	325,000	–	(325,000)	–
		2004(a)	999,000	(34,000)	(965,000)	–
		2005	1,150,000	(22,000)	(1,128,000)	–
	Sub-total		2,474,000	(56,000)	(2,418,000)	–
	Total		**2,974,000**	**(58,000)**	**(2,916,000)**	**–**
	Weighted average exercise price		HK$0.49	HK$0.48	HK$0.49	–
2006	Director	2004(a)	250,000	–	–	250,000
		2004(b)	250,000	–	–	250,000
			500,000	–	–	500,000
	Employees	2003	585,000	–	(260,000)	325,000
		2004(a)	1,322,000	(1,000)	(322,000)	999,000
		2005	1,150,000	–	–	1,150,000
	Sub-total		3,057,000	(1,000)	(582,000)	2,474,000
	Total		**3,557,000**	**(1,000)**	**(582,000)**	**2,974,000**
	Weighted average exercise price		HK$0.45	HK$0.28	HK$0.26	HK$0.49

Notes:

(i) No new share options were granted during the year ended 31 December 2007 and 2006.

(ii) The closing price of the shares of HK$0.20 each of the Company quoted on the Stock Exchange on 30 June 2003, 14 May 2004, 8 December 2004 and 6 July 2005, being the business date immediately before the date on which the share options were granted, was HK$0.24 (adjusted), HK$0.28 (adjusted), HK$0.43 and HK$0.80 respectively.

Notes to the Financial Statements

For the year ended 31 December 2007

29. SHARE-BASED EMPLOYEE COMPENSATION (CONTINUED)

GEM Share option scheme (Continued)

Notes: (continued)

(iii) The weighted average closing price of the shares of the Company quoted on the Stock Exchange immediately before the dates on which the options were exercised was HK$2.01 (2006: HK$1.04).

(iv) The fair values of the options granted under the GEM Share Option Scheme on 2 July 2003, 17 May 2004, 9 December 2004 and 7 July 2005, measured at the date of grant, were approximately HK$170,000, HK$467,000, HK$69,000 and HK$663,000 respectively. The following significant assumptions were used to derive the fair values, using the Black-Scholes option pricing model:

Date of grant	**7.7.2005**	**9.12.2004**	**17.5.2004**	**2.7.2003**
Expected volatility (based on the annualised historical volatility of the closing price of the shares in the Company from 1 July 2000 to the date of grant)	80.80%	77.90%	80.52%	74.33%
Expected life (in years)	5	5	5	5
Risk-free interest rate (being the approximate yield of 5-year Exchange Fund on the grant date)	3.32%	2.68%	3.77%	2.95%
Expected dividend yield	Nil	Nil	Nil	Nil

In total, HK$332,000 of share-based employee compensation expense were included in the consolidated income statement for the year ended 31 December 2006 with a corresponding credit in equity while no such expense has been recognised for the year ended 31 December 2007 as no new share options were granted. No liabilities were recognised as they were all equity-settled share-based payment transactions.

MB Share Option Scheme

The MB share option scheme (the "MB Share Option Scheme") was adopted by the Company pursuant to a resolution passed on 13 July 2007 and will expire on 22 July 2017. The purpose of the MB Share Option Scheme is to reward participants who have contributed to the Group and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The board of directors may, at its discretion, offer to directors, employees of any member of the Group, any advisors and service providers of any member of the Group, options to subscribe for shares in the Company at a price not less than the highest of: (i) the closing price of the shares of the Company on the Stock Exchange on the date of offer of the option; (ii) the average of the closing prices of the shares on the Stock Exchange for the five trading days immediately preceding the date of the grant of the options; and (iii) the nominal value of a share. A nominal consideration of HK$1 is payable on acceptance of the grant of an option irrespective of numbers of share options granted. There is no share option granted for the year ended 31 December 2007. There are 27,695,400 ordinary shares available for issue under the MB Share Option Scheme at the date of this annual report.

Notes to the Financial Statements

For the year ended 31 December 2007

30. RESERVES

	Group 2007 HK$'000	Group 2006 HK$'000
Share premium	**56,144**	54,097
Employee compensation reserve	**–**	1,283
Exchange reserve	**(362)**	45
Merger reserve	**(43,897)**	(43,897)
Contributed surplus	**2,371**	7,925
Retained earnings	**125,714**	80,575
	139,970	100,028

Details of the movements in the above reserves during the year are set out in the consolidated statement of changes in equity on pages 27 to 28.

Company	Share premium HK$'000	Employee compensation reserve HK$'000	Contributed surplus HK$'000	(Accumulated losses)/ Retained earnings HK$'000	Total HK$'000
At 1 January 2006	54,065	951	51,950	(45,549)	61,417
Shares issued at premium	35	–	–	–	35
Share issue expenses	(3)	–	–	–	(3)
Equity-settled share-based payment expenses	–	332	–	–	332
Profit for the year	–	–	–	33,607	33,607
Final 2005 dividend paid (Note 13)	–	–	(8)	–	(8)
Interim 2006 dividend paid (Note 13)	–	–	(5,488)	–	(5,488)
Proposed final and special 2006 dividends (Note 13)	–	–	(20,610)	–	(20,610)
At 31 December 2006 and 1 January 2007	**54,097**	**1,283**	**25,844**	**(11,942)**	**69,282**
Shares issued on exercise of share options	**2,056**	**(1,212)**	**–**	**–**	**844**
Share issue expenses	**(9)**	**–**	**–**	**–**	**(9)**
Share options forfeited	**–**	**(71)**	**–**	**71**	**–**
Profit for the year	**–**	**–**	**–**	**61,903**	**61,903**
Interim 2007 dividend paid (Note 13)	**–**	**–**	**(5,554)**	**–**	**(5,554)**
Proposed final 2007 dividends (Note 13)	**–**	**–**	**–**	**(13,886)**	**(13,886)**
At 31 December 2007	**56,144**	**–**	**20,290**	**36,146**	**112,580**

Notes to the Financial Statements

For the year ended 31 December 2007

30. RESERVES (CONTINUED)

The contributed surplus of the Company comprises:

(i) an amount of HK$17,919,000 arose as a result of a group reorganisation in 2000 and represents the difference between the excess of the value of the consolidated shareholders' funds of Recruit (BVI) Limited at the date when the group reorganisation became effective over the nominal amount of the share capital of the Company issued under the group reorganisation, and

(ii) an amount of HK$45,000,000 which represents reduction in share capital in accordance with the Company's capital reorganisation in 2003, which involved (a) a reduction of the nominal value of the shares from HK$0.05 each to HK$0.01 each by cancelling the issued capital to the extent of HK$0.04 paid up on each of the issued shares and the sub-division of each unissued share into five unissued new shares; and (b) maintaining, after implementation of the reduction in nominal value of each share as referred to above, the authorised share capital of the Company at HK$100,000,000 but divided into 10,000,000,000 new shares of HK$0.01 each;

and is reduced by:

(iii) an amount of HK$42,629,000 (2006: HK$37,075,000) representing the accumulated proposed dividend to be distributed or dividend distributed.

The Company's reserves available for distribution comprise its contributed surplus and retained earnings.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Notes to the Financial Statements

For the year ended 31 December 2007

31. OPERATING LEASE COMMITMENTS

Group

As at 31 December 2007, the total future minimum lease payments of the Group under non-cancellable operating leases are payable as follows:

	Rented premises and production facilities		Internet access line	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**6,204**	5,117	**122**	276
In the second to fifth years inclusive	**13,604**	12,444	**–**	172
After five years	**8,548**	8,921	**–**	–
	28,356	26,482	**122**	448

The Group leases a number of properties and production facilities and internet access line under operating leases. The leases run for an initial period from one to ten years, with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors.

Company

As at 31 December 2007, the Company had no commitments under non-cancellable operating leases (2006: Nil).

32. CAPITAL COMMITMENTS

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Contracted but not accounted for in respect of:				
Acquisition of property, plant and equipment	**24,661**	499	**–**	–

33. CORPORATE GUARANTEES

	Group		Company	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Corporate guarantees given and utilised*	**–**	–	**13,724**	14,000

* As at 31 December 2007, the Company provided corporate guarantees to its non wholly owned subsidiary to the extent of HK$24,700,000 (2006: HK$24,700,000) in relation to the payments for certain finance leases to financial institutions as set out in Note 26 to the financial statements, HK$13,724,000 (2006: HK$14,000,000) of which was utilised.

In the opinion of the directors of the Company, no material liabilities will arise from the above guarantees which arose in the ordinary course of business and the fair value of the corporate guarantees granted by the Company is immaterial.

Notes to the Financial Statements

For the year ended 31 December 2007

34. RETIREMENT BENEFIT SCHEMES

The amounts of retirement benefit contributions for the Group's employees, net of forfeited contributions, which have been dealt with in the income statement of the Group for each of the two years ended 31 December 2007 and 2006 are as follows:

	2007	2006
	HK$'000	HK$'000
Gross retirement benefit scheme contributions	**2,530**	1,872
Less: Forfeited contributions for the year	**–**	–
Net retirement benefit scheme contributions (Note 10)	**2,530**	1,872

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Major non-cash transactions

During the year, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK$456,000 (2006: HK$22,340,000).

(b) Disposals of a subsidiary

	2007
	HK$'000
Net assets disposed of:	
Property, plant and equipment	**108**
Trade and other receivables	**413**
Amount due from immediate holding company	**1,406**
Amount due from a fellow subsidiary	**1,011**
Cash and cash equivalents	**610**
Trade and other payables	**(320)**
	3,228
Loss on disposal of a subsidiary	**(811)**
Total consideration	**2,417**
Satisfied by	
Waiver of amount due from immediate holding company	**1,406**
Waiver of amount due from a fellow subsidiary	**1,011**
	2,417

Notes to the Financial Statements

For the year ended 31 December 2007

35. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Disposals of a subsidiary (Continued)

An analysis of net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2007 HK$'000
Cash and bank balance disposed	**(610)**
Net outflow of cash and cash equivalents in respect of the disposals of a subsidiary	**(610)**

36. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Save as disclosed in Notes 18, 19 and 20 to the financial statements, details of other significant transactions between the Group and other related parties during the year ended 31 December 2007 are disclosed as follows:

(a) Related party transactions

For the period from 1 January 2007 to 30 October 2007, the Group paid printing costs of HK$10,643,000 (Year ended 31 December 2006: HK$12,536,000) to PPGL, a related company in which an associate company of the Group, PPGI, held a 50% interest. The transactions were carried out in the normal course of the Group's business and were charged at prices mutually agreed by the Group and the contracting party. On 30 October 2007, PPGI sold its entire interests in PPGL and thereafter it is no longer be a related party of the Group (Note18).

(b) Compensation of key management personnel

The key management personnel of the Group are the directors of the Company. The remuneration of the key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends. Details of the remuneration paid to them are set out in Note 9(a) to the financial statements.

37. HOLDING COMPANIES

As at 31 December 2007, the Company's ultimate holding company is ER2 Holdings Limited which was incorporated in Hong Kong and the Company's immediate holding company is City Apex Limited, which was incorporated in the British Virgin Islands.

Notes to the Financial Statements

For the year ended 31 December 2007

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of company	Date of incorporation/ establishment	Place/Country of incorporation/ establishment and kind of legal entity	Class of shares	Issued and fully paid share capital/ registered capital	Percentage of issued capital held by the Company^	Principal activities and place of operations
1010 Group Limited	10 January 2005	Hong Kong, limited liability company	Ordinary	HK$33,000,000	73%	Investment holding, Hong Kong
1010 Printing International Limited 滙星印刷國際有限公司	10 January 2005	Hong Kong, limited liability company	Ordinary	HK$1	73%	Printing, Hong Kong
1010 Printing (UK) Limited*	2 January 2007	United Kingdom, limited liability company	Ordinary	GBP 1,000	54%	Printing agency, United Kingdom
1010 Printing Asia Limited	3 April 2007	Hong Kong, limited liability company	Ordinary	HK$1	73%	Printing, Hong Kong
Central Publisher Limited 卓越出版社有限公司	26 September 1997	Hong Kong, limited liability company	Ordinary	HK$1,000	100%	Publishing and investment trading, Hong Kong
Recruit Advertising Limited 才庫廣告有限公司	23 April 1991	Hong Kong, limited liability company	Ordinary	HK$105,000	76%	Provision of advertising services, Hong Kong
Recruit (BVI) Limited	15 March 2000	British Virgin Islands, limited liability company	Ordinary	US$10,000	100%	Investment holding, Hong Kong
Recruit (China) Holdings Limited 才庫(中國)控股有限公司	3 November 2004	British Virgin Islands, limited liability company	Ordinary	US$1	95%	Investment holding, Hong Kong
Recruit Company Limited 才庫媒體有限公司	18 January 1994	Hong Kong, limited liability company	Ordinary	HK$213,536	100%	Investment holding, Hong Kong
Recruit Group Limited	8 January 2007	British Virgin Islands, limited liability company	Ordinary	US$10,000	76%	Investment holding, Hong Kong
Recruit Human Resources Group Limited 才庫招聘資源有限公司	7 April 2005	British Virgin Islands, limited liability company	Ordinary	US$2,564,102	95%	Investment holding, Hong Kong
Recruit Information Technology Limited 才庫資訊科技有限公司	7 November 2003	Hong Kong, limited liability company	Ordinary	HK$1,000	76%	Provision of website development and information technology services, Hong Kong

Notes to the Financial Statements

For the year ended 31 December 2007

38. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of company	Date of incorporation/ establishment	Place/Country of incorporation/ establishment and kind of legal entity	Class of shares	Issued and fully paid share capital/ registered capital	Percentage of issued capital held by the Company^	Principal activities and place of operations
Recruit Management Services Limited 才庫管理有限公司	13 April 2006	Hong Kong, limited liability company	Ordinary	HK$1	100%	Provision of corporate management service, Hong Kong
Recruit Media Limited	26 July 2004	Hong Kong, limited liability company	Ordinary	HK$1	100%	Provision of advertising services, Hong Kong
Recruit Online Advertising Limited 才庫網絡廣告有限公司	30 April 1999	Hong Kong, limited liability company	Ordinary	HK$52,000,000	76%	Publishing and advertising business and investment holding, Hong Kong
SAR Media Limited 文化特區出版有限公司	4 June 1997	Hong Kong, limited liability company	Ordinary	HK$10,000	100%	Provision of advertising services, Hong Kong
廣州海螢廣告有限公司* Arabesque Advertising Limited	1 February 2005	PRC, limited liability company	N/A	HK$1,900,000 (registered capital)	100%	Provision of advertising services, the PRC
才庫企業管理顧問(上海)有限公司* Recruit Management Consulting (Shanghai) Company Limited	5 January 2005	PRC, limited liability company	N/A	US$2,000,000 (registered capital)	95%	Investment holding and provision of corporate management service, the PRC

* The statutory accounts of these companies have been audited by firms other than Grant Thornton. The English translation of Chinese names is included for identification only and should not be regarded as their official English translation.

^ All principal subsidiaries are indirectly held by the Company except for Recruit (BVI) Limited.

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the above list contains only the particulars of the subsidiaries which materially affect the results or assets of the Group.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

Notes to the Financial Statements

For the year ended 31 December 2007

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate strategies to manage and monitor the Group's exposure to a variety of risks associated with financial instruments which arise from the Group's operating and investing activities. Generally, the Group employs conservative strategies regarding its risk management to ensure appropriate measures are implemented on a timely and effective manner. The risks associated with these financial instruments and the policies on how to these risks are mitigated are described as follows:

(a) Credit risk

The Group's maximum credit exposure of the financial assets as at 31 December 2007 equals to their carrying amounts. The Group's financial assets are summarised in note (g) below. The Group limits its exposure to credit risk by prudently selecting its customers. The Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk. The Group also continually evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit is extended to customers based on the evaluation of individual customer's financial conditions. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider the Group's credit risk is significantly reduced. There is no requirement for collaterals by the Group.

The Group has deposited its cash with various banks and brokers. The credit risk on cash and bank balances is limited because most of the Group's bank deposits are deposited with major banks and financial institutions located in Hong Kong and the PRC.

(b) Currency risk

The sales transactions of the Group are denominated in United States Dollars ("US$"), Australian Dollars ("AUD"), RMB and HK$ and there are expenses and acquisition of plant and machinery that are required to be settled in US$, RMB and HK$. Certain trade receivables and trade payables of the Group are denominated in foreign currencies, mainly US$, AUD and RMB. The Group monitors foreign exchange exposure and considers hedging significant foreign currency exposure should the need arise.

Notes to the Financial Statements

For the year ended 31 December 2007

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Currency risk (Continued)

Foreign currency denominated financial assets and liabilities, translated into HK$ at the closing rate, are as follows:

2007	**US$'000**	**RMB'000**	**AUD'000**
Trade receivables	**3,332**	**19,612**	**2,749**
Cash and cash equivalents	**219**	**12**	**35**
Trade payables	**(57)**	**(21,381)**	**–**
	3,494	**(1,757)**	**2,784**

2006	US$'000	RMB'000	AUD'000
Trade receivables	1,532	16,171	2,818
Cash and cash equivalents	273	1	32
Trade payables	–	(14,198)	–
	1,805	1,974	2,850

The following table illustrates the sensitivity of the net results for the year and retained earnings in regards to the Group's financial assets and financial liabilities at the balance sheet date and the reasonable possible changes in the foreign exchange rates in the next 12 months to which the Group has significant exposure at the balance sheet date, based on the assumption that other variables are held constant. Changes in foreign exchange rates have no impact on the Group's other components of equity.

Group

	2007		2006	
	Increase/ (Decrease) in foreign exchange rates %	**Effect on profit after tax and retained earnings HK$'000**	Increase/ (Decrease) in foreign exchange rates %	Effect on profit after tax and retained earnings HK$'000
US$	7%	1,895	4%	560
	(7%)	(1,895)	(4%)	(560)
RMB	6%	(112)	4%	78
	(6%)	112	(4%)	(78)
AUD	12%	2,138	5%	841
	(12%)	(2,138)	(5%)	(841)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Notes to the Financial Statements

For the year ended 31 December 2007

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk

The Group does not have material exposure to interest rate risk, as the Group has no financial assets and liabilities of material amounts with floating interest rates except for certain finance lease contracts. A reasonable change in interest rate in the next twelve months is assessed to result in immaterial change in the Group's profits after tax and retained earnings. Changes in interest rates have no impact on the Group's other components of equity. The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall interest expense. The terms of repayment of obligations under finance leases are set out in Note 26 to the financial statements.

(d) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The Group has net current assets of HK$126,609,000 and HK$161,361,000 and has net assets of HK$187,607,000 and HK$231,901,000 as at 31 December 2006 and 2007 respectively. In the opinion of directors, the Group's exposure to liquidity risk is limited.

The following table details the remaining contractual maturities at each of the balance sheet dates of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payment computed using contractual rates or, if floating, based on current rates at the balance sheet date) and the earliest date the Group may be required to pay:

2007

	Carrying amount HK$'000	**Total contractual undiscounted cash flow HK$'000**	**Within 3 months or on demand HK$'000**	**More than 3 months but less than 1 year HK$'000**	**More than 1 year but less than 5 years HK$'000**
Trade payables	**44,672**	**(44,672)**	**(44,649)**	**(23)**	**–**
Finance lease liabilities	**14,120**	**(15,490)**	**(1,202)**	**(3,604)**	**(10,684)**
	58,792	**(60,162)**	**(45,851)**	**(3,627)**	**(10,684)**

2006

	Carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Within 3 months or on demand HK$'000	More than 3 months but less than 1 year HK$'000	More than 1 year but less than 5 years HK$'000
Trade payables	20,516	(20,516)	(20,516)	–	–
Finance lease liabilities	17,405	(19,848)	(1,167)	(3,500)	(15,181)
	37,921	(40,364)	(21,683)	(3,500)	(15,181)

Notes to the Financial Statements

For the year ended 31 December 2007

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Other pricing risk

The Group has invested in listed equity securities which are measured at fair value at each balance sheet date. Therefore, the Group is exposed to equity price risk. The Group monitors the price movements and take appropriate actions when it is required. A reasonable change in equity price in the next twelve months is assessed to result in immaterial change in the Group's profits after tax and retained earnings. Changes in equity prices have no impact on the Group's other components of equity.

(f) Fair values

The directors of the Company consider the fair values of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short-term maturity of these financial instruments. The fair values of non-current financial assets and liabilities were not disclosed because these are not materially different from their carrying amounts.

(g) Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at the balance sheet dates are catergorised as follows. See notes 3.10 and 3.17 for explanations about how the categorisation of financial instruments affects their subsequent measurements.

	2007	2006
	HK$'000	HK$'000
Financial assets		
Current assets		
Financial assets at fair value through profit or loss	**1,808**	11,452
Loans and receivables:		
– Trade receivables	**105,334**	63,287
– Advances to associates	**96**	18,978
Cash and cash equivalents	**89,199**	55,157
	196,437	148,874
Financial liabilities		
Financial liabilities measured at amortised cost:		
Current liabilities		
– Trade payables	**44,672**	20,516
– Finance lease liabilities	**4,103**	3,691
Non-current liabilities		
– Finance lease liabilities	**10,017**	13,714
	58,792	37,921

Notes to the Financial Statements

For the year ended 31 December 2007

40. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth; and
- To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group has not adopted any formal dividend policy.

Management regards total equity as capital, for capital management purpose. The amount of capital as at 31 December 2006 and 2007 amounted to approximately HK$187,607,000 and HK$231,901,000 respectively, which management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated upon the adoption of the new or amended HKFRSs as appropriate, is set out below:

FINANCIAL RESULTS

	Financial year ended 31 December				
	2003 HK$'000	2004 HK$'000	2005 HK$'000	2006 HK$'000	**2007 HK$'000**
Revenue and turnover	50,293	103,995	227,103	298,333	**439,075**
Profit before income tax	2,483	34,014	38,328	64,262	**71,960**
Income tax expense	–	(28)	(1,060)	(5,982)	**(4,918)**
Profit for the year	2,483	33,986	37,268	58,280	**67,042**
Attributable to:					
Equity holders of the Company	2,483	33,986	37,094	55,102	**57,904**
Minority interests	–	–	174	3,178	**9,138**
Profit for the year	2,483	33,986	37,268	58,280	**67,042**

	As at 31 December				
	2003 HK$'000	2004 HK$'000	2005 HK$'000	2006 HK$'000	**2007 HK$'000**
ASSETS AND LIABILITIES					
Total assets	41,262	107,136	218,577	253,468	**329,787**
Total liabilities	(8,787)	(8,797)	(81,376)	(65,861)	**(97,886)**
Total equity	32,475	98,339	137,201	187,607	**231,901**