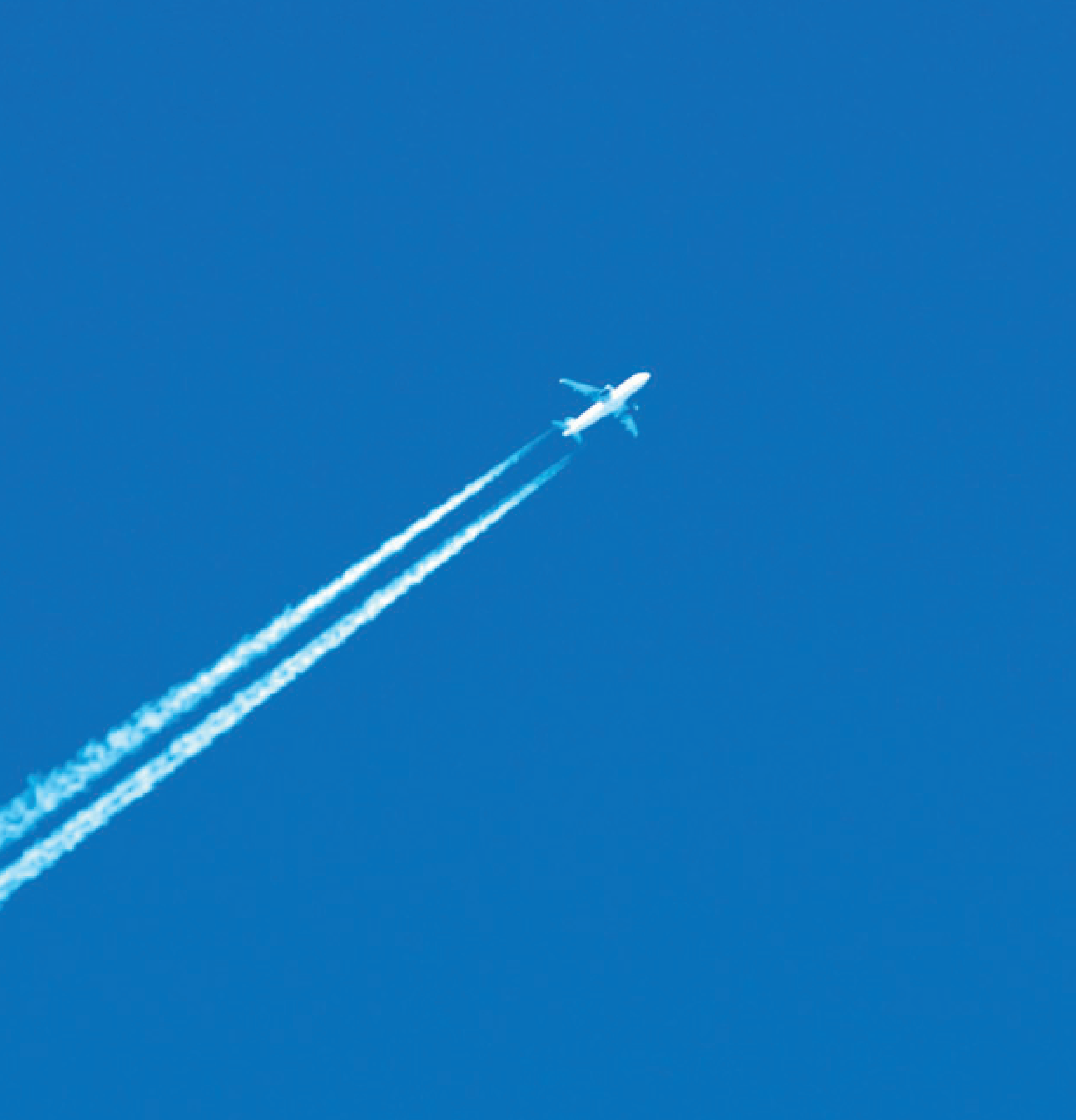
Recruit Holdings Limited
才庫媒體集團有限公司

Annual Report 2009

Stock Code: 550



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Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Lau Chuk Kin *(Chairman)*
Ms. Lam Mei Lan
Ms. Chow So Chu

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

Independent Non-Executive Directors
Mrs. Ling Lee Ching Man, Eleanor
Mr. Cheng Ping Kuen, Franco
Mr. Ho David

COMPANY SECRETARY
Ms. Lam Mei Lan *CPA, FCCA*

COMPLIANCE OFFICER
Mr. Lau Chuk Kin

AUTHORISED REPRESENTATIVES
Mr. Lau Chuk Kin
Ms. Lam Mei Lan

AUDIT COMMITTEE
Mrs. Ling Lee Ching Man, Eleanor
Mr. Cheng Ping Kuen, Franco
Mr. Ho David

WEBSITE
www.recruitonline.com

AUDITORS
Grant Thornton
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

LEGAL ADVISER
Richards Butler in association with Reed Smith LLP
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 Fulcrum Group (Bermuda) Limited
Rosebank Centre, 11 Bermudiana Road
Pembroke 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
550

Chairman's Statement

Dear shareholders,
We are pleased to report that our Group achieved record sales turnover and record profits in 2009 when the business environment was most challenging.

ADVERTISING BUSINESS

Inflight Magazine

2009 was an eventful year for our in-flight magazine business, operating under our 100% owned subsidiary Cinmedia, it had a weak first half but sales started to take off in the third quarter and the momentum gathered full force in the fourth quarter. The division ended the year with record sales turnover. In October, the Group secured additional contracts to sell inflight magazine advertising for Beijing based Air China Holdings and Taipei based China Airlines commencing January 2010. We now hold exclusive advertising sales rights for the top three airlines in China and the top airline in Taiwan operating in the world's fastest growing inflight magazine market. This will generate tremendous possibilities for cross selling products currently handled by Cinmedia to our multinational clients.

Recruit Magazine

Our Recruit magazine and internet advertising business suffered a sharp decline of sales revenue in excess of 50% even though it slightly outperformed our major competitors. The depressing state of the local recruitment advertising market continued throughout the year despite strong rebound in the property and capital markets in the second half of the year. We are seeing some signs of uptake in the recruitment market but have yet to feel a significant momentum.

PRINTING BUSINESS

Our printing business delivered exceptional results and outperformed the market. While worldwide exports of printed books declined by over 10%, 1010 Printing, our 78% owned subsidiary increased sales by 36% and profits by almost 2.7 times. Our prediction for a shrinking market, where major buyers would reduce the number of suppliers to maintain their bargaining clout, came true. As a leading supplier to our many customers, 1010 Printing was able to increase our share of their print budgets.

We achieved record profits despite fierce competition in an industry which has excess production capacity of over 20%. The foundation that we have laid down since the formation of 1010 Printing in 2005 is bearing fruit. We have one of the most solid balance sheets for a printer of our size and our cash surplus had enabled us to acquire substantial volume of paper for stock in the first quarter of 2009 when paper price was at a 36-month low. Skillful management of foreign exchange exposure was another reason for net profits increases.

The strategic expansion of production and warehouse facilities provided us ample space for stocking paper and process large print-run orders. Our in-house designed computer program, Mercury, one of the industry's most advanced, has proved to be an extremely powerful tool in enhancing our scheduling capabilities. Moreover, the joining of Mr. Peter Yang as Chairman of 1010 Printing in February 2009, has made us one of the most solid book printers for the export market.

Lau Chuk Kin
Chairman
Hong Kong, 23 February 2010

Management
Discussion and Analysis

FINANCIAL REVIEW

Turnover for the year ended 31 December 2009 increased by 17.8% to approximately HK$698.1 million from HK$592.9 million of last year.

The growth in turnover was mainly due to the 36.0% increase in printing business. The printing business contributed 65.1% (2008: 56.4%) to the Group's turnover. The turnover for advertising business decreased by 6%. The relatively small decrease in advertising business turnover is the net effect of increase in inflight magazine advertising business turnover and decrease in recruitment advertising business turnover.

The Group's total comprehensive income attributable to owners was approximately HK$80.3 million, representing a 6.5% increase as compared with HK$75.4 million reported in 2008.

The increase in administrative expenses was due to the recognition of financial liabilities at fair value of the foreign currencies forward contracts. The foreign currencies forward contracts were used to hedge the foreign currencies trade receivables. Despite there was loss of HK$7.0 million on fair value of foreign currencies forward contracts recorded during the year, the Group had exchange gain of HK$9.9 million which was included in the other income.

BUSINESS REVIEW

Advertising Business

Inflight Magazine

This division had a slow start in the first quarter when clients were cautious in placing their orders in the midst of the financial tsunami. The demand for property, automobile and high quality consumer products started to rebound in the third quarter and flourish to become our best fourth quarter in history. The year also marked our being awarded the exclusive rights to sell advertising space for the inflight magazines of Beijing based Air China and Taipei based China Airlines. These two contracts will provide tremendous synergy to our existing sales network representing Shanghai based China Eastern Airlines and Guangzhou based China Southern Airlines. The new contracts were won though an open tender process and against leading players in the industry.

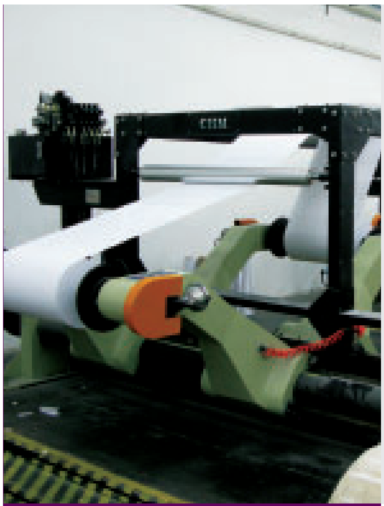
Recruit Magazine

In an industry that suffered a 40% drop in revenue, and with many players operating in the red, the Recruit division suffered its first trading loss since 2002. We saw in early 2009 a bleak recruitment market: very few new jobs were created and the replacement market shrank when employees were reluctant to change jobs due to the fear of "last-in-first-out". We managed to control costs without compromising staff morale or service quality. We came up with a new format of our magazine and revamped the process for delivery that resulted in significant cost savings.

Looking ahead, we are seeing a strong rebound in the recruitment of sales, engineering and retail professionals. Other sectors such as merchandising or manufacturing have yet to show signs of recovery.

18% increase in turnover

6.5% increase in comprehensive income attributable to owners



Printing Business

2009 was an exceptional year for this division that enjoyed record sales turnover and profits.

Our reputation as a reliable book printer with competitive pricing has enabled us to gain share in a declining market. Our sales grew by over 36% in an industry that declined by over 10%.

36% increase in Printing Business turnover

2.7 times increase in Printing Business profit

The year also saw returns of investment that we have made over the past four years in human resources, production facilities, IT systems and other capital outlay. Our factory layout is consistently rated as one of the best in the industry in China. This has enabled us to recruit and retain skilled and manual workers in a market facing increasingly acute labour shortage.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, the Group had net current assets of approximately HK$238.7 million (2008: HK$216.2 million). The financial position of the Group was healthy with total cash and bank deposits were approximately HK$135.2 million (2008: HK$85.8 million).

During the year, the Group had acquired a leasehold land and building located at Shanghai as office premises and machinery for printing division at approximately HK$60.2 million. The purchase is financed by internal resources.

The Group's gearing ratio as at 31 December 2009 was 15.5% (2008: 18.8%), which is calculated on the basis of the Group's total interest-bearing debts over the total equity interest. Total bank borrowings and finance lease liabilities were approximately HK$59.8 million (2008: HK$59.4 million). The bank borrowings and finance leases are denominated in Hong Kong dollars, at floating rates and repayable within five years. The net book amount of property, plant and equipment includes net carrying amount of HK$15.7 million (2008: HK$17.3 million) in respect of assets held under finance leases. The amount of AUD1,467,000 (2008: Nil) of trade receivables was pledged to a bank to secure a short-term bank borrowing.

The Group adopts centralized financing and treasury policies in order to ensure the group funding is utilized efficiently. Conservative approach is adopted on monitoring foreign exchange exposure and interest rate risk. Forward contracts were used to hedge the foreign currency exposure in trading and capital expenditures when it was considered appropriate.

Prospects

We are optimistic of the Group's prospects in 2010.

Our inflight magazine business is well positioned to benefit from the buoyant local consumer market in China and specifically The World Expo to be held in Shanghai in May and the Asian Game to be held in Guangzhou in November.

We forecast another strong year for 1010 Printing. We take pride in thriving in a difficult operating environment in 2009 by taking critical measures:

– practicing "no-lay off" policy to keep our bench strength;
– paying our suppliers on-time to ease their credit situations;
– investing in new machinery for long term development; and
– expending on employee relations activities for morale boosting.

The momentum that we have built in 2009 should continue to drive 1010 Printing and Cinmedia from strength to strength. Our Recruit business should pick up as more business sectors recover this year. We are going through a comprehensive business review to align our strategy to the rapidly evolving environment.

As a group, we face challenges in the following areas :
1) staffing of middle management
2) foreign currency exposure
3) business diversification

The immediate management attention is on augmenting bench strength of mid-level managers. The unique Recruit DNA emphasizing integrity, ethical code of conduct, team work and quantitative skills have made us a difficult place for new hires to adapt and we had moderate success in hiring and keeping middle/senior level managers recruited from the outside. We will utilize significant resources to improve our senior manager recruitment and development programs.

Our Group has significant exposure to the Renminbi which, after two years of relative stability, is under pressure to revalue. Over 95% of the sales income of Cinmedia is denominated in Renminbi, while 45% of the expenditure of 1010 Printing is in Renminbi (against Nil income in Renminbi). Our Group could be adversely affected by the revaluation of Renminbi, though not by a significant margin. We will closely monitor our exposure to this currency revaluation.

DIVERSIFICATION OF BUSINESS

Of the three businesses that we operate in, Recruit is the one in which we operate our own brand. 1010 Printing is an OEM business and with Cinmedia, our contracts are subject to renewal. We are developing strategies to ensure that the Group will migrate to a balanced and sustainable portfolio of branded, OEM and agency business.

Directors
and Senior Management Profile

EXECUTIVE DIRECTORS

Mr. Lau Chuk Kin, aged 57, 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 United States and a Master of Business Administration Degree from The Chinese University of Hong Kong.

Ms. Lam Mei Lan, aged 43, was appointed as an Executive Director in October 2002. She is also the Company Secretary of the Group. Ms. Lam had resigned her executive role and served as non-Executive Director of the Group in July 2003 and was redesignated from non-executive director to executive director on 19 May 2008. Ms. Lam holds a Doctor of Business Administration Degree from The Hong Kong Polytechnic University. She is a fellow member of the Hong Kong Institute of Certified Public Accountants. Ms. Lam has over 20 years of experience in finance and has held senior financial positions in various main board listed companies and a non-profit charitable organization in Hong Kong.

Ms. Chow So Chu, aged 37, was appointed as an Executive Director of the Company in February 2008. She is also the General Manager of the inflight magazine advertising division of the Group. Ms. Chow holds a Bachelor's Degree in Language and Communication from The Hong Kong Polytechnic University and has over 13 years of experience in sales and marketing. She joined the Group in March 2004.

NON-EXECUTIVE DIRECTORS

Mr. Lee Ching Ming, Adrian, aged 58, 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 executive director and chief executive officer of Eagle Asset Management (CP) Limited and has more than 36 years of experience in banking, finance, investment, marketing and general management.

Mr. Wan Siu Kau, aged 58, 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 was previously Managing Partner of Amrop Hever, a global executive search firm and is currently 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 65, 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 37 years of advertising sales and general management experience gained in Europe, Africa and South East Asia.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mrs. Ling Lee Ching Man, Eleanor, *SBS, OBE, JP,* aged 62, 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 remains active in public and community services. She is also Vice-Chairman and 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 56, was appointed as an Independent Non-Executive Director in January 2003. Mr. Cheng has over 30 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 Managing Director of Pictet (Asia) Limited.

Mr. Ho David, aged 61, was appointed as an Independent Non-Executive Director in February 2010. Mr. Ho has over 41 years of experience in finance and accounting. He is a fellow member of the Association of Chartered Certified Accountants of the UK, the Hong Kong Institute of Certified Public Accountants and CPA Australia. He holds a Master of Business Administration Degree from the Chinese University of Hong Kong. Mr. Ho is currently an independent non-executive director of Build King Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong.

SENIOR MANAGEMENT

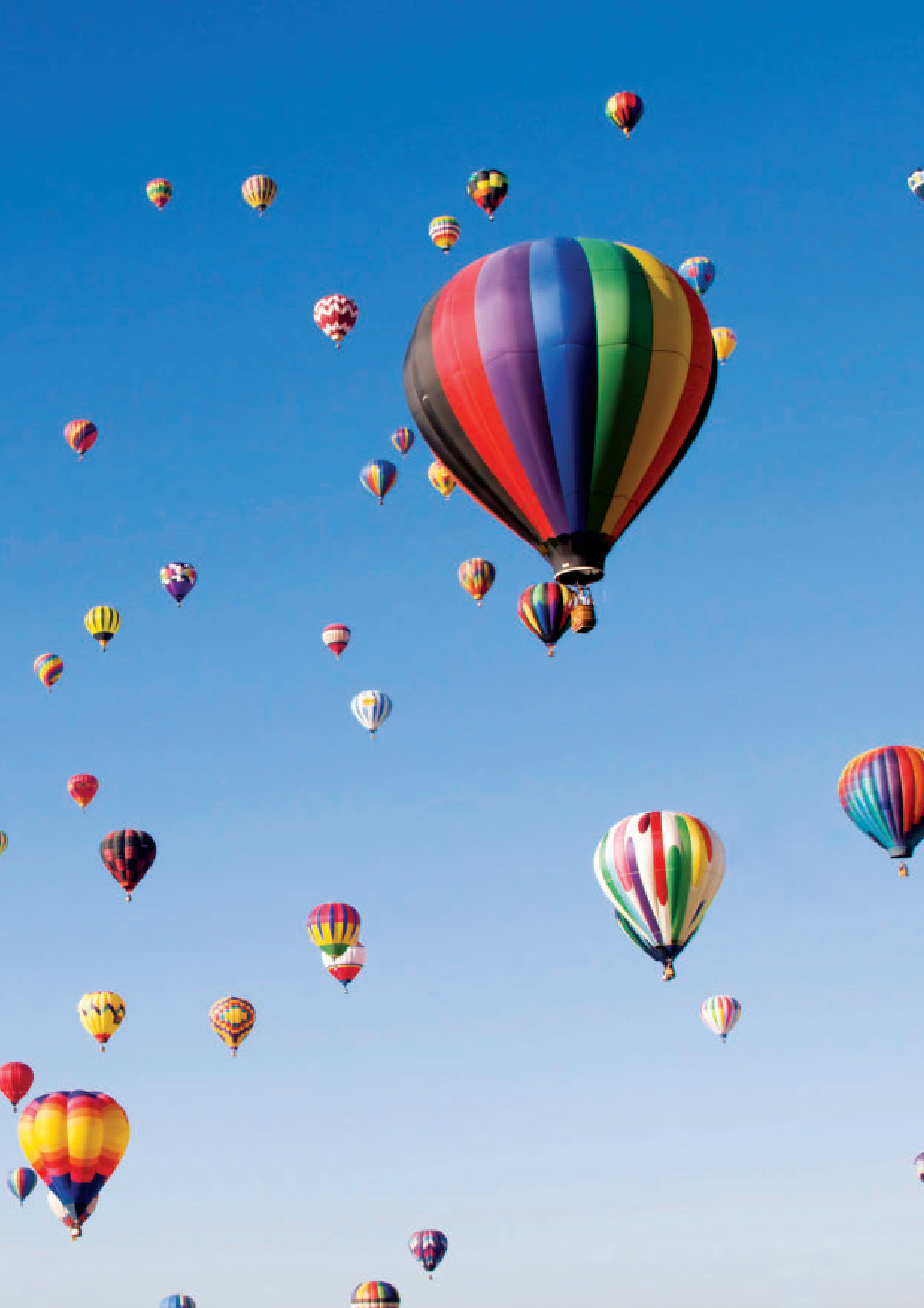
Mr. Yang Sze Chen, Peter, aged 71, joined the Group in February 2009. Mr. Yang is the Chairman of 1010 Group Limited, the printing division of the Group. He graduated from the London School of Printing and Graphic Art (currently known as London Printing College) in 1956. Mr. Yang has over 45 yeas of experience in the printing industry. He is the founder of a premier book printing company in Hong Kong.

Ms. Choi Ching Kam, Dora, aged 45, is the Human Resources Manager of the Group, Ms. Choi has over 20 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 47, 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. Tan Lai Ming, Janet, aged 32, is the Group Finance Manager of the Group. She joined the Group in March 2008. Ms. Tan holds a Bachelor Degree in Accountancy from City University of Hong Kong and is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. She worked in one of the international accounting firm for over seven years before joining the Group.


a Brighter
FUTURE
and SOLUTION



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 2009.

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 42 and 19 respectively to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2009 are set out in the consolidated statement of comprehensive income on page 24.

The directors have declared an interim dividend of HK$0.015 (2008: HK$0.03) per share, totaling HK$4,648,000 which was paid on 9 October 2009.

The Directors recommended a final dividend of HK$0.05 (2008: HK$0.05) per share (the "Final Dividend") for the year ended 31 December 2009 payable to shareholders whose names appear on the Register of Members of the Company at the close of business on 13 April 2010. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, the Final Dividend will be payable on 23 April 2010.

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 28 to 29 and note 34 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 90 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 16 to the financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 32 to the financial statements.

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. Lam Mei Lan
Ms. Chow So Chu
Ms. Ho Suk Yi (resigned on 31 March 2009)

Non-executive directors

Mr. Lee Ching Ming, Adrian
Mr. Peter Stavros Patapios Christofis
Mr. Wan Siu Kau

Independent non-executive directors

Mrs. Ling Lee Ching Man, Eleanor
Mr. Cheng Ping Kuen, Franco
Mr. Ho David (appointed on 2 February 2010)
Mr. Tyen Kan Hee, Anthony (resigned on 2 February 2010)

In accordance with No. 86 of the Company's bye-laws, Mr. Ho David will retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

In accordance with No. 87 of the Company's bye-laws, Ms. Lam Mei Lan, Ms. Chow So Chu and Mr. Peter Stavros Patapios Christofis will retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

DIRECTORS' SERVICES CONTRACT

Each of the non-executive directors in 2009 has entered into a service contract with the Company for a term of two years ending on 31 December 2011 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' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2009, 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 Issuers (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)	2,202,000	Nil	179,860,000	182,062,000	58.76
Ms. Chow So Chu	48,000	Nil	Nil	48,000	0.02
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	0.22
Mr. Cheng Ping Kuen, Franco	120,000	Nil	Nil	120,000	0.04

(b) Options to subscribe for shares of the Company

	Number of share options				
Name of Director	**Outstanding at 1.1.2009**	**Granted during the year**	**Exercised during the year**	**Cancelled/lapsed during the year**	**Outstanding at 31.12.2009**
Ms. Lam Mei Lan	1,200,000	–	–	–	1,200,000
Ms. Chow So Chu	1,200,000	–	–	–	1,200,000

Notes:

1. Of 179,860,000 shares, 1,906,000 shares and 177,954,000 shares are beneficially owned by ER2 Holdings Limited ("ER2") and City Apex Limited respectively. As at 31 December 2009, 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 2009, to the knowledge of the Company, none of the directors or chief executive of the Company had or was deemed to have any interests of 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.

SHARE OPTIONS

Details of the movements in the share options of the Company during the year are set out in note 33 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 2009, 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)	182,062,000	58.76
ER2 Holdings Limited (Note 1)	179,860,000	58.05
City Apex Limited (Note 1)	177,954,000	57.43
JobStreet Corporation Berhad	26,250,000	8.47
Tai Wah Investment Company Limited (Note 2)	22,000,000	7.10
Chan Family Investment Corporation Limited (Note 2)	24,115,333	7.78
Great Eagle Holdings Limited (Note 3)	21,638,000	6.98
Jolly Trend Limited (Note 3)	21,638,000	6.98
The Great Eagle Company, Limited (Note 3)	21,638,000	6.98
Dr. Lo Ka Shui (Note 4)	21,788,000	7.03

Notes:

1. Of the 182,062,000 shares, Mr. Lau Chuk Kin has 2,202,000 personal interest and is deemed to be interested in the 1,906,000 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.

Save as disclosed above, as at 31 December 2009, 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 47% and 19% for the Group's total purchases for the year ended 31 December 2009 respectively.

The top five customers in aggregate and the single largest customer of the Group accounted for approximately 29% and 8% for the Group's total sales for the year ended 31 December 2009 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 2009, 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	International Resources Group Limited ("IRG")	Executive search in the United Kingdom	As a director of the IRG's subsidiary in Hong Kong and having indirect interest in of less than 1% IRG

Notes:

1. Mr. Lau Chuk Kin is an indirect shareholder of IRG. He ceased to be a director of IRG in April 2008 and has been appointed as director of Odgers Ray & Berndtson (Hong Kong) Limited, a subsidiary of IRG, since August 2008. IRG is a company providing human resources/recruitment consulting services with a focus on senior executive and board level appointments, while the Group provides staff selection service which forms only a minimal part of the Group's income as an ancillary service for promoting its recruitment website in Shanghai. IRG is managed by independent management in the United Kingdom. Having considered (i) the 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.

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 2009, the amount of public float as required under the Listing Rules.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive directors are independent.

CONNECTED TRANSACTION

During the year, the Group has entered into certain related party transactions disclosed in Note 41 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.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on pages 18 to 21 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. Mr. Tyen Kan Hee, Anthony resigned as the audit committee member on 2 February 2010 and Mr. Ho David was appointed on 2 February 2010.

During the year, the audit committee met from times to times to review the Company’s draft 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 2009, the Group had around 132 employees (2008: 128). 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.

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, 23 February 2010

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 2009.

BOARD OF DIRECTORS

The Board comprises nine directors, of whom three are executive directors, three 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 2009 were:

Chairman
Mr. Lau Chuk Kin

Executive directors
Mr. Lau Chuk Kin
Ms. Lam Mei Lan
Ms. Chow So Chu
Ms. Ho Suk Yi (resigned on 31 March 2009)

Non-executive directors
Mr. Lee Ching Ming, Adrian
Mr. Wan Siu Kau
Mr. Peter Stavros Patapios Christofis

Independent non-executive directors
Mrs. Ling Lee Ching Man, Eleanor
Mr. Cheng Ping Kuen, Franco
Mr. Tyen Kan Hee, Anthony

The Board is responsible to 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 6 board meetings in 2009. Details of the attendance of the Board are as follows:

Directors	Attended/Held
Mr. Lau Chuk Kin	6/6
Ms. Lam Mei Lan	6/6
Ms. Chow So Chu	6/6
Ms. Ho Suk Yi	1/6
Mr. Lee Ching Ming, Adrian	6/6
Mr. Wan Siu Kau	6/6
Mr. Peter Stavros Patapios Christofis	3/6
Mrs. Ling Lee Ching Man, Eleanor	5/6
Mr. Cheng Ping Kuen, Franco	6/6
Mr. Tyen Kan Hee, Anthony	6/6

ACCOUNTABILITY AND AUDIT

The Directors were responsible for overseeing the preparation of the financial statements for the year ended 31 December 2009.

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

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 six are independent; and
- Audit Committee composed exclusively of independent non-executive directors;
- 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 Group;
- 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 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 Mr. Tyen Kan Hee, Anthony.

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.

AUDITORS' REMUNERATION

The fees in relation to the audit service provided by Grant Thornton, the external auditors of the Company, for the year ended 31 December 2009 amounted to HK$650,000 (2008: HK$780,000), and those in relation to non-audit services amounted to HK$500,000 (2008: Nil).

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 four meetings in 2009. Details of the attendance record of the committee meetings are as follows:

Committee members	Attended/Held
Mrs. Ling Lee Ching Man, Eleanor	3/4
Mr. Cheng Ping Kuen, Franco	4/4
Mr. Tyen Kan Hee, Anthony	4/4

The Group's 2009 interim report and 2008 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 2008 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

Grant Thornton
均富

Member of Grant Thornton International Ltd

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") and its subsidiaries (collectively known as the "Group") set out on pages 24 to 89, which comprise the consolidated and company statements of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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.

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.

Grant Thornton
均富

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 2009 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
Certified Public Accountants
6th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

23 February 2010

Consolidated
Statement of Comprehensive Income
For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue and turnover	5	**698,119**	592,882
Direct operating costs		**(490,011)**	(405,668)
Gross profit		**208,108**	187,214
Other income	7	**20,696**	19,624
Selling and distribution costs		**(76,712)**	(82,303)
Administrative expenses		**(41,113)**	(37,473)
Other expenses		**(8,019)**	(3,078)
Finance costs	8	**(1,188)**	(1,367)
Profit before income tax	9	**101,772**	82,617
Income tax expense	12	**(8,940)**	(2,274)
Profit for the year		**92,832**	80,343
Other comprehensive loss, including reclassification adjustments			
Exchange loss on translation of financial statements of foreign operations		**(254)**	(444)
Other comprehensive loss for the year, including reclassification adjustments and net of tax		**(254)**	(444)
Total comprehensive income for the year		**92,578**	79,899
Profit for the year attributable to:			
Owners of the Company	13	**80,490**	75,648
Minority interest		**12,342**	4,695
		92,832	80,343
Total comprehensive income attributable to:			
Owners of the Company		**80,320**	75,409
Minority interest		**12,258**	4,490
		92,578	79,899
Earnings per share for profit attributable to the owners of the Company during the year	15		
Basic		**HK25.98 cents**	HK25.28 cents
Diluted		**N/A**	N/A

Consolidated
Statement of Financial Position
As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	170,722	137,086
Prepaid land lease payments	17	5,769	–
Interests in associate	19	–	–
Goodwill	20	14,119	14,119
		190,610	151,205
Current assets			
Inventories	23	41,477	51,304
Trade and other receivables and deposits	24	224,267	164,258
Financial assets at fair value through profit or loss	25	753	996
Advances to associates	19	–	–
Taxes recoverable		2,495	2,984
Cash and cash equivalents	26	135,178	85,769
		404,170	305,311
Current liabilities			
Trade and other payables	27	138,834	78,375
Financial liabilities at fair value through profit or loss	28	2,360	–
Bank borrowings	29	18,846	5,172
Finance lease liabilities	30	4,358	4,365
Provision for taxation		1,025	1,174
		165,423	89,086
Net current assets		238,747	216,225
Total assets less current liabilities		429,357	367,430
Non-current liabilities			
Bank borrowings	29	35,482	44,328
Finance lease liabilities	30	1,104	5,513
Deferred tax liabilities	31	7,628	2,470
		44,214	52,311
Net assets		385,143	315,119

	Notes	2009 HK$'000	2008 HK$'000
EQUITY			
Share capital	32	**61,969**	61,969
Reserves	34	**280,741**	219,361
Proposed final dividend	14	**15,492**	15,492
Equity attributable to owners of the Company		**358,202**	296,822
Minority interest		**26,941**	18,297
Total equity		**385,143**	315,119

Director

Director

Statement
of Financial Position
As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investments in subsidiaries	18	**62,030**	62,030
Interests in associate	19	**–**	–
		62,030	62,030
Current assets			
Amounts due from subsidiaries	21	**175,696**	262,255
Advances to an associate	19	**–**	–
Other receivables		**369**	367
Tax recoverable		**147**	–
Cash and cash equivalents	26	**6,650**	24,148
		182,862	286,770
Current liabilities			
Other payables		**150**	193
Amounts due to subsidiaries	22	**50,831**	132,565
Provision for taxation		**–**	762
		50,981	133,520
Net current assets		**131,881**	153,250
Net assets		**193,911**	215,280
EQUITY			
Share capital	32	**61,969**	61,969
Reserves	34	**116,450**	137,819
Proposed final dividend	14	**15,492**	15,492
Total equity		**193,911**	215,280

Director *Director*

Consolidated
Statement of Changes in Equity
For the year ended 31 December 2009

	Attributable to owners of the Company										Minority interest	Total
	Share capital	Share premium	Employee compensation reserve	Exchange reserve	Merger reserve	Contributed surplus	Statutory reserves	Proposed final dividend	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
Balance at 1 January 2008	55,543	56,144	–	(362)	(43,897)	2,371	–	13,886	125,714	209,399	22,502	231,901
Share issued at premium	6,426	28,388	–	–	–	–	–	–	–	34,814	–	34,814
Share issue expenses	–	(244)	–	–	–	–	–	–	–	(244)	–	(244)
Equity-settled share-based payment expense (Note 11)	–	–	625	–	–	–	–	–	–	625	–	625
Final 2007 dividend paid (Note 14)	–	–	–	–	–	–	–	(13,886)	–	(13,886)	–	(13,886)
Interim 2008 dividend paid (Note 14)	–	–	–	–	–	–	–	–	(9,295)	(9,295)	–	(9,295)
Dividend paid to minority shareholders	–	–	–	–	–	–	–	–	–	–	(1,170)	(1,170)
Acquisition of minority interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	(7,525)	(7,525)
Transactions with owners	6,426	28,144	625	–	–	–	–	(13,886)	(9,295)	12,014	(8,695)	3,319
Profit for the year	–	–	–	–	–	–	–	–	75,648	75,648	4,695	80,343
Other comprehensive loss												
Currency translation	–	–	–	(239)	–	–	–	–	–	(239)	(205)	(444)
Total comprehensive income for the year	–	–	–	(239)	–	–	–	–	75,648	75,409	4,490	79,899
Proposed final 2008 dividend (Note 14)	–	–	–	–	–	–	–	15,492	(15,492)	–	–	–
Balance at 31 December 2008	**61,969**	**84,288**	**625**	**(601)**	**(43,897)**	**2,371**	**-**	**15,492**	**176,575**	**296,822**	**18,297**	**315,119**

	Attributable to owners of the Company										Minority interest	Total
	Share capital	Share premium	Employee compensation reserve	Exchange reserve	Merger reserve	Contributed surplus	Statutory reserves	Proposed final dividend	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
Balance at 1 January 2009	61,969	84,288	625	(601)	(43,897)	2,371	–	15,492	176,575	296,822	18,297	315,119
Equity-settled share-based payment expense (Note 11)	–	–	1,200	–	–	–	–	–	–	1,200	–	1,200
Lapsed of share option	–	–	(228)	–	–	–	–	–	228	–	–	–
Final 2008 dividend paid (Note 14)	–	–	–	–	–	–	–	(15,492)	–	(15,492)	–	(15,492)
Interim 2009 dividend paid (Note 14)	–	–	–	–	–	–	–	–	(4,648)	(4,648)	–	(4,648)
Acquisition of minority interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	(3,614)	(3,614)
Transactions with owners	–	–	972	–	–	–	–	(15,492)	(4,420)	(18,940)	(3,614)	(22,554)
Profit for the year	–	–	–	–	–	–	–	–	80,490	80,490	12,342	92,832
Other comprehensive loss												
Currency translation	–	–	–	(170)	–	–	–	–	–	(170)	(84)	(254)
Total comprehensive income for the year	–	–	–	(170)	–	–	–	–	80,490	80,320	12,258	92,578
Proposed final 2009 dividend (Note 14)	–	–	–	–	–	–	–	15,492	(15,492)	–	–	–
Appropriation to statutory reserves	–	–	–	–	–	–	477	–	(477)	–	–	–
Balance at 31 December 2009	**61,969**	**84,288**	**1,597**	**(771)**	**(43,897)**	**2,371**	**477**	**15,492**	**236,676**	**358,202**	**26,941**	**385,143**

The merger reserve of the Group arose as a result of the Group's 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.

In accordance with relevant regulations prevailing in the People's Republic of China (the "PRC"), certain Company's subsidiaries, established in the PRC, are required to appropriate no less than 10% of their net profits to the statutory reserves, until the respective balances of the fund reach 50% of the respective registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, these statutory reserves may be used to offset against their respective accumulated losses, if any.

Consolidated
Statement of Cash Flows
For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Cash flows from operating activities			
Profit before income tax		**101,772**	82,617
Adjustments for:			
Amortisation of prepaid land lease payments		**33**	16
Depreciation		**19,714**	14,529
Equity-settled share-based payment expenses	33	**1,200**	625
Excess of the Group's interest in the net fair value of a subsidiary's identifiable assets, liabilities and contingent liabilities over cost of investment	40	**(207)**	–
Excess of the Group's interest in the net carrying amount of a minority interests' identifiable assets and liabilities over cost of investment upon acquisition of minority interests of subsidiaries	42	**(564)**	–
Loss on financial assets/liabilities at fair value through profit or loss		**7,003**	114
Impairment of receivables	24	**3,645**	3,078
Impairment of advances to associate		**–**	70
Provision for inventories written back	9	**(99)**	(463)
Interest expenses		**1,188**	1,367
Interest income		**(119)**	(1,180)
Gain on disposals and write-off of leasehold land, property, plant and equipment		**(56)**	(832)
Operating profit before working capital changes		**133,510**	99,941
Decrease/(Increase) in inventories		**9,926**	(18,741)
Increase in trade and other receivables and deposits		**(52,090)**	(45,142)
Increase in trade and other payables		**47,972**	3,692
Cash generated from operations		**139,318**	39,750
Income taxes paid		**(3,442)**	(7,011)
Net cash from operating activities		**135,876**	32,739

	Notes	2009 HK$'000	2008 HK$'000
Cash flows from investing activities			
Interest received		**119**	1,180
Net repayments of advances to associates		**–**	26
Proceeds on disposals of financial assets at fair value through profit or loss		**–**	1,521
Purchases of financial assets at fair value through profit or loss		**(4,400)**	(711)
Proceeds on disposals of leasehold land, property, plant and equipment		**1,311**	4,140
Increase in prepaid land lease payments		**(5,751)**	–
Purchases of property, plant and equipment		**(54,406)**	(72,922)
Proceeds on acquisition of minority interests of subsidiaries	42	**(3,050)**	–
Acquisition of a subsidiary	40	**626**	–
Net cash used in investing activities		**(65,551)**	(66,766)
Cash flows from financing activities			
Repayments of capital element of finance lease liabilities		**(4,416)**	(4,242)
Interest element of finance lease payments		**(183)**	(526)
Proceeds of bank borrowings		**10,000**	51,700
Repayments of bank borrowings		**(5,172)**	(2,200)
Interest on bank borrowings paid		**(1,005)**	(790)
Proceeds from shares issued		**–**	11,250
Share issue expenses paid		**–**	(244)
Dividends paid		**(20,140)**	(24,351)
Net cash (used in)/generated from financing activities		**(20,916)**	30,597
Net increase/(decrease) in cash and cash equivalents		**49,409**	(3,430)
Cash and cash equivalents at 1 January		**85,769**	89,199
Cash and cash equivalents at 31 December		**135,178**	85,769

1. GENERAL INFORMATION

Recruit Holdings Limited (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 Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is 26/F, 625 King's Road, North Point, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

As at 31 December 2009, 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.

The Company acts as an investment holding company and provides corporate management services. Details of the activities of its principal subsidiaries are set out in Note 42 to the financial statements. The Company and its subsidiaries are collectively referred to as the "Group" hereafter.

The financial statements for the year ended 31 December 2009 were approved for issue by the board of directors (the "Directors") on 23 February 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 24 to 89 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 (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

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 adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in Note 3.

The financial statements have been prepared on the historical cost convention except for financial assets and liabilities 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (see 2.3 below) made up to 31 December each year.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

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 statement of financial position within equity, separately from the equity attributable to the owners of the Company. Profit or loss attributable to the minority interests are presented separately in the consolidated statement of comprehensive income as an allocation of the Group's results.

2.3 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.

In consolidated financial statements, acquisition of subsidiaries (other than those under common control) is accounted for by applying the purchase method. This involves the estimation of 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 statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 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, an investment in an associate is 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 profit or loss for the period includes the Group's share of the post-acquisition, post-tax results of the associate for the year, including any impairment loss on 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.

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 reporting 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 (higher of value-in-use and fair value less costs to sell) of the associate and its carrying amount. In determining the value-in-use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate, including cash flows arising from the operations of the associate and the proceeds on ultimate disposal of the investment.

2.5 Foreign currency translation

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 the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

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 reporting 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 recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

2.6 Property, plant and equipment

Buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease, and other items of plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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	6.6% – 20%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

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 profit or loss 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Prepaid land lease payments

Upfront payments made to acquire land held under an operating lease are stated at costs less accumulated amortisation and any accumulated impairment losses. The determination if an arrangement is or contains a lease and the lease is an operating lease is detailed in Note 2.12. Amortisation is calculated on the straight-line method over the term of the lease/right of use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of the land.

2.8 Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary.

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The cost of the business combination 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 business combination.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see Note 2.18).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

2.9 Financial assets

The Group's accounting policies for financial assets other than investments in subsidiaries and associates are set out below.

Financial assets are classified 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 reporting 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

(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 profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's policies in Note 2.17 to these financial statements.

(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. These are subsequently measured at amortised cost using the effective interest 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.

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– Significant financial difficulty of the debtors;

– A breach of contract, such as a default of delinquency in interest for principal payments;

– It becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtors; and

– A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

If any such evidence exists, the impairment loss is measured and recognised as follows:

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 profit or loss 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 profit or loss of the period in which the reversal occurs.

Financial assets other than financial assets at fair value through profit or loss and trade and other receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2.10 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.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 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 profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) Operating lease charges as the lessee

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 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 profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss 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.

2.14 Financial liabilities

The Group's financial liabilities include bank borrowings, trade and other payables, financial liabilities at fair value through profit or loss, 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 in accordance with the Group's accounting policy for borrowing costs (see Note 2.20).

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 profit or loss.

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see Note 2.12).

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial liabilities (Continued)

Financial liabilities at fair value through profit or loss

Derivative financial instruments, in individual contracts or separated from hybrid financial instruments, are initially recognised at fair value on the date the derivate contract is entered into and subsequently remeasured at fair value. Derivatives that are not designated as hedging instruments are accounted for as financial liabilities at fair value through profit or loss. Gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

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 method.

2.15 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 uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. These 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 amortisation, if appropriate.

2.16 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable 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.

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

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

2.18 Impairment of non-financial assets

Goodwill, property, plant and equipment and interests in subsidiaries and associates are subject to impairment testing.

Goodwill is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets 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. 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. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Impairment of non-financial assets (Continued)

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value-in-use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods including impairment losses recognised in an interim period. In respect of other assets, 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.

2.19 Employee benefits

(i) Retirement benefit schemes

The Group participates in several staff retirement benefit schemes for employees in Hong Kong, the PRC, except Hong Kong and other countries, 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 profit or loss represents contributions payable by the Group to the schemes.

The subsidiaries operating in the PRC and other countries 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee benefits (Continued)

(ii) Share-based employee compensation

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 (for example, profitability and sales growth targets).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualified for recognition as asset, with a corresponding increase in the employee compensation reserve in equity. If vesting conditions apply, the expense is recognised 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 vest. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates.

At the time when the share options are exercised, the amount previously recognised in employee compensation reserve will be transferred to share premium. After vesting date, when the vested share options are later 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.

2.20 Borrowing costs

Borrowing costs incurred for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualified asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2.21 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 reporting 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 profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Accounting for income taxes (Continued)

Deferred tax is calculated using the liability method on temporary differences at the reporting 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, including existing taxable temporary differences, 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 reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  (i) the same taxable entity; or

  (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable 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.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arms length prices.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

- expenses related to share-based payments
- share of profit or loss of associates accounted for using the equity method
- finance costs
- income tax
- corporate income and expenses which are not directly attributable to the business activities of any operating segment

are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but interests in associates. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. These include deferred tax liabilities and liabilities incurred for financing rather than operating purposes.

No asymmetrical allocations have been applied to reportable segments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

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

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2009:

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or an associate
HKFRS 2 (Amendments)	Share-based payment – vesting conditions and cancellations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
Various	Annual improvements to HKFRSs 2008

3. ADOPTION OF NEW OR AMENDED HKFRSs (CONTINUED)

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting polices on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or company statement of financial position at 1 January 2008 and accordingly this statement is not presented.

HKAS 27 (Amendments) Cost of an investment in a subsidiary, jointly controlled entity or an associate

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective the distributions are out of the investee's pre-acquisition or post-acquisition reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries, jointly controlled entity or associates (i.e. a reduction of the cost of investment). Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

The new accounting policy has been applied prospectively as required by these amendments to HKAS 27 and therefore no comparatives have been restated.

HKFRS 7 (Amendments) Improving disclosures about financial instruments

The amendments require additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierachy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

3. ADOPTION OF NEW OR AMENDED HKFRSs (CONTINUED)

Annual improvements to HKFRSs 2008

In October 2008, the HKICPA issued its first *Annual improvements to HKFRSs* which set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. These amendments did not have any impact of the current period results and financial position.

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

HKFRS 3 Business combinations (Revised 2008)

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in the reporting period beginning on or after 1 July 2009.

HKFRS 9 Financial instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The Directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

HKAS 27 Consolidated and separate financial statements (Revised 2008)

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The Directors do not expect the standard to have a material effect on the Group's financial statements.

3. ADOPTION OF NEW OR AMENDED HKFRSs (CONTINUED)

Annual improvements 2009

The HKICPA has issued *Improvements to Hong Kong Financial Reporting Standards 2009*. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects the amendment to HKAS 17 *Leases* to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The Directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

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) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.18. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, which require the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

(ii) 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 reporting date.

(iii) 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(iv) 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 four 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 33 to the financial statements.

(v) Depreciation

The Group depreciates property, plant and equipment on the 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.

(vi) 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

	2009	2008
	HK$'000	HK$'000
Advertising income	**243,768**	258,751
Printing income	**454,351**	334,131
	698,119	592,882

6. SEGMENT INFORMATION

The executive directors have identified the Group's three service lines as operating segments as further described in Note 2.22.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Advertising		Printing		Investment		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue								
– External sales	243,768	258,751	454,351	334,131	–	–	698,119	592,882
Reportable segment profit	47,595	68,341	68,706	24,954	390	262	116,691	93,557
Amortisation of prepaid land lease payments	33	16	–	–	–	–	33	16
Bank interest income	43	152	24	178	52	276	119	606
Depreciation	1,080	1,080	18,634	13,449	–	–	19,714	14,529
Gain on disposal of property, plant and equipment	–	832	56	–	–	–	56	832
(Loss)/Gain on financial assets/liabilities at fair value through profit or loss	–	–	(7,330)	458	327	(572)	(7,003)	(114)
Impairment of receivables	1,728	2,869	1,917	209	–	–	3,645	3,078
Provision for inventories written back	–	–	(99)	(463)	–	–	(99)	(463)
Reportable segment assets	171,133	74,267	411,540	340,396	843	10,069	583,516	424,732
Additions to non-current segment assets during the year	9,452	1,309	50,705	71,613	–	–	60,157	72,922
Reportable segment liabilities	69,800	35,672	71,105	42,342	5	5	140,910	78,019

6. SEGMENT INFORMATION (CONTINUED)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2009 HK$'000	2008 HK$'000
Reportable segment revenue	**698,119**	592,882
Other revenue	**–**	–
Group revenue	**698,119**	592,882
Reportable segment profit	**116,691**	93,557
Unallocated corporate income	**823**	2,038
Equity-settled share-based payment	**(1,200)**	(625)
Unallocated corporate expenses	**(13,354)**	(10,986)
Finance costs	**(1,188)**	(1,367)
Profit before income tax	**101,772**	82,617
Reportable segment assets	**583,516**	424,732
Interest in associates	**–**	–
Other corporate assets	**11,264**	31,784
Group assets	**594,780**	456,516
Reportable segment liabilities	**140,910**	78,019
Borrowings	**54,328**	49,500
Deferred tax liabilities	**7,628**	2,470
Other corporate liabilities	**6,771**	11,408
Group liabilities	**209,637**	141,397

6. SEGMENT INFORMATION (CONTINUED)

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

Sales by geographical markets are analysed as follows:

	Revenue from external customers		Non-current assets	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Mainland China	**211,326**	189,096	**169,330**	133,396
United States	**154,202**	102,482	**–**	26
Australia	**126,380**	94,598	**80**	–
United Kingdom	**95,248**	81,580	**98**	366
Hong Kong (domicile)	**43,086**	88,267	**21,102**	17,417
Germany	**25,669**	15,897	**–**	–
New Zealand	**11,697**	9,226	**–**	–
Others	**30,511**	11,736	**–**	–
	698,119	592,882	**190,610**	151,205

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical location of the asset.

7. OTHER INCOME

	2009	2008
	HK$'000	HK$'000
Gain from sales of scrap paper and by-products	**7,068**	11,466
Net foreign exchange gain	**9,946**	–
Bad debts recovered	**1,556**	1,088
Excess of the Group's interest in the net fair value of a subsidiary's identifiable assets, liabilities and contingent liabilities over cost of investment (Note 40)	**207**	–
Excess of the Group's interest in the net carrying amount of a minority interests' identifiable assets and liabilities over cost of investment upon acquisition of minority interests of subsidiaries (Note 42)	**564**	–
Gain on disposals of leasehold land, property, plant and equipment	**56**	832
Interest income on financial assets stated at amortised costs	**119**	1,180
Sundry income	**1,180**	5,058
	20,696	19,624

8. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Imputed interest on financial liabilities stated at amortised cost	–	51
Interest charges on bank borrowings wholly repayable within five years	**1,005**	790
Finance lease charges	**183**	526
	1,188	1,367

9. PROFIT BEFORE INCOME TAX

	2009 HK$'000	2008 HK$'000
Profit before income tax is arrived at after charging/(crediting):		
Amortisation of prepaid land lease payments	**33**	16
Auditors' remuneration		
– Audit services	**746**	803
– Other services	**500**	–
Cost of inventories recognised as an expense	**227,438**	161,982
Depreciation (Note):		
– Owned assets	**18,254**	13,013
– Leased assets	**1,460**	1,516
Employee benefit expense (Note 11)	**44,137**	45,048
Net foreign exchange loss	–	6,490
Impairment of advances to associate	–	70
Impairment of receivables	**3,645**	3,078
Minimum lease payments paid under operating leases in respect of:		
– Rented premises and production facilities	**10,371**	6,731
– Internet access line	**391**	290
Loss on financial assets/liabilities at fair value through profit or loss	**7,003**	114
Provision for inventories written back	**(99)**	(463)

Note: Depreciation expenses of HK$16,983,000 (2008: HK$12,300,000) and HK$2,731,000 (2008: HK$2,229,000) have been included in direct operating costs and administrative expenses respectively.

10. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

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

	Fee	Salaries, allowances and discretionary bonuses	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 December 2009					
Executive directors					
Mr. Lau Chuk Kin	–	1,920	12	–	1,932
Ms. Lam Mei Lan	–	1,393	12	132	1,537
Ms. Chow So Chu	–	1,308	12	131	1,451
Ms. Ho Suk Yi (resigned on 31 March 2009)	–	–	–	–	–
Non-executive directors					
Mr. Lee Ching Ming, Adrian	60	–	–	–	60
Mr. Peter Stavros Patapios Christofis	60	–	–	–	60
Mr. Wan Siu Kau	60	–	–	–	60
Independent non-executive directors					
Mr. Cheng Ping Kuen, Franco	132	–	–	–	132
Mrs. Ling Lee Ching Man, Eleanor	132	–	–	–	132
Mr. Tyen Kan Hee, Anthony (resigned on 2 February 2010)	132	–	–	–	132
Mr. Ho David (appointed on 2 February 2010)	–	–	–	–	–
	576	**4,621**	**36**	**263**	**5,496**

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

(a) Directors' emoluments (Continued)

	Fee	Salaries, allowances and discretionary bonuses	Retirement benefit scheme contributions	Equity-settled share-based payment expenses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 December 2008					
Executive directors					
Ms. Ho Suk Yi	–	935	5	–	940
Mr. Lau Chuk Kin	–	1,875	12	–	1,887
Ms. Lam Mei Lan (redesignated from non-executive director on 19 May 2008)	25	730	6	66	827
Ms. Chow So Chu (appointed on 1 February 2008)	–	1,251	11	66	1,328
Non-executive directors					
Mr. Lee Ching Ming, Adrian	60	–	–	–	60
Mr. Peter Stavros Patapios Christofis	60	–	–	–	60
Mr. Wan Siu Kau	60	–	–	–	60
Independent non-executive directors					
Mr. Cheng Ping Kuen, Franco	132	–	–	–	132
Mrs. Ling Lee Ching Man, Eleanor	132	–	–	–	132
Mr. Tyen Kan Hee, Anthony	132	–	–	–	132
	601	**4,791**	**34**	**132**	**5,558**

Details of equity-settled share-based payments expenses granted to the directors under the Company's share option scheme are set in Note 33 to the financial statements.

10. 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 three (2008: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2008: two) individuals during the year are as follows:

	2009 HK$'000	2008 HK$'000
Salaries, allowances, discretionary bonuses and other benefits	1,786	1,972
Retirement benefit scheme contributions	24	24
Equity-settled share-based payments	66	132
	1,876	2,128

The emoluments fell within the following bands:

	Number of individuals 2009	 2008
Emolument bands		
Nil – HK$1,000,000	2	–
HK$1,000,001 – HK$3,000,000	–	2

During each of the two years ended 31 December 2009 and 2008, 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 2009 and 2008.

11. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2009 HK$'000	2008 HK$'000
Wages and salaries	39,243	40,473
Equity-settled share-based payments (Note 33)	1,200	625
Retirement benefit scheme contributions (Note 38)	1,710	2,057
Other benefits	1,984	1,893
	44,137	45,048

12. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the year. 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.

	2009 HK$'000	2008 HK$'000
Hong Kong profits tax		
Current year	1,313	2,869
Over provision in prior years	(254)	(1,575)
	1,059	1,294
Overseas profits tax		
Current year	2,811	128
Over provision in prior years	(88)	(6)
	2,723	122
Deferred tax (Note 31)		
Current year	5,158	950
Attributable to reduction in tax rate	–	(92)
	5,158	858
	8,940	2,274

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

	2009 HK$'000	2008 HK$'000
Profit before income tax	101,772	82,617
Notional tax on the profit before income tax, calculated at the rates applicable to the profits in the tax jurisdictions concerned	17,359	13,522
Tax effect of non-taxable revenue	(13,799)	(13,040)
Tax effect of non-deductible expenses	4,696	4,152
Tax effect of tax losses not recognised	1,188	106
Tax effect of temporary differences not recognised	39	28
Utilisation of previously unrecognised tax losses	(201)	(821)
Effect on opening deferred tax balances resulting from a reduction in tax rate during the year	–	(92)
Over provision in prior years	(342)	(1,581)
Income tax expense	8,940	2,274

The Hong Kong SAR Government enacted a reduction in the Profits Tax Rate from 17.5% to 16.5% from the year of assessment 2008/2009. Accordingly, the current tax and deferred tax liabilities have been calculated using the new rates.

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the consolidated profit attributable to owners of the Company of HK$80,490,000 (2008: HK$75,648,000), a loss of HK$2,429,000 (2008: a profit of HK$21,257,000) has been dealt with in the financial statements of the Company.

14. DIVIDENDS

(a) Dividends attributable to the year:

	2009 HK$'000	2008 HK$'000
Interim dividend of HK$0.015 (2008: HK$0.03) per share	**4,648**	9,295
Proposed final dividend of HK$0.05 (2008: HK$0.05) per share	**15,492**	15,492
	20,140	24,787

Final dividend proposed after the reporting date has not been recognised as a liability at the reporting date, but reflected as an appropriation of retained earnings for the years ended 31 December 2009 and 2008 and a proposed final dividend reserve has been set up.

The proposed final dividend is to be distributed subsequent to the reporting date and is subject to the approval of the Company's equity holders in the forthcoming annual general meeting.

(b) Dividends approved and paid during the year:

	2009 HK$'000	2008 HK$'000
Interim dividend of HK$0.015 (2008: HK$0.03) per share	**4,648**	9,295
Final dividend in respect of the previous financial year	**15,492**	13,886
	20,140	23,181

15. EARNINGS PER SHARE

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

	2009 HK$'000	2008 HK$'000
Profit attributable to owners of the Company	**80,490**	75,648

	Number of shares	
	2009 '000	2008 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**309,846**	299,188

Diluted earnings per share for the years ended 31 December 2009 and 2008 are not presented because the impact of the exercise of the share options was anti-dilutive.

16. 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 2008								
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
Year ended 31 December 2008								
Opening net book amount	435	1,290	810	8,284	3,500	736	66,101	81,156
Exchange differences	–	(28)	–	–	(9)	(115)	–	(152)
Additions	–	899	888	15,307	1,661	129	54,038	72,922
Disposals	(428)	(262)	(48)	(213)	(298)	–	(1,062)	(2,311)
Depreciation	(7)	(425)	(307)	(4,292)	(1,892)	(325)	(7,281)	(14,529)
Closing net book amount	–	1,474	1,343	19,086	2,962	425	111,796	137,086
At 31 December 2008								
Cost	–	3,089	2,835	29,415	29,304	1,211	131,517	197,371
Accumulated depreciation	–	(1,615)	(1,492)	(10,329)	(26,342)	(786)	(19,721)	(60,285)
Net book amount	–	1,474	1,343	19,086	2,962	425	111,796	137,086
Year ended 31 December 2009								
Opening net book amount	–	1,474	1,343	19,086	2,962	425	111,796	137,086
Exchange differences	26	15	–	4	9	14	–	68
Additions	2,899	242	769	6,967	4,473	601	38,455	54,406
Acquisition of subsidiary	–	27	–	79	25	–	–	131
Disposals	–	(16)	(6)	(8)	(2)	(237)	(986)	(1,255)
Depreciation	(16)	(505)	(469)	(3,389)	(2,160)	(134)	(13,041)	(19,714)
Closing net book amount	2,909	1,237	1,637	22,739	5,307	669	136,224	170,722
At 31 December 2009								
Cost	2,926	3,359	3,593	36,463	32,347	1,090	168,703	248,481
Accumulated depreciation	(17)	(2,122)	(1,956)	(13,724)	(27,040)	(421)	(32,479)	(77,759)
Net book amount	2,909	1,237	1,637	22,739	5,307	669	136,224	170,722

The net book amount of property, plant and equipment includes the net carrying amount of HK$15,654,000 (2008: HK$17,309,000) held under finance leases.

As at 31 December 2009, the Group's buildings were situated in the PRC, which were held under medium-term lease.

17. PREPAID LAND LEASE PAYMENTS

	Group	
	2009	2008
	HK$'000	HK$'000
At 1 January		
Cost	**–**	1,055
Accumulated amortisation	**–**	(42)
Net book amount	**–**	1,013
Opening net book amount	**–**	1,013
Exchange differences	**51**	–
Additions	**5,751**	–
Disposals	**–**	(997)
Amortisation	**(33)**	(16)
Closing net book amount	**5,769**	–
At 31 December		
Cost	**5,802**	–
Accumulated amortisation	**(33)**	–
Net book amount	**5,769**	–

During the year, the Group acquired a property in Shanghai as its office premises for a sum of HK$8,650,000. Included in the amounts are the prepaid land lease payments of HK$5,751,000 which represent the value of interest in the land where the office premises are located. This lease is held under medium-term.

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	HK$'000
Unlisted shares, at cost	**62,030**	62,030

Details of principal subsidiaries are set out in Note 42 to the financial statements.

19. INTERESTS IN ASSOCIATE

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current portion:				
Unlisted shares at cost, less impairment losses	**–**	–	**–**	–
Share of net assets	**–**	–	**–**	–
	–	–	**–**	–
Current portion:				
Advances to associate (Note (a))	**70**	70	**70**	70
Less: Impairment losses	**(70)**	(70)	**(70)**	(70)
	–	–	**–**	–

Notes:

(a) Advances to associate are unsecured, interest-free and repayable on demand.

(b) Particulars of the associate as at 31 December 2009 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	Principal activities
Trion Pacific Limited 三慧顧問有限公司	35 ordinary shares of HK$1 each	Hong Kong, limited liability company	35% (2008: 35%)	Trading of books

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

	Assets	Liabilities	Equity	Revenue	Profit
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2009					
100 per cent	**144**	**209**	**(66)**	**1**	**(16)**
Group's effective interest	**50**	**73**	**(23)**	**–**	**(5)**
2008					
100 per cent	160	210	(50)	10	421
Group's effective interest	56	74	(18)	4	202

The financial information above is based on the unaudited management accounts for each of the two years ended 31 December 2009 and 2008.

The Group has not recognised loss of HK$5,000 (2008: profit of HK$202,000) for the Group's associate. The accumulated losses not recognised were HK$23,000 (2008: HK$18,000).

The Group has not incurred any contingent liabilities or other commitments relating to its investments in associates.

20. GOODWILL

This arose from the acquisition of minority interests of Recruit Group Limited and Recruit Human Resources Group Limited, subsidiaries of the Company, which are engaged in the advertising business of "Recruit" magazine. The net carrying amount of goodwill, net of any impairment loss, is analysed as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Gross carrying amount at 1 January	**14,119**	–
Acquisition of minority interests of the subsidiaries	**–**	14,119
At 31 December		
Gross carrying amount and net carrying amount	**14,119**	14,119

Impairment tests for goodwill

The recoverable amount for the cash-generating unit in relation to the subsidiaries of the Company was determined based on value-in-use calculations, covering a detailed 5-year budget plan, followed by an extrapolation of expected cash flows at the growth rates stated below. The growth rate reflects the long-term average growth rate for the cash-generating unit.

The key assumptions used for value-in-use calculations are as follows:

	2009	2008
Average growth rate	**11%**	6%
Discount rate	**3%**	5%

The Company management's key assumptions have been determined based on past performance and their expectations for the market development. The weighted average growth rate used is consistent with the forecasts included in industry reports. The discount rate used is pre-tax and reflects specific risks relating to the relevant cash-generating unit.

Apart from the considerations described above in determining the value-in-use of the cash-generating unit, the Company's management is not aware of any other probable changes that would necessitate changes in the key assumptions.

21. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	HK$'000
Amounts due from subsidiaries		
– interest bearing at 3% (2008: 5%) per annum	**150,850**	179,230
– interest-free	**55,766**	111,256
	206,616	290,486
Less: Impairment losses	**(30,920)**	(28,231)
	175,696	262,255

Amounts due from subsidiaries are unsecured and repayable on demand.

22. AMOUNTS DUE TO SUBSIDIARIES – COMPANY

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

23. INVENTORIES

	Group	
	2009	2008
	HK$'000	HK$'000
Raw materials	**30,373**	40,266
Work-in-progress	**11,514**	11,243
Finished goods	**572**	876
	42,459	52,385
Less: Provision for net realisable value	**(982)**	(1,081)
	41,477	51,304

During the year, the Group reversed a provision of HK$99,000 (Note 9) which was made in 2008 as the related inventories were sold above their costs during the year. The reversed amount was included in "direct operating costs" in profit or loss.

24. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	Group	
	2009	2008
	HK$'000	HK$'000
Trade receivables	**194,124**	118,894
Other receivables and deposits	**30,143**	45,364
	224,267	164,258

Ageing analysis of trade receivables, as at 31 December 2009, based on sales invoice date and net of provisions, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
0 – 30 days	**60,947**	39,526
31 – 60 days	**37,087**	21,724
61 – 90 days	**26,564**	12,650
91 – 120 days	**27,357**	17,676
121 – 150 days	**30,256**	19,115
Over 150 days	**11,913**	8,203
Total trade receivables	**194,124**	118,894

The Group allows a credit period from 7 to 150 days (2008: 7 to 150 days) to its customers.

As at 31 December 2009, trade receivables of AUD1,467,000 (2008: Nil) were pledged to a bank to secure the bank borrowings.

The Directors consider that the fair values of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

At each reporting date the Group reviews receivables for evidence of impairment on both an individual and collective basis. As at 31 December 2009, the Group has determined trade receivables of HK$3,645,000 as impairment (2008: HK$3,078,000) and as a result, impairment loss of HK$3,645,000 has been recognised (2008: HK$3,078,000). The impaired trade receivables are due from the customers experiencing financial difficulties that have been in default or delinquency of payments.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables.

24. 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:

	2009 HK$'000	2008 HK$'000
Neither past due nor impaired	**153,646**	72,766
1 – 30 days past due	**21,561**	18,762
31 – 90 days past due	**17,882**	22,331
Over 90 days past due but less than one year	**1,035**	5,035
	40,478	46,128
	194,124	118,894

Trade receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a large number of diversified customer that had a good track record of credit with the Group. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group did not hold any collateral in respect of trade receivables past due but not impaired.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2009 HK$'000	2008 HK$'000
Held for trading		
Equity securities, listed in Hong Kong	**753**	426
Forward foreign exchange contracts	**–**	570
Fair value	**753**	996

The fair values of the Group's investments in listed equity securities and the forward foreign exchange contracts have been measured as described in Note 43(h).

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank and cash balances	**135,163**	76,160	**6,650**	24,148
Cash at brokers	**15**	1,010	**–**	–
Short-term bank deposits	**–**	8,599	**–**	–
	135,178	85,769	**6,650**	24,148

As at 31 December 2008, the short-term bank deposits of the Group earned 4% interest per annum. These deposits had a maturity of 3 days and were eligible for immediate cancellation without penalty but any interest for the last deposit period would be forfeited.

The Directors consider that the fair value of short-term bank deposits is not materially different from its carrying amount because of the short maturity period on its inception.

Included in bank and cash balances of the Group is HK$77,495,000 (2008: HK$2,139,000) of bank balances denominated in Renminbi ("RMB") placed with the banks in the PRC. RMB is not a freely convertible currency. Under the Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through the banks that are authorised to conduct foreign exchange business.

27. TRADE AND OTHER PAYABLES

	Group	
	2009	2008
	HK$'000	HK$'000
Trade payables	**90,270**	45,225
Other payables	**48,564**	33,150
	138,834	78,375

27. TRADE AND OTHER PAYABLES (CONTINUED)

As at 31 December 2009, ageing analysis of trade payables based on invoice date is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
0 – 30 days	**30,629**	11,956
31 – 60 days	**25,035**	8,157
61 – 90 days	**14,018**	10,222
91 – 120 days	**9,894**	4,733
Over 120 days	**10,694**	10,157
	90,270	45,225

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 that will be settled on a half yearly (2008: half yearly) basis according to the terms of an agreement signed with this business partner.

All amounts are short term and hence the carrying values of trade and other payables are considered to be a reasonable approximation of fair value.

28. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

This relates to the forward foreign exchange contracts which are intended to be held for trading in nature. Its fair value has been measured as described in Note 43(h).

29. BANK BORROWINGS

	Group 2009 HK$'000	Group 2008 HK$'000
Non-current portion	**35,482**	44,328
Current portion	**18,846**	5,172
Total bank borrowings	**54,328**	49,500

At 31 December 2009, the Group's bank borrowings were repayable as follows:

	2009 HK$'000	2008 HK$'000
Within one year	**18,846**	5,172
In the second year	**13,790**	8,846
In the third to fifth year	**21,692**	35,482
Wholly repayable within 5 years	**54,328**	49,500

As at 31 December 2009, the bank borrowings included (1) bank loan with original principal amounts of HK$51.7 million which are repayable in 5 years through monthly instalments and secured by the corporate guarantees provided by the Company and minority shareholders of a subsidiary; and (2) bank factoring loan with principal amounts of HK$10 million (2008: Nil) which are secured by the underlying factoring trade receivables of AUD1,467,000 (2008: Nil) with recourse and is repayable within one year.

The effective interest rate of the bank borrowings ranged from 2.05% to 2.35% (2008: 2.78% to 6.34%) per annum for the year.

30. FINANCE LEASE LIABILITIES

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

	Group 2009 HK$'000	Group 2008 HK$'000
Total minimum lease payments:		
Due within one year	**4,434**	4,555
Due in the second to fifth years	**1,103**	5,597
	5,537	10,152
Future finance charges on finance leases	**(75)**	(274)
Present value of finance lease liabilities	**5,462**	9,878

30. FINANCE LEASE LIABILITIES (CONTINUED)

	Group	
	2009	2008
	HK$'000	HK$'000
Present value of minimum lease payments:		
Due within one year	**4,358**	4,365
Due in the second to fifth years	**1,104**	5,513
	5,462	9,878
Less: Portion due within one year included under current liabilities	**(4,358)**	(4,365)
Non-current portion included under non-current liabilities	**1,104**	5,513

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

Finance lease liabilities are effectively secured by the underlying assets as the rights to the leased asset would be reverted to the lessor in the event of default by repayment by the Group.

31. 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:

	2009	2008
	HK$'000	HK$'000
At 1 January	**2,470**	1,612
Deferred taxation charged to profit or loss (Note 12)	**5,158**	858
At 31 December	**7,628**	2,470

31. DEFERRED TAX LIABILITIES (CONTINUED)

The following are the major deferred tax liabilities/(assets) recognised in the statement of financial position and the movements during the current and prior years:

	Accelerated tax depreciation		Tax losses		Total	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1 January	**6,752**	4,120	**(4,282)**	(2,508)	**2,470**	1,612
Charged/(Credited) to profit or loss	**3,664**	2,632	**1,494**	(1,774)	**5,158**	858
At 31 December	**10,416**	6,752	**(2,788)**	(4,282)	**7,628**	2,470

Company

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

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

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Difference between depreciation and depreciation allowance	**(41)**	97	**–**	–
Unutilised tax losses	**19,152**	12,924	**–**	–
	19,111	13,021	**–**	–

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$7,613,000 (2008: HK$7,707,000) incurred by one (2008: two) subsidiary in the PRC which will expire after 5 years from the year in which the tax losses were incurred.

32. SHARE CAPITAL

	2009		2008	
	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	**309,846**	**61,969**	277,716	55,543
Issue of shares in exchange of equity interest of subsidiaries	**–**	**–**	32,130	6,426
At 31 December	**309,846**	**61,969**	309,846	61,969

On 25 April 2008, the Company issued 26,250,000 shares to a minority shareholder of Recruit Group Limited as part of purchase consideration for 20% of its ordinary share capital. The ordinary shares issued had the same right as other shares in issue. The fair value of the shares issued at the date of acquisition amounted to HK$28,875,000 (HK$1.1 per share).

On 30 May 2008, the Company issued 5,880,000 shares to another minority shareholder of Recruit Group Limited and Recruit Human Resources Group Limited as purchase consideration for 4.5% and 5% of its ordinary share capital of Recruit Group Limited and Recruit Human Resources Group Limited respectively. The ordinary shares issued had the same right as other shares in issue. The fair value of the shares issued at the date of acquisition amounted to HK$5,939,000 (HK$1.01 per share).

During the year, there was no change in the Company’s share capital.

33. SHARE-BASED EMPLOYEE COMPENSATION

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 12 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. The options vest on the condition that the grantee is a director or employee of any member of the Group of Recruit Holdings or any advisor and service provider of any member of the Group of Recruit Holdings from the date of options grant to the commencement date of the exercisable period of the options.

33. SHARE-BASED EMPLOYEE COMPENSATION (CONTINUED)

The share-based employee compensation is to be settled by the issue of the Company's ordinary shares. The Group has 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 MB Share Option Scheme are as follows:

Date of grant	Number of options granted	Vesting period	Exercisable period	Exercise price per share HK$
18.8.2008	5,700,000	18.08.2008 to 17.08.2009	18.08.2009 to 17.08.2013	0.93
18.8.2008	5,700,000	18.08.2008 to 17.08.2010	18.08.2010 to 17.08.2013	0.93
29.10.2009	300,000	29.10.2009 to 28.04.2010	29.04.2010 to 28.10.2014	0.902
29.10.2009	300,000	29.10.2009 to 28.10.2011	29.10.2011 to 28.10.2014	0.902

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

	Number of share options				
Grantees	Outstanding at 1 January 2009	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2009
Directors	2,400,000	–	–	–	2,400,000
Employees	9,000,000	600,000	–	(1,800,000)	7,800,000
Total	**11,400,000**	**600,000**	**-**	**(1,800,000)**	**10,200,000**
Weighted average exercise price	HK$0.93	HK$0.902	–	HK$0.93	HK$0.928

Notes:

(i) 600,000 new share options were granted during the year ended 31 December 2009.

(ii) The closing price of the shares of HK$0.20 each of the Company quoted on the Stock Exchange on 28 October 2009, being the business date immediately before the date on which the share options were granted, was HK$0.89.

33. SHARE-BASED EMPLOYEE COMPENSATION (CONTINUED)

Notes: (Continued)

(iii) The fair value of the options granted under the MB Share Option Scheme on 29 October 2009, measured at the date of grant, was approximately HK$90,000. The following significant assumptions were used to derive the fair values, using the Black-Scholes option pricing model:

Date of grant	29.10.2009	18.8.2008
Expected volatility	43.55%	46.71%
Expected life (in years)	4	4
Risk-free interest rate (being the approximate yield of Exchange Fund on the grant date)	1.505%	3.32%
Expected dividend yield	8.99%	8.6%

The underlying expected volatility was determined by reference to historical data, calculated based on expected life of share options. Expectations of early exercise were incorporated into the Black-Scholes option pricing model. No special features pertinent to the options granted were incorporated into measurement of fair value.

(iv) In total, HK$1,200,000 of share-based employee compensation expense were included in the consolidated statement of comprehensive income for the year ended 31 December 2009 (2008: HK$625,000) with a corresponding credit in equity. No liabilities were recognised as these were all equity-settled share-based payment transactions.

(v) As at 31 December 2009, 4,800,000 share options are exercisable and the weighted average exercise price of these share options is HK$0.93 (2008: Nil).

34. RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 28 to 29.

	Company				
	Share premium HK$'000	Employee compensation reserve HK$'000	Contributed surplus HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2008	56,144	–	20,290	36,146	112,580
Equity-settled share-based payment expense	–	625	–	–	625
Share issue expenses	(244)	–	–	–	(244)
Share issued at premium	28,388	–	–	–	28,388
Profit for the year	–	–	–	21,257	21,257
Interim 2008 dividend paid (Note 14)	–	–	–	(9,295)	(9,295)
Proposed final 2008 dividend (Note 14)	–	–	–	(15,492)	(15,492)
At 31 December 2008 and 1 January 2009	84,288	625	20,290	32,616	137,819
Equity-settled share-based payment expense	–	1,200	–	–	1,200
Lapsed of share option	–	(228)	–	228	–
Loss for the year	–	–	–	(2,429)	(2,429)
Interim 2009 dividend paid (Note 14)	–	–	–	(4,648)	(4,648)
Proposed final 2009 dividend (Note 14)	–	–	–	(15,492)	(15,492)
At 31 December 2009	**84,288**	**1,597**	**20,290**	**10,275**	**116,450**

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.

35. OPERATING LEASE COMMITMENTS

Group

As at 31 December 2009, 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	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**10,889**	9,144	**277**	391
In the second to fifth years inclusive	**32,235**	28,635	**–**	277
After five years	**28,698**	28,963	**–**	–
	71,822	66,742	**277**	668

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 fifteen 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 2009, the total future minimum lease payments of the Company under non-cancellable operating leases in respect of rented premises are payable as follows:

	2009	2008
	HK$'000	HK$'000
Within one year	**60**	420

The Company leases a property under operating leases. The leases run for an initial period of half year.

36. CAPITAL COMMITMENTS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Contracted but not accounted for in respect of acquisition of property, plant and equipment	**30,987**	15,320	**–**	–

37. CORPORATE GUARANTEES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Corporate guarantees given and utilised	**–**	–	**64,640**	54,640

As at 31 December 2009, the Company provided corporate guarantees to its non wholly owned subsidiary to the extent of HK$93,640,000 (2008: HK$91,140,000) in relation to the payments for bank borrowings and certain finance leases to financial institutions as set out in Note 29 and Note 30 to the financial statements, respectively, HK$64,640,000 (2008: HK$54,640,000) of which was utilised. Apart from the above, the Company also provided corporate guarantees to its wholly owned subsidiaries to the extent of HK$12,000,000 (2008: Nil) in relation to the payments for bank borrowings which was not yet utilised as at 31 December 2009.

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.

38. RETIREMENT BENEFIT SCHEMES – GROUP

The amounts of retirement benefit contributions for the Group's employees, net of forfeited contributions, which have been dealt with in profit or loss of the Group for each of the two years ended 31 December 2009 and 2008 are as follows:

	2009	2008
	HK$'000	HK$'000
Gross retirement benefit scheme contributions	**1,710**	2,123
Less: Forfeited contributions for the year	**–**	(66)
Net retirement benefit scheme contributions (Note 11)	**1,710**	2,057

39. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT – GROUP

Major non-cash transactions

For the year ended 31 December 2008, the Company issued 32,130,000 shares in exchange of 24.5% and 5% of the ordinary share capital of Recruit Group Limited and Recruit Human Resources Group Limited respectively and the cash consideration of HK$11,250,000 from minority shareholders of subsidiaries.

40. BUSINESS COMBINATION

On 30 November 2009, the Group acquired 100% of the equity interest of 北京海溢吉盛廣告有限公司, a limited company incorporated in the PRC for a cash consideration of HK$565,000. This Company is principally engaged in the provision of advertising services. The acquired business contributed a revenue of HK$1,277,000 and a loss after income tax of HK$208,000 to the Group for the period from 30 November 2009 to 31 December 2009.

Had the acquisition occurred on 1 January 2009, the Group's revenue and profit after income tax would have been HK$719,287,000 and HK$97,219,000 respectively for the year ended 31 December 2009. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2009, nor is it intended to be a projection of future results.

Details of net assets acquired are as follows:

	HK$'000
Purchase consideration – cash paid	565
Fair value of net assets acquired (see below)	(772)
Excess of the Group's interest in the net fair value of a subsidiary's identifiable assets, liabilities and contingent liabilities over cost of investment (Note 7)	(207)

The assets and liabilities arising from this acquisition are as follows:

	Fair value HK$'000	Acquiree's carrying amount HK$'000
Property, plant and equipment	131	131
Trade and other receivables	11,937	11,937
Cash and cash equivalents	1,191	1,191
Trade and other payables	(12,487)	(12,487)
Net assets acquired	772	772

	HK$'000
Purchase consideration settled in cash	(565)
Cash and cash equivalents acquired	1,191
Cash inflow on acquisition of a subsidiary	626

41. 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 10, 19, 21 and 22 to the financial statements, details of other significant transactions between the Group and other related parties during the year ended 31 December 2009 are disclosed as follows:

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 10(a) to the financial statements.

42. 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	77.79%	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	77.79%	Printing, Hong Kong
1010 Printing (UK) Limited *	2 January 2007	United Kingdom, limited liability company	Ordinary	GBP1,000	76.62%	Printing agency, United Kingdom
1010 Printing Asia Limited	3 April 2007	Hong Kong, limited liability company	Ordinary	HK$1	77.79%	Printing, Hong Kong
1010 Printing (Australia) Pty Limited	10 October 2008	Australia, limited liability company	Ordinary	AUD2	77.79%	Provision for printing services, Australia
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 (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	100%	Investment holding, Hong Kong
Cinderella Media Group Limited	13 March 2009	Bermuda, limited liability company	Ordinary	HK$1	100%	Investment holding, Hong Kong
Recruit Group Limited	8 January 2007	British Virgin Islands, limited liability company	Ordinary	US$10,000	100%	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	100%	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	100%	Provision of website development and information technology services, Hong Kong
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

42. 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
CinMedia Limited 先傳媒有限公司 (formerly known as Recruit Media Limited)	26 July 2004	Hong Kong, limited liability company	Ordinary	HK$1	100%	Provision of advertising services, Hong Kong
Mega Form Inc. Limited 大豐興業有限公司	2 July 2008	Hong Kong, Limited liability company	Ordinary	HK$1	77.79%	Investment holding, Hong Kong
Recruit Advertising Limited 才庫廣告有限公司 (formerly known as 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	100%	Provision of advertising services, Hong Kong
Easking Limited 宜勁有限公司	15 September 2004	Hong Kong, limited liability company	Ordinary	HK$1	100%	Provision of advertising services, Hong Kong
廣州海瑩廣告有限公司 * 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)	100%	Investment holding and provision of corporate management service, the PRC
Iguazu (Shanghai) Advertising Company Limited 海蘊廣告（上海）有限公司*	8 December 2008	PRC, limited liability company	N/A	US$300,000 (registered capital)	100%	Provision of advertising services, PRC
Eastern Inflight Magazine Productions Limited 中國香港航機雜誌製作有限公司	12 February 2004	British Virgin Islands, limited liability company	Ordinary	US$100	100%	Provision of advertising services, Hong Kong
Southern Inflight Magazine Production Limited 東南航機雜誌製作有限公司	19 April, 2005	Anguilla, limited liability company	Ordinary	US$1	100%	Provision of advertising services, Hong Kong
北京海溢吉盛廣告有限公司*	29 October 2002	PRC, limited liability company	N/A	RMB500,000 (registered capital)	100%	Provision of advertising services, Hong Kong

During the year, the Group increased the shareholdings in 1010 Group Limited from 72.73% to 77.79% and 1010 Printing (UK) Limited from 53.82% to 76.62% by acquisition of minority interests of subsidiaries at a total consideration of HK$3,050,000. These transactions resulted in the excess of the Group's interest in the net carrying amount of minority interests' identifiable assets and liabilities over cost of investment of HK$564,000 for the year.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

* 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 and Cinderella Media Group 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.

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

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 arising from its financial assets as at 31 December 2009 equals to their carrying amounts. The Group's financial assets are summarised in Note 43(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 reporting 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.

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

(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.

Foreign currency denominated financial assets and liabilities are as follows:

2009	**US$'000**	**RMB'000**	**AUD'000**
Trade and other receivables	**11,165**	**6,930**	**7,533**
Cash and cash equivalents	**2,157**	**24**	**678**
Trade and other payables	**(662)**	**(2,879)**	**–**
	12,660	**4,075**	**8,211**
Notional amounts of forward foreign exchange contracts	**–**	**–**	**(374)**
	12,660	**4,075**	**7,837**

2008	US$'000	RMB'000	AUD'000
Trade and other receivables	6,479	29,608	3,885
Cash and cash equivalents	5,768	23	1,802
Trade and other payables	(8)	(40,633)	–
	12,239	(11,002)	5,687
Notional amounts of forward foreign exchange contracts	–	–	(13)
	12,239	(11,002)	5,674

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Currency risk (Continued)

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 reporting date and the reasonably possible changes in the foreign exchange rates in the next 12 months to which the Group has significant exposure at the reporting 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

	2009		2008	
	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$	0.01%	10	1%	948
	(0.01%)	(10)	(1%)	(948)
RMB	0.3%	14	6%	(726)
	(0.3%)	(14)	(6%)	726
AUD	34%	17,320	24%	7,264
	(34%)	(17,320)	(24%)	(7,264)

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.

(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 bank borrowings and finance lease contracts. Sensitivity of the Group's profit after tax and retained earnings to a reasonable change in the interest rate is assessed to be immaterial. Changes in interest rates have no impact on 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 bank borrowings and obligations under finance leases are set out in Notes 29 and 30 to the financial statements respectively.

(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$238,747,000 (2008: HK$216,225,000) and net assets of HK$385,143,000 (2008: HK$315,119,000) as at 31 December 2009. In the opinion of directors, the Group's exposure to liquidity risk is limited.

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

(d) Liquidity risk (Continued)

The following table details the remaining contractual maturities at each of the reporting 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 reporting date) and the earliest date the Group may be required to pay:

Group

	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
As at 31 December 2009					
Non-derivative financial liabilities					
Trade and other payables	**138,834**	**138,834**	**138,834**	**–**	**–**
Finance lease liabilities	**5,462**	**5,537**	**1,115**	**3,319**	**1,103**
Bank borrowings	**54,328**	**56,147**	**11,515**	**8,169**	**36,463**
	198,624	**200,518**	**151,464**	**11,488**	**37,566**
Derivative financial liabilities					
Gross settled forward foreign exchange contracts					
– cash inflow	**160**	**160**	**–**	**160**	**–**
– cash outflow	**(2,520)**	**(2,520)**	**(2,520)**	**–**	**–**
	(2,360)	**(2,360)**	**(2,520)**	**160**	**–**
As at 31 December 2008					
Non-derivative financial liabilities					
Trade and other payables	78,375	78,375	78,375	–	–
Finance lease liabilities	9,878	10,152	1,139	3,416	5,597
Bank borrowings	49,500	52,549	1,567	4,663	46,319
	137,753	141,076	81,081	8,079	51,916

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

(d) Liquidity risk (Continued)

Company

	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
As at 31 December 2009					
Other payables	**150**	**150**	**150**	**–**	**–**
Amounts due to subsidiaries	**50,831**	**50,831**	**50,831**	**–**	**–**
	50,981	**50,981**	**50,981**	**–**	**–**
Financial guarantees issued					
Maximum amount guaranteed	**64,640**	**64,640**	**64,640**	**–**	**–**
As at 31 December 2008					
Other payables	193	193	193	–	–
Amounts due to subsidiaries	132,565	132,565	132,565	–	–
	132,758	132,758	132,758	–	–
Financial guarantees issued					
Maximum amount guaranteed	54,640	54,640	54,640	–	–

(e) Other pricing risk

The Group has invested in listed equity securities which are measured at fair value at each reporting date. Therefore, the Group is exposed to equity price risk. The Group monitors the price movements and take appropriate actions when it is required. Sensitivity of the Group's profit after tax and retained earnings to a reasonable change in the equity price is assessed to be immaterial. Changes in equity prices have no impact on 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.

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

(g) Summary of financial assets and liabilities by category

The carrying amounts of the Group's financial assets and liabilities as recognised at the reporting dates are categorised as follows. See notes 2.9 and 2.14 for explanations about how the categorisation of financial instruments affects their subsequent measurements.

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Current assets				
Financial assets at fair value through profit or loss	**753**	996	**–**	–
Loans and receivables:				
– Trade and other receivables	**214,763**	135,820	**–**	–
– Advances to associate	**–**	–	**–**	–
– Amounts due from subsidiaries	**–**	–	**178,385**	262,255
– Cash and cash equivalents	**135,178**	85,769	**6,650**	24,148
	350,694	222,585	**185,035**	286,403
Financial liabilities				
Current liabilities				
Financial liabilities at fair value through profit or loss	**2,360**	–	**–**	–
Financial liabilities measured at amortised cost:				
– Trade and other payables	**138,834**	78,375	**150**	193
– Amounts due to subsidiaries	**–**	–	**50,831**	132,565
– Bank borrowings	**18,846**	5,172	**–**	–
– Finance lease liabilities	**4,358**	4,365	**–**	–
Non-current liabilities				
Financial liabilities measured at amortised cost:				
– Bank borrowings	**35,482**	44,328	**–**	–
– Finance lease liabilities	**1,104**	5,513	**–**	–
	200,984	137,753	**50,981**	132,758

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

(h) Fair value measurements recognised in the statement of financial position – Group

The Group adopted the amendments to HKFRS 7 *Improving Disclosures about Financial Instruments* effective from 1 January 2009. These amendments introduce a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements. The Group has taken advantage of the transitional provisions in the amendments to HKFRS 7 and accordingly, no comparatives for the hierarchy for fair value measurement disclosures have been presented.

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived form prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

		2009 – Group			
		Level 1	**Level 2**	**Level 3**	**Total**
	Notes	HK$'000	HK$'000	HK$'000	HK$'000
Assets					
Listed securities held for trading	(a)	753	–	–	753
Liabilities					
Forward foreign exchange contracts	(b)	–	(2,360)	–	(2,360)
Net fair values		753	(2,360)	–	(1,607)

There have been no significant transfers between levels 1 and 2 in the reporting period.

43. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

(h) Fair value measurements recognised in the statement of financial position – Group (Continued)

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

(a) Listed securities

The listed debt and equity securities are denominated in Hong Kong dollars. Fair values have been determined by reference to their quoted bid prices at the reporting date and have been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

(b) Derivatives

Where derivatives are traded either on exchanges or liquid over-the-counter markets, the Group uses the closing price at the reporting date. Normally, the derivatives entered into by the Group are not traded on active markets. The fair values of such contracts are estimated using a valuation technique that maximizes the use of observable market inputs e.g. market currency and interest rates (Level 2). Most derivatives entered into by the Group are included in Level 2 and consist of foreign currency forward contracts.

44. 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 2008 and 2009 amounted to approximately HK$315,119,000 and HK$385,143,000 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				
	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue and turnover	227,103	298,333	439,075	592,882	**698,119**
Profit before income tax	38,328	64,262	71,960	82,617	**101,772**
Income tax expense	(1,060)	(5,982)	(4,918)	(2,274)	**(8,940)**
Profit for the year	37,268	58,280	67,042	80,343	**92,832**
Attributable to:					
Owners of the Company	37,094	55,102	57,904	75,648	**80,490**
Minority interests	174	3,178	9,138	4,695	**12,342**
Profit for the year	37,268	58,280	67,042	80,343	**92,832**

	As at 31 December				
	2005	2006	2007	2008	**2009**
	HK$'000	HK$'000	HK$'000	HK'$000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	218,577	253,468	329,787	456,516	**594,780**
Total liabilities	(81,376)	(65,861)	(97,886)	(141,397)	**(209,637)**
Total equity	137,201	187,607	231,901	315,119	**385,143**