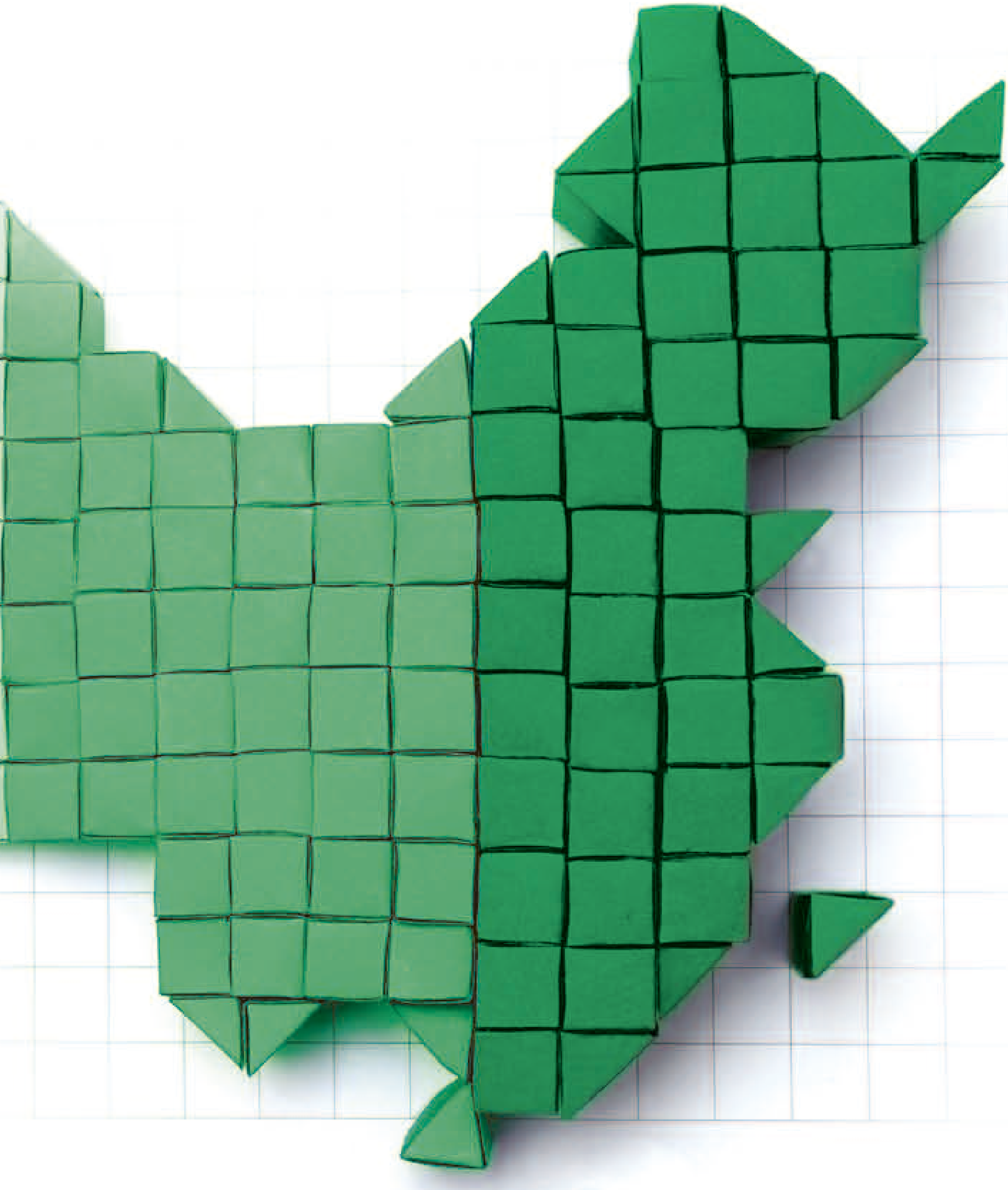
Cinderella Media Group Limited
先傳媒集團有限公司

2011 Annual Report 年報



Stock Code 股份代號: 550

Corporate Information

Board of Directors

EXECUTIVE DIRECTORS

Mr. Lau Chuk Kin
Ms. Lam Mei Lan
Ms. Chow So Chu

NON-EXECUTIVE DIRECTORS

Mr. Wan Siu Kau *(Chairman)*
Mr. Lee Ching Ming, Adrian
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

Mr. Ho David *(Chairman)*
Mrs. Ling Lee Ching Man, Eleanor
Mr. Cheng Ping Kuen, Franco

Remuneration Committee

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

Website

www.cinderellagroup.com.hk

Auditor

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

Legal Adviser

Cheung Tong & Rosa Solicitors
Room 501, 5/F., Sun Hung Kai Centre
30 Harbour 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
Wan Chai
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

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Chairman's Statement

Dear shareholders,

One of our priorities in 2011 was to strengthen our core businesses, notably printing and in-flight magazine advertising, for sustainable growth. In order to provide an unfettered platform for both businesses to expand, in July, we successfully spun off our printing arm 1010 Printing Group Limited ("1010 Printing") (stock code: 1127). Subsequently, we changed our name from "Recruit Holdings Limited" to "Cinderella Media Group Limited" in November to better reflect and highlight our focus on magazine advertising. These are essential steps to reposition our group for long term growth.

Our operating results for 2011 were in line with our targets set at the beginning of the year. Our turnover recorded a strong 24% growth over the same period of last year, amounting to approximately HK$1.43 billion. Total comprehensive income for the year grew 17% (excluding one-off listing expenses), amounting to approximately HK$198.6 million. In consideration of the Group's current financial resources, and in appreciation of our shareholders' loyal support, the Board has also decided to raise our regular dividend payout from approximately 19% to approximately 47%.

Turnover

HK$**1,425M**

Advertising Business

As the exclusive in-flight magazine advertising agency for top-tier airlines in Greater China, our leadership in the industry is truly unparalleled. While the global economy may still be weak and fickle, the consumer industry in the People's Republic of China (the "PRC") remains robust. Demand for premium advertising space has grown at a phenomenal pace as both international and domestic luxury brands adopted an aggressive stance in targeting the ever expanding affluent population. We very quickly learned that advertisers' prime concern is the effectiveness and ability to reach the target audience, as opposed to absolute expenditure. This underpins and explains our relatively healthy margin. Our commanding position in this market segment will continue to make us the agent of choice, and this in turn will drive our organic growth.

Our Recruit Magzine website business also performed well. The Mass Transit Railway ("MTR") channel of distribution and the rebound in the local employment market were the keys to the 36% growth in revenue.

Total comprehensive income attributable to owners

HK$**174.1M**

Printing Business

Earmarked by the successful spin-off, 2011 was both a memorable and critical milestone for our printing business. To stay ahead of the competition, we consciously relied on two strategies – by producing and concentrating on high-end products to improve the bottom-line and by managing our supply chain to enhance operating efficiency. Industry recovery on a macro scale may be slow but we are convinced that success will come to those who persevere. Backed by our sound financial position and superior internal control, we are doubtlessly on track to emerge as one of the leading players in book printing, as results have solidly proven.

On behalf of the Board of Directors, we sincerely thank our employees and management teams. Their contribution and dedication has made all our accomplishments possible in 2011. To our shareholders, we would like to convey our heartfelt gratitude for your loyalty and confidence in the long term prospects of the Company.

Wan Siu Kau
Chairman
Hong Kong, 22 February 2012

Management Discussion and Analysis

Business Review

This is the third consecutive year that we have achieved a 100% contract renewal rate with our airline clients.

Advertising Business

In-flight Magazine

As the exclusive advertising agent of in-flight magazines for major airlines in Greater China, namely: China Eastern Airlines, China Southern Airlines, Air China and China Airlines, the Group is well positioned to benefit from the PRC's fast-growing consumer sector. The PRC is doubtlessly a critical market for both international and domestic brands. In-flight magazines, with their captive and affluent readers, comprising traveling businessmen and high income professionals, are an obvious choice for the placement of advertising and brand building. The Group's magazines have access to an average of approximately 170 million readers per annum with our nationwide coverage.

The Group's major advertising customers are mainly from the real estate, automobile, electronics, and watch and jewelry sectors. They lead the fastest growing consumer markets in the PRC. Although property and car manufacturing companies have been confronted with challenges in the past years, most operators have maintained or even increased their advertising spending in order to compete in sluggish times. It is an opportunity for aggressive and capable players to increase market share and consolidate their presence. The Group benefited against this backdrop with an impressive growth of 27% in revenue recorded.

Holding a leading position in the in-flight magazine advertising, the Group maintains a strong and mutually beneficial relationship with our clients. During the year under review, the Group successfully renewed contracts with China Southern Airlines and China Airlines. This is the third consecutive year that we have achieved a 100% contract renewal rate with our airline clients, an indicator of our proven sales record and excellent client bondage. Under the profit sharing arrangements with the airlines upon contract renewal, a reduction in margins was inevitable. However, leveraging on our solid sales network and pricing capability, the Group has been able to achieve impressive revenue surge and steady growth in profits.

The Group signed an agreement in May 2011 with the Shanghai Railway Bureau to become its exclusive advertising agent for the in-train travel magazine "Shanghai Railway" (上海鐵道). The expansion into the high-speed railway segment is expected to provide synergy to the in-flight magazine advertising business. Nevertheless, the Wenzhou high-speed rail accident in July has checked passenger traffic of high-speed rail, which has in turn slowed its progress in competing against air-travel as the most popular mode of long-distance commuting. Consequently, our collaboration with the Shanghai Railway Bureau is being evaluated and reviewed to ensure the project remains commercially sound.

Business Review (continued)

Advertising Business

Recruit Magazine

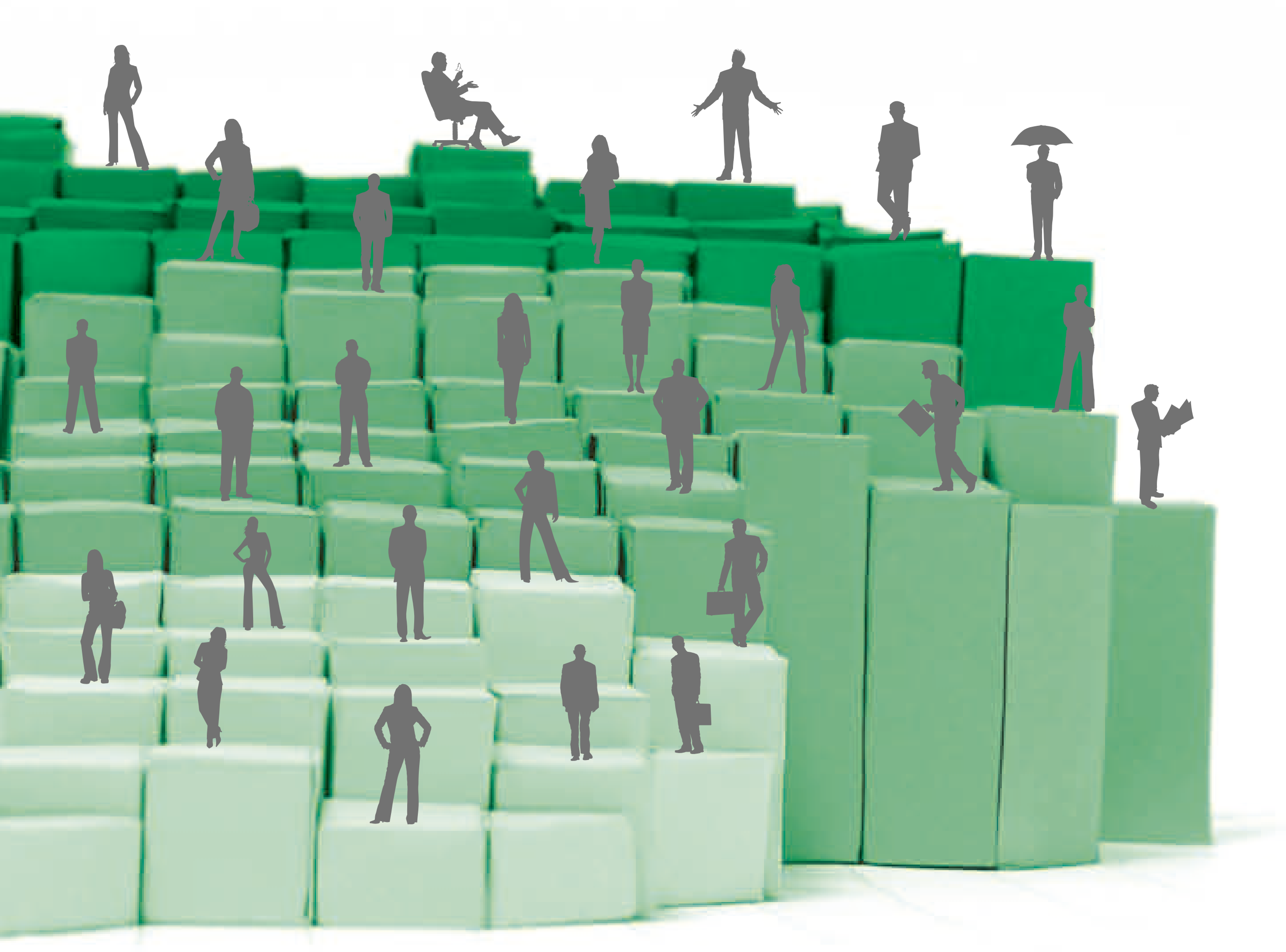
In 2011, the Group remained the recruitment media of choice in the catering/hotel and retail industries in Hong Kong despite heightening threats from the digital media. Thanks to our contract with the MTR for the exclusive distribution of our recruitment magazines at designated stations, we have been able to reach our target readers more effectively. On the other hand, via our online recruitment website www.recruit.com.hk, we successfully broadened our reader portfolio by attracting younger jobseekers. We plan to upgrade our offering to cater to the demands of a broader demographic population by offering user-friendly and value-added services. With our versatile operating platform, we believe this segment will continue to contribute stable incomes for the Group.

The recruitment media of choice in the catering/hotel and retail industries.


Recruit 才庫
Recruit.com.hk
筍工
大預言


Recruit 才庫
詹瑞文


Recruit 才庫
梁芷茵
Humble



Business Review (continued)

Printing Business

On 25 July 2011, 1010 Printing was successfully spun off from the Group and became independently listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Group retained approximately 60% interest in 1010 Printing after the spin-off.

For the year ended 31 December 2011, 1010 Printing's turnover (net of rebates and discounts) increased by 23% to approximately HK$640.1 million (2010: HK$522.0 million). Gross profit increased by 19% to approximately HK$121.7 million (2010: HK$102.5 million) while net profit attributable to owners of the Company grew slightly to approximately HK$62.3 million (2010: HK$61.7) million. The relatively flat growth in net income was mainly caused by significant increases in selling, distribution and administrative expenses.

Rising production and labour costs continued to dampen the profit levels of book printers in general. However, thanks to proactive measures deployed internally, 1010 Printing's gross and net profit margins for 2011 were sustained at a stable level of 19% and 10% respectively. This was partly helped by 1010 Printing's sound financial position, which enabled strategic bulk purchasing of raw materials, and partly aided by sound supply chain management resulting in better operating efficiency.

The Group will continue to cautiously assess opportunities to expand our revenue base with our areas of expertise to maximize the long-term value for our shareholders.

Prospects

The Group remains optimistic on our in-flight magazine advertising business. According to the forecast from the Centre For Aviation, the number of air passengers in China is expected to reach 450 million by 2015. Such an enormous market will definitely serve as a huge magnet for advertising expenditure from consumer brands and sustain the Group's growth for the long run. With our existing partnerships with China Eastern Airlines, China Southern Airlines, Air China and China Airlines, the in-flight magazine division will certainly stay as the Group's key revenue generator.

The book export market will continue to face challenges in the coming year. The Group, however, strongly believes that our balance sheet will hold us in good stead amongst industry competitors.

The Group enters a turbulent 2012 with a sound financial position. We will strive for a sensible balance between strict cash flow management and long-term value creation. We also will not limit ourselves to our comfort zone. The Group will continue to cautiously assess opportunities to expand our revenue base within our areas of expertise in to maximize the long-term value for our shareholders.

Lau Chuk Kin
Executive Director
Hong Kong, 22 February 2012

Financial Review

Turnover for the year ended 31 December 2011 was approximately HK$1.43 billion and represented an increase of 24% from the previous corresponding year (2010: HK$1.15 billion); whereas the advertising business and printing business accounted for 55% and 45% of the Group's revenue, representing a 27% and 20% growth respectively. The increase in revenue was mainly attributable to the PRC's vibrant advertising market buoyed by the increased consumer spending.

Other income increased by 19% to approximately HK$41.6 million in 2011 (2010: HK$34.9 million) mainly due to the increase in impairment of trade receivables written back; interest income and scrap material sales. The decrease in net foreign exchange gain was partially offset by the increase in gain on forward contract revaluation. The administrative expenses increased by 29% as a result of the continuing expansion of the Group's business and the separate listing of 1010 Printing.

For the purpose of listing the Group's subsidiary 1010 Printing on the Main Board of the Stock Exchange, one-off listed expenses of approximately HK$6.3 million was recorded in the other expenses this year, which represented professional fees and other related expenses arising from this process. Impairment of goodwill of approximately HK$14.1 million was provided in 2010.

The Group's total comprehensive income attributable to owners of the Company recorded a 10% growth, amounting to approximately HK$174.1 million (2010: HK$158.0 million).

Cinderella Media Group Ltd
Five Year Summary

	2007 HK$ m
Turnover	439
Profit before income tax	72
Profit for the year	67
Profit attributable to owners of the Company	58

Liquidity and Financial Resources

As at 31 December 2011, the Group had net current assets of approximately HK$553.2 million (2010: HK$359.7 million). The Group's current ratio as at 31 December 2011, which is defined as current assets over current liabilities, was 2.6 (2010: 2.4). The financial position of the Group was healthy with total cash and bank deposits approximately HK$407.3 million (2010: HK$218.2 million).

The Group's gearing ratio as at 31 December 2011 was 18.9 % (2010: 24.9%), 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$146.7 million (2010: HK$136.5 million). Approximately HK$24.4 million bank borrowing is denominated in Renminbi, at a fixed rate and repayable within one year. The rest of the borrowing 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 approximately HK$21.5 million (2010: HK$37.6 million) in respect of assets held under finance leases.

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 expenditure when it was considered appropriate.

2008 HK$ m	2009 HK$ m	2010 HK$ m	2011 HK$ m	% increase 2011vs2010
593	698	1,153	1,425	**24%**
83	102	182	215	**18%**
80	93	170	192	**13%**
76	80	158	174	**10%**

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Mr. Lau Chuk Kin, aged 59, was appointed as the Executive Director 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. He is also an executive director of 1010 Printing Group Limited, a subsidiary of the Company and a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1127).

Ms. Lam Mei Lan, aged 45, was appointed as an Executive Director of the Company in October 2002. She is also the Company Secretary of the Group. During the period from July 2003 to May 2008, Ms. Lam had served as a Non-Executive Director. 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 39, was appointed as an Executive Director of the Company in February 2008. She is also the General Manager of the in-flight 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 15 years of experience in sales and marketing. She joined the Group in March 2004.

NON-EXECUTIVE DIRECTORS

Mr. Wan Siu Kau, aged 60, is the Chairman of the Company. Mr. Wan 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, during which period he simultaneously served as Head of Asia Pacific and Vice Chairman of the international group. He 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. Lee Ching Ming, Adrian, aged 60, 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 38 years of experience in banking, finance, investment, marketing and general management.

Mr. Peter Stavros Patapios Christofis, aged 67, 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 39 years of advertising sales and general management experience gained in Europe, Africa and South East Asia.

Directors and Senior Management Profile (continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mrs. Ling Lee Ching Man, Eleanor, SBS, OBE, JP, aged 64, 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 community services. She is an Executive Committee Member of the Employers' Federation of Hong Kong, Chairman of the Keswick Foundation and a Vice Patron of the Community Chest.

Mr. Cheng Ping Kuen, Franco, aged 58, 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. He is the non-executive director of Pictet (Asia) Limited after his retirement from the position of Managing Director in January 2012.

Mr. Ho David, aged 63, was appointed as an Independent Non-Executive Director in February 2010. Mr. Ho has over 43 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 Limited.

SENIOR MANAGEMENT

Mr. Li Hoi, David, aged 54, was appointed as the Managing Director of Oceanic Graphic International Inc. ("OGI"), a subsidiary of the Group, in September 2011. Mr. Li is responsible for the overall management of OGI. He is the founder of a print broker firm in the United States. Mr. Li has over 30 years of experience in publishing and printing Industries and has held different positions in several publishing and printing companies in the British, United States and Hong Kong. Mr. Li received a diploma from London College of Printing (currently known as London College of Communication) and a diploma from British Printing Industries Federation.

Ms. Lai Wing Ting, Jacklen, aged 41, is the General Manager of our recruitment advertising division. She rejoined the Group in January 2011. Ms. Lai is responsible for the recruitment magazine business of the Group. Ms. Lai was responsible for the sales function of the recruitment magazine division during the period from 1995 to 2008. She has over 13 years of experience in advertising industry.

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 2011.

Change of Company's Name

Pursuant to a special resolution passed on 28 November 2011, the name of the Company was changed from Recruit Holdings Limited to Cinderella Media Group Limited. The Company has adopted the new Chinese name "先傳媒集團有限公司" for identification purpose with effect from 28 November 2011.

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 41 and 19 respectively to the financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2011 are set out in the consolidated statement of comprehensive income on page 28.

The Directors have declared an interim dividend of HK$0.06 (2010: HK$0.03) per share, totaling HK$19,932,000 which was paid on 19 September 2011.

The Directors recommended a final dividend of HK$0.2 (2010: HK$0.065) per share (the "Final Dividend") and a special dividend of HK$0.2 (2010: 0.035) per share (the "Special Dividend") for the year ended 31 December 2011 payable to shareholders whose names appear on the Register of Members of the Company at the close of business on 23 April 2012. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, the Final Dividend and Special Dividend will be payable on 2 May 2012.

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 31 to 33 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 92 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

Non-Executive Directors

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

Independent Non-Executive Directors

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

In accordance with No. 87 of the Company's bye-laws, Ms. Lam Mei Lan, Mrs. Ling Lee Ching Man, Eleanor and Mr. Cheng Ping Kuen, Franco 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 2011 has entered into a service contract with the Company for a term of two years ending on 31 December 2013 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 2011, 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) (i) Long Position in the shares of the Company

Name of Directors	Personal Interests	Family Interests	Corporate Interests	Total Interests	Percentage to the issued share capital of the Company
	(Shares)	(Shares)	(Shares)	(Shares)	(%)
Mr. Lau Chuk Kin (Note 1)	2,928,000	Nil	180,196,000	183,124,000	57.12
Ms. Lam Mei Lan	1,200,000	Nil	Nil	1,200,000	0.37
Ms. Chow So Chu	1,248,000	Nil	Nil	1,248,000	0.39
Mr. Lee Ching Ming, Adrian (Note 2)	100,500	50,000	Nil	150,500	0.05
Mr. Peter Stavros Patapios Christofis	1,000,500	Nil	Nil	1,000,500	0.31
Mr. Cheng Ping Kuen, Franco	120,000	Nil	Nil	120,000	0.04

(ii) *Long Position in the shares of ER2 Holdings Limited ("ER2 Holdings"), an associated corporation of the Company*

Name of Director	Personal Interests	Family Interests	Corporate Interests	Total Interests	Percentage to the issued share capital of ER2 Holdings
	(Shares)	(Shares)	(Shares)	(Shares)	(%)
Mr. Lau Chuk Kin	8,375	Nil	Nil	8,375	67.00
Mr. Wan Siu Kau	1,500	Nil	Nil	1,500	12.00

(iii) *Long Position in the shares of 1010 Printing Group Limited ("1010 Printing"), an associated corporation of the Company*

Name of Director	Personal Interests	Family Interests	Corporate Interests	Total Interests	Percentage to the issued share capital of 1010 Printing
	(Shares)	(Shares)	(Shares)	(Shares)	(%)
Mr. Lau Chuk Kin (note 3)	111,628	Nil	307,157,400	307,269,028	61.45
Ms. Lam Mei Lan	47,200	Nil	Nil	47,200	0.01
Ms. Chow So Chu	48,000	Nil	Nil	48,000	0.01
Mr. Cheng Ping Kuen, Franco	4,720	Nil	Nil	4,720	0.01

(b) *Options to subscribe for shares of the Company*

	Number of share options				
Name of Director	Outstanding at 1.1.2011	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding at 31.12.2011
Ms. Lam Mei Lan	3,600,000	–	1,200,000	–	2,400,000
Ms. Chow So Chu	3,300,000	–	1,200,000	–	2,100,000

Notes:

1. Of 180,196,000 shares, 2,242,000 shares and 177,954,000 shares are beneficially owned by ER2 Holdings and City Apex Limited respectively. As at 31 December 2011, Mr. Lau Chuk Kin beneficially owned 67% of the issued share capital of ER2 Holdings, 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.

3. Of 307,157,400 shares, 299,894,907 shares, 6,999,524 shares and 262,969 shares are beneficially owned by Recruit (BVI) Limited, a wholly owned subsidiary of the Company, City Apex Limited and ER2 Holdings respectively.

Saved as disclosed above, as at 31 December 2011, 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 2011, 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)	183,124,000	57.12
ER2 Holdings Limited (Note 1)	180,196,000	56.21
City Apex Limited (Note 1)	177,954,000	55.51
JobStreet Corporation Berhad	26,250,000	8.19
Tai Wah Investment Company Limited (Note 2)	18,000,000	5.61
Chan Family Investment Corporation Limited (Note 2)	20,115,333	6.27
Great Eagle Holdings Limited (Note 3)	21,638,000	6.75
Jolly Trend Limited (Note 3)	21,638,000	6.75
The Great Eagle Company, Limited (Note 3)	21,638,000	6.75
Dr. Lo Ka Shui (Note 4)	21,788,000	6.80

Notes:

1. Of the 183,124,000 shares, Mr. Lau Chuk Kin has 2,928,000 personal interest and is deemed to be interested in the 2,242,000 shares directly held by ER2 Holdings. Each of Mr. Lau Chuk Kin and ER2 Holdings 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 18,000,000 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 2011, 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.

Exempted Connected Transaction

During the year, the Group paid rental of approximately HK$ 351,000 to OGP Management Corp., a company owned by a substantial shareholder and director of a subsidiary of the Company. Such transaction was entered on normal commercial term, was exempted connected transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

Save as disclosed above, the Group has not entered into any other connected transaction or continuing connected transaction for the year which should be disclosed pursuant to the requirements of rule 14A of the Listing Rules.

Major Suppliers and Customers

The top five suppliers in aggregate and the single largest supplier of the Group accounted for approximately 56% and 20% for the Group's total purchases for the year ended 31 December 2011 respectively.

The top five customers in aggregate and the single largest customer of the Group accounted for approximately 41% and 12% for the Group's total sales for the year ended 31 December 2011 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 2011, 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 of less than 1% in IRG

Notes:

1. Mr. Lau Chuk Kin is an indirect shareholder of IRG. He 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.

Non-Competition Undertakings

On 29 June 2011, the Company and 1010 Printing entered into a non-competition deed (the "Non-competition Deed") to avoid any potential competitions between the business of the Company and 1010 Printing after the spin-off and separate listing of 1010 Printing.

The Company has received a confirmation from 1010 Printing that it has complied with the terms of the Non-Competition Deed from 25 July 2011, the listing date of 1010 Printing and up to 31 December 2011. The Independent Non-Executive Directors of the Company have also reviewed the said confirmation and are of the view that 1010 Printing has complied with the terms of the Non-competition Deed.

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 2011, 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 Listing Rules. The Company considers all of the Independent Non-Executive Directors are independent.

Corporate Governance

A report on the principle corporate governance practices adopted by the Company is set out on pages 22 to 25 of the annual report.

Employees and Emolument Policy

As at 31 December 2011, the Group had around 1,094 employees (2010: 135). 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.

Donation

During the year, the Group made charitable donations amounting to HK$250,000.

Auditor

A resolution will be proposed at the forthcoming annual general meeting to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board

Wan Siu Kau
Chairman
Hong Kong, 22 February 2012

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 2011.

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 2011 were:

CHAIRMAN

Mr. Wan Siu Kau
(appointed as Chairman on 22 August 2011)
Mr. Lau Chuk Kin
(resigned as Chairman on 22 August 2011)

EXECUTIVE DIRECTORS

Mr. Lau Chuk Kin
Ms. Lam Mei Lan
Ms. Chow So Chu

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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

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

The Board held 5 board meetings in 2011. Details of the attendance of the Board are as follows:

Directors	Attended/Held
Mr. Lau Chuk Kin	5/5
Ms. Lam Mei Lan	5/5
Ms. Chow So Chu	5/5
Mr. Wan Siu Kau	5/5
Mr. Lee Ching Ming, Adrian	5/5
Mr. Peter Stavros Patapios Christofis	2/5
Mrs. Ling Lee Ching Man, Eleanor	5/5
Mr. Cheng Ping Kuen, Franco	5/5
Mr. Ho David	5/5

Accountability and Audit

The Directors were responsible for overseeing the preparation of the financial statements for the year ended 31 December 2011.

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

During the year, the Company conducted reviews on the effectiveness of the internal control system. The Audit Committee reviewed the internal control report. No major issue has been identified during the course of review.

Chairman and the Chief Executive Officer

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lau Chuk Kin assumed the role of both the Chairman and the chief executive officer of the Company before he resigned from these two roles on 22 August 2011. Following the spin off and separate listing of 1010 Printing Group Limited on 25 July 2011, Mr. Lau resigned as Chairman and chief executive officer in order to allocate an appropriate amount of his time to the running of 1010 Printing Group Limited. Mr. Wan Siu Kau was appointed as Non-Executive Chairman on 22 August 2011.

The role of Chairman and chief executive officer of the Group rested 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 have 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 Non-Executive Directors have free and direct access to the Company's external auditors and independent professional advice when considered necessary.

Remuneration Committee

The Remuneration Committee comprises three Independent Non-Executive Directors, namely Mrs. Ling Lee Ching Man, Eleanor, Mr. Cheng Ping Kuen, Franco and Mr. Ho David.

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 with 100% attendance of the Remuneration Committee's members 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. Cheng Ping Kuen, Franco.

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.

Auditor's Remuneration

The fees in relation to the audit service provided by BDO Ltd, the external auditor of the Company, for the year ended 31 December 2011 amounted to HK$1,200,000 (2010: HK$730,000), and those in relation to non-audit services amounted to HK$642,000 (2010:HK$40,000).

Audit Committee

The Audit Committee was established in April 2000. It comprises three Independent Non-Executive Directors, namely Mrs. Ling Lee Ching Man, Eleanor, Mr. Cheng Ping Kuen, Franco and Mr. Ho David. The chairman of the Audit Committee is Mr. Ho David.

The terms of reference of the Audit Committee, which are in compliance with the Listing Rules, are posted on the Company's website. Under the terms of reference, the Audit Committee is responsible for overseeing the relationship between the Company and its external auditors, reviewing the Group's financial information and overseeing the Group's financial reporting, internal control and risk management systems.

The Audit Committee held four meetings in 2011 with 100% attendance of its members. Details of the attendance record of the committee meetings are as follows:

Committee members	Attended/Held
Mrs. Ling Lee Ching Man, Eleanor	4/4
Mr. Cheng Ping Kuen, Franco	4/4
Mr. Ho David	4/4

During the year, the Audit Committee met with senior management to review the Group's draft annual report and accounts, half-yearly report, internal audit report, risk assessment report and circulars, and provided advice and comments thereon to the Company's Board of Directors. The Audit Committee members also met with internal and external auditors to discuss matters arising from the audit.

The Group's 2011 interim report and 2010 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 the 2010 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.

Communication with Shareholders

The Board endeavours to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation. The chairman of the Board and the chairman of the Audit Committee attended the annual general meeting held in 2011 to answer questions of shareholders.

Under the code provision of E.1.3, a notice of annual general meeting should be sent to shareholders at least 20 business days before the meeting. The Company sent notice of its annual general meeting held on 1 April 2011 to its shareholders on 10 March 2011, which was less than 20 clear business days before the meeting. The Company will make its best endeavor to comply with the notice period in the future.

Independent Auditor's Report

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To the shareholders of CINDERELLA MEDIA GROUP LIMITED
先傳媒集團有限公司
(formerly known as 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 Cinderella Media Group Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 28 to 91, which comprise the consolidated and company's statement of financial position as at 31 December 2011, 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 information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 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.

BDO Limited
Certified Public Accountants

Au Yiu Kwan
Practising Certificate Number P05018

Hong Kong, 22 February 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	2011	2010
		HK$'000	HK$'000
Turnover	5	1,425,492	1,152,539
Direct operating costs		(1,076,341)	(833,320)
Gross profit		349,151	319,219
Other revenue and net income	7	41,557	34,873
Selling and distribution costs		(108,577)	(110,197)
Administrative expenses		(53,771)	(41,584)
Other expenses		(11,077)	(18,134)
Finance costs	8	(2,507)	(1,866)
Profit before income tax	9	214,776	182,311
Income tax expense	12	(22,836)	(12,810)
Profit for the year		191,940	169,501
Other comprehensive income			
Exchange gain on translation of financial statements of foreign operations		357	428
Other comprehensive income for the year, net of tax		357	428
Total comprehensive income for the year		192,297	169,929
Profit for the year attributable to:			
Owners of the Company	13	173,842	157,528
Non-controlling interests		18,098	11,973
		191,940	169,501
Total comprehensive income attributable to:			
Owners of the Company		174,121	157,987
Non-controlling interests		18,176	11,942
		192,297	169,929
Earnings per share for profit attributable to owners of the Company during the year	15		
Basic		HK54.74 cents	HK50.80 cents
Diluted		HK54.04 cents	HK50.33 cents

Consolidated Statement of Financial Position

As at 31 December 2011

	Notes	2011	2010
		HK$'000	HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	229,758	206,992
Prepaid land lease payments	17	5,944	5,837
Interests in associate	19	–	–
Goodwill	20	9,614	–
		245,316	212,829
Current assets			
Inventories	23	63,874	59,905
Trade and other receivables and deposits	24	425,842	340,347
Financial assets at fair value through profit or loss	25	2,572	3,773
Advances to associate	19	–	–
Taxes recoverables		666	1,028
Cash and cash equivalents	26	407,252	218,182
		900,206	623,235
Current liabilities			
Trade and other payables	27	185,670	128,764
Financial liabilities at fair value through profit or loss	28	–	5,174
Bank borrowings	29	133,901	116,646
Finance lease liabilities	30	6,060	7,003
Provision for taxation		21,408	5,925
		347,039	263,512
Net current assets		553,167	359,723
Total assets less current liabilities		798,483	572,552
Non-current liabilities			
Finance lease liabilities	30	6,750	12,814
Deferred tax liabilities	31	13,454	10,747
		20,204	23,561
Net assets		778,279	548,991
EQUITY			
Share capital	32	64,118	62,113
Reserves	34	549,898	433,402
Equity attributable to owners of the Company		614,016	495,515
Non-controlling interests		164,263	53,476
Total equity		778,279	548,991

Director *Director*

Statement of Financial Position

As at 31 December 2011

	Notes	2011	2010
		HK$'000	HK$'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	203,941	162,783
Advance to associate	19	–	–
Other receivables		282	444
Tax recoverables		265	665
Cash and cash equivalents	26	194,713	122,719
		399,201	286,611
Current liabilities			
Other payables		312	169
Amounts due to subsidiaries	22	139,717	111,027
		140,029	111,196
Net current assets		259,172	175,415
Net assets		321,202	237,445
EQUITY			
Share capital	32	64,118	62,113
Reserves	34	257,084	175,332
Total equity		321,202	237,445

Director

Director

Consolidated Statement of Changes In Equity

For the year ended 31 December 2011

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Share premium	Employee compensation reserve	Exchange reserve	Merger reserve	Contributed surplus	Statutory reserves	Other reserve	Proposed final and special dividends	Retained earnings	Total		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2010	61,969	84,288	1,597	(771)	(43,897)	2,371	477	–	15,492	236,676	358,202	26,941	385,143
Equity-settled share-based payment expense (Note 11)	–	–	2,490	–	–	–	–	–	–	–	2,490	–	2,490
Exercise of share options	144	666	(140)	–	–	–	–	–	–	–	670	–	670
Share issue expenses	–	(13)	–	–	–	–	–	–	–	–	(13)	–	(13)
Final 2009 dividend paid (Note 14)	–	–	–	–	–	–	–	–	(15,492)	–	(15,492)	–	(15,492)
Interim 2010 dividend paid (Note 14)	–	–	–	–	–	–	–	–	–	(9,308)	(9,308)	–	(9,308)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(6,246)	(6,246)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	21,818	21,818
Gain on deemed acquisition of non-controlling interests (Note 41)	–	–	–	–	–	–	–	979	–	–	979	(979)	–
Transactions with owners	144	653	2,350	–	–	–	–	979	(15,492)	(9,308)	(20,674)	14,593	(6,081)
Profit for the year	–	–	–	–	–	–	–	–	–	157,528	157,528	11,973	169,501
Other comprehensive income													
Currency translation	–	–	–	459	–	–	–	–	–	–	459	(31)	428
Total comprehensive income for the year	–	–	–	459	–	–	–	–	–	157,528	157,987	11,942	169,929
Proposed final and special 2010 dividends (Note 14)	–	–	–	–	–	–	–	–	31,057	(31,057)	–	–	–
Appropriation to statutory reserves	–	–	–	–	–	–	1,378	–	–	(1,378)	–	–	–
Balance at 31 December 2010	62,113	84,941	3,947	(312)	(43,897)	2,371	1,855	979	31,057	352,461	495,515	53,476	548,991

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Share premium	Employee compensation reserve	Exchange reserve	Merger reserve	Contributed surplus	Statutory reserves	Other reserve	Proposed final and special dividends	Retained earnings	Total		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance at 1 January 2011	62,113	84,941	3,947	(312)	(43,897)	2,371	1,855	979	31,057	352,461	495,515	53,476	548,991
Equity-settled share-based payment expense (Note 11)	–	–	2,554	–	–	–	–	–	–	–	2,554	–	2,554
Exercise of share options	2,005	10,479	(2,194)	–	–	–	–	–	–	–	10,290	–	10,290
Share issue expenses	–	(24)	–	–	–	–	–	–	–	–	(24)	–	(24)
Share options lapsed	–	–	(161)	–	–	–	–	–	–	161	–	–	–
Final and special 2010 dividends paid (Note 14)	–	–	–	–	–	–	–	–	(31,057)	(714)	(31,771)	–	(31,771)
Interim 2011 dividend paid (Note 14)	–	–	–	–	–	–	–	–	–	(19,218)	(19,218)	–	(19,218)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(8,008)	(8,008)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	78,388	78,388
Acquisition of subsidiaries (Note 39)	–	–	–	–	–	–	–	–	–	–	–	780	780
Loss on disposal of interests in a subsidiary (Note 41)	–	–	–	–	–	–	–	(2,018)	–	–	(2,018)	6,018	4,000
Loss on dilution of interests in a subsidiary (Note 41)	–	–	–	–	–	–	–	(15,433)	–	–	(15,433)	15,433	–
Transactions with owners	2,005	10,455	199	–	–	–	–	(17,451)	(31,057)	(19,771)	(55,620)	92,611	36,991
Profit for the year	–	–	–	–	–	–	–	–	–	173,842	173,842	18,098	191,940
Other comprehensive income													
Currency translation	–	–	–	279	–	–	–	–	–	–	279	78	357
Total comprehensive income for the year	–	–	–	279	–	–	–	–	–	173,842	174,121	18,176	192,297
Proposed final and special 2011 dividends (Note 14)	–	–	–	–	–	–	–	–	128,284	(128,284)	–	–	–
Appropriation to statutory reserves	–	–	–	–	–	–	234	–	–	(234)	–	–	–
Balance at 31 December 2011	64,118	95,396	4,146	(33)	(43,897)	2,371	2,089	(16,472)	128,284	378,014	614,016	164,263	778,279

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. 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.

Other reserve of the Group represented (1) the difference between the fair value of consideration paid to acquire additional interest in 1010 Group Limited and the amount of adjustment to non-controlling interests and (2) the difference between the fair value of consideration received on dilution of interests in 1010 Printing Group Limited and the amount of adjustment to non-controlling interests.

In accordance with relevant regulations prevailing in the People's Republic of China ("the PRC"), the Company's certain 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 2011

	Notes	2011	2010
		HK$'000	HK$'000
Cash flows from operating activities			
Profit before income tax		214,776	182,311
Adjustments for:			
Amortisation of prepaid land lease payments		139	133
Depreciation		29,691	25,388
Dividend income from listed equity securities		(117)	(25)
Equity-settled share-based payment expenses	33	2,554	2,490
Loss on financial assets/liabilities at fair value through profit or loss		160	1,009
Impairment of trade receivables	9	4,800	4,015
Impairment of goodwill	9	–	14,119
Provision for inventories made	9	–	3,000
Interest expenses		2,507	1,866
Impairment of trade receivables written back	7	(4,039)	(3,038)
Interest income		(2,299)	(454)
Loss/(Gain) on disposals of property, plant and equipment		436	(149)
Operating profit before working capital changes		248,608	230,665
Increase in inventories		(3,969)	(21,428)
Increase in trade and other receivables and deposits		(81,091)	(116,945)
Change in financial assets/liabilities at fair value through profit or loss		(4,133)	(1,215)
Increase/(Decrease) in trade and other payables		45,768	(9,135)
Cash generated from operations		205,183	81,942
Income taxes paid		(4,941)	(4,260)
Net cash from operating activities		200,242	77,682
Cash flows from investing activities			
Dividend income from listed equity securities received		117	25
Interest received		2,299	454
Proceeds on disposals of property, plant and equipment		675	213
Purchases of property, plant and equipment		(41,936)	(37,606)
Acquisition of subsidiaries	39	(10,629)	–
Net cash used in investing activities		(49,474)	(36,914)

	Notes	2011	2010
		HK$'000	HK$'000
Cash flows from financing activities			
Repayments of capital element of finance lease liabilities		(7,007)	(9,645)
Interest element of finance lease payments		(422)	(584)
Proceeds of bank borrowings		85,558	85,100
Repayments of bank borrowings		(71,399)	(22,782)
Interest on bank borrowings paid		(2,085)	(1,282)
Proceeds from shares issued on exercise of share options		10,290	670
Capital contribution from non-controlling interests	41	78,388	21,818
Share issue expenses paid		(24)	(13)
Proceeds on disposals of interests in a subsidiary	41	4,000	–
Dividend paid to non-controlling interests		(8,008)	(6,246)
Dividends paid		(50,989)	(24,800)
Net cash from financing activities		38,302	42,236
Net increase in cash and cash equivalents		189,070	83,004
Cash and cash equivalents at 1 January		218,182	135,178
Cash and cash equivalents at 31 December		407,252	218,182

Notes to the Financial Statements

For the year ended 31 December 2011

1. GENERAL INFORMATION

Cinderella Media Group Limited (formerly known as 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 Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK").

Pursuant to the special resolution by the shareholders passed on 28 November 2011, the Company changed its name from "Recruit Holdings Limited" to "Cinderella Media Group Limited". The Company has adopted a Chinese name "先傳媒集團有限公司" for identification purpose with effect from 28 November 2011.

As at 31 December 2011, 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 41 to the financial statements. The Company and its subsidiaries are collectively referred to as the "Group" hereafter. There were no significant changes in the Group's operations during the year.

The financial statements for the year ended 31 December 2011 were approved for issue by the board of directors of the Company (the "Directors") on 22 February 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 28 to 91 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 disclosures required by the Rules Governing the Listing of Securities on the SEHK.

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 under historical cost convention except for certain financial assets and liabilities that are measured 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 comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in those non-controlling interest having a deficit balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Subsidiaries

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

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.

2.4 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, investment in associate is initially recognised at cost and subsequently accounted for using equity method. Under the equity method, the Group's interest in 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). 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 period.

When the Group's share of losses in 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 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 associate. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 at historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK$. Assets and liabilities have been translated into HK$ at the closing rates at the 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 acquisition 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 straight-line method, at the following rates per annum:

Leasehold land and building	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%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment (continued)

The assets' depreciation methods, residual values and estimated 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.

2.7 Prepaid land lease payments

Upfront payments made to acquire land held under an operating lease are stated at costs less accumulated amortisation and any 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 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 arising from business combinations

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("CGUs") that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets

The Group's accounting policies for financial assets other than investments in subsidiaries and associates are set out below. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

The Group's financial assets are classified into 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 trade 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.

De-recognition 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

(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 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 and impairment is recognised based on the classification of the financial asset.

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. 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 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 loss is recognised in profit or loss of the year in which the impairment occurs.

If, in subsequent period, the amount of 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 year in which the reversal occurs.

For financial assets other than financial assets at fair value through profit or loss and loans and 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using first-in, first-out method, and in the case of work-in-progress and finished goods, 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 location and 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.

When the inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.11 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired, less bank overdrafts which are payable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash in hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

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 period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Leases (continued)

(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 using 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 period in which they are incurred.

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 de-recognition 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Financial liabilities (continued)

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 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.

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 re-measured 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 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 events, 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 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-proportion 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 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 time-proportion basis using 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 arising from business combinations is tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. Impairment of goodwill has been detailed in Note 2.8. 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 CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level.

Impairment losses are charged pro rata to the other assets in the CGU, 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 other assets other than goodwill 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Employee benefits (continued)

(ii) Share-based employee compensation (continued)

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.

(iv) Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

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 qualifying 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 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 arm's 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
- 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 segments.

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

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

3. ADOPTION OF NEW OR AMENDED HKFRSs

During the year, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting year and relevant to the Group. Except as explained below, the adoption of these new and amended HKFRSs did not result in material changes to the Group's accounting policies.

HKFRS 3 (Amendment) – Business Combinations

As part of the Improvements to HKFRSs issued in 2010, HKFRS 3 has been amended to clarify that the option to measure non-controlling interests ("NCI") at either fair value or the NCI's proportionate share in the recognised amounts of the acquiree's identifiable net assets is limited to instruments that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of NCI are measured at their acquisition date fair value unless another measurement basis is required by HKFRSs. The Group has amended its accounting policies for measuring NCI but the adoption of the amendment has had no impact on the Group's financial statements as the NCI in the business acquisition in 2011 (Note 39) represented such present ownership interests.

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has revised its accounting policy for the identification of its related parties and has reassessed counterparties of transactions in accordance with the revised definition. The reassessment did not result in new related parties being identified. Related parties identified in prior years remain unchanged under the new accounting policy and the Group concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous years.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

At the date of this report, 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. The Directors are currently assessing the impact of the new and amended HKFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these HKFRSs will not result in material financial impact on the consolidated financial statements. Information on new and amended HKFRSs that are expected to have an impact on the Group's accounting policies is provided below.

3. ADOPTION OF NEW OR AMENDED HKFRSs (continued)

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

This standard is effective for accounting periods beginning on or after 1 July 2012. The amendments change the disclosure of items presented in other comprehensive income in the statement of comprehensive income and require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled will be presented separately from items that may be recycled in the future. Entities that choose to present other comprehensive income items before tax will be required to show the amount of tax related to the two groups separately. The title used by HKAS 1 for the statement of comprehensive income has changed to "Statement of profit or loss and other comprehensive income". However, HKAS 1 permits entities to use other titles.

HKFRS 9 Financial instruments

This standard is effective for accounting periods beginning on or after 1 January 2015. Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for de-recognition of financial assets and financial liabilities.

HKFRS 10 Consolidated Financial Statements

This standard is effective for accounting periods beginning on or after 1 January 2013. HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor.

An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

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 preparation of the consolidated financial statements requires management to make judgement, 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 CGUs have been determined based on value-in-use calculations, which require the Group to estimate the future cash flows expected to arise from the CGU 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 impairment of receivables and advances of the Group is based on, where appropriate, the evaluation of collectability 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.

(iv) Depreciation

The Group depreciates property, plant and equipment using 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' best estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment.

(v) Current taxation and deferred taxation

The Group is subject to income taxes in different jurisdictions. Significant judgement is required in determining the amount of the provision of taxation and the timing of the related tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final outcome of the tax 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. TURNOVER

Turnover represents the revenue from the Group's principal activities as analysed below:

	2011	2010
	HK$'000	HK$'000
Advertising income	785,390	617,625
Printing income	640,102	534,914
	1,425,492	1,152,539

6. SEGMENT INFORMATION

The executive directors have identified the Group's three service lines as operating segments as 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	
	2011	2010	2011	2010	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue – External sales	785,390	617,625	640,102	534,914	–	–	1,425,492	1,152,539
Reportable segment profit/(loss)	157,712	122,315	75,659	74,001	(1,453)	223	231,918	196,539
Amortisation of prepaid land lease payments	139	133	–	–	–	–	139	133
Bank interest income	1,338	365	116	89	–	–	1,454	454
Depreciation	1,638	1,024	27,739	24,364	–	–	29,377	25,388
(Loss)/Gain on disposals of property, plant and equipment	–	(6)	(436)	155	–	–	(436)	149
Gain/(Loss) on financial assets/liabilities at fair value through profit or loss	–	–	1,370	(1,220)	(1,530)	211	(160)	(1,009)
Impairment of trade receivables	3,533	3,469	1,267	546	–	–	4,800	4,015
Impairment of goodwill	–	14,119	–	–	–	–	–	14,119
Provision for inventories made	–	–	–	3,000	–	–	–	3,000
Rebates and discounts *	12,796	9,736	19,132	14,621	–	–	31,928	24,357
Reportable segment assets	292,868	218,655	640,990	483,673	6,658	8,074	940,516	710,402
Additions to non-current segment assets during the year	317	3,798	40,967	57,808	–	–	41,284	61,606
Reportable segment liabilities	99,656	65,932	85,530	67,695	20	5	185,206	133,632

* Rebates and discounts had been deducted from revenue – external sales for the year.

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:

	2011	2010
	HK$'000	HK$'000
Reportable segment revenue	1,425,492	1,152,539
Other revenue	2,416	479
Group revenue	1,427,908	1,153,018
Reportable segment profit	231,918	196,539
Unallocated corporate income	1,270	101
Equity-settled share-based payment	(2,554)	(2,490)
Unallocated corporate expenses	(13,351)	(9,973)
Finance costs	(2,507)	(1,866)
Profit before income tax	214,776	182,311
Reportable segment assets	940,516	710,402
Interests in associate	–	–
Other corporate assets	205,006	125,662
Group assets	1,145,522	836,064
Reportable segment liabilities	185,206	133,632
Other corporate liabilities	34,682	26,048
Deferred tax liabilities	13,454	10,747
Borrowings	133,901	116,646
Group liabilities	367,243	287,073

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

	Revenue from external customers		Non-current assets	
	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Mainland China	698,707	553,982	213,492	205,250
United States	233,504	154,582	111	–
Australia	160,198	131,927	48	81
United Kingdom	141,295	125,227	15	71
Hong Kong (domicile)	92,634	82,704	31,550	7,348
Germany	29,820	39,273	–	–
New Zealand	18,393	22,781	–	–
Others	50,941	42,063	100	79
	1,425,492	1,152,539	245,316	212,829

6. SEGMENT INFORMATION (continued)

Sales by geographical markets are analysed based on the location of customers and the geographical location of non-current assets is based on (1) the physical location of the assets (for property, plant and equipment and prepaid land lease payments) and (2) location of operations (for goodwill).

7. OTHER REVENUE AND NET INCOME

	2011	2010
	HK$'000	HK$'000
Gain from sales of scrapped paper and by-products	23,846	17,724
Net foreign exchange gain	8,814	11,869
Impairment of trade receivables written back	4,039	3,038
Gain on disposals of property, plant and equipment	–	149
Dividend income from listed equity securities	117	25
Interest income	2,299	454
Sundry income	2,442	1,614
	41,557	34,873

8. FINANCE COSTS

	2011	2010
	HK$'000	HK$'000
Interest charges on bank borrowings, which contain a repayment on demand clause, wholly repayable within five years	2,081	1,282
Interest charges on other bank borrowings, wholly repayable within five years	4	–
Finance lease charges	422	584
	2,507	1,866

9. PROFIT BEFORE INCOME TAX

	2011	2010
	HK$'000	HK$'000
Profit before income tax is arrived at after charging:		
Amortisation of prepaid land lease payments	139	133
Auditor's remuneration		
– Audit services	1,394	885
Cost of inventories recognised as an expense	338,742	263,280
including provision for inventories made	–	3,000
Depreciation (Note):		
– Owned assets	27,127	22,144
– Leased assets	2,564	3,244
Employee benefit expense (Note 11)	81,545	57,757
Impairment of trade receivables	4,800	4,015
Impairment of goodwill	–	14,119
Loss on disposals of property, plant and equipment	436	–
Minimum lease payments paid under operating leases in respect of:		
– Rented premises and production facilities	12,855	12,905
– Internet access line	314	370
Loss on financial assets/liabilities at fair value through profit or loss	160	1,009

Auditor's remuneration for other services paid during the year is HK$642,000 (2010: HK$40,000).

Note: Depreciation charges of HK$25,524,000 (2010: HK$22,081,000) and HK$4,167,000 (2010: HK$3,307,000) have been included in direct operating costs and administrative expenses respectively.

10. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of the emoluments paid or payable to the Directors are as follows:

	Fee	Salaries, allowances and discretionary bonuses	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2011					
Executive directors					
Mr. Lau Chuk Kin	–	3,600	12	–	3,612
Ms. Lam Mei Lan	–	2,563	12	449	3,024
Ms. Chow So Chu	–	1,600	9	392	2,001
Non-executive directors					
Mr. Lee Ching Ming, Adrian	120	–	–	–	120
Mr. Peter Stavros Patapios Christofis	120	–	–	–	120
Mr. Wan Siu Kau	120	–	–	–	120
Independent non-executive directors					
Mr. Cheng Ping Kuen, Franco	180	–	–	–	180
Mrs. Ling Lee Ching Man, Eleanor	180	–	–	–	180
Mr. Ho David	180	–	–	–	180
	900	7,763	33	841	9,537
2010					
Executive directors					
Mr. Lau Chuk Kin	–	1,650	11	–	1,661
Ms. Lam Mei Lan	–	2,060	12	395	2,467
Ms. Chow So Chu	–	2,298	12	350	2,660
Non-executive directors					
Mr. Lee Ching Ming, Adrian	90	–	–	–	90
Mr. Peter Stavros Patapios Christofis	90	–	–	–	90
Mr. Wan Siu Kau	90	–	–	–	90
Independent non-executive directors					
Mr. Cheng Ping Kuen, Franco	150	–	–	–	150
Mrs. Ling Lee Ching Man, Eleanor	150	–	–	–	150
Mr. Ho David (appointed on 2 February 2010)	150	–	–	–	150
	720	6,008	35	745	7,508

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

During each of the two years ended 31 December 2011 and 2010, none of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

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 (2010: three) directors whose emoluments are reflected in the analysis presented above. Emoluments payable to the remaining two (2010: two) individuals during the year are as follows:

	2011	2010
	HK$'000	HK$'000
Salaries, allowances, discretionary bonuses and other benefits	3,255	1,994
Retirement benefit scheme contributions	–	24
Equity-settled share-based payments	224	153
	3,479	2,171

The emoluments fell within the following bands:

	Number of individuals	
	2011	2010
Emolument bands		
HK$1,000,001 – HK$3,000,000	2	2

During each of the two years ended 31 December 2011 and 2010, no emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11. EMPLOYEE BENEFIT EXPENSE (including directors' emoluments)

	2011	2010
	HK$'000	HK$'000
Directors' fee	900	720
Wages, salaries and other benefits	75,000	52,233
Equity-settled share-based payments (Note 33)	2,554	2,490
Retirement benefit scheme contributions	3,091	2,314
	81,545	57,757

12. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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.

	2011	2010
	HK$'000	HK$'000
Hong Kong profits tax		
Current year	9,484	2,131
Under provision in prior years	204	–
	9,688	2,131
Overseas tax		
Current year	10,965	7,758
Under/(Over) provision in prior years	110	(198)
	11,075	7,560
Deferred tax (Note 31)		
Current year	2,073	3,119
	22,836	12,810

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

	2011	2010
	HK$'000	HK$'000
Profit before income tax	214,776	182,311
Notional tax calculated at the rates applicable to the profits in the tax jurisdictions concerned	35,152	32,539
Tax effect of non-taxable revenue	(26,209)	(25,233)
Tax effect of non-deductible expenses	13,600	6,138
Tax effect of tax losses not recognised	418	821
Tax effect of temporary differences not recognised	174	(443)
Utilisation of previously unrecognised tax losses	(613)	(814)
Under/(Over) provision in prior years	314	(198)
Income tax expense	22,836	12,810

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the consolidated profit attributable to owners of the Company of HK$173,842,000 (2010: HK$157,528,000), profit of HK$121,926,000 (2010: HK$65,187,000) has been dealt with in the financial statements of the Company.

14. DIVIDENDS

(a) Dividends attributable to the year:

	2011	2010
	HK$'000	HK$'000
Interim dividend of HK$0.06 (2010: HK$0.03) per share	19,218	9,308
Proposed final dividend of HK$0.2 (2010: HK$0.065) per share	64,142	20,187
Proposed special dividend of HK$0.2 (2010: HK$0.035) per share	64,142	10,870
	147,502	40,365

Final and special dividends 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 2011 and 2010 and a proposed final and special dividends reserve has been set up.

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

(b) Dividends approved and paid during the year:

	2011	2010
	HK$'000	HK$'000
Interim dividend of HK$0.06 (2010: HK$0.03) per share	19,218	9,308
Final dividend of HK$0.065 (2010: HK$0.05) per share in respect of the previous financial year	20,187	15,492
Additional final dividend in previous financial year	714	–
Special dividend of HK$0.035 (2010: NIL) per share in respect of the previous financial year	10,870	–
	50,989	24,800

15. EARNINGS PER SHARE

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

	2011	2010
	HK$'000	HK$'000
Profit attributable to owners of the Company	173,842	157,528

	Number of shares	
	2011	2010
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	317,603	310,106
Effect of dilutive potential ordinary shares in respect of share options issued by the Company	4,068	2,913
Weight average number of ordinary shares for the purpose of diluted earnings per share	321,671	313,019

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings	Furniture and fixtures	Office equipment	Leasehold improvements	Computer equipment and systems	Motor vehicles	Machinery	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2010								
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
Year ended 31 December 2010								
Opening net book amount	2,909	1,237	1,637	22,739	5,307	669	136,224	170,722
Exchange differences	101	4	–	9	5	(3)	–	116
Additions	–	1,369	702	5,628	4,056	669	49,182	61,606
Disposals	–	(1)	(5)	(20)	–	(3)	(35)	(64)
Depreciation	(67)	(654)	(601)	(4,434)	(2,596)	(221)	(16,815)	(25,388)
Closing net book amount	2,943	1,955	1,733	23,922	6,772	1,111	168,556	206,992
At 31 December 2010								
Cost	3,029	4,723	4,289	42,005	35,436	1,646	217,831	308,959
Accumulated depreciation	(86)	(2,768)	(2,556)	(18,083)	(28,664)	(535)	(49,275)	(101,967)
Net book amount	2,943	1,955	1,733	23,922	6,772	1,111	168,556	206,992
Year ended 31 December 2011								
Opening net book amount	2,943	1,955	1,733	23,922	6,772	1,111	168,556	206,992
Exchange differences	123	6	1	7	3	7	(3)	144
Additions	5,790	308	737	1,563	584	538	32,416	41,936
Acquisition of subsidiaries (Note 39)	10,800	278	–	138	262	10	–	11,488
Disposals	–	(5)	–	(2)	(4)	–	(1,100)	(1,111)
Depreciation	(171)	(675)	(661)	(4,753)	(3,258)	(325)	(19,848)	(29,691)
Closing net book amount	19,485	1,867	1,810	20,875	4,359	1,341	180,021	229,758
At 31 December 2011								
Cost	19,748	5,299	5,027	43,716	36,215	2,206	248,837	361,048
Accumulated depreciation	(263)	(3,432)	(3,217)	(22,841)	(31,856)	(865)	(68,816)	(131,290)
Net book amount	19,485	1,867	1,810	20,875	4,359	1,341	180,021	229,758

Net book amount of property, plant and equipment includes the net carrying amount of HK$21,520,000 (2010: HK$37,615,000) held under finance leases.

As at 31 December 2011, the Group's leasehold land and buildings were situated in the PRC and Hong Kong and were held under medium-term leases.

17. PREPAID LAND LEASE PAYMENTS

	Group	
	2011	2010
	HK$'000	HK$'000
At 1 January		
Cost	6,007	5,802
Accumulated amortisation	(170)	(33)
Net book amount	5,837	5,769
Opening net book amount	5,837	5,769
Exchange differences	246	201
Amortisation	(139)	(133)
Closing net book amount	5,944	5,837
At 31 December		
Cost	6,264	6,007
Accumulated amortisation	(320)	(170)
Net book amount	5,944	5,837

As at 31 December 2011, the Group's prepaid land lease payments represented up-front payments to acquire an interest in the usage of land situated in the PRC, which was held under a medium-term lease.

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2011	2010
	HK$'000	HK$'000
Unlisted shares, at cost	62,030	62,030

Details of principal subsidiaries are set out in Note 41 to the financial statements.

19. INTERESTS IN ASSOCIATE

	Group		Company	
	2011	2010	2011	2010
	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)
	–	–	–	–

19. INTERESTS IN ASSOCIATE (continued)

Notes:

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

(b) Particulars of the associate as at 31 December 2011 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% (2010: 35%)	Trading of books

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

	Assets	Liabilities	Equity	Revenue	Loss
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2011					
100 per cent	33	236	(203)	–	133
Group's effective interest	12	83	(71)	–	47
2010					
100 per cent	139	209	(70)	–	4
Group's effective interest	48	73	(24)	–	1

The financial information above is based on the unaudited management accounts for each of the two years ended 31 December 2011 and 2010.

The Group has not recognised loss of HK$47,000 (2010: HK$1,000) for the Group's associate. The accumulated losses not recognised were HK$71,000 (2010: HK$24,000).

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

20. GOODWILL

The balance as at 31 December 2011 all arose in the current year from the acquisition of 80% equity interests of Express Ocean Investment Limited and O.G. Printing Productions Limited, which are engaged in the provision of graphic design.

Net carrying amount of goodwill, net of any impairment loss, is analysed as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
At 1 January		
Gross carrying amount	14,119	14,119
Accumulated impairment	(14,119)	–
Net carrying amount	–	14,119
Net carrying amount at 1 January	–	14,119
Acquisition of subsidiaries (Note 39)	9,614	–
Impairment	–	(14,119)
Net carrying amount at 31 December	9,614	–
At 31 December		
Gross carrying amount	23,733	14,119
Accumulated impairment	(14,119)	(14,119)
Net carrying amount	9,614	–

The recoverable amount for the CGU 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 with a growth rate of 7%. The pre-tax discount rate used for value-in-use calculations is 12%, which reflects specific risks relating to the relevant CGU.

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

In 2010, in view of keen competition in the market due to the introduction of strong competitor and the increasing demand for advertising resources input, the Directors considered that the expected cash flows from the CGU of advertising business of "Recruit" magazine was not sufficient to recover the carrying amount of relevant goodwill. Accordingly, impairment of goodwill of HK$14,119,000 was made in 2010.

21. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2011	2010
	HK$'000	HK$'000
Amounts due from subsidiaries	237,773	193,703
Less: Impairment losses	(33,832)	(30,920)
	203,941	162,783

Amounts due from subsidiaries are unsecured, interest-free 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	
	2011	2010
	HK$'000	HK$'000
Raw materials	46,265	44,259
Work-in-progress	20,256	19,422
Finished goods	1,335	206
	67,856	63,887
Less: Provision for net realisable value	(3,982)	(3,982)
	63,874	59,905

For the year ended 31 December 2010, the Group made the provision for inventories of HK$3,000,000. The amount was included in "direct operating costs" in profit or loss.

24. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	Group	
	2011	2010
	HK$'000	HK$'000
Trade receivables	315,975	227,517
Less: Provision for impairment of trade receivables	(5,288)	(4,674)
Trade receivables – net	310,687	222,843
Other receivables and deposits	115,155	117,504
	425,842	340,347

24. TRADE AND OTHER RECEIVABLES AND DEPOSITS (continued)

Movement in the provision for impairment loss on trade receivables is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Balance at the beginning of the year	4,674	3,669
Amounts written off during the year	(198)	(57)
Impairment loss recognised during the year	4,800	4,015
Impairment loss recovered during the year	(4,039)	(3,038)
Exchange differences	51	85
Balance at the end of the year	5,288	4,674

Ageing analysis of trade receivables, net of provision as at 31 December 2011, based on the invoice date, is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
0 – 30 days	81,643	71,059
31 – 60 days	65,606	40,000
61 – 90 days	33,885	24,612
91 – 120 days	50,789	29,388
121 – 150 days	39,129	32,775
Over 150 days	39,635	25,009
Total trade receivables	310,687	222,843

The Group allows a credit period from 7 to 180 days (2010: 7 to 180 days) to its customers.

Other receivables and deposits as at 31 December 2011 included deposits paid to airlines of HK$100,095,000 (2010: HK$87,515,000) in accordance with the relevant agreements in the inflight business.

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.

All trade receivables are subject to credit risk exposure. At each of the reporting dates, the Group reviews receivables for evidence of impairment on both an individual and collective basis. As at 31 December 2011, the Group determined trade receivables of HK$5,288,000 (2010: HK$4,674,000) as impaired and as a result, impairment loss of HK$4,800,000 (2010: HK$4,015,000) has been recognised. 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:

	2011	2010
	HK$'000	HK$'000
Neither past due nor impaired	195,020	159,376
1 – 30 days past due	58,978	43,543
31 – 90 days past due	47,523	17,050
Over 90 days past due but less than one year	9,166	2,874
	115,667	63,467
	310,687	222,843

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 customers 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 these balances.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2011	2010
	HK$'000	HK$'000
Held for trading		
Equity securities, listed in Hong Kong	1,549	3,773
Forward foreign exchange contracts	1,023	–
Fair value	2,572	3,773

The fair values of the Group's investments in listed equity securities have been measured as described in Note 42(h).

Forward foreign exchange contracts are considered by management as part of economic hedging arrangements but have not been formally designated as hedges in accordance with HKAS 39. These foreign exchange contracts were stated at fair value. Its fair value has been measured as described in Note 42(h).

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	Group		Company	
	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Bank and cash balances	296,592	210,447	134,514	122,719
Cash at brokers	5,030	4,225	–	–
Short-term deposits	105,630	3,510	60,199	–
	407,252	218,182	194,713	122,719

Short-term bank deposits of the Group as at 31 December 2011 earned interest at the rates ranging from 1.40% to 3.10% (2010: 1.35%) per annum. These deposits had maturity of 7 to 90 days (2010: 7 days) and are 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$116,644,000 (2010: HK$35,109,000) 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	
	2011	2010
	HK$'000	HK$'000
Trade payables	103,286	79,878
Other payables and accruals	82,384	48,886
	185,670	128,764

As at 31 December 2011, ageing analysis of trade payables based on invoice date is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
0 – 30 days	41,644	31,951
31 – 60 days	22,991	19,353
61 – 90 days	14,887	9,697
91 – 120 days	8,016	5,389
Over 120 days	15,748	13,488
	103,286	79,878

27. TRADE AND OTHER PAYABLES (continued)

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 (2010: 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 their fair values.

28. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

This related to forward foreign exchange contracts which were considered by management as part of economic hedging arrangements but had not been formally designated as hedges in accordance with HKAS 39. These foreign exchange contracts were stated at fair value. Its fair value had been measured as described in Note 42(h).

29. BANK BORROWINGS – GROUP

	2011	2010
	HK$'000	HK$'000
Current portion		
– Bank loans due for repayment within one year	47,824	10,000
– Bank loans due for repayment after one year which contain a repayment on demand clause	86,077	106,646
Total bank borrowings	133,901	116,646

The current portion includes bank borrowings of HK$86,077,000 (2010: HK$106,646,000) that are not scheduled to repay within one year. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at its own discretion. None of the portion of these bank loans due from repayment after one year which contain a repayment on demand clause and that is classified as a current liability is expected to be settled within one year.

Assuming that the banks do not request the clause for repayment on demand and based on the repayment dates as scheduled in the loan agreements, the Group's bank borrowings are due for repayment, as at each of the reporting dates, as follows:

	2011	2010
	HK$'000	HK$'000
Within one year	82,684	42,304
In the second year	26,936	32,304
In the third to fifth year	24,281	42,038
Wholly repayable within 5 years	133,901	116,646

Bank borrowings as at 31 December 2011 included (1) bank loans brought forward from 2010 with original principal amounts of HK$126.8 million, which included bank borrowings of HK$48 million under the loan guarantee schemes sponsored by the Government of the Hong Kong Special Administrative Region, and an additional borrowing of HK$12.8 million obtained during the year. These bank borrowings are repayable in 3 years to 5 years through monthly instalments; (2) trade finance facilities of HK$23.4 million which was repayable within one year; (3) a new short term bank borrowing of RMB20 million, equivalent to HK$24.4 million, which is repayable within 2 months from the date of borrowing. All bank borrowings are secured by either the corporate guarantee from the Company or a subsidiary of the Company.

29. BANK BORROWINGS – GROUP (continued)

Bank borrowings as at 31 December 2010 included (1) bank loan brought forward from 2008 with original principal amounts of HK$51.7 million which were repayable in 5 years through monthly instalments; (2) short-term revolving credit facility of HK$10 million which was repayable within one year; (3) several new bank loans with total principal amounts of HK$75.1 million which included bank borrowings of HK$48 million under the loan guarantee schemes sponsored by the Government of the Hong Kong Special Administrative Region. These bank loans were repayable in 3 years to 5 years through monthly instalments. All bank borrowings were secured by either the corporate guarantee from the Company or the corporate guarantees from the Company and non-controlling shareholders of a subsidiary.

Effective interest rate of the bank borrowings ranged from 1.25% to 3.75% (2010: 1.38% to 2.24%) per annum for the year.

30. FINANCE LEASE LIABILITIES – GROUP

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

	2011	2010
	HK$'000	HK$'000
Total minimum lease payments:		
Due within one year	6,326	7,434
Due in the second to fifth years	6,854	13,190
	13,180	20,624
Future finance charges on finance leases	(370)	(807)
Present value of finance lease liabilities	12,810	19,817

	2011	2010
	HK$'000	HK$'000
Present value of minimum lease payments:		
Due within one year	6,060	7,003
Due in the second to fifth years	6,750	12,814
	12,810	19,817
Less: Portion due within one year included under current liabilities	(6,060)	(7,003)
Non-current portion included under non-current liabilities	6,750	12,814

The Group entered into finance leases for various items of machineries. These leases run for initial periods of three to five years (2010: 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 liability method using the rates of taxation prevailing in the countries in which the Group operates.

Group

Movement on the deferred tax liabilities is as follows:

	2011	2010
	HK$'000	HK$'000
At 1 January	10,747	7,628
Acquisition of subsidiaries (Note 39)	634	–
Deferred taxation charged to profit or loss (Note 12)	2,073	3,119
At 31 December	13,454	10,747

Movements of major deferred tax liabilities/(assets) recognised in the statement of financial position during the current and prior year are as follows:

	Accelerated tax depreciation		Tax losses		Fair value adjustments arising from acquisition of subsidiaries		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January	10,747	10,416	–	(2,788)	–	–	10,747	7,628
Charged to profit or loss	2,073	331	–	2,788	–	–	2,073	3,119
Acquisition of subsidiaries (Note 39)	–	–	–	–	634	–	634	–
At 31 December	12,820	10,747	–	–	634	–	13,454	10,747

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	
	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Difference between depreciation and depreciation allowance	(2,080)	(3,016)	–	–
Unutilised tax losses	15,074	19,179	–	–
	12,994	16,163	–	–

31. DEFERRED TAX LIABILITIES (continued)

The deductible temporary differences have not been recognised in the financial statements as it is not probable that future taxable profit will be available against which these deductible temporary differences can be utilised. All tax losses and deductible temporary differences of the Group and the Company have no expiry dates under the current tax legislation except for the tax losses amounting to HK$3,092,000 (2010: HK$7,613,000) incurred by one (2010: one) subsidiary in the PRC which will expire after 5 years from the year in which the tax losses were incurred.

In addition to the above, at the reporting date, deferred tax liabilities of approximately HK$819,000 (2010: HK$940,000) in respect of the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries incorporated in the PRC have not been recognised. No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of its subsidiaries and it is probable that such differences will not be reversed in the foreseeable future.

32. SHARE CAPITAL

	2011		2010	
	Number of shares	Nominal value	Number of shares	Nominal value
	'000	HK$'000	'000	HK$'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	310,566	62,113	309,846	61,969
Shares issued upon exercise of share options (Note 33)	10,026	2,005	720	144
At 31 December	320,592	64,118	310,566	62,113

33. SHARE-BASED EMPLOYEE COMPENSATION

The share option scheme ("the Share Option Scheme") was adopted by the Company pursuant to its resolution passed on 13 July 2007 and expires on 12 July 2017. The purpose of the 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 Group 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 the 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 SEHK on the date of offer of the option; (ii) the average of the closing prices of the shares on the SEHK 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 or any advisor and service provider of any member of the Group from the date of options grant to the commencement date of the exercisable period of the options.

33. SHARE-BASED EMPLOYEE COMPENSATION (continued)

The options are exercisable at any time during the period to be determined and notified by the Directors to the grantee at the time of making an offer in respect of any particular option which shall not expire later than 10 years from the date of grant.

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 Share Option Scheme are as follows:

Date of grant	Number of options granted	Vesting period	Exercisable period	Exercise price per share
				HK$
18.08.2008	5,700,000	18.08.2008 to 17.08.2009	18.08.2009 to 17.08.2013	0.93
18.08.2008	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
11.06.2010	2,190,000	11.06.2010 to 10.06.2011	11.06.2011 to 10.06.2015	1.600
11.06.2010	2,190,000	11.06.2010 to 10.06.2012	11.06.2012 to 10.06.2015	1.600
23.06.2010	4,860,000	23.06.2010 to 22.06.2011	23.06.2011 to 22.06.2015	1.636
23.06.2010	4,860,000	23.06.2010 to 22.06.2012	23.06.2012 to 22.06.2015	1.636
16.12.2011	250,000	16.12.2011 to 15.12.2012	16.12.2012 to 15.12.2016	2.000
16.12.2011	250,000	16.12.2011 to 15.12.2013	16.12.2013 to 15.12.2016	2.000

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

	Number of share options				
Grantees	Outstanding at 1 January 2011	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2011
Directors	6,900,000	–	(2,400,000)	–	4,500,000
Employees	16,680,000	500,000	(7,626,000)	(750,000)	8,804,000
Total	23,580,000	500,000	(10,026,000)	(750,000)	13,304,000
Weighted average exercise price	HK$1.345	HK$2.000	HK$1.026	HK$1.614	HK$1.594

33. SHARE-BASED EMPLOYEE COMPENSATION (continued)

Notes:

(i) 500,000 new share options were granted during the year ended 31 December 2011.

(ii) The closing price of the shares of the Company quoted on the SEHK on 16 December 2011, being the business date immediately before the date on which the share options were granted, was HK$2.00.

(iii) The fair value of the options granted under the Share Option Scheme on 16 December 2011, measured at the date of grant, was approximately HK$217,000. The following significant assumptions were used to derive the fair values, using the Black-Scholes option pricing model:

Date of grant	16.12.2011	23.6.2010	11.6.2010	29.10.2009	18.8.2008
Expected volatility	41.28%	43.60%	43.64%	43.55%	46.71%
Expected life (in years)	4	4	4	4	4
Risk-free interest rate (being the approximate yield of Exchange Fund on the grant date)	0.728%	1.298%	1.298%	1.505%	3.32%
Expected dividend yield	5%	4.94%	5.00%	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$2,554,000 of share-based employee compensation expense were included in the consolidated statement of comprehensive income for the year ended 31 December 2011 (2010: HK$2,490,000) 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 2011, 6,279,000 (2010: 9,180,000) share options are exercisable and the weighted average exercise price of these share options is HK$1.53 (2010: HK$0.93).

(vi) As at 31 December 2011, the weighted average remaining contractual life for the outstanding share options is 1,241 days (2010: 1,372 days).

34. RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 31 to 33.

	Company					
	Share premium	Employee compensation reserve	Contributed surplus	Proposed final and special dividends	Retained earnings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2010	84,288	1,597	20,290	15,492	10,275	131,942
Equity-settled share-based payment expense	–	2,490	–	–	–	2,490
Exercise of share options	666	(140)	–	–	–	526
Final 2009 dividend paid (Note 14)	–	–	–	(15,492)	–	(15,492)
Share issue expenses	(13)	–	–	–	–	(13)
Profit for the year	–	–	–	–	65,187	65,187
Interim 2010 dividend paid (Note 14)	–	–	–	–	(9,308)	(9,308)
Proposed final and special 2010 dividends (Note 14)	–	–	–	31,057	(31,057)	–
At 31 December 2010 and 1 January 2011	84,941	3,947	20,290	31,057	35,097	175,332
Equity-settled share-based payment expense	–	2,554	–	–	–	2,554
Exercise of share options	10,479	(2,194)	–	–	–	8,285
Final and special 2010 dividends paid (Note 14)	–	–	–	(31,057)	(714)	(31,771)
Share issue expenses	(24)	–	–	–	–	(24)
Share options lapsed	–	(161)	–	–	161	–
Profit for the year	–	–	–	–	121,926	121,926
Interim 2011 dividend paid (Note 14)	–	–	–	–	(19,218)	(19,218)
Proposed final and special 2011 dividends (Note 14)	–	–	–	128,284	(128,284)	–
At 31 December 2011	95,396	4,146	20,290	128,284	8,968	257,084

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 2011, 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	
	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Within one year	13,587	12,009	247	230
In the second to fifth years inclusive	35,190	27,834	–	163
Over five years	4,918	–	–	–
	53,695	39,843	247	393

The Group leases a number of properties and production facilities and internet access line under operating leases. The leases run for an initial period ranged from one to ten years, with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors. None of the leases include contingent rentals.

Company

The Company does not have operating lease commitments as at 31 December 2010 and 2011.

36. CAPITAL COMMITMENTS

	Group		Company	
	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Contracted but not accounted for in respect of acquisition of property, plant and equipment	9,746	16,334	–	–

37. CORPORATE GUARANTEES

	Group		Company	
	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Corporate guarantees given and utilised	–	–	22,650	165,580

As at 31 December 2011, the Company provided corporate guarantees to its wholly owned subsidiaries to the extent of HK$36,000,000 in relation to the payments for bank borrowings, HK$22,650,000 of which was utilised.

37. CORPORATE GUARANTEES (continued)

As at 31 December 2010, the Company provided corporate guarantees to its non wholly owned subsidiaries HK$186,980,000 in relation to the payments for bank borrowings and certain finance leases to financial institutions as set out in Notes 29 and 30 to the financial statements, respectively, HK$129,580,000 of which was utilised. Besides, the Company also provided corporate guarantees to its wholly owned subsidiaries to the extent of HK$36,000,000 in relation to the payments for bank borrowings, HK$36,000,000 of which was utilised as at 31 December 2010.

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. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

In 2010, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK$$24,000,000.

39. BUSINESS COMBINATION

On 16 September 2011, the Group acquired 80% equity interests of Express Ocean Investment Limited and O.G. Printing Productions Limited, limited liability companies incorporated in Hong Kong for a cash consideration of HK12,731,000. These companies were engaged in the provision of graphic design. The acquisition of these companies will allow the Group to have the synergy effect on a combination of the graphic design services and the existing printing services.

Goodwill of HK$9,614,000 arose on the acquisition, reflecting the strong position of these companies within the graphic design industry and expected synergies that the acquisition is anticipated to offer within the Group's existing printing services.

The acquired business contributed revenue of HK$3,032,000 and a loss after income tax of HK$329,000 to the Group for the period from 16 September 2011 to 31 December 2011.

Had the acquisition occurred on 1 January 2011, the Group's revenue and profit after income tax would have been HK$1,432,054,000 and HK$191,967,000 respectively for the year ended 31 December 2011. 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 2011, nor is it intended to be a projection of future results.

39. BUSINESS COMBINATION (continued)

Details of net assets acquired were as follows:

	HK$'000
Purchase consideration – cash paid	12,731
Fair value of net assets acquired (see below)	(3,117)
Goodwill (Note 20)	9,614

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

	Fair value	Acquiree's carrying amount
	HK$'000	HK$'000
Property, plant and equipment	11,488	7,642
Trade and other receivables and deposits	5,198	5,198
Cash and cash equivalents	2,102	2,102
Trade and other payables	(11,138)	(11,138)
Bank borrowings	(3,096)	(3,096)
Provision for taxation	(23)	(23)
Deferred tax liabilities	(634)	–
Net assets acquired	3,897	685
Less: Non-controlling interests	(780)	
	3,117	

	HK$'000
Purchase consideration settled in cash	12,731
Cash and cash equivalents acquired	(2,102)
Cash outflow on acquisition of subsidiaries	10,629

The fair value of trade and other receivables at the date of acquisition amounted to HK$5,198,000 which is same as the gross contractual amounts of these trade and other receivables acquired. None of the contractual cash flows of the above amount is estimated to be uncollectible.

The non-controlling interests recognised at the acquisition date were measured by reference to the non-controlling interest's proportionate share of the recognised amount of the net assets of these companies and amounted to HK$780,000.

40. 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 19, 21 and 22 to the financial statements, details of other significant transactions between the Group and other related parties during the year are disclosed as follows:

(a) Related party transactions

Name of related party	Nature of transactions	2011	2010
		HK$'000	HK$'000
Related company			
OGP Management Corporation	Rental expenses	351	–

Rental expenses were charged by a related company, OGP Management Corporation, in which the non-controlling interest of a subsidiary has controlling interest, for leasing of office premises. The lease runs for a period of one year (2010: Nil) and the monthly rental was determined at the market rate at the date when the lease arrangement was entered into.

(b) Compensation of key management personnel

The key management personnel of the Group are the directors of the Company. The remuneration of the key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends. Details of the remuneration paid to them are set out in Note 10(a) to the financial statements.

41. 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 Printing Group Limited 匯星印刷集團有限公司	9 March 2011	Bermuda, limited liability company	Ordinary	HK$5,000,000	59.98%	Investment holding, Hong Kong
1010 Group Limited	10 January 2005	Hong Kong, limited liability company	Ordinary	HK$81,000,000	59.98%	Investment holding, Hong Kong
1010 Printing International Limited 匯星印刷國際有限公司	10 January 2005	Hong Kong, limited liability company	Ordinary	HK$1	59.98%	Printing, Hong Kong
1010 Printing (UK) Limited *	2 January 2007	United Kingdom, limited liability company	Ordinary	GBP1,000	59.08%	Printing agency, United Kingdom
1010 Printing Asia Limited	3 April 2007	Hong Kong, limited liability company	Ordinary	HK$1	59.98%	Printing, Hong Kong
1010 Printing Limited	5 February 2010	Hong Kong, limited liability company	Ordinary	HK$1	59.98%	Printing, Hong Kong
1010 Printing (Australia) Pty Limited *	10 October 2008	Australia, limited liability company	Ordinary	AUD2	59.98%	Provision for printing services, Australia
Express Ocean Investment Limited 飛洋投資有限公司	5 May 2008	Hong Kong, limited liability company	Ordinary	HK$2,000	47.98%#	Property investment, Hong Kong
O.G. Printing Productions Limited 海濤製作有限公司	11 August 1989	Hong Kong, limited liability company	Ordinary	HK$500,000	47.98%#	Provision of graphic design services, Hong Kong
Oceanic Graphic International Inc.	12 August 2011	United States of America, limited liability company	Ordinary	US$100,000	47.98%#	Printing, United States of America

41. 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
惠州匯星印刷有限公司	28 January 2011	PRC, limited liability company	N/A	RMB150,000,000 (registered capital)	59.98%	Provision for printing services, PRC
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
Inflight Magazine Limited (formerly known as 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 才庫媒體集團有限公司	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
CinMedia Limited 先傳媒有限公司	26 July 2004	Hong Kong, limited liability company	Ordinary	HK$1	100%	Provision of advertising services, Hong Kong
台灣先傳媒有限公司 CinMedia (Taiwan) Limited	12 January 2010	Taiwan, limited liability company	Ordinary	TWD250,000	100%	Provision of advertising services, Taiwan
Mega Form Inc. Limited 大豐興業有限公司	2 July 2008	Hong Kong, limited liability company	Ordinary	HK$1	100%	Investment holding, Hong Kong
Recruit Advertising Limited 才庫廣告有限公司	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
廣州海螢廣告有限公司* Arabesque Advertising Limited	1 February 2005	PRC, limited liability company	N/A	HK$1,900,000 (registered capital)	100%	Provision of advertising services, 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, PRC
海藴廣告（上海）有限公司* Iguazu (Shanghai) Advertising Company Limited	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, PRC
上海海譽廣告有限公司*	20 May 2011	PRC, limited liability company	N/A	RMB1,000,000 (registered capital)	100%	Provision of advertising services, PRC

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

In 2010, 1010 Group Limited, a subsidiary of the Company increased its share capital by issuing 480,000,000 ordinary shares of HK$0.1 each at HK$0.3 per share to the Group and one of its non-controlling shareholders. The Group has subscribed 407,273,000 ordinary shares with the total consideration of HK$122,182,000 while the non-controlling shareholders subscribed 72,727,000 ordinary shares with the total consideration of HK$21,818,000. The Group has increased its shareholdings in 1010 Group Limited from 77.79% to 81.97%. These transactions resulted gain on deemed acquisition of non-controlling interests of HK$979,000, which is included in "other reserve" in the equity and attributed to the owners of the Company.

In January 2011, the Group disposed 2% of equity interests in 1010 Group Limited to two of its non-controlling shareholders at the consideration of HK$4,000,000. This transaction resulted loss on disposal of interests in a subsidiary of HK$2,018,000, which is included in "other reserve" in the equity and attributed to the owners of the Company.

In March 2011, the Group set up a new subsidiary, 1010 Printing Group Limited and in June 2011, 1010 Printing Group Limited became the holding company of the subsidiaries engaged in printing business. On 25 July 2011, 1010 Printing Group Limited was listed on The Stock Exchange of Hong Kong Limited with the issuance of 125,000,000 new shares. The details of the group reorganisation are set out in the Prospectus of 1010 Printing Group Limited dated 30 June 2011. These transactions resulted loss on dilution of interests in a subsidiary of HK$15,433,000, which is included in "other reserve" in the equity and attributed to owners of the Company.

1010 Printing Group Limited, a non-wholly owned subsidiary of the Company, acquired 80% equity interests in Oceanic Graphic International Inc. in September 2011 and 100% equity interests in 惠州匯星印刷有限公司 in October 2011.

* The statutory accounts of these companies have been audited by firms other than BDO Limited. The English translation of Chinese names of PRC subsidiaries, if any, 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 Group's interests in these companies were held by the Company's subsidiary, 1010 Printing Group Limited which held 80% of the issued shares of each of these companies.

The directors of the Company 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.

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group's activities expose it to a variety of financial instrument risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance by closely monitoring the individual exposure.

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 the Group's exposure to a variety of risks which resulted from its 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 mitigate these risks are set out as follows:

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations. The Group's financial assets are summarised in Note 42(g) below.

The directors of the Company consider the Group does not have a significant concentration of credit risk. The top 5 customers accounted for less than 41% of total sales during the year. In this regards, the Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk.

The Group also continuously evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit terms are 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. The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 24 to the financial statements.

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 reputable banks and financial institutions located in Hong Kong and the PRC.

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(continued)

(b) Currency risk

Foreign current risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Most of the sales transactions of the Group are denominated in United States Dollars ("US$"), Australian Dollars ("AUD"), RMB and HK$ and there are expenses and capital expenditures denominated in US$, RMB and HK$. Certain trade receivables and trade payables of the Group are denominated in foreign currencies, mainly US$, AUD and RMB.

To mitigate the impact of exchange rate fluctuations, the Group continuously assesses and monitors the exposure to foreign currency risk. During the year, management of the Group had used foreign currency forward contracts to hedge the exposure to foreign exchange risk when the need arises.

Foreign currency denominated financial assets of the Group are as follows:

2011	US$'000	RMB'000	AUD'000
Trade and other receivables	18,003	21,418	6,239
Cash and cash equivalents	2,535	10	792
Trade and other payables	(535)	(9,289)	–
	20,003	12,139	7,031
Notional amounts of forward foreign exchange contracts	–	–	(7,000)
	20,003	12,139	31

2010	US$'000	RMB'000	AUD'000
Trade and other receivables	14,661	15,976	6,244
Cash and cash equivalents	1,145	18	282
Trade and other payables	(2,028)	(3,303)	(94)
	13,778	12,691	6,432
Notional amounts of forward foreign exchange contracts	992	–	(6,153)
	14,770	12,691	279

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 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.

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

(b) Currency risk (continued)

Group

	2011		2010	
	Increase/ (Decrease) in foreign exchange rates	Effect on profit after tax and retained earnings	Increase/ (Decrease) in foreign exchange rates	Effect on profit after tax and retained earnings
		HK$'000		HK$'000
US$	0.3%	466	0.2%	234
	(0.3%)	(466)	(0.2%)	(234)
RMB	4.3%	637	2.9%	431
	(4.3%)	(637)	(2.9%)	(431)
AUD	6.8%	16	10%	196
	(6.8%)	(16)	(10%)	(196)

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 deposits held in banks, certain bank borrowings and finance lease contracts. Cash at bank earns interest at floating rates based on the daily bank deposits rates during the year. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group. 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.

During the year, management did not consider it necessary to use interest rate swaps to hedge their exposure to interest rate risk as the interest rate risk exposure is not significant.

(d) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements, its compliance with lending covenants and its relationships with its bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term. The Group has net current assets of HK$553,167,000 (2010: HK$359,723,000) and net assets of HK$778,279,000 (2010: HK$548,991,000) as at 31 December 2011. In the opinion of directors, the Group's exposure to liquidity risk is limited.

The following table details the remaining contractual maturities at each of the 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.

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

(d) Liquidity risk (continued)

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity is required to pay, that is if the banks were to invoke the unconditional rights to call the loans with immediate effect.

Group

	Carrying amount	Total contractual undiscounted cash flow	Within 3 months or on demand	More than 3 months but less than 1 year	More than 1 year but less than 5 years
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 December 2011					
Non-derivative financial liabilities					
Trade and other payables	185,670	185,670	185,670	–	–
Finance lease liabilities	12,810	13,180	1,581	4,745	6,854
Bank borrowings	133,901	133,901	133,901	–	–
	332,381	332,751	321,152	4,745	6,854
As at 31 December 2010					
Non-derivative financial liabilities					
Trade and other payables	128,764	128,764	128,764	–	–
Finance lease liabilities	19,817	20,624	2,686	4,748	13,190
Bank borrowings	116,646	116,646	116,646	–	–
	265,227	266,034	248,096	4,748	13,190
Derivative financial liabilities					
Gross settled forward foreign exchange contracts – cash outflow	(5,174)	(5,174)	(3,166)	(2,008)	–
	(5,174)	(5,174)	(3,166)	(2,008)	–

The table that follows summarises the maturity analysis of those term loans with repayment-on-demand clause based on the agreed scheduled repayments set out in the loan agreements. The amounts included interest payments computed using contractual rates. As a result, these amounts are greater than the amounts disclosed in the "on demand" time band in the above maturity analysis. Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment, the directors of the Company believe that such term loans will be repaid in accordance with the scheduled repayment dates as set out in the loan agreements.

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(continued)

(d) Liquidity risk (continued)

Group

	Carrying amount	Total contractual undiscounted cash flow	Within 3 months or on demand	More than 3 months but less than 1 year	More than 1 year but less than 5 years
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Term loans subject to repayment-on-demand clause based on scheduled repayments:					
31 December 2011	133,901	137,010	57,302	27,175	52,533
31 December 2010	116,646	120,360	20,854	23,191	76,315

Company

	Carrying amount	Total contractual undiscounted cash flow	Within 3 months or on demand	More than 3 months but less than 1 year	More than 1 year but less than 5 years
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 December 2011					
Other payables	312	312	312	–	–
Amounts due to subsidiaries	139,717	139,717	139,717	–	–
	140,029	140,029	140,029	–	–
Financial guarantees issued					
Maximum amount guaranteed	22,650	22,650	22,650	–	–
As at 31 December 2010					
Other payables	169	169	169	–	–
Amounts due to subsidiaries	111,027	111,027	111,027	–	–
	111,196	111,196	111,196	–	–
Financial guarantees issued					
Maximum amount guaranteed	165,580	165,580	165,580	–	–

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(continued)

(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.

(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	
	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Current assets				
Financial assets at fair value through profit or loss	2,572	3,773	–	–
Loans and receivables:				
• Trade and other receivables	311,173	223,383	–	–
• Advances to associate	–	–	–	–
• Amounts due from subsidiaries	–	–	203,941	162,783
• Cash and cash equivalents	407,252	218,182	194,713	122,719
	720,997	445,338	398,654	285,502
Financial liabilities				
Current liabilities				
Financial liabilities at fair value through profit or loss	–	5,174	–	–
Financial liabilities measured at amortised cost:				
• Trade and other payables	185,670	128,764	312	169
• Amounts due to subsidiaries	–	–	139,717	111,027
• Bank borrowings	133,901	116,646	–	–
• Finance lease liabilities	6,060	7,003	–	–
Non-current liabilities				
Financial liabilities measured at amortised cost:				
• Finance lease liabilities	6,750	12,814	–	–
	332,381	270,401	140,029	111,196

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

(continued)

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

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:

		2011 – Group			
	Note	Level 1	Level 2	Level 3	Total
		HK$'000	HK$'000	HK$'000	HK$'000
Assets					
Listed securities held for trading	(a)	1,549	–	–	1,549
Forward foreign exchange contracts	(b)	–	1,023	–	1,023
Net fair values		1,549	1,023	–	2,572

		2010 – Group			
	Note	Level 1	Level 2	Level 3	Total
		HK$'000	HK$'000	HK$'000	HK$'000
Assets					
Listed securities held for trading	(a)	3,773	–	–	3,773
Liabilities					
Forward foreign exchange contracts	(b)	–	(5,174)	–	(5,174)
Net fair values		3,773	(5,174)	–	(1,401)

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

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

42. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (continued)

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

(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.

43. 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 2010 and 2011 amounted to approximately HK$548,991,000 and HK$778,279,000 respectively, which management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

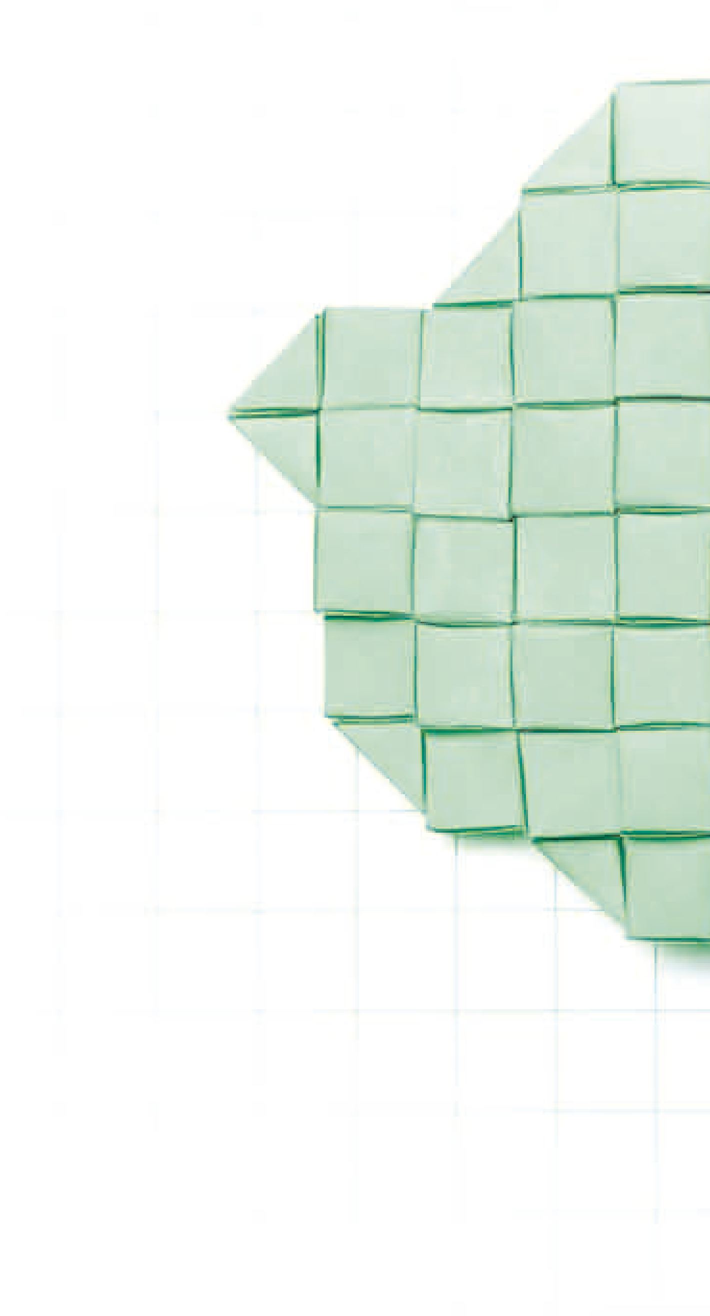
Financial Summary

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				
	2007	2008	2009	2010	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Turnover	439,075	592,882	698,119	1,152,539	1,425,492
Profit before income tax	71,960	82,617	101,772	182,311	214,776
Income tax expense	(4,918)	(2,274)	(8,940)	(12,810)	(22,836)
Profit for the year	67,042	80,343	92,832	169,501	191,940
Attributable to :					
Owners of the Company	57,904	75,648	80,490	157,528	173,842
Non-controlling interests	9,138	4,695	12,342	11,973	18,098
Profit for the year	67,042	80,343	92,832	169,501	191,940

	As at 31 December				
	2007	2008	2009	2010	2011
	HK$'000	HK$'000	HK'$000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	329,787	456,516	594,780	836,064	1,145,522
Total liabilities	(97,886)	(141,397)	(209,637)	(287,073)	(367,243)
Total equity	231,901	315,119	385,143	548,991	778,279



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