



RECRUIT HOLDINGS LIMITED
(continued in Bermuda with limited liability)

2003 1st Quarterly Report

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)

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This report, for which the directors (the “Director”) of Recruit Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirmed that, to the best of their knowledge and belief:- (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

**FIRST QUARTERLY RESULTS
FOR THE THREE MONTHS ENDED 31ST MARCH 2003**

FINANCIAL REVIEW

In the first quarter of 2003 the Company's turnover amounted to approximately HK\$12,291,000, a decline of approximately 33% when compared with the corresponding period in 2002.

Net profit attributable to shareholders for the period was approximately HK\$441,000, as compared with a net loss of approximately HK\$8,008,000 for the same period last year.

The capital reorganization plan approved by shareholders on 16th January 2003 has resulted in an injection by the majority shareholder City Apex Limited of approximately HK\$23,900,000 in cash. The fund raised has been used as additional working capital of the Company.

REVIEW AND PROSPECTS

Despite a 33% drop in sales revenue, the Group managed to achieve an earning of HK\$441,000 in the first quarter. This is the result of the continued efforts to fine tune expenditure on all fronts and improving our relationship with key accounts.

Significant savings were realized in the areas of production, distribution and staffing. The switch to selected newsstands at strategic locations and the deployment of dedicated staff to distribute Recruit at high volume traffic spots have resulted in much improved distribution and greater response from our targeted readers. Management is confident that the new distribution network and strategy will consolidate our leadership position in the free circulation recruitment advertising sector. Through natural attrition, reassignment of duties and selected redundancy, we have realized an almost 40% reduction in staff cost.

A comprehensive review of the Recruit's Hong Kong operations has been completed. Following which, actions are being taken to provide results-guaranteed advertising to our customers. We will also be re-launching Recruit Club, a comprehensive jobs and education related service for our members.

In the light of the recent SARS outbreak, the employment and continued education market will remain depressed in the months to come. Already we are seeing greater pricing pressure from our competitors. However our strong brand awareness, improved distribution network and repaired balance sheet should enable the Group to meet the challenges ahead.

FIRST QUARTERLY RESULTS (UNAUDITED)

The Board of Directors (the “Board”) of the Company presents the unaudited results of the Group for the three months ended 31st March 2003 together with the comparative unaudited figures for the corresponding period in 2002 as follows:

		Three months ended	
		31st March	
		2003	2002
		HK\$'000	HK\$'000
Turnover	2	12,291	18,376
Direct operating costs		(5,728)	(9,184)
Gross profit		6,563	9,192
Other operating income		268	231
Selling and distribution costs		(3,474)	(6,325)
Administrative expenses		(2,916)	(10,465)
Profit/(loss) from operations	3	441	(7,367)
Finance costs		-	-
Allowance for loans to an associate		-	(641)
Profit/(loss) before taxation		441	(8,008)
Taxation	4	-	-
Net profit/(loss) for the period		441	(8,008)
Basic earnings/(loss) per share (HK cents)	5	0.02	(0.71)

1. Basis of preparation

The principal accounting policies adopted in preparing the unaudited consolidated results are consistent with those followed in the Group’s annual financial statements for the year ended 31st December 2002 except as described below.

In the current period, the Group adopted the following Statement of Standard Accounting Practice (“SSAP”) issued by the Hong Kong Society of Accountants which is effective for

accounting periods commencing on or after 1st January 2003.

SSAP12 : Income Taxes

Adoption of the above SSAP does not have any effect on the financial statements of the current or prior periods. Accordingly, no prior period adjustments have been made.

2. Turnover

	Three months ended	
	31st March	
	2003	2002
	HK\$'000	HK\$'000
Advertising income	12,291	18,055
Publication sales	-	198
Publishing income	-	107
Service income	-	16
	<u>12,291</u>	<u>18,376</u>
	=====	=====

3. Profit/(loss) from operations

	Three months ended	
	31st March	
	2003	2002
	HK\$'000	HK\$'000
Profit/(loss) from operations has been arrived at after charging :		
Depreciation	484	2,038
Staff cost	3,772	8,448

4. Taxation

No provision for Hong Kong profits tax and PRC income tax has been made as all the Group's Hong Kong and PRC subsidiaries sustained or incurred tax losses for the three months ended 31st March 2003 (2002: Nil).

No recognition of the potential deferred tax assets relating to tax losses has been made as the

recoverability of this potential deferred tax assets is not probable.

5. Earnings/(loss) per share

The calculation of the basic earnings (loss) per share for three months ended 31st March 2003 is based on the unaudited consolidated profit attributable to shareholders of HK\$441,000 (2002: loss of HK\$8,008,000) and on weighted average of 1,871,666,667 (2002: 1,125,000,000) ordinary shares in issue during the three months ended 31st March 2003.

As there were no potential ordinary shares outstanding during the three months ended 31st March 2003 and 2002, no diluted earnings/loss per share is presented.

6. Movement in reserve

	Share Premium HK\$'000	Exchange Reserve HK\$'000	Merger Reserve HK\$'000	Goodwill Reserve HK\$'000	Accumulated Losses HK\$'000	Total HK\$'000
Balance at 1st January 2002	40,774	5	(43,897)	13,440	(25,349)	(15,027)
Loss for the period	-	-	-	-	(8,008)	(8,008)
Balance at 31st March 2002	40,774	5	(43,897)	13,440	(33,357)	(23,035)

	Share Premium HK\$'000	Exchange Reserve HK\$'000	Merger Reserve HK\$'000	Goodwill Reserve HK\$'000	Accumulated Losses HK\$'000	Total HK\$'000
Balance at 1st January 2003	40,774	5	(43,897)	13,440	(61,530)	(51,208)
Capital Reorganization	45,000	-	-	-	-	45,000
Issue of shares	10,400	-	-	-	-	10,400
Share issuing expenses	(1,450)	-	-	-	-	(1,450)
Profit for the period	-	-	-	-	441	441
Balance at 31st March 2003	94,724	5	(43,897)	13,440	(61,089)	3,183

DIVIDEND

The Directors do not recommend the payment of dividend for the three months ended 31st March 2003 (2002: Nil).

DIRECTORS' INTEREST IN SHARES

As at 31st March 2003, the interests of the Directors of the Company in the shares of the Company as recorded in the register required to be maintained under section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of Directors	Personal Interest <i>Shares</i>	Family Interest <i>Shares</i>	Corporate Interest <i>Shares</i>	Other Interest <i>Shares</i>	Total <i>Shares</i>
Mr. Lau Chuk Kin (Note 1)	Nil	Nil	1,779,540,000	Nil	1,779,540,000
Mr. Lee Ching Ming, Adrian (Note 2)	Nil	500,000	Nil	Nil	500,000
Mr. Barrie Calvert Goodridge	650,000	Nil	Nil	Nil	650,000
Mr. Peter Stavros Patapios Christofis	650,000	Nil	Nil	Nil	650,000

Note 1: The shares are beneficially owned by City Apex Limited. As at 31st March 2003, Mr. Lau Chuk Kin owns beneficially 79% interest in the share capital of ER2 Holdings Limited, the ultimate holding company of City Apex Limited holding approximately 77% of the issued share capital of City Apex Limited. Therefore Mr. Lau Chuk Kin is deemed to be interested in the 1,779,540,000 shares owned by City Apex Limited under section 8 of the SDI Ordinance.

Note 2: The shares are beneficially owned by the wife of Mr. Lee Ching Ming, Adrian. Mr. Lee Ching Ming, Adrian, is deemed to be interest in the said shares under section 31 of the SDI Ordinance.

Saved as disclosed above, none of the Directors of the Company has any interest in the equity or debt securities of the Company or its associated corporations (as defined in the SDI Ordinance) as recorded in the register required to be maintained under section 29 of the SDI Ordinance or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the minimum standards of dealing by directors as referred to in Rule 5.40 of the GEM Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHT TO ACQUIRE SHARES

The Company has adopted a share option scheme approved by a resolution passed by the shareholders

of the Company on 3rd July 2000, under which it may grant options to full-time employees, including executive directors of the Company or of its subsidiaries, to subscribe for shares in the Company.

As at 31st March 2003, the Company had not granted any option under the Company's share option scheme.

As at 31st March 2003, the Company had not granted any right to subscribe for equity or debt securities of the Company to any Director or Chief Executive of the Company or to his or her spouse or children under 18 years of age.

FINANCIAL ASSISTANCE

As mentioned in the prospectus dated 11th July 2000 and the years 2000, 2001 and 2002 annual report of the Company, the Group provided financial assistance to PPG Investments Limited of approximately HK\$16 million, which was proportional to the Group's 20 per cent equity interest in PPG Investments Limited. The financial assistance is unsecured, interest free and there is no fixed term of repayment. The unaudited balance sheet of PPG Investments Limited as at 31st March 2003 is as follows:

	HK\$'000
Non-current Assets	54,443
Current Assets	100
Current Liabilities	(10,091)
Non-current Liabilities	(70,111)
	<hr/>
	(25,659)
	=====
Capital and Reserve	(25,659)
	=====

During the period, the Group did not provide any new financial assistance to PPG Investments Limited.

SUBSTANTIAL SHAREHOLDERS

As at 31st March 2003, in addition to those interests as disclosed above in respect of the Directors, pursuant to Division 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the

Laws of Hong Kong), the Company had been notified of the following interests, being 5% or more in the issued share capital of the Company:

Name	Number of shares
Mr. Lau Chuk Kin (Note 1)	1,779,540,000
ER2 Holdings Limited (Note 1)	1,779,540,000
City Apex Limited (Note 1)	1,779,540,000
Tai Wah Investment Company Limited (Note 2)	220,000,000
Chan Family Investment Corporation Limited (Note 2)	266,773,333
Shui Sing Holdings Limited (Note 3)	220,760,000
Shui Sing (BVI) Limited (Note 3)	220,760,000
Great Eagle Holdings Limited (Note 3)	220,760,000
Jolly Trend Limited (Note 3)	220,760,000
The Great Eagle Company, Limited (Note 3)	220,760,000
Dr. Lo Ka Shui (Note 4)	222,260,000
JAIC-Somerley Corporate Development Fund Limited (Note 5)	163,000,000
Japan Asia Investment Company Limited (Note 5)	163,000,000
Somerley Limited (Note 5)	163,000,000
Mr. Martin Nevil Sabine (Note 5)	163,000,000

Notes:

- Each of Mr. Lau Chuk Kin and ER2 Holdings Limited is deemed to be interested in the 1,779,540,000 shares owned by City Apex Limited.
- Of these shares, 36,793,333 shares are directly owned by Chan Family Investments Corporation Limited, 9,980,000 shares and 220,000,000 shares are held by Earnyear Limited and Tai Wah Investments Company Limited, wholly-owned subsidiaries of Chan Family Investment Corporation Limited. The 220,000,000 shares are duplicated in the interest described in Tai Wah Investments Company Limited.
- Each of Shui Sing Holdings Limited, Shui Sing (BVI) Limited, Great Eagle Holdings Limited and Jolly Trend Limited is deemed to be interested in the 220,760,000 shares owned by The Great Eagle Company, Limited.
- Of these shares, 220,760,000 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 1,500,000 shares.
- Each of Japan Asia Investment Company Limited, Somerley Limited and Mr. Martin Nevil Sabine is deemed to be interested in the 163,000,000 shares owned by JAIC-Somerley Corporate Development Fund Limited.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period ended 31st March 2003, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

Mr. Peter Stravros Patapios Christofis is the Managing Director of JC Decaux Pearl & Dean Limited. JC Decaux Pearl & Dean Limited engages in advertising business in outdoor display advertising in Hong Kong.

Mr. Barrie Calvert Goodridge is the Chief Executive Officer of Publicitas, China, a division of PubliGroupe a listed Swiss media group. Publicitas engages in the promotion of print advertising in major publications in China and from around the world. It is also involved in the production of both print and electronic in-flight media for airlines.

The Directors believe that the principal business objectives of the Group are different from those of JC Decaux Pearl & Dean Limited and Publicitas. The Group carries on the business of recruitment advertising and the provision of related services, while the advertising businesses currently operated by JC Decaux Pearl & Dean Limited and Publicitas cover various aspects other than recruitment advertising and are aimed at non-recruitment advertising clients. As such, the Directors are not aware of any significant impact or compromise in the past relating to business competition between the Group and believe that such competition should not have any significant impact on the future business development of the Group.

Save as otherwise disclosed above, the Board are not aware of any directors having any investments in businesses which compete with the advertising business of the Group as at 31st March 2003.

AUDIT COMMITTEE

Pursuant to the GEM Listing Rules, an audit committee, comprising two Independent Non-Executive Directors, namely, Mr. Cheung Chun Yuen, Barry; and Mrs. Ling Ching Man, Eleanor; was established on 19th April 2000. On 20th January 2003, Mr. Cheng Ping Kuen, Franco was appointed to the Audit Committee on his appointment as Independent Non-Executive Director of the Company.

The audit committee held meetings regularly and performed duties, namely, reviewing the Company's draft annual report and accounts, half-year report, quarterly reports and circulars, and providing advice

and comments thereon to the Company's board of directors, meeting with external auditors to discuss audit matters of governance interest that arise from the annual audit of the Company's financial statements.

The Group's unaudited results for the three months ended 31st March 2003 have been reviewed by the audit committee, which was of the opinion that the preparation of the results complied with the applicable accounting standards and adequate disclosures have been made.

By Order of the Board
Lau Chuk Kin
Chairman

Hong Kong, 13th May 2003

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least 7 days from its day of publication.

** for identification purposes only*