



Interim Report
中期報告 2008



才庫媒體集團有限公司
RECRUIT HOLDINGS LIMITED

股份代號 : 550
Stock code : 550

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

The Board of Directors (the “Board”) of Recruit Holdings Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2008 together with the comparative unaudited figures for the corresponding period in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		(Unaudited)	
		Six months ended	
		30 June	
	<i>Notes</i>	2008	2007
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue and turnover	3	282,666	171,886
Direct operating costs		(191,356)	(111,327)
		<hr/>	<hr/>
Gross profit		91,310	60,559
Other operating income		6,987	16,626
Selling and distribution costs		(41,634)	(28,100)
Administrative expenses		(16,935)	(17,306)
Other operating expenses		(1,667)	(793)
		<hr/>	<hr/>
Operating profit		38,061	30,986
Finance costs	4	(527)	(519)
		<hr/>	<hr/>
Profit before income tax	5	37,534	30,467
Income tax expense	6	(5,231)	(2,633)
		<hr/>	<hr/>
Profit for the period		32,303	27,834
		<hr/>	<hr/>
Attributable to:			
Equity holders of the Company		30,043	25,772
Minority interests		2,260	2,062
		<hr/>	<hr/>
		32,303	27,834
		<hr/>	<hr/>
Dividends	17	9,295	5,554
		<hr/>	<hr/>
Earnings per share for profit attributable to equity holders of the Company during the period			
- Basic	7	HK10.42 cents	HK9.37 cents
		<hr/>	<hr/>
- Diluted	7	HK10.42 cents	HK9.36 cents
		<hr/>	<hr/>

CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) At 30 June 2008 HK\$'000	(Audited) At 31 December 2007 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	117,533	81,156
Prepaid land lease payments	9	1,002	1,013
Goodwill	10	14,119	-
Interests in associates		-	-
		132,654	82,169
Current assets			
Inventories		87,714	32,100
Trade and other receivables and deposits	11	157,351	122,598
Held-for-trading investments		28	1,808
Structured deposits		15,362	-
Advances to associates		26	96
Taxes recoverable		1,998	1,817
Cash and cash equivalents		75,285	89,199
		337,764	247,618
Current liabilities			
Trade and other payables	12	138,337	76,552
Bank borrowings	13	5,972	-
Finance lease liabilities	14	4,278	4,103
Provision for taxation		6,081	5,602
		154,668	86,257
Net current assets		183,096	161,361
Total assets less current liabilities		315,750	243,530
Non-current liabilities			
Bank borrowings	13	29,181	-
Finance lease liabilities	14	7,769	10,017
Deferred tax liabilities		2,094	1,612
		39,044	11,629
Net assets		276,706	231,901

CONDENSED CONSOLIDATED BALANCE SHEET (CONT'D)

		(Unaudited) At 30 June 2008 <i>HK\$'000</i>	(Audited) At 31 December 2007 <i>HK\$'000</i>
	<i>Notes</i>		
EQUITY			
Equity attributable to Company's equity holders			
Share capital	15	61,969	55,543
Reserves		198,119	139,970
Proposed final and special dividends		-	13,886
		<hr/> 260,088	<hr/> 209,399
Minority interests		16,618	22,502
		<hr/> 276,706 <hr/>	<hr/> 231,901 <hr/>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited)	
	For the six months ended	
	30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	15,791	17,334
Investing activities		
Purchase of property, plant and equipment	(45,534)	(6,157)
Purchase of held-for-trading investments	-	(24,978)
Purchase of structured deposits	(15,500)	-
Interest received	475	932
Dividend income received	-	4
Proceeds from disposal of property, plant and equipment	193	4
Proceeds from disposal of held-for-trading investments	1,521	29,013
Proceeds from dilution of interest in subsidiaries	-	15,000
Repayment from an associate	-	2,460
Net cash (used in) / generated from investing activities	(58,845)	16,278
Financing activities		
Bank borrowings raised	35,703	-
Repayment of bank borrowings	(550)	-
Interest on bank borrowings paid	(182)	-
Capital element of finance lease liabilities paid	(2,073)	(1,822)
Interest element of finance lease payments	(294)	(519)
Dividend paid to equity holders of the Company	(13,886)	(20,610)
Dividend paid to minority shareholders	(585)	(300)
Proceeds from shares issued	11,250	806
Share issue expenses paid	(243)	(3)
Net cash generated from / (used in) financing activities	29,140	(22,448)
Net (decrease) / increase in cash and cash equivalents	(13,914)	11,164
Cash and cash equivalents at the beginning of the period	89,199	55,157
Cash and cash equivalents at the end of the period	75,285	66,321
Analysis of balances of cash and cash equivalent		
Bank balances and cash	75,285	66,321

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to equity holders of the Company								Minority interests	Total	
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Employee compensation reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Proposed final and special dividends <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>			Total <i>HK\$'000</i>
2008											
At 1 January	55,543	56,144	-	(362)	(43,897)	2,371	13,886	125,714	209,399	22,502	231,901
Currency translation	-	-	-	(38)	-	-	-	-	(38)	(35)	(73)
Net results recognized directly in equity	-	-	-	(38)	-	-	-	-	(38)	(35)	(73)
Profit for the period	-	-	-	-	-	-	-	30,043	30,043	2,260	32,303
Total recognized income and expense for the period	-	-	-	(38)	-	-	-	30,043	30,005	2,225	32,230
Shares issued at premium	6,426	28,387	-	-	-	-	-	-	34,813	-	34,813
Share issue expenses	-	(243)	-	-	-	-	-	-	(243)	-	(243)
Acquisition of interests in subsidiaries	-	-	-	-	-	-	-	-	-	(7,524)	(7,524)
Final 2007 dividend paid	-	-	-	-	-	-	(13,886)	-	(13,886)	-	(13,886)
Dividend distributed to minority shareholder	-	-	-	-	-	-	-	-	-	(585)	(585)
At 30 June	61,969	84,288	-	(400)	(43,897)	2,371	-	155,757	260,088	16,618	276,706

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) CONT'D

	Equity attributable to equity holders of the Company								Minority interests	Total	
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Employee compensation reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Proposed final and special dividends <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>			Total <i>HK\$'000</i>
2007											
At 1 January	54,960	54,097	1,283	45	(43,897)	7,925	20,610	80,575	175,598	12,009	187,607
Currency translation	-	-	-	(116)	-	-	-	-	(116)	(7)	(123)
Net results recognized directly in equity	-	-	-	(116)	-	-	-	-	(116)	(7)	(123)
Profit for the period	-	-	-	-	-	-	-	25,772	25,772	2,062	27,834
Total recognized income and expense for the period	-	-	-	(116)	-	-	-	25,772	25,656	2,055	27,711
Shares issued at premium	295	511	-	-	-	-	-	-	806	-	806
Share issue expenses	-	(3)	-	-	-	-	-	-	(3)	-	(3)
Acquisition of interests in subsidiaries	-	-	-	-	-	-	-	-	-	2,942	2,942
Dilution of interests in a subsidiary	-	-	-	-	-	-	-	-	-	24	24
Final 2006 dividend paid	-	-	-	-	-	-	(13,740)	-	(13,740)	-	(13,740)
Special 2006 dividend paid	-	-	-	-	-	-	(6,870)	-	(6,870)	-	(6,870)
Dividend distributed to minority shareholder	-	-	-	-	-	-	-	-	-	(300)	(300)
At 30 June	55,255	54,605	1,283	(71)	(43,897)	7,925	-	106,347	181,447	16,730	198,177

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2008 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies adopted in preparing these interim results are consistent with those used in the Company's annual audited consolidated financial statements for the year ended 31 December 2007. The interim results are unaudited but have been reviewed by the Company's audit committee.

The Group has adopted the following standards that have been issued and effective for the periods beginning on or after 1 January 2008. The adoption of such standards did not have material effect on the Group's condensed consolidated financial statements.

HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 1 and HKAS 32 (Amendment)	Puttable Financial Instruments and Obligations arising on Liquidation ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations – Comprehensive revision on applying the Acquisition Method ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 July 2009.

³ Effective for annual periods beginning on or after 1 July 2008.

2. Segment information

Primary reporting format – Business segments

The entity's primary format for reporting segment information is business segments. Principal activities are as follows:

- 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

Six months ended 30 June 2008

	Advertising (Unaudited) <i>HK\$'000</i>	Printing (Unaudited) <i>HK\$'000</i>	Investment (Unaudited) <i>HK\$'000</i>	Eliminations (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
Revenue					
- External sales	130,316	152,350	-	-	282,666
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Segment results	33,372	9,220	(104)	-	42,488
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unallocated operating income					56
Unallocated operating expenses					(4,483)
					<u> </u>
Operating profit					38,061
Finance costs					(527)
					<u> </u>
Profit before income tax					37,534
Income tax expense					(5,231)
					<u> </u>
Profit for the period					<u>32,303</u>

Six months ended 30 June 2007

	Advertising (Unaudited) <i>HK\$'000</i>	Printing (Unaudited) <i>HK\$'000</i>	Investment (Unaudited) <i>HK\$'000</i>	Eliminations (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
Revenue					
- External sales	110,836	61,050	-	-	171,886
- Internal sales	-	76	-	(76)	-
Total	<u>110,836</u>	<u>61,126</u>	<u>-</u>	<u>(76)</u>	<u>171,886</u>
Segment results	<u>25,475</u>	<u>822</u>	<u>264</u>	<u>-</u>	<u>26,561</u>
Unallocated operating income					9,874
Unallocated operating expenses					(5,449)
Operating profit					<u>30,986</u>
Finance costs					(519)
Profit before income tax					<u>30,467</u>
Income tax expense					(2,633)
Profit for the period					<u><u>27,834</u></u>

Note: certain of the figures have been restated to conform with the current period segmental presentation.

Secondary reporting format – Geographical segments

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

Sales by geographical markets:

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	46,813	49,180
Mainland China	95,169	69,819
Australia	43,859	27,945
United States	50,612	8,727
United Kingdom	32,348	14,237
Germany	8,056	833
Others	5,809	1,145
	<u>282,666</u>	<u>171,886</u>

3. Revenue and turnover

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Advertising income	130,316	110,836
Printing income	152,350	61,050
	<u>282,666</u>	<u>171,886</u>

4. Finance costs

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Imputed interest on financial liabilities at amortised cost	51	-
Interest on bank borrowings	182	-
Finance lease charges	294	519
	<u>527</u>	<u>519</u>

5. Profit before income tax

Profit before income tax has been arrived at after charging (crediting):

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Amortisation and depreciation	8,319	6,601
Employee benefit expense	24,190	23,148
Loss (gain) on financial assets at fair value through profit or loss	397	(109)
Gain on partial disposal and dilution of interest in a subsidiary	-	(9,455)
Minimum lease payments paid or payable under operating leases or leases defined under HK (IFRIC) – Int 4 “Determining whether an arrangement contains a lease” in respect of:		
- Rented premises and production facilities	3,488	3,384
- Internet access line	42	42
Loss on disposal of property, plant and equipment	630	7
Interest income	(475)	(932)
	<u></u>	<u></u>

6. Income tax expense

The amount of income tax expense charged to the condensed consolidated income statement represents:

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
- Current year	1,532	2,491
- Underprovision in prior years	3,102	-
Mainland China Income Tax		
- Current year	-	142
- Underprovision in prior years	115	-
Deferred taxation	482	-
	<u>5,231</u>	<u>2,633</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the Company's estimated assessable profits for the period. Mainland China Income Tax has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the location in which the Group operates.

The Group did not have any significant unprovided deferred taxation for the period.

7. Earnings per share

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

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share for the period	<u>30,043</u>	<u>25,772</u>
	Number of shares ('000)	
Weighted average number of ordinary shares for the purposes of basic earnings per share	288,413	274,941
Effect of dilutive potential ordinary shares in respect of share options granted	-	556
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>288,413</u>	<u>275,497</u>

8. Property, plant and equipment

	Buildings <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Leasehold improve- ments <i>HK\$'000</i>	Computer equipment and systems <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Machinery <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost								
At 1 January 2008	453	2,794	2,163	15,506	31,181	1,256	78,909	132,262
Additions	-	662	419	7,211	1,211	129	35,902	45,534
Disposals/written off	-	(556)	(180)	(669)	(2,900)	-	-	(4,305)
Exchange differences	-	(5)	-	20	(3)	(25)	-	(13)
At 30 June 2008	453	2,895	2,402	22,068	29,489	1,360	114,811	173,478
Accumulated Depreciation								
At 1 January 2008	18	1,504	1,353	7,222	27,681	520	12,808	51,106
Provided for the period	5	188	129	2,013	888	168	4,917	8,308
Eliminated on disposals	-	(293)	(131)	(456)	(2,602)	-	-	(3,482)
Exchange differences	-	(1)	-	20	(1)	(5)	-	13
At 30 June 2008	23	1,398	1,351	8,799	25,966	683	17,725	55,945
Net Book Values								
At 30 June 2008	430	1,497	1,051	13,269	3,523	677	97,086	117,533
At 31 December 2007	435	1,290	810	8,284	3,500	736	66,101	81,156

The net book amount of property, plant and equipment includes the net carrying amount of HK\$17,743,000 (31 December 2007: HK\$18,941,000) in respect of assets held under finance leases.

9. Prepaid land lease payments

	<i>HK\$'000</i>
Cost	
At 1 January 2008	1,055
Additions	-
At 30 June 2008	1,055
Accumulated Amortisation	
At 1 January 2008	42
Provided for the period	11
At 30 June 2008	53
Net Book Values	
As at 30 June 2008	1,002
As at 31 December 2007	1,013

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

10. Goodwill

	At 30 June 2008 (Unaudited) HK\$'000	At 31 December 2007 (Audited) HK\$'000
Cost and carrying amount		
Arising on acquisition of additional interest in subsidiaries	14,119	-
At 30 June 2008	14,119	-

11. Trade and other receivables and deposits

The Group allows a credit period from 7 days to 150 days to its trade customers.

Aging analysis of trade receivables, as at 30 June 2008 based on sales invoice date and net of provisions at the balance sheet date, is as follows:

	At 30 June 2008 (Unaudited) HK\$'000	At 31 December 2007 (Audited) HK\$'000
0 - 30 days	45,782	35,731
31 - 60 days	41,058	21,469
61 - 90 days	24,982	15,318
91 - 120 days	18,124	22,083
121 - 150 days	7,534	8,329
Over 150 days	1,882	2,404
Total trade receivables	139,362	105,334
Other receivables and deposits	17,989	17,264
	157,351	122,598

12. Trade and other payables

The following is the aging analysis of trade payables at the balance sheet dates:

	At 30 June 2008 (Unaudited) HK\$'000	At 31 December 2007 (Audited) HK\$'000
0 - 30 days	28,614	25,772
31 - 60 days	31,195	5,577
61 - 90 days	24,618	4,040
91 - 120 days	4,191	2,464
Over 120 days	7,002	6,819
Total trade payables	<u>95,620</u>	<u>44,672</u>
Other payables	42,717	31,880
	<u><u>138,337</u></u>	<u><u>76,552</u></u>

13. Bank borrowings

During the period, the Group obtained new bank loans amounting to HK\$35,703,000. The loans carry interest at prevailing market rates and are repayable in instalments over a period of five years. The proceeds were used to finance the acquisition of property, plant and equipment.

14. Finance lease liabilities

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

	At 30 June 2008 (Unaudited) HK\$'000	At 31 December 2007 (Audited) HK\$'000
Due within one year	4,651	4,806
Due in the second to fifth years	8,024	10,684
	<u>12,675</u>	<u>15,490</u>
Future finance charges on finance lease	(628)	(1,370)
	<u>12,047</u>	<u>14,120</u>

The present value of finance lease liabilities is as follows:

	At 30 June 2008 (Unaudited) HK\$'000	At 31 December 2007 (Audited) HK\$'000
Due within one year	4,278	4,103
Due in the second to fifth years	7,769	10,017
	<u>12,047</u>	<u>14,120</u>
Less: Portion due within one year included under current liabilities	<u>(4,278)</u>	<u>(4,103)</u>
Non-current portion included under non-current liabilities	<u>7,769</u>	<u>10,017</u>

15. Share capital

	No. of shares ('000)	HK\$'000
Authorised:		
Ordinary shares of HK\$0.20 each	500,000	100,000
	<u>500,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 January 2008	277,716	55,543
Shares issued during the period	32,130	6,426
	<u>309,846</u>	<u>61,969</u>
At 30 June 2008	<u>309,846</u>	<u>61,969</u>

16. Capital commitments

As at 30 June 2008, the Group had capital commitment contracted but not provided for in respect of the acquisition of property, plant and equipment of approximately HK\$28,784,000 (31 December 2007: HK\$24,661,000).

17. Dividends

(a) Dividends attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Final dividend in respect of the year ended 31 December 2007, approved and paid during the period, of HK\$0.05 per share (2006: HK\$0.05)	13,886	13,740
Special dividend in respect of the year ended 31 December 2006, approved and paid during the period, of HK\$0.025 per share	-	6,870
	13,886	20,610

(b) Dividend attributable to the period

	2008	2007
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interim dividend – HK\$0.03 per shares (2007: HK\$0.02)	9,295	5,554

Notes:

- (i) On 29 February 2008, the Directors proposed a final dividend of HK\$0.05 per share. The final dividend was paid on 30 April 2008.
- (ii) The amount of the interim dividend declared for the six months ended 30 June 2008, which will be payable in cash, has been calculated by reference to the 309,846,000 issued ordinary shares outstanding as at the date of this report. The interim dividend is not reflected as dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2008.

18. Related party transactions

Compensation of key management personnel

The directors of the Company were considered to be key management personnel of the Group. The remuneration of key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	2,302	1,038
Post-employment benefit	18	18
	<u>2,320</u>	<u>1,056</u>
	<u><u>2,320</u></u>	<u><u>1,056</u></u>

19. Contingent liabilities

As at 30 June 2008, the Group had no significant contingent liabilities (31 December 2007: Nil).

FINANCIAL REVIEW

Turnover for the six months ended 30 June 2008 was approximately HK\$282.7 million, representing a 64.4% increase as compared with HK\$171.9 million of the same period last year. The growth in revenue was mainly due to a significant increase of 150% in the printing business over the corresponding period last year. Besides, the inflight magazine advertising revenue also recorded a 47% increase over corresponding period last year.

The Company entered into a subscription and share swap transactions during the period under review. The Company issued total of 32.1 million new shares as consideration for purchasing interests held by minority shareholders in the recruitment advertising business in Hong Kong and China. Goodwill of HK\$14.1 million arose during the acquisition. The transactions resulted in the Company having complete control over the Group's recruitment advertising business and enabled the Group to eliminate some minority interests.

Profit attributable to shareholders was increased by 16.6% to approximately HK\$30.0 million from HK\$25.8 million of the same period last year. Excluding the gain on disposal of 20% interest in Hong Kong recruitment advertising business in last year, the profit attributable to shareholders would be an 85% increase over HK\$16.3 million of the last corresponding period.

BUSINESS REVIEW

ADVERTISING BUSINESS

Recruitment Advertising

With the exit from print recruitment advertising in Shanghai in November 2007, the Group is re-directing its focus to Hong Kong where the competition continues to be fierce with the major players engaging in price wars. In the first quarter, we enjoyed healthy growth in revenue but saw the market taking a significant downturn in the second quarter. For the first half, sales revenue in Recruitment Advertising in Hong Kong showed a 1% increase over the same period in 2007. Our net profit margin, however, declined, due to higher promotion expenses and staff costs. Our new management team in the division is working on a number of initiatives which will provide our target jobseekers with unique benefits. The programs are planned to be rolled out in the fourth quarter of the year.

Our 1010job.com web site continues to operate with support based in Hong Kong. For the past six months, 1010job.com has been consistently ranked among the top 7 most visited recruitment website in China based on the survey of Iwebchoice.com, an independent market research firm.

Inflight Magazine Advertising

The first half of 2008 turned out to be a blow-out period for this business unit when revenue and net profit achieved over 40% increase. Except for a slight dip in June caused by the earthquake in Sichuan, the demand for advertising space from luxury consumer products companies, spurred by buoyant domestic consumption and the Beijing Olympics, grew from strength to strength. We are, however, keeping a close monitor of the credit of our customers.

Printing Business

Trading conditions in the sector were extremely tough in the face of the shortage of labour in the Pearl River Delta, the burden and lack of flexibility that came with the changes in the National Labour Laws, the rise of costs of raw material, power, transportation labour and the Renmenbi. The slowing down of the economy in the US, one of our major export markets had resulted in less demand of books. The consolation is that our customers are resigned to the fact of accepting price increases, which they have not done so in the past. A significant number of medium to small printers have gone out of business in 2008 and the situation is likely to worsen in the second half.

Against all these negative factors, 1010 Printing, our 73% owned subsidiary has managed to increase its sales revenue by 150% in the first six months versus the same period in 2007. Our net profit margin also improved by 5%. April saw the commissioning of our new annex which doubled our production space. We believe that our existing plant and machinery makes 1010 Printing one of the most efficient books printers in Asia.

PROSPECTS

The drop in orders for the fourth quarter has clouded the full year prospects for 1010 Printing. Management remains confident that we will enjoy a record year in both revenue and net profit. Over the past three years, 1010 Printing has established a solid portfolio of credit worthy international publishers. With its ultra-modern facilities and a young work force, 1010 is well positioned to gain market share in an industry which is going through rapid consolidation.

As for the "Recruit" business, the new restructuring program is still a work in progress. We foresee that the tough trading conditions will prevail in the second half of the year and may well continue into 2009. We have increased our earnings in the past by vigorous control of headcount and expenses. Management is of the belief that the cost control efforts have run their course. We are working on an ambitious product revamp which requires significant investments on IT and human resources. Profit contributions from our Recruit business are likely to decline.

We are bullish of the prospects of the Inflight Magazine business for the second half of the year. Barring any unforeseen natural disasters, this division which is the engine of growth for the Group, will enjoy record profits this year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2008, the Group had net current assets of approximately HK\$183.1 million (31 December 2007: HK\$161.4 million) of which the cash and bank deposits were approximately HK\$90.6 million (31 December 2007: HK\$89.2 million).

Total bank borrowings and finance lease liabilities were HK\$47.2 million (31 December 2007: HK\$ 14.1 million). The proceeds were mainly used to finance the acquisition of machineries in printing business. The bank borrowings and finance lease are denominated in Hong Kong dollars, at floating rates and repayable within five years. The net book amount of property, plant and equipment includes net carrying amount of HK\$17.7 million (31 December 2007: HK\$18.9 million) in respect of assets held under finance leases.

The Group's gearing ratio as at 30 June 2008 was 17.1% (31 December 2007: 6.1%), which is calculated on the basis of the Group's total interest-bearing debts over the total equity interest.

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

CAPITAL COMMITMENTS AND CONTINGENT LIABILITY

As at 30 June 2008, the Group had committed to acquire printing machinery of approximately HK\$28.7 million. The acquisition will be financed by bank borrowings and the Group's internal resources.

The Group had no significant contingent liability as at 30 June 2008.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of an interim dividend of HK\$0.03 per ordinary share for the six months ended 30 June 2008 (2007: HK\$0.02) to shareholders whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 4 September 2008. The register of shareholders will be closed from 1 September 2008 to 4 September 2008, both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited whose share registration public offices are located at Shops 1712-1716 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 29 August 2008. The relevant dividend warrants will be despatched to shareholders on or around 11 September 2008.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2008, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or 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 in Appendix 10 of the Listing Rules (the "Model Code"), were as follows:

Name of Directors	Personal Interests (Shares)	Family Interests (Shares)	Corporate Interests (Shares)	Total Interests (Shares)	Percentage to the issued share capital of the Company (%)
Mr. Lau Chuk Kin (<i>Note 1</i>)	1,590,000	Nil	178,894,000	180,484,000	58.25
Mr. Lee Ching Ming, Adrian (<i>Note 2</i>)	100,500	50,000	Nil	150,500	0.05
Mr. Peter Stavros Patapios Christofis	670,500	Nil	Nil	670,500	0.22
Mr. Cheng Ping Kuen, Franco	120,000	Nil	Nil	120,000	0.04
Ms. Ho Suk Yi	198,000	Nil	Nil	198,000	0.06
Ms. Chow So Chu	48,000	Nil	Nil	48,000	0.02

Notes:

1. Of 178,894,000 shares, 940,000 shares and 177,954,000 shares are beneficially owned by ER2 Holdings Limited and City Apex Limited respectively. As at 30 June 2008, Mr. Lau Chuk Kin beneficially owned 67% of the issued share capital of ER2 Holdings Limited, 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.

- 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.

SHARE OPTION SCHEME

The Company has adopted share option schemes approved by a resolution passed by the shareholders of the Company on 13 July 2007, under which it may grant options to directors, employees, any advisors and service providers of any member of the Group to subscribe for shares in the Company. There were no outstanding share options granted as at 30 June 2008.

Saved as disclosed above, as at 30 June 2008, to the knowledge of the Company, none of the directors or chief executive of the Company and their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be maintained under section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, so far as is known to any director or chief executive of the Company, other than a director or chief executive of the Company, the following persons 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 of shareholder	Number of shares	Percentage to the issued share capital of the Company %
Mr. Lau Chuk Kin (<i>Note 1</i>)	180,484,000	58.25
ER2 Holdings Limited (<i>Note 1</i>)	178,894,000	57.74
City Apex Limited (<i>Note 1</i>)	177,954,000	57.43
Tai Wah Investment Company Limited (<i>Note 2</i>)	22,000,000	7.10
Chan Family Investment Corporation Limited (<i>Note 2</i>)	24,115,333	7.78
JobStreet Corporation Berhad	26,250,000	8.47
Great Eagle Holdings Limited (<i>Note 3</i>)	21,638,000	6.98
Jolly Trend Limited (<i>Note 3</i>)	21,638,000	6.98
The Great Eagle Company, Limited (<i>Note 3</i>)	21,638,000	6.98
Dr. Lo Ka Shui (<i>Note 4</i>)	21,788,000	7.03

Notes:

- Of the 180,484,000 shares, Mr. Lau Chuk Kin is deemed to be interested in the 940,000 shares directly held by ER2 Holdings Limited. Each of Mr. Lau Chuk Kin and ER2 Holdings Limited is deemed to be interested in the 177,954,000 shares owned by City Apex Limited.
- Of these shares, 1,117,333 shares are directly owned by Chan Family Investment Corporation Limited, 998,000 shares

and 22,000,000 shares are respectively held by Earnyear Limited and Tai Wah Investment Company Limited. Both Earnyear Limited and Tai Wah Investment Company Limited are wholly-owned subsidiaries of Chan Family Investment Corporation Limited.

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

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2008, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code Provision") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2008 save as disclosed below:

Code Provision A.2.1

The Company does not have a separate chairman and chief executive and Mr. Lau Chuk Kin currently holds both positions. The Board considers that the current structure facilitates the execution of the Group's business strategies and maximizes effectiveness of its operation. The Board shall review the structure from time to time to ensure appropriate move is being taken should suitable circumstances arise.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exactly than the required standard of dealings as set out in Model Code throughout the six months ended 30 June 2008. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions by directors.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2008, the Group had around 116 full-time employees (2007: 197). 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 employee benefits include provident fund, insurance and medical cover. No share options were outstanding as at 30 June 2008.

AUDIT COMMITTEE

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

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

The audit committee had met with the management to review the Company's interim report for the six months ended 30 June 2008 and had the opinion that such report was compiled with the applicable accounting standards and adequate disclosures had been made.

By Order of the Board
Lam Mei Lan
Executive Director

Hong Kong, 15 August 2008

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lau Chuk Kin (Chairman)

Ms. Lam Mei Lan

Ms. Ho Suk Yi

Ms. Chow So Chu

Non-Executive Directors

Mr. Lee Ching Ming, Adrian

Mr. Wan Siu Kau

Mr. Peter Stavros Patapios Christofis

Independent Non-Executive Directors

Mrs. Ling Lee Ching Man, Eleanor

Mr. Cheng Ping Kuen, Franco

Mr. Tyen Kan Hee, Anthony

COMPANY SECRETARY

Ms. Lam Mei Lan *CPA, FCCA*

QUALIFIED ACCOUNTANT

Ms. Lam Mei Lan *CPA, FCCA*

COMPLIANCE OFFICER

Mr. Lau Chuk Kin

AUTHORISED REPRESENTATIVES

Mr. Lau Chuk Kin

Ms. Lam Mei Lan

AUDIT COMMITTEE

Mrs. Ling Lee Ching Man, Eleanor

Mr. Cheng Ping Kuen, Franco

Mr. Tyen Kan Hee, Anthony

REMUNERATION COMMITTEE

Mrs. Ling Lee Ching Man, Eleanor

Mr. Cheng Ping Kuen, Franco

Mr. Tyen Kan Hee, Anthony

WEBSITE

www.recruitonline.com

AUDITORS

Grant Thornton

LEGAL ADVISER

Richards Butler

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong)
Limited

The Hongkong and Shanghai Banking
Corporation Limited

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Registrar

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road,
Pembroke HM08, Bermuda

Hong Kong Branch Registrar

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

26th Floor, 625 King's Road
North Point, Hong Kong

STOCK CODE

550