

2

0

0

9

Interim Report  
中期報告



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 2009

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 2009 together with the comparative unaudited figures for the corresponding period in 2008 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009

		(Unaudited)	
		Six months ended	
		30 June	
		2009	2008
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue and turnover	<i>Notes</i> 3	<b>284,589</b>	282,666
Direct operating costs		<b>(208,361)</b>	(191,356)
Gross profit		<b>76,228</b>	91,310
Other operating income		<b>9,958</b>	6,987
Selling and distribution costs		<b>(33,243)</b>	(41,634)
Administrative expenses		<b>(22,207)</b>	(16,935)
Other operating expenses		<b>(1,208)</b>	(1,667)
Operating profit		<b>29,528</b>	38,061
Finance costs	4	<b>(635)</b>	(527)
Profit before income tax	5	<b>28,893</b>	37,534
Income tax expense	6	<b>(2,335)</b>	(5,231)
Profit for the period		<b>26,558</b>	32,303
Attributable to:			
Equity holders of the Company		<b>22,942</b>	30,043
Minority interests		<b>3,616</b>	2,260
		<b>26,558</b>	32,303
Dividends	15	<b>4,648</b>	9,295
Earnings per share for profit attributable to equity holders of the Company during the period			
- Basic	7	<b>HK 7.40 cents</b>	HK10.42 cents
- Diluted	7	<b>N/A</b>	N/A

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	<b>(Unaudited)</b>	
	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2009</b>	2008
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Profit for the period	<b>26,558</b>	32,303
<b>Other comprehensive income</b>		
Exchange differences arising on translation of foreign operations	(145)	(73)
Other comprehensive income for the period	<b>(145)</b>	(73)
Total comprehensive income for the period	<b>26,413</b>	32,230
Total comprehensive income attributable to:		
Equity holders of the Company	<b>22,853</b>	30,005
Minority shareholders	<b>3,560</b>	2,225
	<b>26,413</b>	32,230

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2009**

	<i>Notes</i>	(Unaudited) At 30 June 2009 <i>HK\$'000</i>	(Audited) At 31 December 2008 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	159,249	137,086
Goodwill		14,119	14,119
Interests in associates		-	-
		<u>173,368</u>	<u>151,205</u>
<b>Current assets</b>			
Inventories		70,048	51,304
Trade and other receivables and deposits	9	160,710	164,258
Financial assets at fair value through profit or loss		556	996
Taxes recoverable		2,709	2,984
Cash and cash equivalents		55,159	85,769
		<u>289,182</u>	<u>305,311</u>
<b>Current liabilities</b>			
Trade and other payables	10	73,106	78,375
Financial liabilities at fair value through profit or loss		5,852	-
Bank borrowings	11	6,092	5,172
Finance lease liabilities	12	4,349	4,365
Provision for taxation		1,750	1,174
		<u>91,149</u>	<u>89,086</u>
<b>Net current assets</b>		<u>198,033</u>	<u>216,225</u>
<b>Total assets less current liabilities</b>		<u>371,401</u>	<u>367,430</u>
<b>Non-current liabilities</b>			
Bank borrowings	11	40,822	44,328
Finance lease liabilities	12	3,296	5,513
Deferred tax liabilities		4,040	2,470
		<u>48,158</u>	<u>52,311</u>
<b>Net assets</b>		<u>323,243</u>	<u>315,119</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)**  
**AS AT 30 JUNE 2009**

		(Unaudited) At 30 June 2009 <i>HK\$'000</i>	(Audited) At 31 December 2008 <i>HK\$'000</i>
	<i>Notes</i>		
<b>EQUITY</b>			
<b>Equity attributable to the equity holders of the Company</b>			
Share capital	<i>13</i>	<b>61,969</b>	61,969
Reserves		<b>243,031</b>	219,361
Proposed final dividend		-	15,492
		<u><b>305,000</b></u>	<u>296,822</u>
<b>Minority interests</b>		<b>18,243</b>	18,297
		<u><b>323,243</b></u>	<u>315,119</u>
<b>Total equity</b>		<u><u><b>323,243</b></u></u>	<u><u>315,119</u></u>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited)	
	For the six months ended	
	30 June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	24,966	15,791
Investing activities		
Purchase of property, plant and equipment	(32,082)	(45,534)
Purchase of structured deposits	-	(15,500)
Interest received	71	475
Proceeds from disposal of property, plant and equipment	431	193
Proceeds from disposal of held-for-trading investments	-	1,521
Acquisition of additional interest in a subsidiary	(3,050)	-
Net cash used in investing activities	<u>(34,630)</u>	<u>(58,845)</u>
Financing activities		
Bank borrowings raised	-	35,703
Repayment of bank borrowings	(2,586)	(550)
Interest on bank borrowings paid	(530)	(182)
Capital element of finance lease liabilities paid	(2,233)	(2,073)
Interest element of finance lease payments	(105)	(294)
Dividends paid to equity holders of the Company	(15,492)	(13,886)
Dividends paid to minority shareholders	-	(585)
Proceeds from shares issued	-	11,250
Share issue expenses paid	-	(243)
Net cash (used in) generated from financing activities	<u>(20,946)</u>	<u>29,140</u>
Net decrease in cash and cash equivalents	<b>(30,610)</b>	<b>(13,914)</b>
Cash and cash equivalents at the beginning of the period	<b>85,769</b>	89,199
Cash and cash equivalents at the end of the period	<u><b>55,159</b></u>	<u>75,285</u>
Analysis of balances of cash and cash equivalent		
Bank balances and cash	<u><b>55,159</b></u>	<u>75,285</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	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 dividends <i>HK\$ '000</i>	Retained earnings <i>HK\$ '000</i>			Total <i>HK\$ '000</i>
<b>2009</b>											
At 1 January	61,969	84,288	625	(601)	(43,897)	2,371	15,492	176,575	296,822	18,297	315,119
Exchange differences arising on translation of foreign operations	-	-	-	(89)	-	-	-	-	(89)	(56)	(145)
Profit for the period	-	-	-	-	-	-	-	22,942	22,942	3,616	26,558
<b>Total comprehensive income for the period</b>	-	-	-	<b>(89)</b>	-	-	-	<b>22,942</b>	<b>22,853</b>	<b>3,560</b>	<b>26,413</b>
Equity-settled share-based payment expense	-	-	817	-	-	-	-	-	817	-	817
Lapsed of share option	-	-	(138)	-	-	-	-	138	-	-	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	(3,614)	(3,614)
Final 2008 dividend paid	-	-	-	-	-	-	(15,492)	-	(15,492)	-	(15,492)
<b>At 30 June</b>	<b>61,969</b>	<b>84,288</b>	<b>1,304</b>	<b>(690)</b>	<b>(43,897)</b>	<b>2,371</b>	<b>-</b>	<b>199,655</b>	<b>305,000</b>	<b>18,243</b>	<b>323,243</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONT'D)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	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 dividends <i>HK\$ '000</i>	Retained earnings <i>HK\$ '000</i>			Total <i>HK\$ '000</i>
<b>2008</b>											
At 1 January	55,543	56,144	-	(362)	(43,897)	2,371	13,886	125,714	209,399	22,502	231,901
Exchange differences arising on translation of foreign operations	-	-	-	(38)	-	-	-	-	(38)	(35)	(73)
Profit for the period	-	-	-	-	-	-	-	30,043	30,043	2,260	32,303
<b>Total comprehensive income for the period</b>	-	-	-	<b>(38)</b>	-	-	-	<b>30,043</b>	<b>30,005</b>	<b>2,225</b>	<b>32,230</b>
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)
<b>At 30 June</b>	<b>61,969</b>	<b>84,288</b>	-	<b>(400)</b>	<b>(43,897)</b>	<b>2,371</b>	-	<b>155,757</b>	<b>260,088</b>	<b>16,618</b>	<b>276,706</b>



## 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 2009 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.

### 2. Principal accounting policies

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair values. The interim results are unaudited but have been reviewed by the Company's audit committee.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except for the adoption of the following new Hong Kong Financial Reporting Standards and Interpretations ("HKFRSs") during the period:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment) and HK(IFRIC) – INT 9	Reassessment of Embedded Derivative
HKFRS 1 and HKAS 27 (Amendments)	Cost on an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosure about Financial Instruments
HKFRS 8	Operating Segments
HKFRSs (Amendments)	Improvements to HKFRSs
HK(IFRIC) - INT 13	Customer Loyalty Programmes
HK(IFRIC) - INT 15	Agreements for the Construction of Real Estate
HK(IFRIC) - INT 16	Hedges of a Net Investment in a Foreign Operation

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

### **HKFRS 8 Operating Segments**

HKFRS 8 requires that operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Adoption of this standard did not have significant effect on the financial position or performance of the Group for the interim period. The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 Segment Reporting.

### **HKAS 1 (Revised) Presentation of Financial Statements**

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

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.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 <sup>1</sup>
HKASs (Amendments)	Improvements to HKFRSs issued in 2009 <sup>2</sup>
HKAS 27 (Revised 2008)	Consolidated and separate financial statement <sup>1</sup>
HKAS 39 (Amendment)	Eligible hedged items <sup>1</sup>
HKFRS 2 (Amendments)	Group cash-settled share-based payment <sup>4</sup>
HKFRS 3 (Revised 2008)	Business Combinations <sup>1</sup>
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners <sup>1</sup>
HK(IFRIC) – Int 18	Transfers of assets from customers <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2009.

<sup>2</sup> Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.

<sup>3</sup> Effective for transfers on or after 1 July 2009.

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2010.

### 3. Segment information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers and which are used to make strategic decisions 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

The following tables present information of revenue and profit for the period on the basis of the Group's operating segments for the six months ended 30 June 2009 and 2008 respectively:

#### Six months ended 30 June 2009

	<b>Advertising</b> (Unaudited) <i>HK\$'000</i>	<b>Printing</b> (Unaudited) <i>HK\$'000</i>	<b>Investment</b> (Unaudited) <i>HK\$'000</i>	<b>Eliminations</b> (Unaudited) <i>HK\$'000</i>	<b>Consolidated</b> (Unaudited) <i>HK\$'000</i>
<b>Revenue</b>					
- External sales	96,985	187,604	-	-	284,589
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Segment profit</b>	10,326	22,496	169	-	32,991
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Central administration income					671
Central administration expenses					(4,134)
Operating profit					<u>29,528</u>
Finance costs					(635)
Profit before income tax					<u>28,893</u>
Income tax expense					(2,335)
<b>Profit for the period</b>					<u>26,558</u>

**Six months ended 30 June 2008**

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

**The following is an analysis of the Group's assets by operating segment:**

	<b>30.6.2009</b> (Unaudited) <i>HK\$'000</i>	31.12.2008 (Unaudited) <i>HK\$'000</i>
Advertising	50,123	74,267
Printing	379,302	340,396
Investment	24,521	10,069
Total segment assets	<u>453,946</u>	<u>424,732</u>

#### 4. Finance costs

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Imputed interest on financial liabilities at amortised cost	-	51
Interest on bank borrowings	530	182
Finance lease charges	105	294
	<u>635</u>	<u>527</u>

#### 5. Profit before income tax

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

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Amortisation and depreciation	9,446	8,319
Employee benefit expense	21,979	24,190
Loss on financial assets at fair value through profit or loss	6,292	397
Minimum lease payments paid under operating leases or leases in respect of		
- Rented premises and production facilities	4,697	3,488
- Internet access line	45	42
Loss on disposal of property, plant and equipment	81	630
Discount on acquisition of additional interest in a subsidiary	(564)	-
Net foreign exchange gain	(5,484)	(2,061)
Interest income	(71)	(475)
	<u>          </u>	<u>          </u>

## 6. Income tax expense

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

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
The charge comprises:		
Hong Kong profits tax		
- Current year	<b>475</b>	1,532
- Underprovision in prior years	-	3,102
Overseas profits tax		
- Current year	<b>378</b>	-
- Underprovision in prior years	<b>(88)</b>	115
Deferred taxation – current year	<b>1,570</b>	482
	<b>2,335</b>	5,231

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the Company's estimated assessable profits for the period. Overseas profits tax has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries 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:

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Earnings for the purposes of basic earnings per share for the period	<b>22,942</b>	30,043
	<b>Number of shares ('000)</b>	
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>309,846</b>	288,413

Diluted earnings per share for the period ended 30 June 2009 was not presented because the impact of the exercise of the share options was anti-dilutive. No dilutive effect on earnings per share was noted for the period ended 30 June 2008 as there was no outstanding share options for the said period.

## 8. Property, plant and equipment

	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>
<b>Cost</b>							
At 1 January 2009	3,089	2,835	29,415	29,304	1,211	131,517	197,371
Additions	288	460	2,396	937	-	28,001	32,082
Disposals/written off	(503)	(678)	(225)	(6,404)	(248)	(29)	(8,087)
Exchange differences	19	-	3	12	33	-	67
At 30 June 2009	<u>2,893</u>	<u>2,617</u>	<u>31,589</u>	<u>23,849</u>	<u>996</u>	<u>159,489</u>	<u>221,433</u>
<b>Accumulated Depreciation</b>							
At 1 January 2009	1,615	1,492	10,329	26,342	786	19,721	60,285
Provided for the period	253	211	1,602	1,070	61	6,249	9,446
Eliminated on disposals	(364)	(651)	(50)	(6,402)	(99)	(8)	(7,574)
Exchange differences	5	-	-	4	18	-	27
At 30 June 2009	<u>1,509</u>	<u>1,052</u>	<u>11,881</u>	<u>21,014</u>	<u>766</u>	<u>25,962</u>	<u>62,184</u>
<b>Net Book Values</b>							
At 30 June 2009	<u>1,384</u>	<u>1,565</u>	<u>19,708</u>	<u>2,835</u>	<u>230</u>	<u>133,527</u>	<u>159,249</u>
At 31 December 2008	<u>1,474</u>	<u>1,343</u>	<u>19,086</u>	<u>2,962</u>	<u>425</u>	<u>111,796</u>	<u>137,086</u>

The net book amount of property, plant and equipment includes the net carrying amount of HK\$16,458,000 (31 December 2008: HK\$17,309,000) in respect of assets held under finance leases.

## 9. 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 2009 based on sales invoice date and net of provisions at the balance sheet date, is as follows:

	<b>At 30 June 2009 (Unaudited) <i>HK\$'000</i></b>	<b>At 31 December 2008 (Audited) <i>HK\$'000</i></b>
0 - 30 days	<b>54,707</b>	39,526
31 - 60 days	<b>35,479</b>	21,724
61 - 90 days	<b>27,200</b>	12,650
91 - 120 days	<b>13,821</b>	17,676
121 - 150 days	<b>7,262</b>	19,115
Over 150 days	<b>2,018</b>	8,203
Total trade receivables	<u><b>140,487</b></u>	<u>118,894</u>
Other receivables and deposits	<u><b>20,223</b></u>	<u>45,364</u>
	<u><b>160,710</b></u>	<u>164,258</u>

## 10. Trade and other payables

The following is the aging analysis of trade payables by invoice date:

	<b>At 30 June 2009 (Unaudited) HK\$'000</b>	At 31 December 2008 (Audited) HK\$'000
0 - 30 days	14,709	11,956
31 - 60 days	12,139	8,157
61 - 90 days	9,149	10,222
91 - 120 days	755	4,733
Over 120 days	3,302	10,157
Total trade payables	<u>40,054</u>	<u>45,225</u>
Other payables	33,052	33,150
	<u>73,106</u>	<u>78,375</u>

## 11. Bank borrowings

During the period, repayments of bank loans amounting to HK\$2,586,000 (2008: HK\$550,000) were made in line with the relevant repayment terms. No new bank loans were raised for the six months period in 2009 (2008: HK\$35,703,000).

## 12. Finance lease liabilities

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

	<b>At 30 June 2009 (Unaudited) HK\$'000</b>	At 31 December 2008 (Audited) HK\$'000
Due within one year	4,484	4,555
Due in the second to fifth years	3,310	5,597
	<u>7,794</u>	<u>10,152</u>
Future finance charges on finance lease	(149)	(274)
	<u>7,645</u>	<u>9,878</u>



The present value of finance lease liabilities is as follows:

	<b>At 30 June 2009 (Unaudited) HK\$'000</b>	At 31 December 2008 (Audited) HK\$'000
Due within one year	4,349	4,365
Due in the second to fifth years	3,296	5,513
	<u>7,645</u>	<u>9,878</u>
Less: Portion due within one year included under current liabilities	<u>(4,349)</u>	<u>(4,365)</u>
Non-current portion included under non-current liabilities	<u><u>3,296</u></u>	<u><u>5,513</u></u>

### 13. Share capital

	No. of shares ( <i>'000</i> )	<i>HK\$'000</i>
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 2009 and 30 June 2009	309,846	61,969
	<u><u>309,846</u></u>	<u><u>61,969</u></u>

### 14. Capital commitments

As at 30 June 2009, the Group had capital commitment contracted but not provided for in respect of the acquisition of property, plant and equipment of approximately HK\$23,720,000 (31 December 2008: HK\$15,320,000).

## 15. Dividends

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

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Final dividend in respect of the year ended 31 December 2008, approved and paid during the period, of HK\$0.05 per share (2007: HK\$0.05)	<b>15,492</b>	13,886
	<hr/>	<hr/>
	<b>15,492</b>	13,886
	<hr/> <hr/>	<hr/> <hr/>

(b) Dividends attributable to the period

	<b>2009</b>	<b>2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend – HK\$0.015 (2008: HK\$0.03) per share	<b>4,648</b>	9,295
	<hr/> <hr/>	<hr/> <hr/>

### Notes:

- (i) On 28 February 2009, the Directors proposed a final dividend of HK\$0.05 per share. The final dividend was paid on 30 April 2009.
- (ii) The amount of the interim dividend declared for the six months ended 30 June 2009, 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 2009.

## 16. 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.

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Short-term employee benefits	1,800	2,302
Post-employment benefit	18	18
	<u>1,818</u>	<u>2,320</u>
	<u><u>1,818</u></u>	<u><u>2,320</u></u>

## 17. Contingent liabilities

As at 30 June 2009, the Group had no significant contingent liabilities (31 December 2008: Nil).

## **FINANCIAL REVIEW**

Turnover for the six months ended 30 June 2009 was approximately HK\$284.6 million (2008: HK\$282.7 million) which increased marginally by HK\$1.9 million over same period of last year. The increase in revenue represented a sales growth of 23.1% in printing and a 25.6% decrease in advertising sales.

The increase in administrative expenses was due to the recognition of HK\$5.9 million financial liabilities at fair value of the foreign currencies forward contracts. The foreign currencies forward contracts were used to hedge the foreign currencies trade receivables. The loss on fair value of foreign currencies forward contracts was compensated by the exchange gain of HK\$5.5 million on the foreign currencies translation which was included in the other income.

Profit attributable to shareholders amounted to HK\$22.9 million (2008: HK\$30.0 million), a 23.7% drop over the same period last year.

## **BUSINESS REVIEW**

### **ADVERTISING BUSINESS**

#### **Recruitment Advertising**

The recruitment advertising industry in Hong Kong was confronted head-on by the financial tsunami in the first half of 2009. The number of jobs advertised fell by as much as 65% compared to a year ago. The bleak situation led all recruitment media to take cost cutting measures, including most significantly, staff retrenchment to ride out the storm. Having a strong cash position, we could afford to be less reactive and step back to review our business. We realized a defensive strategy by scrutinizing costs was a necessary step but tried our best not to affect the livelihood of employees. We believe by keeping the team intact and building stronger employee engagement, the organization will benefit in the long run.

By sector, the biggest decline was seen in the finance/banking and merchandising sectors. Despite the rebound in the local stock and property markets, hiring remained stagnant as employers hesitated to add back headcounts while the pain of retrenchment still lingered. The staff replacement market was also slow as employees became risk-averse with regard to changing jobs. The retail market was also a victim to shrunk tourism due to the onslaught of the swine flu.

Against these depressing sentiments in the first-half year, the Recruit Magazine operated at a loss but out-performed our nearest competitor. Severely challenging conditions are expected to continue in the second half of the year.

As a socially responsible company, in times of public pessimism we use our own resources to help job seekers find jobs. In February, we launched a free service to enable Recruit readers to gain easier access to consolidated information for vacancies across various government bodies and selected not-for-profit organizations. Many competitors have followed suit.

### **In-flight Magazine Advertising**

The advertising market in China experienced a double-strike in the first half of the year, having passed the historic climax of the Beijing Olympic Games then swept off immediately by the global financial tsunami. Our in-flight magazine advertising revenue inevitably slipped in the first quarter. The business however showed strong resilience and started to rebound in May and has continued its momentum since. Demand from advertisers in the automobile, property and high tech consumer products have gathered most speed. We hold a bullish view of this Division for the rest of the year.

### **Book Printing**

The first half of 2009 saw many international publishers downsize their organizations, reduce the launch of new titles and shrink print volumes. On the OEM playfield in China, labor law stipulations and work rule restrictions continue to challenge print operators. Moreover, the drastic fluctuation in foreign exchange and credit-tightening by raw material suppliers has forced many medium to small printers to go out of business. Survival of the fittest -- our Printing Division has benefited from the industry consolidation to achieve record sales and record profit. In the last quarter of 2008, we correctly forecast the downturn and proactively went after credit worthy publishing customers. Our strong cash situation has enabled 1010 Printing to stock up on paper to fulfill last minute orders. As a result, we achieved higher utilization of production capacity in the slow season. Mercury, our in-house developed ERP system, played a pivotal role in improved production planning that enabled fast and on-time delivery even in the months of record surged volumes.

## **BUSINESS PROSPECTS**

The recruitment market in Hong Kong will remain sluggish for the rest of the year and our 'Recruit' Division is forecast to operate in a tough environment for the year. From a broader perspective, the recruitment advertising industry is going through a paradigm shift -- employers are starting to locate young job seekers through popular avenues such as Twitters and Facebook and Link-in. We are working on a number of initiatives that will enrich the contents of our offerings in print and cyberspace.

In September, the advertising sales of our two flagship inflight magazines, China Eastern 'Connection' and China Southern 'Gateway' broke the all-time record for the month. We see further strong demand from the automobile and high tech consumer product sectors. For new business development, we are in active talks with potential publishing partners to explore opportunities within and outside of the inflight market.

Our Printing Division is well positioned to achieve record sales and record profits in 2009. The design of our printing facility has won the accolade of the trade. We are also negotiating long-term contracts with several major clients that will place 1010 Printing among the top book printers for the export trade in China.

Earlier in the year, the Board announced a plan to spin off the inflight magazine business on the Hong Kong Stock Exchange. The business landscape has since changed and we have opted for greater synergy by keeping the inflight business in the Group. We have thus terminated our spin-off project but will put our efforts sourcing project that will create shareholder value and opportunities for growth.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2009, the Group had net current assets of approximately HK\$198.0 million (31 December 2008: HK\$216.2 million) of which the cash and bank deposits were approximately HK\$55.2 million (31 December 2008: HK\$85.8 million).

Total bank borrowings and finance lease liabilities were HK\$54.6 million (31 December 2008: HK\$59.4 million). All the borrowings are denominated in Hong Kong dollars, at floating rates and repayable within five years. The Group's gearing ratio as at 30 June 2009 was 16.9% (31 December 2008: 18.8%), which is calculated on the basis of the Group's total interest-bearing debts over the total equity interest. The net book amount of property, plant and equipment includes net carrying amount of HK\$16.5 million (31 December 2008: HK\$17.3 million) 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 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 2009, the Group had committed to acquire printing machinery of approximately HK\$23.7 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 2009.

## INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of an interim dividend of HK\$0.015 per ordinary share for the six months ended 30 June 2009 (2008: HK\$0.03) to shareholders whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 2 October 2009. The register of shareholders will be closed from 28 September 2009 to 2 October 2009, 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 25 September 2009. The relevant dividend warrants will be despatched to shareholders on or around 9 October 2009.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2009, 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	179,860,000	181,450,000	58.56
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. Chow So Chu	48,000	Nil	Nil	48,000	0.02

### Notes:

1. Of 179,860,000 shares, 1,906,000 shares and 177,954,000 shares are beneficially owned by ER2 Holdings Limited and City Apex Limited respectively. As at 30 June 2009, 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.



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.

## SHARE OPTION SCHEME

The Company has adopted a share option scheme 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.

The following table discloses movements in the share options of the Company during the period:

	Number of share options				Outstanding at 30.6.2009
	Outstanding at 1.1.2009	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	
<b>Directors</b>					
Ms. Lam Mei Lan	1,200,000	-	-	-	1,200,000
Ms. Chow So Chu	1,200,000	-	-	-	1,200,000
Sub-total	2,400,000	-	-	-	2,400,000
<b>Employees</b>					
In aggregate	9,000,000	-	-	(1,200,000)	7,800,000
<b>Total</b>	11,400,000	-	-	(1,200,000)	10,200,000

Details of the share options are as follows:

Date of grant	Number of options granted	Vesting period	Exercisable period	Exercise price per share (HK\$)
18.8.2008	5,100,000	18.8.2008 to 17.8.2009	18.8.2009 to 17.8.2013	0.93
18.8.2008	5,100,000	18.8.2008 to 17.8.2010	18.8.2010 to 17.8.2013	0.93

*Notes:*

- (i) Options were granted under the Share Option Scheme pursuant to the resolution passed on 13 July 2007.
- (ii) Consideration paid for each grant of options was HK\$1.00.
- (iii) The closing price of the shares of HK\$0.20 each of the Company quoted on the Stock Exchange on 15 August 2008, being the business date immediately before the date on which share options were granted, was HK\$0.88.

The fair values of options granted under the Share Option Scheme on 18 August 2008, measured at the date

of grant, was approximately HK\$2,221,000. The fair value was derived using the Black-Scholes option pricing model with expected volatility (based on the annualized historical volatility of the closing price of the shares in the Company from 1 September 2005 to the date of grant) of 46.71%, risk-free interest rate of 3.32%, expected dividend yield of 8.6% and 4 years of expected life.

All the options forfeited before expiry of the options will be treated as lapsed options.

Saved as disclosed above, as at 30 June 2009, 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 2009, 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> )	181,450,000	58.56
ER2 Holdings Limited ( <i>Note 1</i> )	179,860,000	58.05
City Apex Limited ( <i>Note 1</i> )	177,954,000	57.43
JobStreet Corporation Berhad	26,250,000	8.47
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
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 181,450,000 shares, Mr. Lau Chuk Kin is deemed to be interested in the 1,906,000 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 2009, 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 2009 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 2009. 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 2009, the Group had around 129 full-time employees (2008: 116). 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. As at 30 June 2009, outstanding options to subscribe for an aggregate of 10,200,000 shares of the Company had been granted to certain full-time employees, including two executive directors of the Company, pursuant to the Company's share option scheme. Exercise prices of which are at HK\$0.93.

## **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 2009 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, 11 September 2009

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive Directors**

Mr. Lau Chuk Kin (Chairman)

Ms. Lam Mei Lan

Ms. Chow So Chu

#### **Non-Executive Directors**

Mr. Lee Ching Ming, Adrian

Mr. Wan Siu Kau

Mr. Peter Stavros Patapios Christofis

#### **Independent Non-Executive Directors**

Mrs. Ling Lee Ching Man, Eleanor

Mr. Cheng Ping Kuen, Franco

Mr. Tyen Kan Hee, Anthony

### **COMPANY SECRETARY**

Ms. Lam Mei Lan *CPA, FCCA*

### **COMPLIANCE OFFICER**

Mr. Lau Chuk Kin

### **AUTHORISED REPRESENTATIVES**

Mr. Lau Chuk Kin

Ms. Lam Mei Lan

### **AUDIT COMMITTEE**

Mrs. Ling Lee Ching Man, Eleanor

Mr. Cheng Ping Kuen, Franco

Mr. 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](http://www.recruitonline.com)

### **AUDITORS**

Grant Thornton

## **LEGAL ADVISER**

Richards Butler in association with Reed Smith LLP

## **PRINCIPAL BANKERS**

Standard Chartered Bank (Hong Kong)  
Limited

The Hongkong and Shanghai Banking  
Corporation Limited

## **SHARE REGISTRARS AND TRANSFER OFFICES**

### **Principal Registrar**

Butterfield Fulcrum Group (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road,  
Pembroke HM08, Bermuda

### **Hong Kong Branch Registrar**

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

## **REGISTERED OFFICE**

Clarendon House  
2 Church Street  
Hamilton HM 11, Bermuda

## **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS**

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

## **STOCK CODE**

550

