

# Recruit Holdings Limited 才庫媒體集團有限公司

Interim Report 中期報告 2011



**Recruit**

Stock Code 股份代號: 550

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# Condensed Consolidated Statement of Comprehensive Income

For The Six Months Ended 30 June 2011

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

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 2011 together with the comparative unaudited figures for the corresponding period in 2010 as follows:

		(Unaudited)	
		Six months ended 30 June	
	Notes	2011	2010
		HK\$'000	HK\$'000
<b>Revenue and turnover</b>	3	<b>651,131</b>	515,709
Direct operating costs		<b>(506,513)</b>	(385,699)
<b>Gross profit</b>		<b>144,618</b>	130,010
Other income		<b>30,990</b>	13,680
Selling and distribution costs		<b>(51,163)</b>	(46,012)
Administrative expenses		<b>(31,417)</b>	(21,956)
Listing and spin off expenses		<b>(5,804)</b>	–
Other expenses		<b>(3,752)</b>	(3,489)
Finance costs	4	<b>(1,174)</b>	(829)
<b>Profit before income tax</b>	5	<b>82,298</b>	71,404
Income tax expense	6	<b>(10,688)</b>	(9,509)
<b>Profit for the period</b>		<b>71,610</b>	61,895
<b>Other comprehensive income</b>			
Exchange (loss)/income on translation of financial statements of foreign operations		<b>(71)</b>	222
<b>Other comprehensive income for the period</b>		<b>(71)</b>	222
<b>Total comprehensive income for the period</b>		<b>71,539</b>	62,117

# Condensed Consolidated Statement of Comprehensive Income

For The Six Months Ended 30 June 2011

		(Unaudited)	
		Six months ended 30 June	
	Notes	2011 HK\$'000	2010 HK\$'000
<b>Profit for the period attributable to:</b>			
Owners of the Company		65,359	56,160
Non-controlling interests		6,251	5,735
		71,610	61,895
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		65,352	56,357
Non-controlling interests		6,187	5,760
		71,539	62,117
<b>Earnings per share for profit attributable to the owners of the Company during the period</b>			
	7		
– Basic		HK20.74 cents	HK18.13 cents
– Diluted		HK18.87 cents	HK18.00 cents

# Condensed Consolidated Statement of Financial Position

As At 30 June 2011

	Notes	(Unaudited) At 30 June 2011 HK\$'000	(Audited) At 31 December 2010 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	198,380	206,992
Prepaid land lease payments	9	5,867	5,837
Interests in associates		-	-
Goodwill		-	-
		<b>204,247</b>	<b>212,829</b>
<b>Current assets</b>			
Inventories		79,722	59,905
Trade and other receivables and deposits	10	310,502	340,347
Financial assets at fair value through profit or loss		3,139	3,773
Advances to associates		-	-
Taxes recoverable		1,016	1,028
Cash and cash equivalents		333,988	218,182
		<b>728,367</b>	<b>623,235</b>
<b>Current liabilities</b>			
Trade and other payables	11	173,740	128,764
Financial liabilities at fair value through profit or loss		2,550	5,174
Bank borrowings	12	117,542	116,646
Finance lease liabilities	13	5,982	7,003
Provision for taxation		13,156	5,925
		<b>312,970</b>	<b>263,512</b>
<b>Net current assets</b>		<b>415,397</b>	<b>359,723</b>
<b>Total assets less current liabilities</b>		<b>619,644</b>	<b>572,552</b>
<b>Non-current liabilities</b>			
Finance lease liabilities	13	9,800	12,814
Deferred tax liabilities		11,320	10,747
		<b>21,120</b>	<b>23,561</b>
<b>Net assets</b>		<b>598,524</b>	<b>548,991</b>

# Condensed Consolidated Statement of Financial Position

As At 30 June 2011

	Notes	(Unaudited) At 30 June 2011 HK\$'000	(Audited) At 31 December 2010 HK\$'000
<b>EQUITY</b>			
Share capital	14	63,721	62,113
Reserves		473,128	433,402
<b>Equity attributable to the owners of the Company</b>		<b>536,849</b>	<b>495,515</b>
<b>Non-controlling interests</b>		<b>61,675</b>	<b>53,476</b>
<b>Total equity</b>		<b>598,524</b>	<b>548,991</b>

# Condensed Consolidated Cash Flow Statement

For The Six Months Ended 30 June 2011

	(Unaudited)	
	For the six months ended	
	30 June	
	2011	2010
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	149,312	(12,796)
Investing activities		
Purchase of property, plant and equipment	(5,687)	(33,181)
Interest received	223	73
Proceeds from disposal of property, plant and equipment	131	55
Proceeds from disposal of financial assets at fair value through profits or loss	–	771
Net cash used in investing activities	(5,333)	(32,282)
Financing activities		
Bank borrowings raised	27,048	12,000
Finance lease raised	–	24,000
Repayment of bank borrowings	(26,152)	(13,506)
Interest on bank borrowings paid	(943)	(467)
Capital element of finance lease liabilities paid	(4,035)	(4,570)
Capital injection from non-controlling interest of a subsidiary	–	21,818
Proceeds on issue of new shares	7,925	–
Share issue expenses paid	(8)	–
Interest element of finance lease payments	(231)	(362)
Dividends paid to equity holders of the Company	(31,771)	(15,492)
Dividends paid to non-controlling interests of a subsidiary	(4,006)	(4,442)
Proceeds from disposal of interest in a subsidiary	4,000	–
Net cash (used in)/generated from financing activities	(28,173)	18,979
Net increase/(decrease) in cash and cash equivalents	115,806	(26,099)
Cash and cash equivalents at the beginning of the period	218,182	135,178
Cash and cash equivalents at the end of the period	333,988	109,079
Analysis of balances of cash and cash equivalent		
Bank balances and cash	333,988	109,079

# Condensed Consolidated Statement of Changes in Equity

For The Six Months Ended 30 June 2011

	Attributable to owners of the Company										Non-controlling interests			
	Share capital	Share premium	Employee compensation reserve	Exchange reserve	Merger reserve	Contributed surplus	Statutory reserve	Other reserve	Proposed final dividends	Retained earnings	Total		Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2011 (Audited)	62,113	84,941	3,947	(312)	(43,897)	2,371	1,855	979	31,057	352,461	495,515	53,476	548,991	
Equity-settled share-based payment expense	-	-	1,854	-	-	-	-	-	-	-	1,854	-	1,854	
Exercise of share options	1,608	7,923	(1,606)	-	-	-	-	-	-	-	7,925	-	7,925	
Share issue expenses	-	(8)	-	-	-	-	-	-	-	-	(8)	-	(8)	
Lapse of share option	-	-	(98)	-	-	-	-	-	-	98	-	-	-	
Final and special 2010 dividend paid	-	-	-	-	-	-	-	-	(31,057)	(714)	(31,771)	-	(31,771)	
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(4,006)	(4,006)	
Disposal of interest in a subsidiary	-	-	-	-	-	-	-	(2,018)	-	-	(2,018)	6,018	4,000	
<b>Transactions with owners</b>	<b>1,608</b>	<b>7,915</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,018)</b>	<b>(31,057)</b>	<b>(616)</b>	<b>(24,018)</b>	<b>2,012</b>	<b>(22,006)</b>	
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,359</b>	<b>65,359</b>	<b>6,251</b>	<b>71,610</b>	
<b>Other comprehensive income</b>														
Currency translation	-	-	-	(7)	-	-	-	-	-	-	(7)	(64)	(71)	
Total comprehensive income for the period	-	-	-	(7)	-	-	-	-	-	65,359	65,352	6,187	71,539	
<b>Balance at 30 June 2011 (Unaudited)</b>	<b>63,721</b>	<b>92,856</b>	<b>4,097</b>	<b>(319)</b>	<b>(43,897)</b>	<b>2,371</b>	<b>1,855</b>	<b>(1,039)</b>	<b>-</b>	<b>417,204</b>	<b>536,849</b>	<b>61,675</b>	<b>598,524</b>	



# Condensed Consolidated Statement of Changes in Equity

For The Six Months Ended 30 June 2011

	Attributable to owners of the Company										Non-controlling interests		
	Share capital	Employee		Exchange reserve	Merger reserve	Contributed surplus	Statutory reserve	Other reserve	Proposed final dividends	Retained earnings	Total	Total	
		Share premium	Share compensation reserve										Total
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 January 2010 (Audited)	61,969	84,288	1,597	(771)	(43,897)	2,371	477	-	15,492	236,676	358,202	26,941	385,143
Equity-settled share-based payment expense	-	-	406	-	-	-	-	-	-	-	406	-	406
Subscription of new shares in a subsidiary	-	-	-	-	-	-	-	979	-	-	979	20,839	21,818
Final 2009 dividend paid	-	-	-	-	-	-	-	-	(15,492)	-	(15,492)	-	(15,492)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(4,442)	(4,442)
<b>Transactions with owners</b>	-	-	406	-	-	-	-	979	(15,492)	-	(14,107)	16,397	2,290
<b>Profit for the period</b>	-	-	-	-	-	-	-	-	-	56,160	56,160	5,735	61,895
<b>Other comprehensive income</b>													
Currency translation	-	-	-	197	-	-	-	-	-	-	197	25	222
Total comprehensive income for the period	-	-	-	197	-	-	-	-	-	56,160	56,357	5,760	62,117
<b>Balance at 30 June 2010 (Unaudited)</b>	61,969	84,288	2,003	(574)	(43,897)	2,371	477	979	-	292,836	400,452	49,098	449,550

# Notes to the Condensed Consolidated Financial Statements

## 1. BASIS OF PREPARATION

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2011 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 ("HKICPA").

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated 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.

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations ("new or revised HKFRSs") issued by the HKICPA:

- *Improvements to HKFRSs issued in 2010*
- HKAS 24 (as revised in 2009) *Related Party Disclosure*
- Amendments to HKAS 32 *Classification of Rights Issues*
- Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
- HK(IFRIC)-Int 19 *Extinguishing Financial Liabilities with Equity Instruments*.

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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

# Notes to the Condensed Consolidated Financial Statements

## 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 2011 and 2010 respectively:

### Six months ended 30 June 2011

	Advertising (Unaudited) HK\$'000	Printing (Unaudited) HK\$'000	Investment (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
<b>Revenue</b>					
– External sales	366,504	284,627	–	–	651,131
<b>Segment profit</b>	55,635	36,773	(497)	–	91,911
Central administration income					57
Central administration expenses					(8,496)
Finance costs					(1,174)
Profit before income tax					82,298
Income tax expense					(10,688)
<b>Profit for the period</b>					71,610

# Notes to the Condensed Consolidated Financial Statements

## 3. SEGMENT INFORMATION (Cont'd)

Six months ended 30 June 2010

	Advertising (Unaudited) HK\$'000	Printing (Unaudited) HK\$'000	Investment (Unaudited) HK\$'000	Eliminations (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
<b>Revenue</b>					
– External sales	265,727	249,982	–	–	515,709
<b>Segment profit</b>	45,338	32,237	74	–	77,649
Central administration income					26
Central administration expenses					(5,442)
Finance costs					(829)
Profit before income tax					71,404
Income tax expense					(9,509)
<b>Profit for the period</b>					61,895

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

	30.6.2011 (Unaudited) HK\$'000	31.12.2010 (Audited) HK\$'000
Advertising	212,651	218,655
Printing	511,245	483,673
Investment	7,586	8,074
Total segment assets	731,482	710,402

# Notes to the Condensed Consolidated Financial Statements

## 4. FINANCE COSTS

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Interest on bank borrowings, which contain a repayment on demand clause, wholly repayable within five years	943	467
Finance lease charges	231	362
	1,174	829

## 5. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Amortisation of prepaid land lease payments	69	66
Depreciation	14,210	12,005
Employee benefit expense	31,629	25,395
Loss/(Gain) on financial assets at fair value through profit or loss	6,583	(4,472)
Minimum lease payments paid under operating leases or leases in respect of		
– Rented premises and production facilities	6,139	5,873
– Internet access line	43	45
Loss/(Gain) on disposal of property, plant and equipment	31	(70)
Net foreign exchange (gain)/loss	(16,164)	44
Interest income	(223)	(73)

# Notes to the Condensed Consolidated Financial Statements

## 6. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong profits tax		
– Current year	5,067	732
Overseas profits tax		
– Current year	4,989	6,054
– Under(Over) provision in prior years	59	(202)
Deferred taxation – current year	573	2,925
	<b>10,688</b>	<b>9,509</b>

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

# Notes to the Condensed Consolidated Financial Statements

## 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	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Earnings for the purposes of basic and diluted earnings per share for the period	<b>65,359</b>	56,160
	<b>Number of shares ('000)</b>	
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>315,100</b>	309,846
Effect of dilutive share options	<b>31,358</b>	2,088
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>346,458</b>	311,934

# Notes to the Condensed Consolidated Financial Statements

## 8. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Leasehold improve- ments HK\$'000	Computer equipment and systems HK\$'000	Motor vehicles HK\$'000	Machinery HK\$'000	Total HK\$'000
At 1 January 2011								
Cost	3,029	4,723	4,289	42,005	35,436	1,646	217,831	308,959
Accumulated depreciation	(86)	(2,768)	(2,556)	(18,083)	(28,664)	(535)	(49,275)	(101,967)
Net book amount	2,943	1,955	1,733	23,922	6,772	1,111	168,556	206,992
Period ended 30 June 2011								
Opening net book amount	2,943	1,955	1,733	23,922	6,772	1,111	168,556	206,992
Exchange differences	50	9	1	5	4	4	-	73
Additions	-	86	332	494	297	-	4,478	5,687
Disposals	-	(5)	-	(2)	(2)	-	(153)	(162)
Depreciation	(35)	(325)	(311)	(2,368)	(1,635)	(153)	(9,383)	(14,210)
Closing net book amount	2,958	1,720	1,755	22,051	5,436	962	163,498	198,380
At 30 June 2011								
Cost	3,081	4,826	4,621	42,507	35,745	1,660	222,113	314,553
Accumulated depreciation	(123)	(3,106)	(2,866)	(20,456)	(30,309)	(698)	(58,615)	(116,173)
Net book amount	2,958	1,720	1,755	22,051	5,436	962	163,498	198,380

The net book amount of property, plant and equipment includes the net carrying amount of HK\$26,769,000 (31 December 2010: HK\$37,615,000) in respect of assets held under finance leases.



# Notes to the Condensed Consolidated Financial Statements

## 9. PREPAID LAND LEASE PAYMENTS

	HK\$'000
At 1 January 2011	
Cost	6,007
Accumulated amortisation	(170)
<b>Net book amount</b>	<b>5,837</b>
Opening net book amount	5,837
Exchange differences	99
Amortisation	(69)
<b>Closing net book amount</b>	<b>5,867</b>
At 30 June 2011	
Cost	6,106
Accumulated amortisation	(239)
<b>Net book amount</b>	<b>5,867</b>

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

## 10. TRADE AND OTHER RECEIVABLES AND DEPOSITS

The Group allows a credit period from 7 days to 180 days to its trade customers.

Aging analysis of trade receivables, as at 30 June 2011 based on sales invoice date and net of provisions at the balance sheet date, is as follows:

	At 30 June 2011 (Unaudited) HK\$'000	At 31 December 2010 (Audited) HK\$'000
0 – 30 days	82,340	71,059
31 – 60 days	65,913	40,000
61 – 90 days	43,861	24,612
91 – 120 days	29,702	29,388
121 – 150 days	12,214	32,775
Over 150 days	9,613	25,009
Total trade receivables	<b>243,643</b>	222,843
Other receivables and deposits	<b>66,859</b>	117,504
	<b>310,502</b>	340,347

# Notes to the Condensed Consolidated Financial Statements

## 11. TRADE AND OTHER PAYABLES

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

	<b>At 30 June 2011 (Unaudited) HK\$'000</b>	At 31 December 2010 (Audited) HK\$'000
0 – 30 days	<b>49,629</b>	31,951
31 – 60 days	<b>25,289</b>	19,353
61 – 90 days	<b>13,197</b>	9,697
91 – 120 days	<b>6,565</b>	5,389
Over 120 days	<b>21,373</b>	13,488
	<hr/>	<hr/>
Total trade payables	<b>116,053</b>	79,878
Other payables	<b>57,687</b>	48,886
	<hr/>	<hr/>
	<b>173,740</b>	128,764

## 12. BANK BORROWINGS

During the period, repayments of bank loans amounting to HK\$26,152,000 (2010: HK\$13,506,000) were made in line with the relevant repayment terms. New bank borrowings of HK\$27,048,000 were raised for the six months period in 2011 (2010: HK\$12,000,000).

# Notes to the Condensed Consolidated Financial Statements

## 13. FINANCE LEASE LIABILITIES

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

	<b>At 30 June 2011 (Unaudited) HK\$'000</b>	At 31 December 2010 (Audited) HK\$'000
<b>Total minimum lease payments:</b>		
Due within one year	<b>6,324</b>	7,434
Due in the second to fifth years	<b>10,015</b>	13,190
	<b>16,339</b>	20,624
Future finance charges on finance lease	<b>(557)</b>	(807)
Present value of finance lease liabilities	<b>15,782</b>	19,817
<b>Present value of minimum lease payments:</b>		
Due within one year	<b>5,982</b>	7,003
Due in the second to fifth years	<b>9,800</b>	12,814
	<b>15,782</b>	19,817
Less: Portion due within one year included under current liabilities	<b>(5,982)</b>	(7,003)
Non-current portion included under non-current liabilities	<b>9,800</b>	12,814

## 14. SHARE CAPITAL

	<b>No. of shares ( '000)</b>	HK\$'000
Authorised:		
Ordinary shares of HK\$0.20 each	500,000	100,000
Issued and fully paid:		
At 1 January 2011	310,566	62,113
Shares issued upon exercise of share options	8,040	1,608
At 30 June 2011	318,606	63,721

# Notes to the Condensed Consolidated Financial Statements

## 15. CAPITAL COMMITMENTS

As at 30 June 2011, the Group had capital commitment contracted but not provided for in respect of the acquisition of property, plant and equipment of approximately HK\$19,055,000 (31 December 2010: HK\$16,334,000).

## 16. DIVIDENDS

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

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Final dividend in respect of the year ended 31 December 2010, approved and paid during the period, of HK\$0.065 per share (2009: HK\$0.05)	20,651	15,492
Special dividend in respect of the year ended 31 December 2010, approved and paid during the period, of HK\$0.035 per share (2009: Nil)	11,120	–
	<b>31,771</b>	<b>15,492</b>

### (b) Dividends attributable to the period

	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Interim dividend – HK\$0.06 (2010: HK\$0.03) per share	19,213	9,304

Notes:

- (i) On 23 February 2011, the Directors proposed a final dividend of HK\$0.065 per share and a special dividend of HK\$0.035. The final and special dividend was paid on 15 April 2011.
- (ii) The amount of the interim dividend declared for the six months ended 30 June 2011, which will be payable in cash, has been calculated by reference to the 320,220,000 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 2011.

# Notes to the Condensed Consolidated Financial Statements

## 17. 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	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Short-term employee benefits	2,486	1,890
Post-employment benefit	15	17
	<hr/>	<hr/>
	2,501	1,907

## 18. CONTINGENT LIABILITIES

As at 30 June 2011, the Group had no significant contingent liabilities (31 December 2010: Nil).

## 19. SIGNIFICANT EVENT

On 20 June 2011, the Company's printing division underwent a reorganisation (the "Reorganisation") of which 1010 Printing Group Limited ("1010 PGL") became the holding company of 1010 Group Limited.

On 25 July 2011, 1010 PGL was spun off for separate listing in the Stock Exchange of Hong Kong Limited (the "Stock Exchange") by way of public offer, placing and preferential offer (the "Spin-Off"). As a result of the Spin-Off, the Company's interest in 1010 PGL has been reduced from 79.97% to 59.98%.

## FINANCIAL REVIEW

Turnover for the six months ended 30 June 2011 was approximately HK\$651.1 million (2010: HK\$515.7 million) which increased significantly by HK\$135.4 million over same period of last year. The increase in revenue represented a sales growth of 37.9% in advertising sales and 13.9% in printing sales.

During the period, 1010 Printing Group Limited, a subsidiary of the Group, applied for separate listing on the Stock Exchange of Hong Kong Limited. As at 30 June 2011, approximately HK\$5.8 million in professional fees and other expenses have been incurred in the preparation for the spin off and listing of 1010 Printing Group Limited.

The increase in other income from HK\$13.7 million to HK\$31.0 million was mainly due to the exchange gains of HK\$16.2 million being realised from the foreign currencies trade receipts in the current period. The Group has entered into foreign currency forward exchange contracts to partially hedge against the associated currency risks. As a result, the Group recorded losses of approximately HK\$6.0 million loss on the fair value of the forward contracts during the period. The loss was charged to the administrative expenses and was a main reason for the increase in administrative expenses.

The Group's total comprehensive income attributable to owners in the first half of 2011 amounted to HK\$65.4 million (2010: HK\$56.4 million), a 16.0% increase over the same period last year.

## BUSINESS REVIEW

### Advertising Business

#### *In-flight Magazine*

The airline industry in China continued its strong momentum with domestic passenger throughput reaching 267 million in 2010, representing an annualized growth rate of approximately 15%. As the exclusive advertising agent of in-flight magazine for major airlines in Greater China, namely China Eastern Airlines, China Southern Airlines, Air China and China Airlines, the Group is well positioned to benefit from the upsurge in demand for air travelling.

During the six months ended 30 June 2011, the Group has successfully renewed its contract with China Southern Airlines for another five years. Along with our strong partnerships with China Eastern Airlines and Air China, the three largest airline carriers in the region represent the Group's key revenue contributor. The nationwide coverage will further attract international luxury brands to place advertisements and ultimately solidify the Group's status as the undisputed leader in our category.

The exclusive advertising agreement with China Airlines has also achieved a satisfying performance. With an estimated passenger volume of 12 million in 2010, the partnership will assist the Group in gaining greater regional exposure and to explore advertising opportunities, brought forth by improving cross-strait relations and tourism between the Mainland and Taiwan.

## BUSINESS REVIEW (Cont'd)

### Advertising Business (Cont'd)

#### *In-flight Magazine (Cont'd)*

Despite our unwavering dedication towards the in-flight magazine division, the Group is keen on exploring new business prospects in the Greater China media industry. The Group has recently signed with the Shanghai Railway Bureau to become its exclusive advertising agent for the in-train travel magazine "Shanghai Railway" (上海鐵道). The magazine will cover routes that originate from Shanghai, thus gaining high exposure to affluent travelling consumer groups. The expansion into the high-speed railway segment will provide synergy to our existing in-flight magazine advertising business and ultimately, broaden our client base and advertising portfolio.

#### *Recruitment Magazine*

In view of a flourishing job market in Hong Kong, the division has achieved an encouraging performance for the period under review. In January 2011, the Group successfully won the contract to exclusively distribute our recruitment magazines at designated Mass Transit Railway ("MTR") stations. Recognised as Hong Kong's most popular transportation system, the extensive MTR distribution channel allows the Group's magazine products to reach a large pool of target readers in the most efficient and straight-forward manner.

### Printing Business

For the six-month period ended 30 June 2011, 1010 PGL's turnover increased to HK\$284.6 million and net profit attributable to owners of the Company recorded an increase of 15.2% to HK\$31.1 million. This impressive growth in revenue and net profit was partly attributable to rapid order growth from existing clients and partly due to 1010 PGL's dedicated efforts in enforcing stringent cost control on raw materials. Sales to the United States, Australia and United Kingdom achieved growth rates of 24.3%, 30.5% and 11.7% respectively and continues to be 1010 PGL's three largest export markets.

On 25 July 2011, 1010 PGL was successfully spun off from the Group and was listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1127). Net proceeds from the initial public offering after the deduction of related listing expenses amounted to approximately HK\$74.0 million. 1010 PGL intends to utilise the raised capital to ramp up our existing operations and to explore new business ventures in the PRC. This separate listing will also enable better resource allocation for the respective businesses to grow on at a larger scale. The Group currently retains an approximately 60% equity interest in 1010 PGL.

## PROSPECTS

### Advertising Business

#### *In-flight Magazine*

With our existing partnerships with China Eastern Airlines, China Southern Airlines, Air China and China Airlines, the in-flight magazine division will continue to be the Group's key revenue source in the foreseeable future.

In the first half of 2011, the Group enjoyed a 38.3% growth in revenue, though net profit showed a smaller rate of increase due to the dilution in Southern Airline under the terms of the new contract.

With recent mishaps in China's high-speed railway, the railway network may suffer a setback in replacing air-travel as the most popular long distance transportation. The management believes that the incident will affect the Group's revenue in the short-run. However, it is important to note that the high speed train development has only just started and will be an important component of the national public transportation network with a strong growth in passenger throughout.

#### *Recruitment Magazine*

The recruitment market is inevitably affected by economic cycles and the overall employment sentiment. Leveraging on our strengths in retail and catering positions, the Group will initiate various marketing campaigns and to gain traction with large hospitality groups and brands to build the strongest platform for jobseekers. Furthermore, the Group will strive to promote our efficient one-stop online recruitment platform through various popular internet intermediaries to elevate advertising exposure. The Group anticipates steady business growth for this segment in the long-run.

### Printing Business

1010 PGL will increase production capacity by more than 20% in the next few years, to prepare for the increasing orders. In view of the rapid digital transformation of the book publishing industry, 1010 PGL also strives to keep up with the market trend to develop e-book related products and services. The provision of such value services will enable the Group to gain traction with both new and existing clients by addressing their business needs on the conventional as well as digital book platforms. However, it is important to note that whilst the growth in electronic books is notable in recent years, the demand for conventional printed books continues to be substantial. It would be less likely for publications such as illustrated leisure and lifestyle books, and children's books, being our core products, to be transferred onto digital format on a big scale any time soon.

1010 PGL's aspirations to tap into the PRC book publishing brokerage and promotion business is in the works. By leveraging on its existing network of, and access to publishers, 1010 PGL will act as an intermediary for Western language book titles to be translated, printed and distributed in the PRC book market. Such development will further extend the existing book printing services to a global level.



## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, the Group had net current assets of approximately HK\$415.4 million (31 December 2010: HK\$359.7 million) of which the cash and bank deposits were approximately HK\$334.0 million (31 December 2010: HK\$218.2 million).

Total bank borrowings and finance lease liabilities were HK\$133.3 million (31 December 2010: HK\$136.5 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 2011 was 22.3% (31 December 2010: 24.9%), which is calculated on the basis of the Group's total interest-bearing debts over the total equity interest.

During the period, the Group had acquired machinery for printing division at approximately HK\$4.5 million. The purchase is financed by internal resources. The net book amount of property, plant and equipment includes net carrying amount of HK\$26.8 million (31 December 2010: HK\$37.6 million) in respect of assets held under finance leases.

The Group adopts centralized financing and treasury policies in order to ensure the group funding is utilized efficiently. Conservative approach is adopted on monitoring foreign 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 2011, the Group had committed to acquire printing machinery of approximately HK\$19.1million. The acquisition will be financed by bank borrowings and the proceeds from the share issue of its subsidiary.

The Group had no significant contingent liability as at 30 June 2011.

## INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of an interim dividend of HK\$0.06 per ordinary share for the six months ended 30 June 2011 (2010: 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 9 September 2011. The register of shareholders will be closed from 5 September 2011 to 9 September 2011, 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, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 2 September 2011. The relevant dividend warrants will be despatched to shareholders on or around 19 September 2011.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2011, 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:

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES (Cont'd)

### (a) (i) Long Position in the shares of the Company

Name of Directors	Personal Interests (Shares)	Family Interests (Shares)	Corporate Interests (Shares)	Total Interests (Shares)	Percentage to the issued share capital of the Company (%)
Mr. Lau Chuk Kin (Note 1)	2,838,000	Nil	179,860,000	182,698,000	57.34
Ms. Lam Mei Lan	1,200,000	Nil	Nil	1,200,000	0.38
Ms. Chow So Chu	1,248,000	Nil	Nil	1,248,000	0.39
Mr. Lee Ching Ming, Adrian (Note 2)	100,500	50,000	Nil	150,500	0.05
Mr. Peter Stavros Patapios Christofis	1,000,500	Nil	Nil	1,000,500	0.31
Mr. Cheng Ping Kuen, Franco	120,000	Nil	Nil	120,000	0.04

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

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

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES (Cont'd)

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

Name of Directors	Number of share options				
	Outstanding at 1.1.2011	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding at 30.6.2011
Ms. Lam Mei Lan	3,600,000	–	1,200,000	–	2,400,000
Ms. Chow So Chu	3,300,000	–	1,200,000	–	2,100,000

Notes:

1. Of 179,860,000 shares, 1,906,000 shares and 177,954,000 shares are beneficially owned by ER2 Holdings and City Apex Limited respectively. As at 30 June 2011, ER2 Holdings, which is the ultimate holding company of City Apex Limited, is beneficially owned as to 67% by Mr. Lau Chuk Kin and 12% by Mr. Wan Siu Kau. Accordingly, Mr. Lau Chuk Kin is deemed to be interested in the said shares pursuant to Part XV of the SFO.
2. Of 150,500 shares, 50,000 shares are beneficially owned by the wife of Mr. Lee Ching Ming, Adrian, who is deemed to be interested in the said shares under Part XV of the SFO.

Saved as disclosed above, as at 30 June 2011, 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.

## 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 30.6.2011
	Outstanding at 1.1.2011	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	
Directors	6,900,000	–	2,400,000	–	4,500,000
Employees	16,680,000	–	5,640,000	450,000	10,590,000
Total	23,580,000	–	8,040,000	450,000	15,090,000

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	4,800,000	18.8.2008 to 17.8.2009	18.8.2009 to 17.8.2013	0.93
18.8.2008	4,800,000	18.8.2008 to 17.8.2010	18.8.2010 to 17.8.2013	0.93
29.10.2009	300,000	29.10.2009 to 28.04.2010	29.04.2010 to 28.10.2014	0.902
29.10.2009	300,000	29.10.2009 to 28.10.2011	29.10.2011 to 28.10.2014	0.902
11.6.2010	2,190,000	11.6.2010 to 10.6.2011	11.6.2011 to 10.6.2015	1.60
11.6.2010	2,190,000	11.6.2010 to 10.6.2012	11.6.2012 to 10.6.2015	1.60
23.6.2010	4,860,000	23.6.2010 to 22.6.2011	23.6.2011 to 22.6.2015	1.636
23.6.2010	4,860,000	23.6.2010 to 22.6.2012	23.6.2012 to 22.6.2015	1.636

Notes:

- (i) In total, HK\$1,854,000 of share-based employee compensation expense were included in the consolidated statement of comprehensive income for the period ended 30 June 2011 (2010: HK\$406,000) with a corresponding credit in equity. No liabilities were recognized as these were all equity-settled share-based payment transactions.
- (ii) As at 30 June 2011, 7,965,000 share options are exercisable and the weighted average exercise price of these share options is HK\$1.48 (31 December 2010: HK\$0.93).

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2011, the following persons, other than a director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company, being 5% or more in the issued share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholder	Number of shares	Percentage to the issued share capital of the Company %
Mr. Lau Chuk Kin (Note 1)	182,698,000	57.34
ER2 Holdings Limited (Note 1)	179,860,000	56.45
City Apex Limited (Note 1)	177,954,000	55.85
JobStreet Corporation Berhad	26,250,000	8.24
Great Eagle Holdings Limited (Note 2)	21,638,000	6.79
Jolly Trend Limited (Note 2)	21,638,000	6.79
The Great Eagle Company, Limited (Note 2)	21,638,000	6.79
Dr. Lo Ka Shui (Note 3)	21,788,000	6.83
Chan Family Investment Corporation Limited (Note 4)	20,115,333	6.31
Tai Wah Investment Company Limited (Note 4)	18,000,000	5.65

Notes:

- Of the 182,698,000 shares, Mr. Lau Chuk Kin has 2,838,000 personal interest and 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.
- 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.
- Of these shares, 21,638,000 shares are duplicated in the interest described in note 2, 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.
- Of these shares, 1,117,333 shares are directly owned by Chan Family Investment Corporation Limited, 998,000 shares and 18,000,000 shares are respectively held by Earnyear Limited and Tai Wah Investment Company Limited. Both Earnyear Limited and Tai Wah Investment Company Limited are wholly-owned subsidiaries of Chan Family Investment Corporation Limited.

## SUBSTANTIAL SHAREHOLDERS (Cont'd)

Save as disclosed above, as at 30 June 2011, the Company had not been notified of any other person (other than a director or chief executive of the Company) who had an interest or short position in the shares, underlying shares or debentures of the Company and was required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2011, 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 2011 save as disclosed below:

### **Code Provision A.2.1**

During the period, the Company does not have a separate chairman and chief executive officer and Mr. Lau Chuk Kin held both positions. The Board shall review the structure from time to time to ensure that the structure facilitates the execution of the Group's business strategies and maximizes effectiveness of its operation.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with the required standard set out in the Model Code regarding securities transactions by the directors throughout the six months ended 30 June 2011.

## EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2011, the Group had around 157 full-time employees (30 June 2010: 129). 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 2011, outstanding options to subscribe for an aggregate of 15,090,000 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 ranged from HK\$0.902 to HK\$1.636.

## AUDIT COMMITTEE

The audit committee has three members comprising the three independent non-executive directors, namely, Mrs. Ling Lee Ching Man, Eleanor, Mr. Cheng Ping Kuen, Franco and Mr. Ho David, with terms of reference in compliance with the Listing Rules. The audit committee review the Group's financial reporting, internal controls and make relevant recommendations to the Board.

The audit committee had met with the management to review the Company's interim report for the six months ended 30 June 2011 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  
**Lau Chuk Kin**  
*Chairman*

Hong Kong, 19 August 2011



## BOARD OF DIRECTORS

### Executive Directors

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

### Non-Executive Directors

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

### Independent Non-Executive Directors

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

## COMPANY SECRETARY

Ms. Lam Mei Lan CPA, FCCA

## COMPLIANCE OFFICER

Mr. Lau Chuk Kin

## AUTHORISED REPRESENTATIVES

Mr. Lau Chuk Kin  
Ms. Lam Mei Lan

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## WEBSITE

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

## AUDITOR

BDO Limited

## LEGAL ADVISER

P.C. Woo & Co.

## PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation  
Limited

## SHARE REGISTRARS AND TRANSFER OFFICES

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

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

## REGISTERED OFFICE

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