



RECRUIT HOLDINGS LIMITED
(continued in Bermuda with limited liability)

2003 3rd Quarterly Report

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

FINANCIAL REVIEW

During the third quarter under review, the Group's turnover amounted to HK\$13,697,000, a decrease of approximately 22% when compared with the turnover of HK\$17,665,000 for the same period last year. The Group reported a net profit attributable to shareholders of HK\$429,000 in the third quarter of 2003 as compared to a net loss of HK\$13,122,000 for the same period last year.

For the nine months ended 30th September, 2003, the Group reported a net profit attributable to shareholders of HK\$1,230,000 when compared with a net loss of HK\$20,374,000 for the same period last year as a result of its implementation of stringent cost control measures this year. The Group recorded a turnover of HK\$37,204,000, which was approximately 36% lower than that of HK\$58,232,000 for the same period last year. The drop in turnover is mainly attributable to the outbreak of Severe Acute Respiratory Syndrome ("SARS") during the period under review.

BUSINESS REVIEW AND PROSPECTS

July 2003 marked the first anniversary of the change in distribution of the "Recruit" magazine. We are pleased to report that despite teething problems encountered at the beginning, response from our readers and advertisers has been favourable and "Recruit" magazine has retained its No. 1 position in the market of free-circulation recruitment magazine in Hong Kong. Orders booking from the third quarter have been encouraging. In October 2003, we saw the revenue generated from recruitment advertising exceeding the comparable period in last year.

Despite the weak economic condition and increasingly challenging operating environment following the outbreak of SARS, the Group remained profitable during the quarter under review. As previously reported, the achievement was mainly attributable to the implementation of cost reduction programs this year. During the nine months period under review, the Group has successfully reduced the distribution and administrative expenses to approximately HK\$18 million, a saving of approximately HK\$30 million or 61% compared with the corresponding period in 2002.

In line with its objective of diversifying into media services related business, the Group has commenced to provide services for arranging the legal and public notice advertisements in China Daily since March 2003. With continuous sluggish market sentiments in Hong Kong, the Group's business in selling legal and public notice advertisement was operated at break-even level under such difficult operating environment for the nine months ended 30th September, 2003.

In order to enhance the cost-effective modus and interactive nature of its recruitment advertisement operation, the Group is revamping its website www.recruit.com.hk and making every endeavour to provide the best possible services to its users.

The Group continues to take a bullish stance on the PRC market and are actively seeking business opportunities in the recruitment related printed media market there.

We would like to take this opportunity to thank our staff and business partners for their continuous support during these very challenging times.

THIRD QUARTERLY RESULTS (UNAUDITED)

The Board of Directors (the “Board”) of the Company presents the unaudited results of the Company and its subsidiaries (collectively referred to as the “Group”) for the nine months ended 30th September 2003 together with the comparative unaudited figures for the corresponding period in 2002 as follows:

	<i>Note</i>	Three months ended		Nine months ended	
		30th September		30th September	
		2003	2002	2003	2002
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	13,697	17,665	37,204	58,232
Direct operating costs		(7,220)	(10,967)	(18,695)	(28,681)
Gross profit		6,477	6,698	18,509	29,551
Other income		568	703	2,334	1,217
Selling and distribution costs		(2,897)	(7,392)	(8,654)	(17,338)
Administrative expenses		(3,506)	(12,166)	(9,509)	(31,248)
Other operating expenses		(213)	(457)	(1,450)	(981)
Profit (loss) from operations	3	429	(12,614)	1,230	(18,799)
Allowance for loans to an associate		-	(508)	-	(1,575)
Profit (loss) before taxation		429	(13,122)	1,230	(20,374)
Taxation	4	-	-	-	-
Net profit (loss) for the period		429	(13,122)	1,230	(20,374)
Earnings (loss) per share					
- Basic	5	0.02 cents	(1.17) cents	0.05 cents	(1.81) cents
- Diluted	5	0.02 cents	N/A	0.05 cents	N/A

Notes:**1. Basis of preparation**

The principal accounting policies adopted in preparing the unaudited consolidated results for the nine months ended 30th September, 2003, are consistent with those followed in the Group's annual audited consolidated financial statements for the year ended 31st December, 2002 except as described below.

In the current period, the Group adopted the Statement of Standard Accounting Practice No. 12 (Revised) "Income taxes" ("SSAP12 (Revised)") issued by the Hong Kong Society of Accountants, which is effective for accounting periods commencing on or after 1st January, 2003. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. The effect on the accounts of the Group upon adoption of the SSAP12 (Revised) is not material to the current or prior accounting periods. Accordingly, no prior period adjustments have been made.

Since the fourth quarter ended 31st December, 2002, in preparing the consolidated financial statement, the Group has revised its basis of analysing of expenses in the consolidated income statement with aggregating expenses according to their function instead of their nature. Accordingly, the comparative amounts have been restated in order to achieve consistent presentation.

2. Turnover

	Three months ended		Nine months ended	
	30th September		30th September	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Advertising income	13,697	17,584	37,204	57,616
Publication sales	-	4	-	326
Publishing income	-	77	-	274
Service income	-	-	-	16
	<u>13,697</u>	<u>17,665</u>	<u>37,204</u>	<u>58,232</u>

3. Profit (loss) from operations

Profit (loss) from operations has been arrived at after charging:

	Three months ended		Nine months ended	
	30th September		30th September	
	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	314	3,650	1,164	7,316
Staff costs	3,313	8,160	10,555	23,569
Operating leases rental in respect of				
Rented premises	469	870	971	2,996
Website hosting	80	128	360	461
Internet access line	26	81	112	546

4. Taxation

No provision for Hong Kong profits tax or taxation in other jurisdictions has been made as the Group had no assessable profit for both periods.

5. Earnings (loss) per share

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

	Three months ended 30th September		Nine months ended 30th September	
	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share for the period	<u>429</u>	<u>(13,122)</u>	<u>1,230</u>	<u>(20,374)</u>
Number of shares ('000)				
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	<u>2,725,000</u>	1,125,000	<u>2,443,681</u>	1,125,000
Effect of dilutive share options	<u>7,500</u>	Nil	<u>2,473</u>	Nil
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>2,732,500</u>	N/A	<u>2,446,154</u>	N/A

6. Movement in reserve

	Share Premium HK\$'000	Exchange Reserve HK\$'000	Merger Reserve HK\$'000	Goodwill Reserve HK\$'000	Accumulated Losses HK\$'000	Total HK\$'000
2003						
At 1st January	40,774	5	(43,897)	13,440	(61,530)	(51,208)
Capital Reorganization	45,000	-	-	-	-	45,000
Issue of shares	10,400	-	-	-	-	10,400
Share issuing expenses	(1,450)	-	-	-	-	(1,450)
Profit for the period	-	-	-	-	801	801
At 30th June	94,724	5	(43,897)	13,440	(60,729)	3,543
Profit for the period	-	-	-	-	429	429
At 30th September	94,724	5	(43,897)	13,440	(60,300)	3,972

	Share Premium HK\$'000	Exchange Reserve HK\$'000	Merger Reserve HK\$'000	Goodwill Reserve HK\$'000	Accumulated Losses HK\$'000	Total HK\$'000
2002						
At 1st January	40,774	5	(43,897)	13,440	(25,349)	(15,027)
Loss for the period	-	-	-	-	(7,252)	(7,252)
At 30th June	40,774	5	(43,897)	13,440	(32,601)	(22,279)
Loss for the period	-	-	-	-	(13,122)	(13,122)
At 30th September	40,774	5	(43,897)	13,440	(45,723)	(35,401)

DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30th September 2003 (2002: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30th September, 2003, the interests of the directors and chief executives of the Company in the shares of the Company as recorded in the register required to be kept by the Company under section 352 of Part XV of the Securities and Futures Ordinance (the "SFO") 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>)	Nil	Nil	1,779,540,000	1,779,540,000	65.30
Mr. Lee Ching Ming, Adrian (<i>Note 2</i>)	Nil	500,000	Nil	500,000	0.02
Mr. Peter Stavros Patapios Christofis	650,000	Nil	Nil	650,000	0.02

Notes:

- The shares are beneficially owned by City Apex Limited. As at 30th September 2003, Mr. Lau Chuk Kin owns beneficially 79% interest in the share capital of ER2 Holdings Limited, the ultimate holding company of City Apex Limited holding approximately 77% of the issued share capital of City Apex Limited. Therefore Mr. Lau Chuk Kin is deemed to be interested in the 1,779,540,000 shares owned by City Apex Limited under Part XV of the SFO.
- The shares are beneficially owned by the wife of Mr. Lee Ching Ming, Adrian. Mr. Lee Ching Ming, Adrian, is deemed to be interested in the said shares under Part XV of the SFO.

Saved as disclosed above, none of the Directors and Chief Executives of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined in 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 minimum standards of dealing by directors as referred to in Rule 5.40 of the GEM Listing Rules.

SHARE OPTIONS

The Company has adopted a share option scheme (the “Scheme”) approved by a resolution passed by the shareholders of the Company on 3rd July, 2000, under which it may grant options to full-time employees, including executive directors of the Company or of its subsidiaries, to subscribe for shares in the Company. The Scheme will remain in force for a period of 10 years commencing on 3rd July, 2000.

During the period, the Company had granted options comprising an aggregate of 37,500,000 underlying shares to three full-time employees of the Group at a subscription price of HK\$0.012 per share which was the average closing price of the shares of the Company quoted on the Stock Exchange for the five business days preceding the offer date and was also the closing price of the shares of the Company as quoted on the Stock Exchange on the offer date. The options are exercisable at any time during a period commencing 1 year after the date of grant and ending 3 years after the end of 10 years period of the Scheme.

During the nine months ended 30th September, 2003, the Company had not granted any right to the directors and the chief executive of the Company or any of their spouses or children under the age of 18 to subscribe for shares of the Company.

FINANCIAL ASSISTANCE

As previously reported, the Group had provided financial assistance to PPG Investments Limited (“PPGI”) of approximately HK\$16 million, which was proportional to the Group’s 20 per cent equity interest in PPGI. The financial assistance is unsecured, interest free and there is no fixed term of repayment. The unaudited balance sheet of PPGI as at 30th September, 2003 is as follows:

	HK\$’000
Non-current Assets	51,436
Current Assets	103
Current Liabilities	(10,095)
Non-current Liabilities	(70,111)
	—————
	(28,667)
	=====
Group’s advance to PPGI, net of allowance	7,281
	=====

During the period, the Group did not provide any new financial assistance to PPGI.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2003, in addition to those interests as disclosed above in respect of the Directors, the Company had been notified of the following interests, being 5% or more in the issued share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Number of shares	Percentage to the issued share capital of the Company %
Mr. Lau Chuk Kin (<i>Note 1</i>)	1,779,540,000	65.30
ER2 Holdings Limited (<i>Note 1</i>)	1,779,540,000	65.30
City Apex Limited (<i>Note 1</i>)	1,779,540,000	65.30
Tai Wah Investment Company Limited (<i>Note 2</i>)	220,000,000	8.07
Chan Family Investment Corporation Limited (<i>Note 2</i>)	266,773,333	9.79
Shui Sing Holdings Limited (<i>Note 3</i>)	220,760,000	8.10
Shui Sing (BVI) Limited (<i>Note 3</i>)	220,760,000	8.10
Great Eagle Holdings Limited (<i>Note 3</i>)	220,760,000	8.10
Jolly Trend Limited (<i>Note 3</i>)	220,760,000	8.10
The Great Eagle Company, Limited (<i>Note 3</i>)	220,760,000	8.10
Dr. Lo Ka Shui (<i>Note 4</i>)	222,260,000	8.16
JAIC-Somerley Corporate Development Fund Limited (<i>Note 5</i>)	163,000,000	5.98
Japan Asia Investment Company Limited (<i>Note 5</i>)	163,000,000	5.98
Somerley Limited (<i>Note 5</i>)	163,000,000	5.98
Mr. Martin Nevil Sabine (<i>Note 5</i>)	163,000,000	5.98

Notes:

- Each of Mr. Lau Chuk Kin and ER2 Holdings Limited is deemed to be interested in the 1,779,540,000 shares owned by City Apex Limited.
- Of these shares, 36,793,333 shares are directly owned by Chan Family Investments Corporation Limited, 9,980,000 shares and 220,000,000 shares are held by Earnyear Limited and Tai Wah Investments Company Limited, wholly-owned subsidiaries of Chan Family Investment Corporation Limited. The 220,000,000 shares are duplicated in the interest described in Tai Wah Investments Company Limited.
- Each of Shui Sing Holdings Limited, Shui Sing (BVI) Limited, Great Eagle Holdings Limited and Jolly Trend Limited is deemed to be interested in the 220,760,000 shares owned by The Great Eagle Company, Limited.
- Of these shares, 220,760,000 shares are duplicated in the interest described in note 3, as The Great Eagle Company, Limited is a wholly-owned subsidiary of Great Eagle Holdings Limited. Dr. Lo Ka Shui was interested and/or deemed to be interested in the issued share capital of Great Eagle Holdings Limited. In addition, Dr. Lo Ka Shui has personal interest in 1,500,000 shares.
- Each of Japan Asia Investment Company Limited, Somerley Limited and Mr. Martin Nevil Sabine is deemed to be interested in the 163,000,000 shares owned by JAIC-Somerley Corporate Development Fund Limited.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period ended 30th September, 2003, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

The directors of the Company believe that none of the directors or the management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business or interest that competes or may competes with the business of the Group.

AUDIT COMMITTEE

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

The audit committee had met with the management to review the Company's third quarterly report for the nine months ended 30th September, 2003 and had the opinion that such report was complied with the applicable accounting standards and adequate disclosures had been made.

By Order of the Board
Ho Suk Yi
Qualified Accountant
and Company Secretary

Hong Kong, 5th November, 2003