



2007 Interim Report
中期報告

R*Recruit*

才庫媒體集團有限公司

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

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 2007 together with the comparative unaudited figures for the corresponding period in 2006 as follows:

CONSOLIDATED INCOME STATEMENT

		(Unaudited)	
		Six months ended	
		30 June	
		2007	2006
	<i>Note</i>	<i>HK\$' 000</i>	<i>HK\$' 000</i>
Revenue and turnover	3	171,886	137,854
Direct operating costs		(111,327)	(81,119)
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Gross profit		60,559	56,735
Other operating income		16,626	2,834
Selling and distribution costs		(28,100)	(20,692)
Administrative expenses		(17,306)	(14,012)
Other operating expenses		(793)	(10)
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Profit from operations	4	30,986	24,855
Finance costs		(519)	(1,069)
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Profit before income tax		30,467	23,786
Taxation	5	(2,633)	(2,430)
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Profit for the period		27,834	21,356
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Attributable to:			
Equity holders of the Company		25,772	20,339
Minority interests		2,062	1,017
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		27,834	21,356
		<hr/> <hr/>	<hr/> <hr/>
Dividends	15	5,554	5,488
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share for profit attributable to equity holders of the Company during the period			
- Basic	7	HK9.37 cents	HK7.41 cents
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- Diluted	7	HK9.36 cents	HK7.37 cents
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CONSOLIDATED BALANCE SHEET

		(Unaudited) As at 30 June 2007 HK\$'000	(Audited) As at 31 December 2006 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	73,902	74,257
Prepaid land lease payments	9	1,024	1,034
Interests in associates		1,411	1,411
		<u>76,337</u>	<u>76,702</u>
Current assets			
Inventories		37,686	15,455
Trade and other receivables and deposits	10	88,159	75,724
Financial assets at fair value through profit or loss		7,600	11,452
Advances to associates		16,518	18,978
Cash and cash equivalents		66,321	55,157
		<u>216,284</u>	<u>176,766</u>
Current liabilities			
Trade and other payables	11	69,415	43,611
Finance lease liabilities	12	3,788	3,691
Taxation payable		4,756	2,855
		<u>77,959</u>	<u>50,157</u>
Net current assets		<u>138,325</u>	<u>126,609</u>
Total assets less current liabilities		<u>214,662</u>	<u>203,311</u>
Non-current liabilities			
Finance lease liabilities	12	11,795	13,714
Financial liabilities		2,700	-
Deferred tax liabilities		1,990	1,990
		<u>16,485</u>	<u>15,704</u>
Net assets		<u>198,177</u>	<u>187,607</u>
EQUITY			
Equity attributable to Company's equity holders			
Share capital	13	55,255	54,960
Reserves		126,192	100,028
Proposed final and special dividend		-	20,610
		<u>181,447</u>	<u>175,598</u>
Minority interests		<u>16,730</u>	<u>12,009</u>
Total equity		<u>198,177</u>	<u>187,607</u>

CONDENSED CASH FLOW STATEMENT

	(Unaudited)	
	For the six months ended	
	30 June	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	17,334	21,866
Investing activities		
Purchase of property, plant and equipment	(6,157)	(23,280)
Purchase of financial assets at fair value through profit or loss	(24,978)	(9,101)
Interest received	932	315
Dividend income received	4	-
Proceeds from disposal of property, plant and equipment	4	-
Proceeds from disposal of financial assets at fair value through profit or loss	29,013	8,600
Proceeds from dilution of interest in subsidiaries	15,000	-
Repayment from an associate	2,460	1,976
Net cash generated from / (used in) investing activities	<u>16,278</u>	<u>(21,490)</u>
Financing activities		
Capital element of finance lease liabilities paid	(1,822)	(2,707)
Interest element of finance lease payments	(519)	(1,069)
Dividend paid to equity holders of the Company	(20,610)	(10,977)
Dividend paid to minority shareholders	(300)	-
Proceeds from shares issued on exercise of share options	806	55
Share issue expenses paid	(3)	(3)
Net cash used in financing activities	<u>(22,448)</u>	<u>(14,701)</u>
Net increase / (decrease) in cash and cash equivalents	11,164	(14,325)
Cash and cash equivalents at the beginning of the period	55,157	44,934
Cash and cash equivalents at the end of the period	<u>66,321</u>	<u>30,609</u>
Analysis of balances of cash and cash equivalent		
Bank balances and cash	<u>66,321</u>	<u>30,609</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Equity attributable to equity holders of the Company								Minority Interests	Total	
	Share Capital HK\$' 000	Share Premium HK\$' 000	Employee Compensation Reserve HK\$' 000	Exchange Reserve HK\$' 000	Merger Reserve HK\$' 000	Contributed Surplus HK\$' 000	Capital Contribution HK\$' 000	Proposed Final and Special Dividend HK\$' 000			Retained Profit HK\$' 000
2007											
At 1 January	54,960	54,097	1,283	45	(43,897)	7,925	-	20,610	80,575	12,009	187,607
Shares issued at premium	295	511	-	-	-	-	-	-	-	-	806
Share issue expenses	-	(3)	-	-	-	-	-	-	-	-	(3)
Acquisition of interests in subsidiaries	-	-	-	-	-	-	-	-	-	2,942	2,942
Dilution of interests in a subsidiary	-	-	-	-	-	-	-	-	-	24	24
Currency translation	-	-	-	(116)	-	-	-	-	-	(7)	(123)
Final 2006 dividend paid	-	-	-	-	-	-	-	(13,740)	-	-	(13,740)
Special 2006 dividend paid	-	-	-	-	-	-	-	(6,870)	-	-	(6,870)
Dividend distributed to minority shareholder	-	-	-	-	-	-	-	-	-	(300)	(300)
Profit for the period	-	-	-	-	-	-	-	-	25,772	2,062	27,834
At 30 June	<u>55,255</u>	<u>54,605</u>	<u>1,283</u>	<u>(71)</u>	<u>(43,897)</u>	<u>7,925</u>	<u>-</u>	<u>-</u>	<u>106,347</u>	<u>16,730</u>	<u>198,177</u>
2006											
At 1 January	54,844	54,065	951	65	(43,897)	34,031	521	10,969	25,473	179	137,201
Shares issued at premium	39	16	-	-	-	-	-	-	-	-	55
Share issue expenses	-	(3)	-	-	-	-	-	-	-	-	(3)
Equity-settled share based payment expenses	-	-	332	-	-	-	-	-	-	-	332
Currency translation	-	-	-	(3)	-	-	-	-	-	-	(3)
Final 2005 dividend paid	-	-	-	-	-	(8)	-	(10,969)	-	-	(10,977)
Profit for the period	-	-	-	-	-	-	-	-	20,339	1,017	21,356
At 30 June	<u>54,883</u>	<u>54,078</u>	<u>1,283</u>	<u>62</u>	<u>(43,897)</u>	<u>34,023</u>	<u>521</u>	<u>-</u>	<u>45,812</u>	<u>1,196</u>	<u>147,961</u>

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The Group's unaudited interim financial statements for the six months ended 30 June 2007 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies adopted in preparing these interim results are consistent with those used in the Company's annual audited consolidated financial statements for the year ended 31 December 2006. The interim results are unaudited but have been reviewed by the Company's audit committee.

The Group has adopted the following standards that have been issued and effective for the periods beginning on or after 1 January 2007. The adoption of such standards did not have material effect on these financial statements.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK (IFRIC) – Int 8	Scope of HKFRS 2 ³
HK (IFRIC) – Int 9	Reassessment of Embedded Derivatives ⁴
HK (IFRIC) – Int 10	Interim Financial Reporting and Impairment ⁵

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 March 2006.

³ Effective for annual periods beginning on or after 1 May 2006.

⁴ Effective for annual periods beginning on or after 1 June 2006.

⁵ Effective for annual periods beginning on or after 1 November 2006.

2. Segment information

Primary reporting format – Business segments

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

- Advertising - providing advertising services on different publications and magazines.
- Printing - printing of books and magazines.
- Investment - trading of financial assets at fair value through profit or loss

Six months ended 30 June 2007

	Advertising (Unaudited) <i>HK\$' 000</i>	Printing (Unaudited) <i>HK\$' 000</i>	Investment (Unaudited) <i>HK\$' 000</i>	Eliminations (Unaudited) <i>HK\$' 000</i>	Consolidated (Unaudited) <i>HK\$' 000</i>
Revenue					
- External sales	110,836	61,050	-	-	171,886
- Internal sales	-	76	-	(76)	-
Total	<u>110,836</u>	<u>61,126</u>	<u>-</u>	<u>(76)</u>	<u>171,886</u>
Segment results	<u>25,475</u>	<u>(919)</u>	<u>264</u>	<u>1,741</u>	<u>26,561</u>
Unallocated operating income					9,874
Unallocated operating expenses					(5,449)
Operating profit					<u>30,986</u>
Finance costs					(519)
Profit before taxation					<u>30,467</u>
Taxation					(2,633)
Profit for the period					<u>27,834</u>

Six months ended 30 June 2006

	Advertising (Unaudited) <i>HK\$' 000</i>	Printing (Unaudited) <i>HK\$' 000</i>	Investment (Unaudited) <i>HK\$' 000</i>	Eliminations (Unaudited) <i>HK\$' 000</i>	Consolidated (Unaudited) <i>HK\$' 000</i>
Revenue					
- External sales	92,714	45,140	-	-	137,854
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Segment results	18,242	5,108	422	502	24,274
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unallocated operating income					1,190
Unallocated operating expenses					(609)
					<u> </u>
Operating profit					24,855
Finance costs					(1,069)
					<u> </u>
Profit before taxation					23,786
Taxation					(2,430)
					<u> </u>
Profit for the period					<u>21,356</u>

Secondary reporting format – Geographical segments

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

Sales by geographical markets:

	Six months ended 30 June	
	2007 (Unaudited) <i>HK\$'000</i>	2006 (Unaudited) <i>HK\$'000</i>
Hong Kong	49,180	45,737
Mainland China	69,819	49,926
Australia	27,945	32,169
United States	8,727	1,920
United Kingdom	14,237	7,684
New Zealand	727	418
Germany	833	-
Others	418	-
	<u>171,886</u>	<u>137,854</u>

3. Revenue and turnover

	Six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Advertising income	110,836	92,714
Printing income	61,050	45,140
	<u>171,886</u>	<u>137,854</u>

4. Profit from operations

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

	Six months ended 30 June	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Amortisation and depreciation	6,601	5,456
Employee benefit expense	23,148	18,465
Gains on financial assets at fair value through profit or loss	(109)	(472)
Gain on partial disposal and dilution of interest in a subsidiary	(9,455)	-
Minimum lease payments paid or payable under operating leases or leases defined under HK (IFRIC) – Int 4 “Determining whether an arrangement contains a lease” in respect of:		
- Rented premises and production facilities	3,384	1,598
- Internet access line	42	42
Loss on disposal of property, plant and equipment	7	75
Interest income	(932)	(315)
Rental income	-	(715)

5. Taxation

The amount of taxation charged to the consolidated income statement represents:

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Profits tax for the period		
- Hong Kong	2,491	1,430
- Overseas	142	-
Deferred taxation	-	1,000
	<u>2,633</u>	<u>2,430</u>

Hong Kong profits tax has been provided at the rate of 17.5% on the Company's estimated assessable profits for the six months ended 30 June 2007. Taxation on overseas profits has been calculated on the estimated assessable profit for the year 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.

6. Share options

As at 30 June 2007, the Company had a share option scheme for eligible employees of the Group. Details of the share options outstanding during the period were as follows:

	<u>Number of share options</u>
Outstanding at the beginning of the period	2,974,000
Granted during the period	-
Forfeited during the period	-
Exercised during the period	(1,476,000)
Expired during the period	-
	<u>1,498,000</u>

In accordance with HKFRS 2 Share-based Payments, fair value of share options granted to employees determined at the date of grant is expensed over the vesting period, with a corresponding adjustment to the Group's share option reserve.

The closing price of the shares of HK\$0.20 each of the Company quoted on the Growth Enterprise Market of the Stock Exchange on 30 June 2003, 14 May 2004, 8 December 2004 and 6 July 2005, being the business date immediately before the date on which share options were granted, was HK\$0.24, HK\$0.28, HK\$0.43 and HK\$0.75 respectively.

The weighted average closing price of the Company's shares quoted on the Stock Exchange immediately before the dates on which the options were exercised was approximately HK\$1.76.

The following assumptions were used to calculate the fair values of share options:

<u>Date of grant</u>	7/7/2005	9/12/2004	17/5/2004	2/7/2003
Expected volatility (based on the annualized historical volatility of the closing price of the shares in the Company from 1 July 2000 to the date of grant)	80.80%	77.90%	80.52%	74.33%
Expected life (in years)	5	5	5	5
Risk-free interest rate (being the approximate yield of 5-year Exchange Fund on the grant date)	3.32%	2.68%	3.77%	2.95%
Expected dividend yield	Nil	Nil	Nil	Nil

The Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the director's opinion, the existing model does not necessarily provide a reliable single measure of fair value of the share options.

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	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share for the period	25,772	20,339
	=====	=====
	Number of shares ('000)	
Weighted average number of ordinary shares for the purposes of basic earnings per share	274,941	274,382
Effect of dilutive potential ordinary shares in respect of share options granted	556	1,606
	-----	-----
Weighted average number of ordinary shares for the purposes of diluted earnings per share	275,497	275,988
	=====	=====

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>	Buildings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost								
At 1 January 2007	2,374	1,705	13,507	31,758	517	64,543	453	114,857
Additions	320	279	1,282	1,722	446	2,108	-	6,157
Disposals/written off	-	(18)	-	(62)	-	-	-	(80)
Exchange differences	27	6	29	164	5	-	-	231
At 30 June 2007	<u>2,721</u>	<u>1,972</u>	<u>14,818</u>	<u>33,582</u>	<u>968</u>	<u>66,651</u>	<u>453</u>	<u>121,165</u>
Accumulated Depreciation								
At 1 January 2007	1,088	1,265	4,102	27,946	188	6,002	9	40,600
Provided for the period	213	69	1,461	1,446	115	3,282	5	6,591
Eliminated on disposals	-	(7)	-	(62)	-	-	-	(69)
Exchange differences	9	2	22	107	1	-	-	141
At 30 June 2007	<u>1,310</u>	<u>1,329</u>	<u>5,585</u>	<u>29,437</u>	<u>304</u>	<u>9,284</u>	<u>14</u>	<u>47,263</u>
Net Book Values								
As at 30 June 2007	<u>1,411</u>	<u>643</u>	<u>9,233</u>	<u>4,145</u>	<u>664</u>	<u>57,367</u>	<u>439</u>	<u>73,902</u>
As at 31 December 2006	<u>1,286</u>	<u>440</u>	<u>9,405</u>	<u>3,812</u>	<u>329</u>	<u>58,541</u>	<u>444</u>	<u>74,257</u>

The net book amount of property, plant and equipment includes the net carrying amount of HK\$19,548,000 (31/12/2006: HK\$20,664,000) in respect of assets held under finance leases.

9. Prepaid lease payment

	<i>HK\$'000</i>
Cost	
At 1 January 2007	1,055
Additions	-
At 30 June 2007	<u>1,055</u>
Accumulated Amortisation	
At 1 January 2007	21
Provided for the period	10
At 30 June 2007	<u>31</u>
Net Book Values	
As at 30 June 2007	<u>1,024</u>
As at 31 December 2006	<u>1,034</u>

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

10. Trade and other receivables and deposits

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

The following is an aged analysis of trade receivables at the balance sheet date:

	30/06/2007 (Unaudited) HK\$'000	31/12/2006 (Audited) HK\$'000
0 - 30 days	25,541	19,792
31 - 60 days	18,125	13,385
61 - 90 days	15,574	8,602
91 - 120 days	4,856	12,280
121 - 150 days	7,404	6,623
Over 150 days	245	2,605
Total trade receivables	<u>71,745</u>	<u>63,287</u>
Other receivables and deposits	16,414	12,437
	<u><u>88,159</u></u>	<u><u>75,724</u></u>

11. Trade and other payables

The following is an aged analysis of trade payables at the balance sheet date:

	30/06/2007 (Unaudited) HK\$'000	31/12/2006 (Audited) HK\$'000
0 - 30 days	12,559	6,554
31 - 60 days	13,067	4,355
61 - 90 days	9,371	4,466
91 - 120 days	1,952	1,161
Over 120 days	2,232	3,980
Total trade payables	<u>39,181</u>	<u>20,516</u>
Other payables and accrued expenses	30,234	23,095
	<u><u>69,415</u></u>	<u><u>43,611</u></u>

12. Finance lease liabilities

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

	30/06/2007 (Unaudited) <i>HK\$'000</i>	31/12/2006 (Audited) <i>HK\$'000</i>
Due within one year	4,700	4,667
Due in the second to fifth years	12,919	15,181
	<u>17,619</u>	<u>19,848</u>
Future finance charges on finance lease	(2,036)	(2,443)
	<u>15,583</u>	<u>17,405</u>

The present value of finance lease liabilities is as follows:

	30/06/2007 (Unaudited) <i>HK\$'000</i>	31/12/2006 (Audited) <i>HK\$'000</i>
Due within one year	3,788	3,691
Due in the second to fifth years	11,795	13,714
	<u>15,583</u>	<u>17,405</u>
Less: Portion due within one year included under current liabilities	(3,788)	(3,691)
	<u>11,795</u>	<u>13,714</u>

13. Share capital

	No. of shares (' 000)	<i>HK\$' 000</i>
Authorised:		
Ordinary shares of HK\$0.20 each	500,000	100,000
	<u>=====</u>	<u>=====</u>
Issued and fully paid:		
As at 1 January 2007	274,800	54,960
Exercise of share options	1,476	295
	<u>-----</u>	<u>-----</u>
As at 30 June 2007	<u>276,276</u>	<u>55,255</u>
	<u>=====</u>	<u>=====</u>

14. Capital commitments

As at 30 June 2007, the Group had capital commitment contracted but not provided for in respect of the acquisition of property, plant and equipment of approximately HK\$9,700,000 (31/12/2006: HK\$499,000).

15. Dividends

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

	Six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Final dividend in respect of the year ended 31 December 2006, approved and paid during the period, of HK\$0.05 per share (2005: HK\$0.04)	13,740	10,969
Special dividend in respect of the year ended 31 December 2006, approved and paid during the period, of HK\$0.025 per share (2005: Nil)	6,870	-
Additional final dividend paid on exercise of share options subsequent to 31 December 2005	-	8
	<hr/>	<hr/>
	20,610	10,977
	<hr/> <hr/>	<hr/> <hr/>

(b) Dividends attributable to the interim period

	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interim dividend –HK\$0.02 per shares (2006: HK\$0.02)	5,554	5,488
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Notes:

- (i) On 27 February 2007, the Directors proposed a final dividend of HK\$0.05 per share and special dividend of HK\$0.025 per share. The final and special dividends were paid on 18 April 2007.
- (ii) The amount of the interim dividend declared for the six months ended 30 June 2007, which will be payable in cash, has been calculated by reference to the 277,716,000 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 2007.

16. Related party transactions

As at 30 June 2007, the Company's ultimate holding company is ER2 Holdings Limited, which was incorporated in Hong Kong.

Trading Transaction

The Group paid printing costs of HK\$6,549,000 (30/6/2006: HK\$6,540,000) to Premier Printing Group Limited ("PPG"), an indirect associated company in which the Group has 25 per cent effective interest for the six months ended 30 June 2007. The transactions were on normal commercial terms and carried out with reference to market prices.

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	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short-term employee benefits	1,038	360
Post-employment benefit	18	6
	<u>1,056</u>	<u>366</u>
	=====	=====

17. Contingent liabilities

As at 30 June 2007, the Group had no significant contingent liabilities (31/12/2006: Nil).

FINANCIAL REVIEW

Turnover for the six months ended 30 June 2007 was HK\$171.9 million (2006: HK\$137.9 million), a 24.7% increase over the same period last year, mainly due to sales growth of 39.9% and 35.2% from inflight magazine business and printing business respectively. Revenue from recruitment advertising dropped by 2% as a result of the increasing market competition during the period under review.

Profit attributable to shareholders amounted to HK\$25.8 million (2006: HK\$20.3 million), a 27.1% increase over the same period last year. The profit included a gain of HK\$9.5 million arisen on disposal of 20% interest in Hong Kong recruitment business to a strategic investor, Jobstreet Corporation Berhad (“JS”). JS is a leader in the online recruitment business in the Asia Pacific region. Professional expenses of HK\$2 million was accounted for in the interim results in relation to the migration of listing of the Company’s shares from the Growth Enterprise Market of the Hong Kong Stock Exchange to the Main Board of the Hong Kong Stock Exchange by way of introduction.

BUSINESS REVIEW

ADVERTISING BUSINESS

Recruitment advertising

Recruitment advertising revenue reported a drop of 2% for the first half of the year. The print recruitment advertising market had become increasingly mature with tough competition. To cope with the keen competition, the Group continues to offer flexible advertising packages with unique value-added products to both recruiters and job seekers to enhance their recruitment results, which other competitors will find difficult to replicate.

1010job in Shanghai has continued to contribute turnover to the Group in the first six months of 2007. Although the deficit incurred in this business has narrowed due to increased sales, the business is still operating at a loss. The competitive environment in the print media business in Shanghai has not changed significantly over the period under review. The Group continues to confront the problem of having to compete head to head with the largest recruitment media operator (both print and online) in the nation. Whilst a variety of tactics have been employed with a view to gaining market share and improving profitability, it remains a challenge to achieve the desired results.

Inflight magazine advertising

Inflight magazine advertising division reported sales growth of 40% for the first half of the year. The success of the inflight magazine business is largely dependent on the China economy. The Group has benefited considerably as a result of the double digit growth in the economy of China over the past few years, including the exceptional buoyancy experienced during first six months of 2007. The anticipated substantial growth in demand for advertising space before the Olympic Games, especially in major airline inflight magazines, has helped to raise advertising yields and as a result, the Group’s profitability will be enhanced.

PRINTING BUSINESS

During the period under review, the Group has endeavoured to enlarge its customer base geographically and has successfully introduced its services to some of the world's most prestigious publishers. The printing division reported a sales growth of 35% for the first half of the year. The Group is gradually building up its reputation as a trusted book printer which offers quality together with competitive pricing. The investment in time and money to enlarge market share have adversely impacted upon profitability of the division and resulted in a HK\$1 million operating loss. Nevertheless, the Group foresees that with established long-term relationships, the Group will be able to improve its financial performance through increasing printing orders and implementing cost control measures. To cope with the increase in printing volume, the Group will further expand its production capacity in the second half of the year through internal resources.

INVESTMENT

The Group reported investment income of approximately HK\$0.3 million in the first half of 2007, compared with HK\$0.4 million in the same period last year. It is expected that securities market will be volatile in the second half of this year and the performance from investing activities will be under pressure in the second half. To ease the financial impact from the volatile market, the Group continues to adopt a conservative approach for its investment strategy.

PROSPECTS

For the six months ended 30 June 2007, the Group has achieved growth in both revenue and operating profit. The Group migrated from the GEM to the Main Board by way of introduction on 23 July 2007. The successful migration is an important milestone in the Group's corporate development.

In its recruitment business, the Group will look at improving the effectiveness of the distribution network for its print recruitment publication. The Group will in particular focus on the online side of the business by enhancing its website to make this more user friendly and better adapted to cater for the changing needs and customer expectations of internet advertising. The Group foresees that its inflight magazine business will continue to gather momentum for the remainder of 2007. The Group has managed to maintain a healthy financial position to finance any future business development, including an increase in production capacity in its printing business. Although the second half of 2007 may prove to be challenging due to increasing competition in some of the Group's business sectors, the Group hopes to identify some exciting growth opportunities which it intends to actively pursue.

LIQUIDITY AND FINANCIAL RESOURCES

During the first half of 2007, the Group had paid 2006 final and special dividend to shareholders of approximately HK\$21 million and paid capital expenditure of approximately HK\$6.1 million. As at 30 June 2007, the Group had bank and cash balances of approximately HK\$66.3 million (31/12/2006: HK\$55.2 million). The Group had finance lease liabilities of HK\$15.6 million (31/12/2006: HK\$17.4 million).

The finance lease facilities are at floating interest rates. All borrowings are denominated in Hong Kong dollars. The Group's gearing ratio as at 30 June 2007 was 7.9% (31/12/2006: 9.3%), which is calculated on the basis of the Group's total interest bearing debts over the total equity interest as at the reporting date.

The Group's trading transactions were mainly denominated in Hong Kong dollars, United States dollars, Australian dollars, British pounds and Renminbi. The Group had used forward exchange contracts to hedge its foreign currency exposure in trading activities when considered appropriate. The Group adopts a centralized treasury policies in cash and financial management and reviews its liquidity and financing requirements regularly.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved to recommend the payment of an interim dividend of HK\$0.02 per ordinary share for the six months ended 30 June 2007 (2006: HK\$0.02) to shareholders whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 5 October 2007. The register of shareholders will be closed from 2 October 2007 to 5 October 2007, 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 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 28 September 2007. The relevant dividend warrants will be despatched to shareholders on or around 12 October 2007.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2007, 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>)	Nil	Nil	178,894,000	178,894,000	64.75
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	0.24
Mr. Cheng Ping Kuen, Franco	204,000	Nil	Nil	204,000	0.07

Notes:

1. Of 178,894,000 shares, 940,000 shares and 177,954,000 shares are beneficially owned by ER2 Holdings Limited and City Apex Limited respectively. As at 30 June 2007, 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. These 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 3 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 following table discloses movements in the share options of the Company during the period:

Director	Share option type	Number of share options				
		Outstanding at 1.1.2007	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 30.6.2007
Ms. Ho Suk Yi	2004(a)	250,000	-	-	-	250,000
Ms. Ho Suk Yi	2004(b)	250,000	-	-	-	250,000
Sub-total		<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Employees						
In aggregate	2003	325,000	-	(325,000)	-	-
In aggregate	2004	999,000	-	(371,000)	-	628,000
In aggregate	2005	1,150,000	-	(780,000)	-	370,000
Sub-total		<u>2,474,000</u>	<u>-</u>	<u>(1,476,000)</u>	<u>-</u>	<u>998,000</u>
Total		<u>2,974,000</u>	<u>-</u>	<u>(1,476,000)</u>	<u>-</u>	<u>1,498,000</u>

Details of the share options are as follows:

Share option type	Date of grant	Vesting period	Exercisable period	Exercise price per share (HK\$)
2003	2.7.2003	2.7.2003 to 1.7.2004	2.7.2004 to 2.7.2013	0.24
2004 (a)	17.5.2004	17.5.2004 to 16.5.2005	17.5.2005 to 2.7.2013	0.28
2004 (b)	9.12.2004	9.12.2004 to 8.12.2005	9.12.2005 to 2.7.2013	0.43
2005	7.7.2005	7.7.2005 to 6.7.2006	7.7.2006 to 2.7.2013	0.80

Notes:

- (i) Options granted in the year of 2003, 2004 and 2005 were granted under the Share Option Scheme pursuant to the resolution passed on 3 July 2000.
- (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 Growth Enterprise Market of the Stock Exchange on 30 June 2003, 14 May 2004, 8 December 2004 and 6 July 2005, being the business date immediately before the date on which share options were granted, was HK\$0.24, HK\$0.28, HK\$0.43 and HK\$0.75 respectively.

The fair values of options granted under the relevant Share Option Scheme on 2 July 2003, 17 May 2004, 9 December 2004 and 7 July 2005, measured at the date of grant, were approximately HK\$170,000, HK\$467,000, HK\$69,000 and HK\$663,000 respectively.

All the options forfeited before expiry of the options will be treated as lapsed options under the relevant share options scheme.

Saved as disclosed above, as at 30 June 2007, 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 2007, 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>)	178,894,000	64.75
ER2 Holdings Limited (<i>Note 1</i>)	178,894,000	64.75
City Apex Limited (<i>Note 1</i>)	177,954,000	64.41
Tai Wah Investment Company Limited (<i>Note 2</i>)	22,000,000	7.96
Chan Family Investment Corporation Limited (<i>Note 2</i>)	24,115,333	8.73
Great Eagle Holdings Limited (<i>Note 3</i>)	21,638,000	7.83
Jolly Trend Limited (<i>Note 3</i>)	21,638,000	7.83
The Great Eagle Company, Limited (<i>Note 3</i>)	21,638,000	7.83
Dr. Lo Ka Shui (<i>Note 4</i>)	21,788,000	7.89

Notes:

1. Of the 178,894,000 shares, Mr. Lau Chuk Kin is deemed to be interested in the 940,000 shares directly held by ER2 Holdings Limited. Each of Mr. Lau Chuk Kin and ER2 Holdings Limited is deemed to be interested in the 177,954,000 shares owned by City Apex Limited.
2. 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.

FINANCIAL ASSISTANCE

As reported in the 2006's annual report of the Company, the Group provided financial assistance to PPG Investments Limited of approximately HK\$19 million, which was proportional to the Group's 50 per cent equity interest in PPG Investments Limited ("PPGI"). The financial assistance is unsecured, interest free and there is no fixed term of repayment.

As at 30 June 2007, the Group's advance to PPGI, net of allowance, was approximately HK\$16.5 million (2006: HK\$3 million). The Directors believe that no further allowance for the amount due from PPGI is required.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2007, 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 2007 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 2007. 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 2007, the Group had around 197 full-time employees (2006: 168). 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 2007, outstanding options to subscribe for an aggregate of 1,498,000 shares of the Company had been granted to certain full-time employees, including an executive director of the Company, pursuant to the Company's share option scheme. Exercise prices of which range from HK\$0.28 to HK\$0.80.

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 2007 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
Ho Suk Yi
Executive Director

Hong Kong, 14 September 2007

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lau Chuk Kin (Chairman)

Ms Ho Suk Yi

Non-Executive Directors

Mr. Lee Ching Ming, Adrian

Mr. Wan Siu Kau

Mr. Peter Stavros Patapios Christofis

Ms Lam Mei Lan

Independent Non-Executive Directors

Mrs. Ling Ching Man, Eleanor

Mr. Cheng Ping Kuen, Franco

Mr. Tyen Kan Hee, Anthony

COMPANY SECRETARY

Ms Ho Suk Yi *CPA, FCCA*

QUALIFIED ACCOUNTANT

Ms Ho Suk Yi *CPA, FCCA*

COMPLIANCE OFFICER

Mr. Lau Chuk Kin

AUTHORISED REPRESENTATIVES

Mr. Lau Chuk Kin

Ms Ho Suk Yi

AUDIT COMMITTEE

Mrs. Ling Ching Man, Eleanor

Mr. Cheng Ping Kuen, Franco

Mr. Tyen Kan Hee, Anthony

REMUNERATION COMMITTEE

Mrs. Ling Ching Man, Eleanor

Mr. Cheng Ping Kuen, Franco

Mr. Tyen Kan Hee, Anthony

WEBSITE

www.recruitonline.com

AUDITORS

Grant Thornton

LEGAL ADVISER

Richards Butler

Conyers, Dill & Pearman

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong)
Limited

The Hongkong and Shanghai Banking
Corporation Limited

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Registrar

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre

11 Bermudiana Road,
Hamilton HM08, Bermuda

Hong Kong Branch Registrar

Computershare Hong Kong Investor Services
Limited

46th 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

26 Floor, 625 King's Road

North Point, Hong Kong

STOCK CODE

550