



Stock Code: 550 股份代號: 550

**Recruit Holdings Limited**

才庫媒體集團有限公司



**Interim Report**  
**中期報告**

**2010**

# Interim Results for the Six Months Ended 30 June 2010

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 2010 together with the comparative unaudited figures for the corresponding period in 2009 as follows:

## Condensed Consolidated Statement of Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2010

		(Unaudited)	
		Six months ended	
		30 June	
	Notes	2010 HK\$'000	2009 HK\$'000
<b>Revenue and turnover</b>	3	<b>515,709</b>	284,589
Direct operating costs		<b>(385,699)</b>	(208,361)
<b>Gross profit</b>		<b>130,010</b>	76,228
Other income		<b>13,680</b>	9,958
Selling and distribution costs		<b>(46,012)</b>	(33,243)
Administrative expenses		<b>(21,956)</b>	(22,207)
Other expenses		<b>(3,489)</b>	(1,208)
Finance costs	4	<b>(829)</b>	(635)
<b>Profit before income tax</b>	5	<b>71,404</b>	28,893
Income tax expense	6	<b>(9,509)</b>	(2,335)
<b>Profit for the period</b>		<b>61,895</b>	26,558
<b>Other comprehensive income/(loss)</b>			
Exchange income/(loss) on translation of financial statements of foreign operations		<b>222</b>	(145)
<b>Other comprehensive income/(loss) for the period</b>		<b>222</b>	(145)
<b>Total comprehensive income for the period</b>		<b>62,117</b>	26,413

# Condensed Consolidated Statement of Comprehensive Income (Cont'd)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

		(Unaudited)	
		Six months ended	
		30 June	
		2010	2009
	Notes	HK\$'000	HK\$'000
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>56,160</b>	22,942
Non-controlling interests		<b>5,735</b>	3,616
		<b>61,895</b>	26,558
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>56,357</b>	22,853
Non-controlling interests		<b>5,760</b>	3,560
		<b>62,117</b>	26,413
<b>Earnings per share for profit attributable to the owners of the Company during the period</b>			
	7		
– Basic		<b>HK18.13 cents</b>	HK7.40 cents
– Diluted		<b>HK18.00 cents</b>	N/A

# Condensed Consolidated Statement of Financial Position

AS AT 30 JUNE 2010

		(Unaudited) At 30 June 2010 HK\$'000	(Audited) At 31 December 2009 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>191,925</b>	170,722
Prepaid land lease payments	9	<b>5,754</b>	5,769
Goodwill		<b>14,119</b>	14,119
Interests in associates		–	–
		<b>211,798</b>	190,610
<b>Current assets</b>			
Inventories		<b>84,016</b>	41,477
Trade and other receivables and deposits	10	<b>264,323</b>	224,267
Financial assets at fair value through profit or loss		<b>2,095</b>	753
Advances to associates		–	–
Taxes recoverable		<b>2,372</b>	2,495
Cash and cash equivalents		<b>109,079</b>	135,178
		<b>461,885</b>	404,170
<b>Current liabilities</b>			
Trade and other payables	11	<b>129,397</b>	138,834
Financial liabilities at fair value through profit or loss		–	2,360
Bank borrowings	12	<b>14,256</b>	18,846
Finance lease liabilities	13	<b>9,121</b>	4,358
Provision for taxation		<b>6,469</b>	1,025
		<b>159,243</b>	165,423
<b>Net current assets</b>		<b>302,642</b>	238,747
<b>Total assets less current liabilities</b>		<b>514,440</b>	429,357
<b>Non-current liabilities</b>			
Bank borrowings	12	<b>38,566</b>	35,482
Finance lease liabilities	13	<b>15,771</b>	1,104
Deferred tax liabilities		<b>10,553</b>	7,628
		<b>64,890</b>	44,214
<b>Net assets</b>		<b>449,550</b>	385,143

# Condensed Consolidated Statement of Financial Position (Cont'd)

AS AT 30 JUNE 2010

		(Unaudited) At 30 June 2010 HK\$'000	(Audited) At 31 December 2009 HK\$'000
	Notes		
<b>EQUITY</b>			
Share capital	14	<b>61,969</b>	61,969
Reserves		<b>338,483</b>	280,741
Proposed final dividend		–	15,492
<b>Equity attributable to the owners of the Company</b>		<b>400,452</b>	358,202
<b>Non-controlling interests</b>		<b>49,098</b>	26,941
<b>Total equity</b>		<b>449,550</b>	385,143

# Condensed Consolidated Cash Flow Statement

(Unaudited)

For the six months ended  
30 June

2010  
HK\$'000

2009  
HK\$'000

Net cash (used in)/generated from operating activities	<b>(12,796)</b>	24,966
Investing activities		
Purchase of property, plant and equipment	<b>(33,181)</b>	(32,082)
Interest received	<b>73</b>	71
Proceeds from disposal of property, plant and equipment	<b>55</b>	431
Proceeds from disposal of financial assets at fair value through profits of loss	<b>771</b>	-
Acquisition of additional interest in a subsidiary	-	(3,050)
Net cash used in investing activities	<b>(32,282)</b>	(34,630)
Financing activities		
Bank borrowings raised	<b>12,000</b>	-
Finance lease raised	<b>24,000</b>	-
Repayment of bank borrowings	<b>(13,506)</b>	(2,586)
Interest on bank borrowings paid	<b>(467)</b>	(530)
Capital element of finance lease liabilities paid	<b>(4,570)</b>	(2,233)
Capital injection from non-controlling interest of a subsidiary	<b>21,818</b>	-
Interest element of finance lease payments	<b>(362)</b>	(105)
Dividends paid to equity holders of the Company	<b>(15,492)</b>	(15,492)
Dividends paid to non-controlling interests of a subsidiary	<b>(4,442)</b>	-
Net cash generated from/(used in) financing activities	<b>18,979</b>	(20,946)
Net decrease in cash and cash equivalents	<b>(26,099)</b>	(30,610)
Cash and cash equivalents at the beginning of the period	<b>135,178</b>	85,769
Cash and cash equivalents at the end of the period	<b>109,079</b>	55,159
Analysis of balances of cash and cash equivalent		
Bank balances and cash	<b>109,079</b>	55,159

# Condensed Consolidated Statement of Changes in Equity (Unaudited)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Attributable to owners of the Company							Non-controlling interests	Total				
	Share capital HK\$'000	Share premium HK\$'000	Employee share compensation reserve HK\$'000	Exchange reserve HK\$'000	Merger reserve HK\$'000	Contributed surplus HK\$'000	Statutory reserve HK\$'000			Other reserve HK\$'000	Proposed final dividends HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1 January 2010	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</b>	<b>61,969</b>	<b>84,288</b>	<b>2,003</b>	<b>(574)</b>	<b>(43,897)</b>	<b>2,371</b>	<b>477</b>	<b>979</b>	<b>-</b>	<b>292,836</b>	<b>400,452</b>	<b>49,098</b>	<b>449,550</b>

# Condensed Consolidated Statement of Changes in Equity (Unaudited)

(Cont'd)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Attributable to owners of the Company							Non-controlling interests	Total				
	Share capital HK\$'000	Share premium HK\$'000	Employee Share compensation reserve HK\$'000	Exchange reserve HK\$'000	Merger reserve HK\$'000	Contributed surplus HK\$'000	Statutory reserve HK\$'000			Other reserve HK\$'000	Proposed final dividends HK\$'000	Retained earnings HK\$'000	Total HK\$'000
Balance at 1 January 2009	61,969	84,288	625	(601)	(43,897)	2,371	-	-	15,492	1,76,575	296,822	18,297	315,119
Equity-settled share-based payment expense	-	-	817	-	-	-	-	-	-	-	817	-	817
Lapsed of share option	-	-	(138)	-	-	-	-	-	-	138	-	-	-
Final 2008 dividend paid	-	-	-	-	-	-	-	-	(15,492)	-	(15,492)	-	(15,492)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(3,614)	(3,614)
<b>Transactions with owners</b>	-	-	679	-	-	-	-	-	(15,492)	138	(14,675)	(3,614)	(18,289)
<b>Profit for the period</b>	-	-	-	-	-	-	-	-	-	22,942	22,942	3,616	26,558
<b>Other comprehensive loss</b>	-	-	-	(89)	-	-	-	-	-	-	(89)	(56)	(145)
Currency translation	-	-	-	(89)	-	-	-	-	-	-	(89)	(56)	(145)
Total comprehensive income for the period	-	-	-	(89)	-	-	-	-	-	22,942	22,853	3,560	26,413
<b>Balance at 30 June 2009</b>	<b>61,969</b>	<b>84,288</b>	<b>1,304</b>	<b>(650)</b>	<b>(43,897)</b>	<b>2,371</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199,655</b>	<b>305,000</b>	<b>18,243</b>	<b>323,243</b>



# Notes to the Condensed Consolidated Interim Financial Statements

## 1. Basis of preparation

The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2010 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 interim financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair values. The interim results are unaudited but have been reviewed by the Company's audit committee.

The accounting policies adopted in the preparation of the current period's condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of the new and revised HKFRSs that are relevant to the Group's operations and effective for its accounting period beginning on 1 January 2010. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations issued by the HKICPA. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

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.

## 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.

### 3. Segment information (Cont'd)

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 2010 and 2009 respectively:

#### 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

#### Six months ended 30 June 2009

	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	96,985	187,604	–	–	284,589
<b>Segment profit</b>	10,326	22,496	169	–	32,991
Central administration income					671
Central administration expenses					(4,134)
Finance costs					(635)
Profit before income tax					28,893
Income tax expense					(2,335)
<b>Profit for the period</b>					26,558

### 3. Segment information (Cont'd)

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

	<b>30.6.2010</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31.12.2009 (Audited) HK\$'000
Advertising	<b>185,457</b>	171,133
Printing	<b>476,806</b>	411,540
Investment	<b>2,915</b>	843
	<hr/>	<hr/>
Total segment assets	<b>665,178</b>	583,516

### 4. Finance costs

	<b>Six months ended 30 June</b> <b>2010</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2009 (Unaudited) HK\$'000
Interest on bank borrowings	<b>467</b>	530
Finance lease charges	<b>362</b>	105
	<hr/>	<hr/>
	<b>829</b>	635

### 5. Profit before income tax

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

	<b>Six months ended 30 June</b> <b>2010</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2009 (Unaudited) HK\$'000
Amortisation of prepaid land lease payments	<b>66</b>	–
Depreciation	<b>12,005</b>	9,446
Employee benefit expense	<b>25,395</b>	21,979
(Gain)/Loss on financial assets at fair value through profit or loss	<b>(4,472)</b>	6,292
Minimum lease payments paid under operating leases or leases in respect of		
– Rented premises and production facilities	<b>5,873</b>	4,697
– Internet access line	<b>45</b>	45
(Gain)/Loss on disposal of property, plant and equipment	<b>(70)</b>	81
Discount on acquisition of additional interest in a subsidiary	–	(564)
Net foreign exchange loss/(gain)	<b>44</b>	(5,484)
Interest income	<b>(73)</b>	(71)

## 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	
	2010	2009
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
The charge comprises:		
Hong Kong profits tax		
– Current year	732	475
Overseas profits tax		
– Current year	6,054	378
– Overprovision in prior years	(202)	(88)
Deferred taxation – current year	2,925	1,570
	<b>9,509</b>	<b>2,335</b>

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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.

## 7. Earnings per share

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

	<b>Six months ended 30 June</b>	
	<b>2010</b>	2009
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Earnings for the purposes of basic and diluted earnings per share for the period	<b>56,160</b>	22,942
	<b>Number of shares ('000)</b>	
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>309,846</b>	309,846
Effect of dilutive share options	<b>2,088</b>	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>311,934</b>	N/A

Diluted earnings per share for the period ended 30 June 2009 was not presented because the impact of the exercise of the share options was anti-dilutive.

## 8. Property, plant and equipment

	Buildings	Furniture and fixtures	Office equipment	Leasehold improve- ments	Computer equipment and systems	Motor vehicles	Machinery	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2010								
Cost	2,926	3,359	3,593	36,463	32,347	1,090	168,703	248,481
Accumulated depreciation	(17)	(2,122)	(1,956)	(13,724)	(27,040)	(421)	(32,479)	(77,759)
<b>Net book amount</b>	<b>2,909</b>	<b>1,237</b>	<b>1,637</b>	<b>22,739</b>	<b>5,307</b>	<b>669</b>	<b>136,224</b>	<b>170,722</b>
Period ended 30 June 2010								
Opening net book amount	2,909	1,237	1,637	22,739	5,307	669	136,224	170,722
Exchange differences	25	(7)	-	1	(2)	(5)	-	12
Additions	-	681	480	3,214	690	545	27,571	33,181
Disposals	-	(1)	-	(16)	-	32	-	15
Depreciation	(33)	(310)	(295)	(2,107)	(1,382)	(114)	(7,764)	(12,005)
<b>Closing net book amount</b>	<b>2,901</b>	<b>1,600</b>	<b>1,822</b>	<b>23,831</b>	<b>4,613</b>	<b>1,127</b>	<b>156,031</b>	<b>191,925</b>
At 30 June 2010								
Cost	2,952	4,015	4,073	39,662	33,029	1,513	196,274	281,518
Accumulated depreciation	(51)	(2,415)	(2,251)	(15,831)	(28,416)	(386)	(40,243)	(89,593)
<b>Net book amount</b>	<b>2,901</b>	<b>1,600</b>	<b>1,822</b>	<b>23,831</b>	<b>4,613</b>	<b>1,127</b>	<b>156,031</b>	<b>191,925</b>

The net book amount of property, plant and equipment includes the net carrying amount of HK\$29,250,000 (31 December 2009: HK\$15,654,000) in respect of assets held under finance leases.

## 9. Prepaid land lease payments

	HK\$'000
At 1 January 2010	
Cost	5,802
Accumulated amortisation	(33)
<b>Net book amount</b>	<b>5,769</b>
Opening net book amount	5,769
Exchange differences	51
Additions	–
Disposals	–
Amortisation	(66)
<b>Closing net book amount</b>	<b>5,754</b>
At 30 June 2010	
Cost	5,854
Accumulated amortisation	(100)
<b>Net book amount</b>	<b>5,754</b>

The Group's prepaid land lease payments represent up-front payments to acquire an interest in the usage of land situated in 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 150 days to its trade customers.

Aging analysis of trade receivables, as at 30 June 2010 based on sales invoice date and net of provisions at the balance sheet date, is as follows:

	<b>At 30 June 2010 (Unaudited) HK\$'000</b>	At 31 December 2009 (Audited) HK\$'000
0 – 30 days	<b>79,459</b>	60,947
31 – 60 days	<b>53,213</b>	37,087
61 – 90 days	<b>37,095</b>	26,564
91 – 120 days	<b>16,375</b>	27,357
121 – 150 days	<b>13,718</b>	30,256
Over 150 days	<b>2,780</b>	11,913
Total trade receivables	<b>202,640</b>	194,124
Other receivables and deposits	<b>61,683</b>	30,143
	<b>264,323</b>	224,267

## 11. Trade and other payables

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

	<b>At 30 June 2010 (Unaudited) HK\$'000</b>	At 31 December 2009 (Audited) HK\$'000
0 – 30 days	<b>44,443</b>	30,629
31 – 60 days	<b>20,946</b>	25,035
61 – 90 days	<b>13,582</b>	14,018
91 – 120 days	<b>2,690</b>	9,894
Over 120 days	<b>6,957</b>	10,694
	<hr/>	<hr/>
Total trade payables	<b>88,618</b>	90,270
Other payables	<b>40,779</b>	48,564
	<hr/>	<hr/>
	<b>129,397</b>	138,834

## 12. Bank borrowings

During the period, repayments of bank loans amounting to HK\$13,506,000 (2009: HK\$2,586,000) were made in line with the relevant repayment terms. New bank borrowings of HK\$12,000,000 were raised for the six months period in 2010 (2009: Nil).

## 13. Finance lease liabilities

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

	<b>At 30 June 2010 (Unaudited) HK\$'000</b>	At 31 December 2009 (Audited) HK\$'000
<b>Total minimum lease payments:</b>		
Due within one year	<b>9,626</b>	4,434
Due in the second to fifth years	<b>16,304</b>	1,103
	<hr/>	<hr/>
	<b>25,930</b>	5,537
Future finance charges on finance lease	<b>(1,038)</b>	(75)
	<hr/>	<hr/>
Present value of finance lease liabilities	<b>24,892</b>	5,462



### 13. Finance lease liabilities (Cont'd)

	<b>At 30 June 2010 (Unaudited) HK\$'000</b>	At 31 December 2009 (Audited) HK\$'000
<b>Present value of minimum lease payments:</b>		
Due within one year	<b>9,121</b>	4,358
Due in the second to fifth years	<b>15,771</b>	1,104
	<b>24,892</b>	5,462
Less: Portion due within one year included under current liabilities	<b>(9,121)</b>	(4,358)
Non-current portion included under non-current liabilities	<b>15,771</b>	1,104

### 14. Share capital

	<b>No. of shares ( '000)</b>	<b>HK\$'000</b>
Authorised:		
Ordinary shares of HK\$0.20 each	500,000	100,000
Issued and fully paid:		
At 1 January 2010 and 30 June 2010	309,846	61,969

### 15. Capital commitments

As at 30 June 2010, the Group had capital commitment contracted but not provided for in respect of the acquisition of property, plant and equipment of approximately HK\$31,715,000 (31 December 2009: HK\$30,987,000).

### 16. Dividends

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

	<b>Six months ended 30 June 2010 (Unaudited) HK\$'000</b>	2009 (Unaudited) HK\$'000
Final dividend in respect of the year ended 31 December 2009, approved and paid during the period, of HK\$0.05 per share (2008: HK\$0.05)	<b>15,492</b>	15,492
	<b>15,492</b>	15,492

## 16. Dividends (Cont'd)

(b) Dividends attributable to the period

	<b>2010</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2009 (Unaudited) HK\$'000
Interim dividend – HK\$0.03 (2009: HK\$0.015) per share	<b>9,304</b>	4,648

Notes:

- (i) On 23 February 2010, the Directors proposed a final dividend of HK\$0.05 per share. The final dividend was paid on 23 April 2010.
- (ii) The amount of the interim dividend declared for the six months ended 30 June 2010, which will be payable in cash, has been calculated by reference to the 310,146,000 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 2010.

## 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.

	<b>Six months ended 30 June</b>	
	<b>2010</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2009 (Unaudited) HK\$'000
Short-term employee benefits	<b>1,890</b>	1,800
Post-employment benefit	<b>17</b>	18
	<b>1,907</b>	1,818

## 18. Contingent liabilities

As at 30 June 2010, the Group had no significant contingent liabilities (31 December 2009: Nil).

## **Financial Review** ▼

Turnover for the six months ended 30 June 2010 was approximately HK\$515.7 million (2009: HK\$284.6 million) which increased significantly by HK\$231.1 million over same period of last year. The increase in revenue represented a sales growth of 174.0% in advertising and 33.2% in printing sales.

The Group's total comprehensive income attributable to owners amounted to HK\$56.4 million (2009: HK\$22.9 million), a 146.6% increase over the same period last year.

During the period, the Group subscribed for new shares in 1010 Group Limited at total consideration of HK\$122.1 million. 1010 Group Limited is a non-wholly owned subsidiary of the Group and engaged in printing business. The subscription payment is satisfied by conversion of loan granted by the Group. The transaction resulted in the Group's interest in 1010 Group Limited being increased from 77.8% to 82.0%.

## **Business Review** ▼

The Group had an outstanding first half in 2010 when sales revenue and net profit reached record levels. Barring unforeseen circumstances, it is well positioned to achieve record profits for the whole year. The much debated "double dip" in the American economy, however, is making its impact felt in our printing division as we see a tapering off in new orders placed after the first quarter. Management is putting in place the necessary measures in the printing division to manage the possible deterioration of the trading environment.

## **Advertising Business** ▼

### **Inflight Magazine**

This is the main driver of our strong growth. The addition of the Air China contract in January 2010 is already contributing significant earnings to this division. As the market of luxury consumer products in China continue to grow, companies are increasing their advertising and promotion spendings. As the undisputed leader in our category, the magazines command a strong readership of executives with high disposable income. Our inflight magazine arm Cinmedia has been able to increase its advertising rates which contributed to the 191% increase in sales revenue and 149% jump in net profit. All our agency contracts with Chinese carriers performed well and should continue to do well in the second half of 2010.

The China Airlines contract generated a small operating loss, primarily because of start up costs. We expect the contract will bring a positive contribution to the Group for the whole year.

## Recruit Magazine

The division regained profitability in the first half as HKSAR economy recovered and employers were beginning to add new positions. The latest local unemployment rate stood at a low 4.3%. However, we are not seeing a flurry of hiring activities in line with the improvement of the economy. Our view is that companies remain in doubt of the traction of the rebound in the economy and are taking a cautious view on their hiring needs. At the same time, employees are hesitant to move jobs, in the fear of losing their seniority with existing employers. The two factors have slowed down the recovery of our recruitment advertising business.

## Printing Business

The strong momentum established in 2009 continued in the first half of 2010 with top line and bottom line growth easily beating the corresponding period in 2009, which in itself, was a solid half. Moving into the second half of 2010, we see ominous signs of deterioration of the trading environment: continued downward spiral in our margins, the more than 20% increase in labour costs mandated by the Chinese Government, more restrictive work rules and overall increase in paper and other costs, notably relating to freight which we are not able to pass on to our customers. Our margin has substantially dropped which poses threat to our achieving the income budget for the full year.

## Prospects

### Advertising Business

#### Inflight Magazine

The division went through its seasonal slow first quarter but has seen business taken off sharply from the second quarter onward. As at August 2010, our sales and orders in hand exceeded 80% of our budget and management is confident that the whole year budget which was aggressively set will be met. Our contract with Air China did well in the first half and brought in significant earnings to the Division. The challenge of this division is to prepare itself for the future when the competition for advertising dollars of luxury consumers products becomes more intensive. Our profit from this division will decline substantially in 2011 as a result of the improved terms that we have to offer to the airline principals to renew our contracts.

## Recruit Magazine

Staff members in this division deserve much praise for their perseverance and dedication which enabled the division to weather the hit to the bottom line ushered in by the financial melt down in 2009. The first half of 2010 registered a solid turnaround from the same period last year. It should end the year in the black.

## **Printing Business** ▽

The continued squeeze in margin, increase in labour costs and the introduction of more rigid employment terms are the three factors that will continue to challenge management. 1010 Printing has taken a different approach from our competitors in dealing with labour costs. We strongly believe that the future of the Division hinges on keeping of a core of loyal and dedicated employees, particularly those at supervisory and managerial levels. To this end, we had not made any redundancy at times when most of our competitors did. We have continued to put resources on training our staff, upgrading their working and living conditions. We are making significant inroads into making the work place more pleasant for our employees by automating working procedures. We are organizing on-the-job training to our machine operators to enable them to be multi-tasked. This will enhance their income and create flexibility in utilizing our work force. We have at the same time secured significant cost concessions from all of our major vendors by focusing on the total supply chain picture: reducing the number of vendors and hence increasing the spending with the remaining few, staggering our delivery times to take advantage of the vendor's quiet production time and early settlement of payment. We believe that these measures have gone a long way to mitigate the substantial increase in costs of labour, paper and freight.

Whilst we are on track to achieving record profits and sales turnover in 2010, we take note of the challenges that lie ahead in 2011.

The recovery of the worldwide economy is still tentative and has yet to gain the traction that is necessary for companies to add more permanent employees and restock their inventory. That may have a negative impact on our Recruit and 1010 Printing businesses.

Profit contributed from the inflight magazines business will take a significant hit in 2011. First, one of the contracts is due to expire by the end of 2010. While management is optimistic of our chances of securing its renewal, the trading environment dictates that our margin will have to take a significant hit. Secondly, there are signs that the growth of the Chinese economy is slowing down and it may hit the advertising spendings of luxury product providers, the main stay of our revenue.

## **Liquidity and Financial Resources** ▽

As at 30 June 2010, the Group had net current assets of approximately HK\$302.6 million (31 December 2009: HK\$238.7 million) of which the cash and bank deposits were approximately HK\$109.1 million (31 December 2009: HK\$135.2 million).

Total bank borrowings and finance lease liabilities were HK\$77.7 million (31 December 2009: HK\$59.8 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 2010 was 17.3% (31 December 2009: 15.5%), 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\$27.6 million. The purchase is financed by internal resources. The net book amount of property, plant and equipment includes net carrying amount of HK\$29.3 million (31 December 2009: HK\$15.7 million) respect of assets held under finance leases.

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

## **Capital Commitments and Contingent Liability**

As at 30 June 2010, the Group had committed to acquire printing machinery of approximately HK\$31.7million. The acquisition will be financed by bank borrowings and the Group's internal resources.

The Group had no significant contingent liability as at 30 June 2010.

## **Interim Dividend and Closure of Register of Members**

The Board has resolved to recommend the payment of an interim dividend of HK\$0.03 per ordinary share for the six months ended 30 June 2010 (2009: HK\$0.015) to shareholders whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 10 September 2010. The register of shareholders will be closed from 6 September 2010 to 10 September 2010, both days inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited whose share registration public offices are located at Shops 1712-1716 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 3 September 2010. The relevant dividend warrants will be despatched to shareholders on or around 17 September 2010.

## Directors' and Chief Executives' Interests in Securities

As at 30 June 2010, 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:

### (a) 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)	2,202,000	Nil	179,860,000	182,062,000	58.76
Ms. Chow So Chu	48,000	Nil	Nil	48,000	0.02
Mr. Lee Ching Ming, Adrian (Note 2)	100,500	50,000	Nil	150,500	0.05
Mr. Peter Stavros Patapios Christofis	670,500	Nil	Nil	670,500	0.22
Mr. Cheng Ping Kuen, Franco	120,000	Nil	Nil	120,000	0.04



# 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 1.1.2010	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 30.6.2010
Ms. Lam Mei Lan	1,200,000	2,400,000	-	-	3,600,000
Ms. Chow So Chu	1,200,000	2,100,000	-	-	3,300,000

Notes:

1. Of 179,860,000 shares, 1,906,000 shares and 177,954,000 shares are beneficially owned by ER2 Holdings Limited and City Apex Limited respectively. As at 30 June 2010, Mr. Lau Chuk Kin beneficially owned 67% of the issued share capital of ER2 Holdings Limited, which is the ultimate holding company of City Apex Limited. Accordingly, Mr. Lau Chuk Kin is deemed to be interested in the said shares pursuant to Part XV of the SFO.
2. Of 150,500 shares, 50,000 shares are beneficially owned by the wife of Mr. Lee Ching Ming, Adrian, who is deemed to be interested in the said shares under Part XV of the SFO.

Saved as disclosed above, as at 30 June 2010, 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 1.1.2010	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 30.6.2010
<b>Directors</b>	2,400,000	4,500,000	–	–	6,900,000
<b>Employees</b>	7,800,000	9,600,000	–	–	17,400,000
<b>Total</b>	10,200,000	14,100,000	–	–	24,300,000

Details of the share options are as follows:

Date of grant	Number of options granted	Vesting period	Exercise price period	Exercisable 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) 14,100,000 new share options were granted during the period ended 30 June 2010.
- (ii) Consideration paid for each grant of options was HK\$1.00.
- (iii) The closing price of the shares of HK\$0.20 each of the Company quoted on the Stock Exchange on 11 June 2010 and 23 June 2010, being the dates of grant, were HK\$1.60 and HK\$1.62 respectively.
- (iv) The fair values of options granted under the Share Option Scheme on 11 June 2010 and 23 June 2010, measured at the date of grant, was approximately HK\$1,665,000 and HK\$3,716,000 respectively. The following significant assumptions were used to derive the fair values, using the Black-Scholes option pricing model:

## Share Option Scheme (Cont'd) ▼

Date of grant	23.6.2010	11.6.2010	29.10.2009	18.8.2008
Expected volatility	43.60%	43.64%	43.55%	46.71%
Expected life (in years)	4	4	4	4
Risk-free interest rate (being the approximate yield of Exchange Fund on the grant date)	1.298%	1.298%	1.505%	3.32%
Expected dividend yield	4.94%	5%	8.99%	8.6%

- (v) In total, HK\$406,000 of share-based employee compensation expense were included in the consolidated statement of comprehensive income for the period ended 30 June 2010 (2009: HK\$679,000) with a corresponding credit in equity. No liabilities were recognized as these were all equity-settled share-based payment transactions.
- (vi) As at 30 June 2010, 5,100,000 share options are exercisable and the weighted average exercise price of these share options is HK\$0.93 (31 December 2009: HK\$0.93).

## Substantial Shareholders ▼

As at 30 June 2010, 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)	182,062,000	58.76
ER2 Holdings Limited (Note 1)	1,779,540,000	58.05
City Apex Limited (Note 1)	177,954,000	57.43
JobStreet Corporation Berhad	26,250,000	8.47
Tai Wah Investment Company Limited (Note 2)	22,000,000	7.10
Chan Family Investment Corporation Limited (Note 2)	24,115,333	7.78
Great Eagle Holdings Limited (Note 3)	21,638,000	6.98
Jolly Trend Limited (Note 3)	21,638,000	6.98
The Great Eagle Company, Limited (Note 3)	21,638,000	6.98
Dr. Lo Ka Shui (Note 4)	21,788,000	7.03

## **Substantial Shareholders (Cont'd)**

Notes:

1. Of the 182,062,000 shares, Mr. Lau Chuk Kin has 2,202,000 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.
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.

Save as disclosed above, as at 30 June 2010, 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 2010, 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 2010 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 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 2010.

## **Employees and Emolument Policy**

As at 30 June 2010, the Group had around 129 full-time employees (30 June 2009: 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 2010, outstanding options to subscribe for an aggregate of 24,300,000 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. Mr. Ho David was appointed and Mr. Tyen Kan Hee, Anthony, resigned as the audit committee member on 2 February 2010. 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 2010 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, 18 August 2010

# Corporate Information

## BOARD OF DIRECTORS

### *Executive Directors*

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

### *Non-Executive Directors*

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

### *Independent Non-Executive Directors*

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

## AUDITORS

Grant Thornton

## LEGAL ADVISER

Richards Butler in association with  
Reed Smith LLP

## PRINCIPAL BANKERS

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

## SHARE REGISTRARS AND TRANSFER OFFICES

### Principal Registrar

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

### Hong Kong Branch Registrar

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

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11, Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

## STOCK CODE

550