



**RECRUIT HOLDINGS LIMITED**

**才庫媒體集團有限公司\***

*(continued in Bermuda with limited liability)*

(Stock code: 8073)

**RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE  
STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)**

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*This announcement, for which 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 Growth Enterprise Market 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, confirmed that, to the best of their knowledge and belief:- (1) the information contained in this announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## AUDITED RESULTS

The board of directors (the “Board”) of Recruit Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2006, together with the comparative figures for the year ended 31 December 2005 as follows:

### Consolidated Income Statement For the year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
<b>Revenue and turnover</b>	3	<b>298,333</b>	227,103
Direct operating costs		<b>(182,526)</b>	(136,496)
<b>Gross profit</b>		<b>115,807</b>	90,607
Other operating income		<b>14,977</b>	11,633
Gain on disposal of investment properties		<b>12,114</b>	-
Selling and distribution costs		<b>(41,333)</b>	(34,943)
Administrative expenses		<b>(32,598)</b>	(27,732)
Other operating expenses		<b>(2,087)</b>	(698)
<b>Operating profits</b>		<b>66,880</b>	38,867
Finance costs	5	<b>(2,618)</b>	(539)
<b>Profit before income tax</b>	6	<b>64,262</b>	38,328
Income tax expense	7	<b>(5,982)</b>	(1,060)
<b>Profit for the year</b>		<b>58,280</b>	37,268
<b>Attributable to :</b>			
Equity holders of the Company		<b>55,102</b>	37,094
Minority interests		<b>3,178</b>	174
<b>Profit for the year</b>		<b>58,280</b>	37,268
<b>Dividends</b>	8	<b>26,106</b>	10,969
<b>Earnings per share for profit attributable to the equity holders of the Company during the year</b>	9		
Basic		<b>HK20.07 cents</b>	HK13.57 cents
Diluted		<b>HK19.94 cents</b>	HK13.46 cents

**Consolidated Balance Sheet**  
**As at 31 December 2006**

	Notes	2006 HK\$'000	2005 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	74,257	41,971
Prepaid land lease payments	11	1,034	-
Investment properties	12	-	39,800
Interests in associates		1,411	-
		<b>76,702</b>	81,771
<b>Current assets</b>			
Inventories	13	15,455	8,599
Trade and other receivables and deposits	14	75,724	77,746
Financial assets at fair value through profit or loss	15	11,452	162
Advances to associates		18,978	5,365
Cash and cash equivalents		55,157	44,934
		<b>176,766</b>	136,806
<b>Current liabilities</b>			
Trade and other payables	16	43,611	50,446
Finance lease liabilities	17	3,691	3,808
Provision for taxation		2,855	-
		<b>50,157</b>	54,254
<b>Net current assets</b>		<b>126,609</b>	82,552
<b>Total assets less current liabilities</b>		<b>203,311</b>	164,323
<b>Non-current liabilities</b>			
Finance lease liabilities	17	13,714	16,586
Loans from minority shareholders		-	9,476
Deferred tax liabilities		1,990	1,060
		<b>15,704</b>	27,122
<b>Net assets</b>		<b>187,607</b>	137,201
<b>EQUITY</b>			
<b>Equity attributable to the equity holders of the Company</b>			
Share capital		54,960	54,844
Reserves		100,028	71,209
Proposed final and special dividends		20,610	10,969
		<b>175,598</b>	137,022
<b>Minority interests</b>		<b>12,009</b>	179
<b>Total equity</b>		<b>187,607</b>	137,201

**Consolidated Statement of Changes in Equity**  
**For the year ended 31 December 2006**

	Equity attributable to the equity holders of the Company								Minority	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 dividends HK\$'000	(Accumulated losses)/ Retained earnings HK\$'000	interests HK\$'000	HK\$'000
At 1 January 2005	54,500	53,970	382	5	(43,897)	45,000	-	-	(11,621)	-	98,339
Currency translation	-	-	-	60	-	-	-	-	-	5	65
Fair value change on loans from minority shareholders	-	-	-	-	-	-	521	-	-	-	521
<b>Net results recognised directly in equity</b>	-	-	-	<b>60</b>	-	-	<b>521</b>	-	-	<b>5</b>	<b>586</b>
Profit for the year	-	-	-	-	-	-	-	-	37,094	174	37,268
<b>Total recognised income and expense for the year</b>	-	-	-	<b>60</b>	-	-	<b>521</b>	-	<b>37,094</b>	<b>179</b>	<b>37,854</b>
Shares issued at premium	344	116	-	-	-	-	-	-	-	-	460
Share issue expenses	-	(21)	-	-	-	-	-	-	-	-	(21)
Equity-settled share-based payment expenses	-	-	569	-	-	-	-	-	-	-	569
Proposed final 2005 dividend (Note 8)	-	-	-	-	-	(10,969)	-	10,969	-	-	-
<b>At 31 December 2005</b>	<b>54,844</b>	<b>54,065</b>	<b>951</b>	<b>65</b>	<b>(43,897)</b>	<b>34,031</b>	<b>521</b>	<b>10,969</b>	<b>25,473</b>	<b>179</b>	<b>137,201</b>

	Equity attributable to the 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 dividends HK\$'000	Retained earnings HK\$'000	HK\$'000	HK\$'000
At 1 January 2006	54,844	54,065	951	65	(43,897)	34,031	521	10,969	25,473	179	137,201
Currency translation	-	-	-	(20)	-	-	-	-	-	(4)	(24)
<b>Net results recognised directly in equity</b>	-	-	-	<b>(20)</b>	-	-	-	-	-	<b>(4)</b>	<b>(24)</b>
Profit for the year	-	-	-	-	-	-	-	-	55,102	3,178	58,280
<b>Total recognised income and expense for the year</b>	-	-	-	<b>(20)</b>	-	-	-	-	<b>55,102</b>	<b>3,174</b>	<b>58,256</b>
Shares issued at premium	116	35	-	-	-	-	-	-	-	-	151
Share issue expenses	-	(3)	-	-	-	-	-	-	-	-	(3)
Equity-settled share-based payment expenses	-	-	332	-	-	-	-	-	-	-	332
Final 2005 dividend paid (Note 8)	-	-	-	-	-	(8)	-	(10,969)	-	-	(10,977)
Interim 2006 dividend paid (Note 8)	-	-	-	-	-	(5,488)	-	-	-	-	(5,488)
Proposed final and special 2006 dividends (Note 8)	-	-	-	-	-	(20,610)	-	20,610	-	-	-
Transfer to minority shareholders	-	-	-	-	-	-	(521)	-	-	521	-
Contribution by minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	8,389	8,389
Acquisition of additional interests in a subsidiary	-	-	-	-	-	-	-	-	-	(254)	(254)
<b>At 31 December 2006</b>	<b>54,960</b>	<b>54,097</b>	<b>1,283</b>	<b>45</b>	<b>(43,897)</b>	<b>7,925</b>	<b>-</b>	<b>20,610</b>	<b>80,575</b>	<b>12,009</b>	<b>187,607</b>

## 1. General information

The Company was incorporated in the Cayman Islands as an exempted company on 13 March 2000 and redomiciled to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda, with limited liability on 29 January 2003. The address of the Company's registered office is 26/F, 625 King's Road, North Point, Hong Kong. The Company's shares have been listed on The Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 20 July 2000.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules").

## 2. Adoption of new or amended HKFRSs

During the year, the Group has applied, for the first time, a number of new and amended HKFRSs, which are effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The application of these new and amended HKFRSs had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early adopted the following new and amended HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of these HKFRSs will not result in substantial changes to the Group's accounting policies.

HKAS 1 (Amendment)	Presentation of Financial Statements - Capital Disclosures <sup>1</sup>
HKFRS 7	Financial Instruments : Disclosures <sup>1</sup>
HK(IFRIC) - Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies <sup>2</sup>
HK(IFRIC) - Int 8	Scope of HKFRS 2 <sup>3</sup>
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives <sup>4</sup>
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment <sup>5</sup>
HK(IFRIC) - Int 11	HKFRS 2 – Group and Treasury Share Transactions <sup>6</sup>

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

6 Effective for annual periods beginning on or after 1 March 2007

## 3. Revenue and turnover

	2006 HK\$'000	2005 HK\$'000
Advertising income	192,622	160,570
Printing income	105,711	66,533
	<hr/> 298,333	<hr/> 227,103

#### 4. Segment Information

##### Primary reporting format - Business segments

The Group is organised on a worldwide basis into three main business segments:

- 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.

	Advertising		Printing		Investment		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue								
- External sales	192,622	160,570	105,711	66,533	-	-	298,333	227,103
Segment results	36,076	29,422	13,984	(347)	7,910	257	57,970	29,332
Unallocated operating income							15,525	10,881
Unallocated operating expenses							(6,615)	(1,346)
Operating profit							66,880	38,867
Finance costs							(2,618)	(539)
Profit before income tax							64,262	38,328
Income tax expense							(5,982)	(1,060)
Profit for the year							58,280	37,268
Segment assets	65,327	74,998	127,296	97,022	28,846	162	221,469	172,182
Interests in associates							20,389	5,365
Unallocated assets							11,610	41,030
Total assets							253,468	218,577
Segment liabilities	24,987	21,128	35,975	58,601	-	-	60,962	79,729
Unallocated liabilities							4,899	1,647
Total liabilities							65,861	81,376
<b>Other information</b>								
Amortisation of prepaid land lease payments	21	-	-	-	-	-	21	-
Capital expenditure	3,001	5,797	43,174	37,880	-	-	46,175	43,677
Depreciation	3,276	3,303	8,702	1,643	-	-	11,978	4,946
Impairment of receivables	2,087	698	-	-	-	-	2,087	698

#### 4. Segment Information (Continued)

##### Secondary reporting format - Geographical segments

The Group's operations are located in six 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:

	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
Hong Kong	<b>87,657</b>	83,790
Mainland China	<b>111,052</b>	77,246
Australia	<b>72,843</b>	52,494
United States	<b>2,938</b>	6,485
United Kingdom	<b>21,930</b>	5,064
New Zealand	<b>1,598</b>	2,024
Others	<b>315</b>	-
	<b>298,333</b>	227,103

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment and prepaid land lease payments, analysed by the geographical area in which the assets are located.

	<b>Segment assets</b>		<b>Capital expenditure</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Hong Kong	<b>126,611</b>	119,732	<b>3,704</b>	1,909
Mainland China	<b>94,858</b>	52,450	<b>42,471</b>	41,768
	<b>221,469</b>	172,182	<b>46,175</b>	43,677

#### 5. Finance costs

	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
Finance lease charges	<b>2,618</b>	539

## 6. Profit before income tax

	2006 HK\$'000	2005 HK\$'000
Profit before income tax is arrived at after charging:		
Amortisation of prepaid land lease payments	21	-
Auditors' remuneration		
Audit services	653	549
Other services	350	-
Cost of inventories recognised as expense	47,797	23,153
Depreciation (Note):		
Owned assets	10,302	4,350
Leased assets	1,676	596
Employee benefit expense	43,059	33,016
Impairment of receivables	2,087	698
Loss on disposal and write off of property, plant and equipment	392	226
Net foreign exchange loss	-	734
and after crediting:		
Dividend income from equity investments	(1)	(18)
Excess over the costs of acquisition of additional interests in a subsidiary	(254)	-
Gain from changes in fair value of investment properties (Note 12)	-	(3,140)
Gain on financial assets at fair value through profit or loss, included in other operating income	(9,149)	(239)
Gain on partial disposal of investments in subsidiaries	-	(6,000)
Interest income	(827)	(405)
Net foreign exchange gain	(1,524)	-
Operating lease rental income from investment properties	(953)	(1,334)

Note: Depreciation expenses of HK\$9,785,000 (2005: HK\$3,523,000) and HK\$2,193,000 (2005: HK\$1,423,000) have been included in direct operating costs and administrative expenses respectively.

## 7. Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% on the Company's estimated assessable profits for the year. No Hong Kong profits tax had been provided as the Group had tax deductible losses brought forward from previous years for the year ended 31 December 2005. 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.

	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
Hong Kong profits tax		
Current year	<b>5,019</b>	-
Underprovision in prior years	<b>33</b>	-
Deferred taxation		
Current year	<b>930</b>	1,060
	<b>5,982</b>	1,060

## 8. Dividends

(a) Dividends attributable to the year:

	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
Interim dividend of HK\$0.02 (2005: Nil) per share	<b>5,488</b>	-
Proposed final dividend of HK\$0.05 (2005: HK\$0.04) per share	<b>13,740</b>	10,969
Proposed special dividend of HK\$0.025 (2005: Nil) per share	<b>6,870</b>	-
Additional final dividend in respect of the previous financial year	<b>8</b>	-
	<b>26,106</b>	10,969

The final and special dividends proposed after the balance sheet date has not been recognised as a liability at the balance sheet date, but reflected as an appropriation of contributed surplus for each of the two years ended 31 December 2006 and 2005 and a proposed final and special dividends reserve has been set up.

The proposed final and special dividends are to be distributed subsequent to the balance sheet date and are subject to the approval of the Company's equity holders in the forthcoming annual general meeting.

(b) Dividends attributable to the previous financial year, approved and paid during the year:

	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000
Final dividend in respect of the previous financial year	<b>10,969</b>	-
Additional final dividend in respect of the previous financial year	<b>8</b>	-
	<b>10,977</b>	-

## 9. Earnings per share

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

	<b>Group</b>	
	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000
<b>Profit attributable to equity holders of the Company</b>	<b>55,102</b>	37,094
	<b>Number of shares '000</b>	Number of shares '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>274,517</b>	273,431
Effect of dilutive potential ordinary shares in respect of share options granted	<b>1,799</b>	2,076
<b>Weighted average number of ordinary shares for the purposes of diluted earnings per share</b>	<b>276,316</b>	275,507

## 10. Property, plant and equipment

	Buildings HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Leasehold improvements HK\$'000	Computer equipment and systems HK\$'000	Motor vehicles HK\$'000	Machinery HK\$'000	Total HK\$'000
At 1 January 2005								
Cost	-	665	1,132	256	26,472	233	-	28,758
Accumulated depreciation	-	(659)	(1,106)	(166)	(23,187)	(233)	-	(25,351)
<b>Net book amount</b>	<b>-</b>	<b>6</b>	<b>26</b>	<b>90</b>	<b>3,285</b>	<b>-</b>	<b>-</b>	<b>3,407</b>
Year ended 31 December 2005								
Opening net book amount	-	6	26	90	3,285	-	-	3,407
Exchange differences	-	7	2	5	45	-	-	59
Additions	-	1,201	459	11,374	5,569	856	24,218	43,677
Disposals	-	-	-	-	(226)	-	-	(226)
Depreciation	-	(129)	(60)	(1,244)	(2,832)	(82)	(599)	(4,946)
<b>Closing net book amount</b>	<b>-</b>	<b>1,085</b>	<b>427</b>	<b>10,225</b>	<b>5,841</b>	<b>774</b>	<b>23,619</b>	<b>41,971</b>
At 31 December 2005								
Cost	-	1,874	1,594	11,637	31,869	1,089	24,218	72,281
Accumulated depreciation	-	(789)	(1,167)	(1,412)	(26,028)	(315)	(599)	(30,310)
<b>Net book amount</b>	<b>-</b>	<b>1,085</b>	<b>427</b>	<b>10,225</b>	<b>5,841</b>	<b>774</b>	<b>23,619</b>	<b>41,971</b>
Year ended 31 December 2006								
Opening net book amount	-	1,085	427	10,225	5,841	774	23,619	41,971
Exchange differences	-	6	2	2	28	-	-	38
Additions	453	491	124	1,862	1,757	108	40,325	45,120
Disposals	-	-	-	-	(574)	(320)	-	(894)
Depreciation	(9)	(296)	(113)	(2,684)	(3,240)	(233)	(5,403)	(11,978)
<b>Closing net book amount</b>	<b>444</b>	<b>1,286</b>	<b>440</b>	<b>9,405</b>	<b>3,812</b>	<b>329</b>	<b>58,541</b>	<b>74,257</b>
At 31 December 2006								
Cost	453	2,374	1,705	13,507	31,758	517	64,543	114,857
Accumulated depreciation	(9)	(1,088)	(1,265)	(4,102)	(27,946)	(188)	(6,002)	(40,600)
<b>Net book amount</b>	<b>444</b>	<b>1,286</b>	<b>440</b>	<b>9,405</b>	<b>3,812</b>	<b>329</b>	<b>58,541</b>	<b>74,257</b>

The net book amount of property, plant and equipment includes the net carrying amount of HK\$20,664,000 (2005: HK\$23,238,000) in respect of assets held under finance leases.

## 11. Prepaid land lease payments

	<b>2006</b>	<b>Group</b>	<b>2005</b>
	<b>HK\$'000</b>		<b>HK\$'000</b>
As at 1 January	-		-
Cost	-		-
Accumulated amortisation	-		-
<b>Net book amount</b>	<b>-</b>		<b>-</b>
For the year ended 31 December			
Addition	<b>1,055</b>		-
Amortisation	<b>(21)</b>		-
			-
<b>Closing net book amount</b>	<b>1,034</b>		<b>-</b>
As at 31 December			
Cost	<b>1,055</b>		-
Accumulated amortisation	<b>(21)</b>		-
<b>Net book amount</b>	<b>1,034</b>		<b>-</b>

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-lease term.

## 12. Investment properties

Changes to the carrying amounts presented in the balance sheet can be summarised as follows:

	<b>2006</b>	<b>Group</b>	<b>2005</b>
	<b>HK\$'000</b>		<b>HK\$'000</b>
Carrying amount at 1 January	<b>39,800</b>		36,660
Disposals	<b>(39,800)</b>		-
Net gain from fair value adjustments (Note 6)	-		3,140
<b>Carrying amount at 31 December</b>	<b>-</b>		<b>39,800</b>

The investment properties were revalued as at 31 December 2005 by an independent firm of professionally qualified valuers, Dynasty Premium Asset Valuation and Real Estate Consultancy Limited. Valuation was based on current prices in an active market for the properties.

Investment properties of the Group were situated in Hong Kong and held under medium-term operating leases.

The investment properties were disposed of during the year ended 31 December 2006.

### 13. Inventories

	<b>Group</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
Raw materials	13,647	6,972
Work-in-progress	1,382	1,432
Finished goods	426	195
	<hr/> 15,455	<hr/> 8,599

### 14. Trade and other receivables and deposits

The Group allows a credit period from 7 to 120 days (2005: 7 to 120 days) to its customers.

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

	<b>Group</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
0 - 30 days	19,792	13,355
31 - 60 days	13,385	12,310
61 - 90 days	8,602	11,982
91 - 120 days	12,280	16,969
121 - 150 days	6,623	6,647
Over 150 days	2,605	2,249
Total trade receivables	<hr/> 63,287	<hr/> 63,512
Other receivables and deposits	12,437	14,234
	<hr/> 75,724	<hr/> 77,746

### 15. Financial assets at fair value through profit or loss

	<b>Group</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
<b>Held for trading</b>		
Equity securities, listed in Hong Kong	11,452	162
Market value of listed securities	<hr/> 11,452	<hr/> 162

## 16. Trade and other payables

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

	<b>Group</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
0 – 30 days	<b>6,554</b>	6,044
31 – 60 days	<b>4,355</b>	7,552
61 – 90 days	<b>4,466</b>	9,292
91 – 120 days	<b>1,161</b>	4,361
Over 120 days	<b>3,980</b>	5,818
Total trade payables	<b>20,516</b>	33,067
Other payables and accrued expenses	<b>23,095</b>	17,379
	<b>43,611</b>	50,446

## 17. Finance lease liabilities

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

	<b>Group</b>	
	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
Due within one year	<b>4,667</b>	5,168
Due in the second to fifth years	<b>15,181</b>	18,954
	<b>19,848</b>	24,122
Future finance charges on finance lease	<b>(2,443)</b>	(3,728)
<b>Present value of finance lease liabilities</b>	<b>17,405</b>	20,394

The present value of finance lease liabilities is as follows:

Due within one year	<b>3,691</b>	3,808
Due in the second to fifth years	<b>13,714</b>	16,586
	<b>17,405</b>	20,394
Less: Portion due within one year included under current liabilities	<b>(3,691)</b>	(3,808)
Non-current portion included under non-current liabilities	<b>13,714</b>	16,586

The finance lease liabilities of HK\$20,394,000 at 31 December 2005 have been fully repaid in 2006. During the year ended 31 December 2006, the Group entered into finance lease for items of machinery. The lease period is for five years. These leases do not have option to renew or any contingent rental provisions.

## CHAIRMAN'S STATEMENT

The Group enjoyed a solid year in 2006 with its major business units firing on all cylinders. We also benefited from the buoyant stock and property markets in Hong Kong.

The Group's traditional work-horses, i.e., recruitment advertising sales and inflight magazines achieved record earnings, despite intensifying competition and rising operating costs. Management believes that the steps we have taken since 2002 to streamline operations and widen our customer base are starting to bear fruit.

Results from the inflight magazine unit are most satisfactory and in mid 2006, we further consolidated our working relationship with our business partner, China Eastern Media Group when our wholly owned business unit Parco, was awarded the exclusive advertising sales rights for "View", an upscale magazine distributed on board China Eastern aircraft with special concentration in the Yunnan region.

The Recruitment advertising sales unit had a good first half but revenue and net profit registered a small decline in the second half. More stringent corrective measures to improve our distribution network and broaden the reach of our recruitment website to first time job seekers are in place and implemented in 2007.

The 1010 Job Recruitment Magazine published in Shanghai which is supported by the 1010job.com portal continues to gain traction among job seekers in China. However, the already crowded recruitment advertising market became more heated with the entry of foreign investors in the second half 2006. This unit registered a significant decrease in operating loss in 2006 and had a four-fold increase in revenue. Management will conduct an in-depth analysis of the status of the unit once the results from the peak demand period, i.e. the first four weeks after Chinese New Year, are in.

Two of the newly established business units, i.e., Printing and Investment, performed well in the year. We are confident that the growth of these units will continue and provide the Group with a more diversified portfolio of solid earnings growth business.

Looking ahead, management believes that there are areas of business opportunities in Hong Kong which the Group can enter to further diversify its earning base. These prospects are not necessarily related to our existing business but management will conduct detailed studies on their financial viability to ensure that shareholder's funds are prudently utilized.

The key challenge of the Group for the future is the development of high potential middle level managers who share the core values of the Company. We firmly believe that at this stage, human resource is the single most important element in determining the Group's future growth. To this end, senior management is allocating more resources on the hiring/training and keeping of staff as the Group embark on its diversification programs.

Finally, my thanks to all our partners: staff, customers, suppliers and shareholders for their support in 2006. We appreciate it.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

The Group's profit attributable to shareholders for 2006 was HK\$55.1 million (2005: HK\$37.1 million), a 49% increase over last year. Turnover for the year was HK\$298.3 million (2005: HK\$227.1 million), a 31% increase over last year. The significant growth in net profit was mainly due to a gain of HK\$12.1 million arisen from the sale of the investment properties and net profit of HK\$7.2 million generated from securities trading activities during the year and net profit of HK\$7.1 million contributed by the Printing Division.

For the three months ended 31 December 2006, the Group's turnover was HK\$79.1 million (2005: HK\$71.3 million), an 11% increase over last year. The Group's net profit was HK\$12.9 million (2005: HK\$10.9 million), a 18% increase from last year. The increase in net profit was mainly attributable to profits generated from printing business and securities trading activities in the fourth quarter of 2006.

## **BUSINESS REVIEW**

### *Recruitment Advertising Business*

During the year, the Group's recruitment advertising business in Hong Kong operated in a very competitive and challenging environment. On the one hand, the Hong Kong economy has been buoyant with an unemployment rate falling below 5%, thereby maintaining an active demand for recruitment advertising. On the other hand, some major sectors in which the Group has strong expertise have not benefited from the strong economic growth. The Group's display business has been adversely affected by the competition of free subscription newspapers, which emerged in early 2006. As a result, the turnover derived from recruitment advertising declined by 3%.

The Group revamped its Hong Kong focused job website, [www.recruitonline.com](http://www.recruitonline.com) with some enhanced and new functions which the Group hopes will help to improve user experience and better complement the print advertising business. Moreover, the Group also launched a sector-focused job site, [www.merchandisingjobs.com](http://www.merchandisingjobs.com) to provide a portal for jobseekers in that particular sector. The Group hopes that this trial run can be expanded into other sectors at a later stage.

The Group's recruitment business in China, 1010job, has improved in both revenue and local market recognition in 2006. 1010job newspaper has maintained its reputation as the second largest print recruitment operator in Shanghai. [www.1010job.com](http://www.1010job.com), a previously Shanghai focused job website, also launched its nationwide coverage in late 2006. Although it is still unable to contribute profit to the Group, the turnover of 1010job has increased by 375% from 2005.

### *Inflight Magazine Advertising Business*

The inflight magazine advertising business has always been sensitive to the economic environment of China and has been the beneficiary of strong economic growth in the past few years. In 2006, the business achieved a 31% increase in revenue. The business has to compete against other media. The fiercest competition is expected to come from the online and outdoor media. However, since the print magazines targeting at male executives has not yet achieved sufficient maturity in China, inflight magazines are still considered to be the best channels for advertisers focusing on the male executive market.

### *Announcement Business*

Early in 2006, the Stock Exchange of Hong Kong introduced regulations to allow companies listed on the Main Board to have the alternative to post their results announcements on the Company's website to replace the previous requirement to print the announcements in the local newspapers. Despite this change, the introduction of electronic results announcement, the Group's print announcement business has performed strongly with a 12% increase in revenue compared with that in 2005. However, the management sees significant decline in revenue and profit for this business as increasing number of companies will post their results announcement only on the Internet.

### *Printing Business*

2006 is the first full financial year for the newly established printing business. The business brought in HK\$105.7 million in revenue and over HK\$7 million in net profit. The Group has achieved growth in both client base and the geographic coverage of its service by positioning itself as a quality book printer and novelty products development service provider. The Group is planning to increase its capacity to meet future demands.

### *Financial Investment*

In early 2006 the Group set up its financial investment arm focusing on listed stocks traded in Hong Kong. With the stock market performing strongly in the year under review, the Group has recorded a HK\$ 7 million gain in its financial investment activities. The Group established strict policies and procedures for maintaining a portfolio of investments with manageable profiles.

### *Strategic Alliance*

In November 2006, the Group increased its share in an associate, PPG Investments Limited, which holds a 50% shareholding in Premier Printing Group Limited (“PPG”), the leading contract newspaper printer in the Hong Kong market. As at 31 December 2006, the Group has an effective interest of 25% in PPG. The additional investment in PPG will provide steady income and cash inflow to the Group in the future.

In February 2007, the Group introduced a 20% strategic investor Jobstreet Corporation Berhad (“JS”) to its recruitment advertising business in Hong Kong. JS is a Malaysian listed company engaged in the online recruitment advertising business in Malaysia, Singapore, Philippines, Indonesian, India and Bangladesh and a leader in the sector in the Asia Pacific market. The Group hopes to improve its online recruitment advertising operation in Hong Kong, benefiting from the online technologies and products provided by JS.

### *Other investment*

During the year, the Group disposed of its investment properties with a carrying value of approximately HK\$39.8 million, resulting in a gain on disposal of approximately HK\$12.1 million.

## **PROSPECTS**

The Hong Kong print recruitment advertising market will continue to operate in a steady trading environment with single digit growth. The Group's objective is to build on its share in the market and its profitability by offering more tailor-made solutions to clients and by enhancing its web presence.

The recruitment advertising market in China is becoming more competitive with foreign investment and overseas operators entering the arena. The Group is currently reviewing its operations.

The prospect of economic growth in China for the next few years makes the Group believe that its inflight magazine advertising business will continue to grow at a satisfactory rate.

The printing business of the Group is expected to contribute steady growth in terms of both revenue and profit by expanding its client base and the geographic coverage of its services.

The Group will continue to explore investment opportunities in which the Group management resources can add value. Regarding financial investment in listed stocks, the Group will maintain its prudent investment strategies.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2006, the Group had bank and cash balances of HK\$55.2 million as compared to HK\$44.9 million as at 31 December 2005. The Group had finance lease liabilities of HK\$17.4 million.

The finance lease banking facilities are obtained for financing the acquisition of printing machinery and equipments for our production line in China. The finance lease is at floating interest rates and denominated in Hong Kong dollars.

The Group's gearing ratio as at 31 December 2006 was 9.9% (2005: 14.9%), 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 HK dollars, US dollars, UK Sterling, Australian dollars and Renminbi. The Group would use forward exchange contracts to hedge its foreign currency exposure in trading activities when considered appropriate. The Group adopts a centralised treasury polices in cash and financial management and would review its liquidity and financing requirements regularly.

## **EMPLOYEES AND EMOLUMENT POLICY**

As at 31 December 2006, the Group had around 200 employees (2005: 165). 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 employees benefits include provident fund, insurance and medical cover. Options to subscribe for an aggregate of 2,974,000 shares of the Company pursuant to the Company's share option scheme were outstanding as at 31 December 2006.

## **FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board has resolved to recommend the payment of a final dividend of HK\$0.05 (2005: HK\$0.04) per share and a special dividend of HK\$0.025 per share (2005: Nil) (collectively the "Final Dividend") for the year ended 31 December 2006 to holders of ordinary shares whose names appear on the register of holders of ordinary shares of the Company as at the close of business on 13 April 2007. The register of shareholders will be closed from 11 April 2007 to 13 April 2007, both days inclusive, during which period no transfer of shares will be registered. To qualify for the Final 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 10 April 2007. The relevant dividend warrants will be dispatched to shareholders on or around 18 April 2007.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the year ended 31 December 2006, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code on corporate governance practices (the “Code”) as set out in Appendix 15 of the rules governing the listing of securities on the GEM Listing Rules for the year subject to the deviations disclosed hereof.

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lau Chuk Kin assumes the role of both the chairman and the chief executive officer of the Company. The Board is of the view that this has not compromised accountability and independent decision making for the following reasons:

- the non-executive directors form the majority of the Board of which three out of seven are independent;
- the Audit Committee composes exclusively of independent non-executive directors; and
- the independent directors have free and direct access to the Company’s external auditors and independent professional advice when considered necessary.

Mr. Lau, the executive chairman, is a substantial shareholder of the Group and has considerable industry experience. He is motivated to contribute to the growth and profitability of the Group. The Board is of the view that it is in the best interests of the Group to have an executive chairman so that the Board can have the benefit of a chairman who is knowledgeable about the business of the Group and is most capable to guide discussions and brief the Board in a timely manner on pertinent issues and developments to facilitate open dialogue between the Board and the management.

## AUDIT COMMITTEE

The audit committee has three members comprising the three independent non-executive directors, namely, Mrs. Ling Ching Man, Eleanor, Mr. Cheng Ping Kuen, Franco and Mr. Tyen Kan Hee, Anthony with terms of reference in compliance with the GEM Listing Rules. The audit committee has reviewed the audited financial results of the Group for the year ended 31 December 2006.

On behalf of the Board  
Lau Chuk Kin  
Chairman

Hong Kong, 27 February 2007

*As at the date of this announcement, the Board comprises Lau Chuk Kin and Ho Suk Yi as executive Directors, Wan Siu Kau, Lee Ching Ming, Adrian, Peter Stavros Patapios Christofis and Lam Mei Lan as non-executive Directors and Ling Ching Man, Eleanor, Cheng Ping Kuen, Franco and Tyen Kan Hee, Anthony as independent non-executive Directors.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 the information contained in this announcement is accurate and complete in all material respects and not misleading; there are no other matters the omission of which would make any statement in this announcement misleading; and all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcement” page for at least seven days from the date of its posting.*

*\* For identification purpose only*