



PANDA-RECRUIT LIMITED

(Incorporated in the Cayman Islands with limited liability)

First Half-Yearly Report

2000

www.panda-recruit.com

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

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Exchange takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors (the “Director”) of Panda-Recruit 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 enquires, 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.

HIGHLIGHTS

- The Group has recorded a net loss attributable to shareholders for the six months ended 30th June 2000 of HK\$9,178,000.
- Successful entry to GEM as a publicly listed company.
- The unaudited consolidated profit and loss account for the six months ended 30th June 2000 and the comparisons with last year are set out in the accompanying table.

FINANCIAL REVIEW

For the first half-year of 2000, the unaudited turnover of the Company and its subsidiaries (the "Group") amounted to HK\$ 59,564,000, representing an increase of HK\$28,755,000 as compared to the unaudited turnover of HK\$30,809,000 in the corresponding half-year in 1999. An associate had launched a website in early 2000 and, in accordance with the Group's accounting policies, had expended all content/website development costs and advertising and promotion costs when incurred. The associate became a wholly owned subsidiary of the Company in May 2000 pursuant to a corporate reorganization. The unaudited share of losses of associates for the first half-year of 2000 was reported at HK\$ 6,296,000. The unaudited net loss of the Group for the first half-year of 2000 was reported at HK\$9,178,000.

BUSINESS REVIEW

The Company was listed on GEM on 20th July, 2000. During the period under review, Hong Kong's economy continued to show improvement and the recruitment market in Hong Kong demonstrated strong growth compared to 1999. The Company's turnover during the first half year reflected this improvement. Looking ahead, the Group expects the recruitment market to remain buoyant for the remainder of the year. A summary of the activities of the Group's businesses up to 30th June 2000 and projected activities until 31st July, 2000 is given below.

Print Operation

The Group publishes Recruit, a bilingual recruitment advertising publication targeting job seekers of white-collar jobs, through Hong Kong Transit Publishing Company Ltd. Recruit is distributed free of charge within the Mass Transit Railway stations of Hong Kong every Friday and Monday. During the period under review, Recruit published an average of 140.3 pages per issue, an increase of 83.8% over the same period in 1999. As at 30th June, 2000, the Group's database contained a total of 43,287 advertisers.

The Group also publishes Central, a management and self-improvement magazine aimed at young professionals and executive readers, through Central Publisher Ltd. ("Central"). In addition to publishing the magazine, Central also serves as a content provider to Pandaplanet.com, the Group's on-line recruitment website. Turnover for display advertising income received by Central during the six month period ended 30th June, 2000 increased by 118% when compared with the same period in 1999.

Internet Operations

PandaPlanet.com was launched on 18th February 2000. It is a bilingual (English-Chinese) recruitment information service provider web site offering a one-stop personalized solution to both job seekers and recruitment advertisers. Together with the Group's publications, this forms the Group's Internet-backed-by-Print solution to the recruitment market.

During the period under review, PandaPlanet.com Limited (“PandaPlanet”) mounted a series of marketing activities aimed at recruiting membership to the site. As at 20th July 2000, the site has a total of 105,511 registered visitors and 39,889 honorary citizens, who have deposited resumes in our database. At the time of the launch, the site contained 4,366 pages and as at 31st July 2000, the number of pages has increased to 9,558. Page view also increased from an average weekly total of about 150,000 in March to 980,912 in July. All contents in the site could be viewed in traditional or simplified Chinese.

In May, PandaPlanet launched Hiring Centre, which offered recruitment advertisers additional services without incurring additional costs. These services included direct access to a large pool of job applicants and real time resume posting and viewing. Initial response to Hiring Centre was encouraging.

Discussions with other internet sites and portals on possible business-to-business (B2B) and business-to-consumer (B2C) co-operation or alliances continued and the Company will report on their progress as and when they became fruitful. Looking ahead, PandaPlanet would concentrate on building contents to attract more job seeker visitors and honorary citizens, particularly those from China. Before the end of the third quarter of year 2000, an enhanced version of job search and resume in simplified Chinese would be available for use in China and would increase the efficiency of cross border recruitment and job hunting.

China Operations

During the period under review, the Group stepped up negotiations and discussions with potential print and Internet partners in China with a view to duplicating the Internet-backed-by-Print model in different Chinese cities.

Meanwhile, the Group was pushing ahead with its plans to build a mirror site of Pandaplanet.com in co-operation with the Nanhai Information Network Company Limited. Orders for certain computer equipment had already been placed.

HALF YEAR RESULTS (UNAUDITED)

The Board of Directors (the "Board") of the Company is pleased to announce the unaudited results of the Group for the three months and six months ended 30th June 2000 together with the comparative unaudited figures for the corresponding periods in 1999 as follows:-

	Notes	Three months ended 30th June		Six months ended 30th June	
		2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Turnover	2	32,423	17,536	59,564	30,809
Other revenue		833	756	1,860	1,471
Raw material and consumables used		(5,804)	(3,038)	(10,503)	(6,065)
Depreciation of property, plant and equipment		(1,248)	(1,186)	(1,812)	(2,351)
Staff costs		(9,244)	(4,399)	(14,939)	(8,808)
Printing cost		(6,219)	(2,993)	(12,723)	(5,772)
Content/Website development costs		(1,024)	(515)	(1,652)	(933)
Advertising and promotion expenses		(5,643)	(65)	(7,408)	(79)
Other operating expenses		(6,781)	(3,553)	(14,418)	(7,620)
(Loss)/Profit from operations		(2,707)	2,543	(2,031)	652
Finance costs		(12)	(1)	(12)	(3)
Share of results of associates		(1,662)	770	(6,296)	1,091
(Loss) / Profit before taxation		(4,381)	3,312	(8,339)	1,740
Taxation	3	7	(186)	(839)	(214)
(Loss)/Profit attributable to shareholders		<u>(4,374)</u>	<u>3,126</u>	<u>(9,178)</u>	<u>1,526</u>
Earnings / (Loss) per share					
– Basic	4	<u>(0.71) cents</u>	<u>0.72 cents</u>	<u>(1.75) cents</u>	<u>0.35 cents</u>

Notes

1. Basis of presentation

The Company's shares were listed on GEM on 20th July 2000.

Pursuant to a group reorganisation (the "Reorganisation") in preparation for the listing of the Company's shares on GEM, the Company became the ultimate holding company of the Group on 25th May 2000. Details of the Reorganisation are set out in the Prospectus of the Company dated 11th July, 2000. The results of the Group comprise the results of all companies now comprising the Group using the merger basis of accounting as if the current group structure had been in existence since 1st January 1999, and, where applicable, from their respective dates of the acquisition and disposal by the Group, whichever is later.

The principal accounting policies adopted in preparing the unaudited consolidated results conform with accounting principles generally accepted in Hong Kong.

2. Turnover

Turnover represents recruitment and non-recruitment advertising income, publication sales and publishing income.

3. Taxation

	Three months ended 30th June		Six months ended 30th June	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The credit/(charge) comprises:-				
Provision for Hong Kong profits tax attributable to the Company and its subsidiaries	7	(30)	(349)	(30)
Share of taxation attributable to associate	—	(156)	(490)	(184)
	<u>7</u>	<u>(186)</u>	<u>(839)</u>	<u>(214)</u>

Hong Kong profits tax has been provided at the rate of 16% (three months and six months ended 30th June 1999: 16%) on the estimated assessable profits.

4. (Loss)/Earnings per share

The calculation of the basic loss per share for the three months and the six months ended 30th June 2000 is based on the respective unaudited consolidated loss attributable to shareholders of HK\$4,374,000 and HK\$ 9,178,000 (1999: consolidated profit of HK\$3,126,000 and HK\$ 1,526,000) and on the weighted average number of 615,217,501 and 523,749,221 (1999: 432,280,940 and 432,280,940) share in issue on the assumption that the Reorganisation had been effective on 1st January 1999.

As there were no potential ordinary shares outstanding during the three months and the six months ended 30th June 2000 and the corresponding periods in 1999, no diluted (loss)/earnings per share is presented.

5. Interim dividend

The Directors do not recommend the payment of an interim dividend for the period (1999: Nil).

6. Movement in merger reserve

	Three months ended 30th June		Six months ended 30th June	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Merger reserve				
Addition	<u>(43,897)</u>	<u>—</u>	<u>(43,897)</u>	<u>—</u>

Negative merger reserve was resulted when the Company issued new shares to acquire all companies now comprising the Group under the Reorganisation on 25th May 2000.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SECURITIES

As at 20th July 2000, the interests of the Directors and chief executive of the Company in the shares of the Company as recorded in the register required to be maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:-

Name of Director	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total
Chow Yung	153,650,000	Nil	Nil	Nil	153,650,000
Ifan Chan	17,809,000	Nil	Nil	Nil	17,809,000
Lo Ka Shui	1,500,000	Nil	331,140,000*	Nil	332,640,000
Barrie Calvert Goodridge	650,000	Nil	Nil	Nil	650,000
Peter Stavros Patapios Christofis	650,000	Nil	Nil	Nil	650,000

* The shares were beneficially owned by Century Faith Investment Limited. Great Eagle Holdings Limited is the ultimate holding company of Century Faith Investment Limited holding approximately 66.67 per cent of the issued share capital of Century Faith Investment Limited. As at 20th July 2000, Dr. Lo Ka Shui is interested and/or deemed to be interested in approximately 60 per cent of issued share capital of Great Eagle Holdings Limited.

Save as disclosed above, none of the Directors or chief executive of the Company has any interest in the equity or debt securities of the Company or its associated corporations (as defined in the SDI Ordinance) as recorded in the register required to be maintained under Section 29 of the SDI Ordinance or as otherwise notified to the Company and the Exchange pursuant to the minimum standards of dealing by directors as referred to in Rule 5.40 of the GEM Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHT TO ACQUIRE SHARES

The Company has adopted a share option scheme conditionally approved by a resolution passed by the shareholders of the Company on 3rd July 2000, under which it may grant options to full-time employees, including executive directors of the Company or of its subsidiary, to subscribe for shares in the Company.

As at 20th July 2000, the Company had not granted any option under the Company's share option scheme.

As at 20th July 2000, the Company had not granted any right to subscribe for equity or debt securities of the Company to any Director or chief executive of the Company or to his or her spouse or children under 18 years of age.

SUBSTANTIAL SHAREHOLDERS

As at 20th July 2000, in addition to those interest as disclosed above in respect of the Directors, according to the register of substantial shareholders required to be maintained under S16(1) of the SDI Ordinance, the Company had been notified of the following interests, being 10% or more in the issued share capital of the Company.

Name	Number of Shares
Mr. Chow Yung and Ms. Ifan Chan <i>(Note 1)</i>	171,459,000
Shui Sing Holdings Limited <i>(Note 2)</i>	331,140,000
Shui Sing (BVI) Limited <i>(Note 2)</i>	331,140,000
Great Eagle Holdings Limited <i>(Note 2)</i>	331,140,000
Jolly Trend Limited <i>(Note 2)</i>	331,140,000
The Great Eagle Company, Limited <i>(Note 2)</i>	331,140,000
Century Faith Investment Limited <i>(Note 2)</i>	331,140,000
Publigrroupe Limited <i>(Note 3)</i>	264,912,000
Publi Promotion Network Asia Holdings Limited <i>(Note 3)</i>	264,912,000
Jean Claude Decaux <i>(Note 4)</i>	117,745,000
Danielle Decaux <i>(Note 4)</i>	117,745,000
Jean Charles Decaux <i>(Note 4)</i>	117,745,000
Jean Sebastien Decaux <i>(Note 4)</i>	117,745,000
Jean Francois Decaux <i>(Note 4)</i>	117,745,000
Robert Caudron <i>(Note 4)</i>	117,745,000
JC Decaux International <i>(Note 4)</i>	117,745,000
Decaux S. A. <i>(Note 4)</i>	117,745,000
JC Decaux Communication (T) <i>(Note 4)</i>	117,745,000
JC Decaux Asia (S) Pte Ltd. <i>(Note 4)</i>	117,745,000
Avenir <i>(Note 4)</i>	117,745,000
United Communication Limited <i>(Note 4)</i>	117,745,000
JC Decaux Pearl & Dean Limited <i>(Note 4)</i>	117,745,000

Notes:

1. A total of 153,650,000 shares of the Company are held by Mr. Chow Yung, representing approximately 13.66 per cent of the share capital of the Company, and the remaining 17,809,000 shares of the Company, representing approximately 1.58 per cent of the share capital of the Company, are held by Ms. Ifan Chan, the wife of Mr. Chow Yung and an executive Director.
2. All the above 331,140,000 shares of the Company are the same parcel of shares referred to in "corporate interest" of Dr. Lo Ka Shui under "Directors' and Chief Executive's Interest in Securities".
3. Publigroupe Limited is the holding company of Publi Promotion Network Asia Holdings Limited. By virtue of the SDI Ordinance, Publigroupe Limited is deemed to be interested in the 264,912,000 shares of the Company held by Publi Promotion Network Asia Holdings Limited.
4. Each of Jean Claude Decaux, Danielle Decaux, Jean Charles Decaux, Jean Sebastien Decaux, Jean Francois Decaux, Robert Caudron, JC Decaux International, Decaux S. A., JC Decaux Communication (T), JC Decaux Asia (S) Pte Ltd., Avenir and United Communication Limited are deemed to be interested in the 117,745,000 shares of the Company owned by JC Decaux Pearl & Dean Limited pursuant to Section 8 of the SDI Ordinance.

MANAGEMENT SHAREHOLDERS

So far as the Directors are aware, there are no other person other than the Initial Management Shareholders, namely Mr. Chow Yung and Ms. Ifan Chan, Dr. Lo Ka Shui, Mr. Barrie Calvert Goodridge, Mr. Peter Stavros Patapios Christofis, Century Faith Investment Limited, Publi Promotion Network Asia Holdings Limited and JC Decaux Pearl & Dean Limited who will be directly or indirectly interested in five per cent or more of the shares of the Company then in issue and who are able as a practical matter, to direct or influence the management of the Company.

SPONSORS' INTEREST

ING Barings Asia Limited has entered into a sponsorship agreement with the Company whereby, for a fee, ING Barings Asia Limited will act as the Company's continuing sponsor for the purpose of Chapter 6 of the GEM Listing Rules for the period from 20th July 2000 to 31st December 2002.

To the knowledge of ING Barings Asia Limited, its directors, employees and associates, at 31st July 2000, did not have any interests in the securities of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period from 20th July 2000 to 31st July 2000 neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTEREST

The following Initial Management Shareholders had interests in the following businesses:-

Great Eagle Holdings Limited, being one of the Initial Management Shareholders, operates and has interest in various websites providing information on property, home decoration and music that are not related to recruitment advertising. Great Eagle Holdings Limited also has interest in a company that develops and markets an integrated suite of computer software for e-commerce solutions.

JC Decaux Pearl & Dean Limited, being one of the Initial Management Shareholders, engages in advertising business in print advertising and outdoor display advertising in Hong Kong.

Publi Promotion Network Asia Holdings Limited, being one of the Initial Management Shareholders, engages in promotion of print advertising in various publications in the Asian region. It is also involved in the sale of Internet banner display advertisements and the publication of in-flight magazines for airlines.

The Directors believe that the principal business objectives of the Group are different from those of Great Eagle and its associates, JC Decaux Pearl & Dean Limited and Publi Promotion Network Asia Holdings Limited. Whilst the Group is focusing on recruitment advertising and the provision of related services, the websites and the advertising businesses currently operated by Great Eagle Holdings Limited, JC Decaux Pearl & Dean Limited and Publi Promotion Network Asia Holdings Limited cover various aspects other than recruitment advertising and are aimed at commercial and non-recruitment advertising clients. As such, the Directors are not aware of any significant impact or compromise in the past relating to business competition between the Group and its Initial Management Shareholders and believe that such competition should not have any significant impact on the future business development of the Group.

Save as otherwise disclosed above, none of the Directors and the Initial Management Shareholders had any investments in businesses which compete with the recruitment advertising business of the Group as at 20th July 2000.

YEAR 2000 COMPLIANCE

The Group has identified two areas for review of its computer systems for year 2000 compliance: the Group's internal systems and operations and its external systems and services. The Group does not have internal legacy systems that are not year 2000 compliant. The Group purchased its network supporting systems with specifications and warranties that all systems are year 2000 compliant. The Group has contracted with its external suppliers, vendors and service providers to obtain information about their year 2000 compatibility. Based on this information, the Group is assessing the extent to which these external network supporting systems (including embedded technology) could cause a material adverse effect on its operations.

The Directors are of the view that potential risks arising from year 2000 computer problems may include the inability of the computer systems to provide value-added services to job seekers or recruitment advertisers and to provide accurate financial information to the management of the Group and its investors which may result in disputes or litigation. As at 20th July 2000, the Group has not experienced any computer problem relating to the year 2000 issue.

AUDIT COMMITTEE

The Company has established an audit committee on 19th April 2000. The audit committee comprising two independent non-executive Directors, Mr. Barry Cheung Chun Yuen and Mrs. Eleanor Ching Man Ling. The primary duty of the audit committee is to review and supervise the financial reporting process and internal control system of the Group.

By Order of the Board
Law Kwong Wah
Company Secretary

Hong Kong, 11 August 2000