



PANDA-RECRUIT LIMITED

(Incorporated in the Cayman Islands with limited liability)



Half - Year Report

2001

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 report, 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 report.

This report, 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 enquiries, confirmed that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- During the first six months of 2001, the Group continued to strengthen its Internet-backed-by-print business in Hong Kong by enhancing its value-added services and contents for job seekers and advertisers. The number of Jobseeker members increased by 35.3% to 186,659 while the number of advertisers increased by 5.3% to 51,282 over 31st December 2000.
- The Group made significant progress in the expansion of its Internet-backed-by-print business in the People's Republic of China (the "PRC") and began to generate revenue from its Guangzhou operations in February 2001. In less than 5 months after the launch of "PandaCareer 熊貓賢才" in Guangzhou, the Group's Guangzhou operation accumulated an advertiser database of 7,095, and enjoyed a market share of 4% and 13% in terms of advertising revenue and volume respectively. The PRC website, pp11.com, had 94,357 Jobseeker members, which was equivalent to approximately 50% of the Group's job seeker database in Hong Kong.
- The Hong Kong SAR Government announcement of the implementation of the Admission of Mainland Professionals Scheme from 1st June 2001 gave rise to new opportunities for cross-border recruitment business. The Group established a leading role in this area by offering recruitment services to Hong Kong companies and co-organizing the first Cross-Border Job-Fair in Guangzhou.
- The unaudited turnover of the Group in the first six months of 2001 was HK\$65,086,000, representing an increase of 9.3% over the same period last year, in spite of an obvious downward trend of Hong Kong's recruitment advertising market.
- The Group recorded an unaudited net loss attributable to shareholders of HK\$28,756,000 for the first six months of 2001. The net loss was primarily attributed to the Group's commencement of its operations in the PRC with the necessary pre-operating expenditure.
- The directors do not recommend the payment of an interim dividend for the six months ended 30th June 2001.

In Hong Kong, the Group continued to strengthen its Internet-backed-by-print business by enhancing its value-added services for job seekers and advertisers. During the first six months of 2001, the Group experienced growth in revenue, job seeker membership and advertisers, in spite of an obvious downward trend of Hong Kong's recruitment advertising market. PandaPlanet.com, the Internet arm of the Group's Internet-backed-by-print business model and a major recruitment website in Hong Kong in terms of contents and pageviews, underwent a major site revamp and achieved continuous growth in terms of membership, contents and pageviews.

During the first six months of 2001, the Group launched its Internet-backed-by-print business in the PRC and expanded its operations to Guangzhou. In co-operation with its strategic partners in the PRC, the Group is now one of the major players in Guangzhou's recruitment-advertising market. The Group began to generate revenue from its operations in Guangzhou in February 2001.

FINANCIAL AND OPERATIONAL SUMMARY

	Six months ended 30th June		Increase/(Decrease)	
	2001	2000		
Turnover (HK\$'000)	65,086	59,564	5,522	9.3%
Loss attributable to shareholders (HK\$'000)	(28,756)	(9,178)	(19,578)	(213.3%)
Basic loss per share (HK cents)	(2.56)	(1.75)	(0.81)	(46.3%)
No. of printed pages				
– Recruit (Hong Kong)	8,820	8,740	80	0.9%
– PandaCareer 熊貓賢才 (Guangzhou)	720	N/A	N/A	N/A
Average weekly pageviews				
– PandaPlanet.com (million)	1.45	0.27	1.18	437.0%
	As at	As at		
	30th June	30th June		
	2001	2000	Increase	
No. of Advertisers in the database				
– Hong Kong – recruitment advertisers	47,196	43,287	3,909	9.0%
– display advertisers	4,086	3,294	792	24.0%
– Guangzhou	7,095	N/A	N/A	N/A
No. of Jobseeker members in the database				
– Hong Kong	186,659	100,501	86,158	85.7%
– Guangzhou	94,357	N/A	N/A	N/A

FINANCIAL REVIEW

The unaudited turnover of the Group in the first six months of 2001 amounted to HK\$65,086,000, representing an increase of 9.3% when compared with the unaudited turnover of HK\$59,564,000 in the corresponding period of 2000. The increase in turnover reflects the increase of income generated from Recruit, the contribution of PandaPlanet.com, and the service income generated from the Guangzhou operations.

The unaudited net loss of the Group for the first six months of 2001 was HK\$28,756,000. The unaudited net loss of the Group for the same period of 2000 was HK\$9,178,000. The Group incurred a loss in the first six months of 2001 as it began operations in the PRC and incurred considerable pre-operating expenditure.

The Directors do not recommend the payment of an interim dividend as the Company sustained a loss during the period under review and needs to retain funds for future expansion.

BUSINESS REVIEW

A summary of the activities of the Group's business conducted in the first six months of 2001 is given below.

Hong Kong Operations

Recruit and PandaPlanet.com constituted the Group's Internet-backed-by-print recruitment-advertising solution offered in Hong Kong. Recruit is a bilingual recruitment-advertising publication targeting white-collar job seekers. It is distributed free every Monday and Friday in Mass Transit Railway stations throughout Hong Kong. PandaPlanet.com has been providing full and exclusive support to Recruit in the area of online-recruitment services in Hong Kong.

Central is a monthly magazine published by the Group to serve Hong Kong's young managers and professionals.

Growth in a declining market

The Hong Kong operations served as the backbone of the Group by providing multi-media recruitment and career services to both job seekers and advertisers. The unaudited turnover of the Hong Kong operations for the six months ended 30th June 2001 showed an increase of roughly 7% over the corresponding period last year, in spite of a significant decrease in the overall recruitment advertising market in Hong Kong this year when compared with that of the year before.

In the first six months of 2001, performance of the Hong Kong operations was satisfactory despite signs of contraction of the overall market. The Group registered a 3.3% increase in recruitment advertising revenue from the Hong Kong operations in the first half of the year, when compared with the same period last year. The Directors believe that the Group holds the second largest share of Hong Kong's recruitment advertising market in terms of recruitment advertising revenue. The Group's non-recruitment advertising revenue from the Hong Kong operations registered a 39.7% increase over the first six months of 2000.

During the first half of the year, the Group launched a series of marketing and advertising activities, including new television commercials as well as print and online advertising, to strengthen the brand value of Recruit and PandaPlanet.com, and to grow its job seeker and advertiser databases. Jobseeker membership was further increased through the Group's participation in such marketing events as the Education and Career Expo 2001 and joint promotional activities with universities in Hong Kong. As at 30th June 2001, the total number of members registered with both Recruit and PandaPlanet.com was 186,659, representing an increase of 35.3% over 31st December 2000, and an increase of 85.7% over 30th June 2000. A total of 69,752 registered members deposited their resumes for job-seeking purposes, representing a 37.7% increase over the previous 6 months.

Improved service to clients

The Group continued to improve services for recruitment advertisers. The Group's candidate/job matching service was improved through a 24-hour service commitment. Demand for this service grew from 36% to 51% during the first half of the year, reflecting its high popularity among recruitment advertisers. The Group further introduced a new service to enable recruitment

advertisers to present company information to job seekers through the Internet medium. The Group's advertiser database grew continuously in the last 6 months, containing a total of 51,282 recruitment and display advertisers at the end of June 2001.

In terms of product development, PandaPlanet.com underwent major site revamping in the period, and the improved design, navigation and contents resulted in increases in the number of pageviews. The average number of pageviews for the first 6 months totaled 1.45 million per week, representing an increase of 29.4% over the second half of 2000.

Guangzhou Operations

"PandaCareer 熊貓賢才" was launched on 5th February 2001 and is distributed free of charge every Friday and Monday with GD-HK Information Daily (粵港信息日報) throughout Guangzhou. It is also published through the website "pp11.com" throughout the PRC. The Group has established a strong sales and marketing team and has made satisfactory achievements in Guangzhou. Shortly after its launch, "PandaCareer 熊貓賢才" acquired 4% and 13% market share in terms of revenue and volume respectively in the Guangzhou market, according to the Group's own estimation and monitoring on the market.

During the period under review, the Group with its strategic partners carried out a series of marketing activities and campaigns to promote the brands, "PandaCareer 熊貓賢才" and "pp11.com", and established significant recognition from job seekers and recruitment advertisers in the PRC. As at 30th June 2001, the PRC website had a total of 94,357 members of which 53,402 had deposited resumes for job-seeking purposes. A total of 7,095 recruitment advertisers had also registered for recruitment purposes.

Opportunity in cross-border recruitment

The Hong Kong SAR Government announced the implementation of the Admission of Mainland Professionals Scheme from 1st June 2001, paving the way for Hong Kong companies to recruit Chinese professionals to work locally. Admission would be allowed in two specific sectors—information technology and financial services. Our Group, being the only recruitment service provider operating both in Hong Kong and China, seized the opportunity to assume a leading role in providing such service to Hong Kong companies and Chinese professionals alike.

On 18th June 2001, the Group co-hosted with South China Market of Human Resources (中國南方人才市場) a trade seminar in Hong Kong, Recruiting Mainland Professionals—the Practical Issues (聘用內地專業人才實際問題研討會), which attracted the attention of many recruitment advertisers in Hong Kong. The seminar was followed by the first Guangzhou—Hong Kong Professionals Exchange & Job Fair (第一屆赴港專才交流會及招聘會) (the "Cross-Border Job-Fair"), held in Guangzhou on 5th and 6th July 2001. The Cross-Border Job-Fair was the first of its kind held in the PRC and was supported and endorsed by the Guangzhou Government. A total of 40 Hong Kong and multinational companies participated and over 2,500 Mainland Professionals attended.

Shanghai Operations

In order to expand its PRC operations, the Group established an office in Shanghai and employed 3 staff for Shanghai office.

PROGRESS AGAINST BUSINESS OBJECTIVES

We also present below a summary of actual business progress as measured against the business objectives set out in the Prospectus of the Company dated 11th July 2000 for the period from 1st January 2001 to 30th June 2001

	Business Objectives from 1st January 2001 to 30th June 2001	Actual Progress from 1st January 2001 to 30th June 2001
Content Development	<p>To expand the job listings on PandaPlanet.com</p> <p>To continue to update career-related information on PandaPlanet.com and Recruit Easy</p> <p>To enhance applications of PandaPlanet.com in major PRC cities</p> <ul style="list-style-type: none">- To include Hot Jobs in major PRC cities	<p>A total of 59,610 jobs were listed on PandaPlanet.com.</p> <p>Career-related information on PandaPlanet.com and Recruit was regularly updated.</p> <p>The Group's candidate/job matching service was enhanced with new features including "My Showcase" for job seekers and "Company Folder" for advertisers, which improved the quality of the job and candidate matching service.</p> <p>PandaPlanet.com was presented through pp11.com (the "PRC website") in the PRC</p> <p>A total of 4,454 jobs were listed on the PRC website.</p> <p>Application of Cross Border Hiring was added to the PRC and Hong Kong websites to benefit both job seekers in the PRC and advertisers in Hong Kong.</p>
	<ul style="list-style-type: none">- To add Chinese contents for the PRC market	<p>More than 900 pages of new Chinese contents were added for the PRC market.</p>
	<ul style="list-style-type: none">- To enhance multi-player games on GameTower	<p>After careful consideration, the Group discontinued GameTower in order to focus resources on the areas of career and recruitment.</p>

e-commerce Development	Business Objectives from 1st January 2001 to 30th June 2001	Actual Progress from 1st January 2001 to 30th June 2001
	To launch online training courses	The Group commenced negotiations with potential partners for provision of online training courses.
	To launch online purchases	Feasibility studies into online trading were conducted and the result was unfavorable. The Group decided to postpone online purchases.
	To conduct feasibility study of the online system for the provision of recruitment-related services	The Group commenced negotiations with a staff assessment company with the view to providing online assessment tests.
Resources Development	To expand Career Services Department	As existing manpower of the Career Services Department was sufficient, further expansion was deemed unnecessary because of the overall slowdown in the Hong Kong recruitment advertising market.
	To expand Business Development Department	The Business Development Department commenced negotiations with potential partners to develop and organize training events.
	To expand Editorial Department	A new editorial team was created for content development in connection with the expansion in the PRC.
	To further expand the number of staff in the PRC offices	The Group employed 19 staff for its Guangzhou operations and 3 staff for the Shanghai office.

Sales and Marketing	Business Objectives from 1st January 2001 to 30th June 2001	Actual Progress from 1st January 2001 to 30th June 2001
	To continue brand recognition campaign in the PRC and Hong Kong	Brand value of the Group's publications and websites was promoted through the mass media and joint promotional activities with marketing partners.
	To launch direct marketing activities for recruitment advertisers in the PRC	The PRC website launched various direct marketing activities to promote its sales package and activities.
Acquisitions, joint ventures and alliances	To launch recruitment advertising operations in other cities of the PRC	The Shanghai office was established.
	To expand recruitment network through overseas strategic alliances	Negotiation with a publishing company in Shanghai is continuing.
		The Group negotiated expansion of its overseas recruitment network with overseas strategic partners who planned to establish a global recruitment network. The Group was informed by the said partners that the said project was currently put on hold due to unfavourable market conditions.
		The Group would continue to monitor the overseas market for future opportunities.

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 2001, together with the comparative unaudited figures for the corresponding periods in 2000 as follows:

	Notes	Three months ended 30th June		Six months ended 30th June	
		2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Turnover	2	31,362	32,423	65,086	59,564
Other revenue		580	833	1,830	1,860
Raw materials and consumables used		(5,662)	(5,804)	(11,590)	(10,503)
Printing costs		(6,006)	(6,219)	(12,427)	(12,723)
Content/Website development costs		(1,117)	(1,024)	(2,680)	(1,652)
Depreciation of property, plant and equipment		(2,320)	(1,248)	(4,998)	(1,812)
Staff costs		(12,918)	(9,244)	(26,134)	(14,939)
Advertising and promotion expenses		(3,032)	(5,643)	(14,128)	(7,408)
Other operating expenses	3	(10,992)	(6,781)	(22,439)	(14,418)
Loss from operations		(10,105)	(2,707)	(27,480)	(2,031)
Finance costs		(1)	(12)	(1)	(12)
Share of results of associates		(538)	(1,662)	(1,275)	(6,296)
Loss before taxation		(10,644)	(4,381)	(28,756)	(8,339)
Taxation	4	14	7	-	(839)
Loss attributable to shareholders		<u>(10,630)</u>	<u>(4,374)</u>	<u>(28,756)</u>	<u>(9,178)</u>
Loss per share					
– Basic (HK cents)	5	<u>(0.94)</u>	<u>(0.71)</u>	<u>(2.56)</u>	<u>(1.75)</u>

Notes:

1. Basis of presentation

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 2000, 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 are consistent with those followed in the Group's annual financial statements for the year ended 31st December 2000.

2. Turnover

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

3. Other operating expenses

	Three months ended		Six months ended	
	30th June		30th June	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Computer expenses	(1,207)	(433)	(2,138)	(522)
Rent, rates and property management fee	(1,502)	(1,160)	(2,863)	(2,169)
Selling and distribution expenses	(2,894)	(2,101)	(6,531)	(4,230)
Administrative and other expenses	(5,389)	(3,087)	(10,907)	(7,497)
	<u>(10,992)</u>	<u>(6,781)</u>	<u>(22,439)</u>	<u>(14,418)</u>

4. Taxation

	Three months ended		Six months ended	
	30th June		30th June	
	2001	2000	2001	2000
	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	14	7	-	(349)
Share of taxation attributable to associate	-	-	-	(490)
	<u>14</u>	<u>7</u>	<u>-</u>	<u>(839)</u>

Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profits. No provision for PRC income tax has been made in the unaudited financial statement as all the Group's PRC subsidiaries incurred tax losses.

5. Loss per share

The calculation of the basic loss per share for the three months and the six months ended 30th June 2001 is based on the respective unaudited consolidated loss attributable to shareholders of HK\$10,630,000 and HK\$28,756,000 (2000: HK\$4,374,000 and HK\$9,178,000) and on the weighted average number of 1,125,000,000 and 1,125,000,000 (2000: 615,217,501 and 523,749,221 respectively) shares in issue on the assumption that the Reorganisation had been effective on 1st January 2000.

As there were no potential ordinary shares outstanding during the three months and the six months ended 30th June 2001 and the corresponding periods in 2000, no diluted loss per share is presented.

6. Interim dividend

The Directors do not recommend the payment of an interim dividend for the period (2000: Nil).

7. Movement in reserves

	Three months ended		Six months ended	
	30th June		30th June	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Exchange Reserve				
Balance brought forward	6	–	3	–
Translation of overseas operations	6	–	9	–
Balance carried forward	<u>12</u>	<u>–</u>	<u>12</u>	<u>–</u>
Merger Reserve				
Balance brought forward	(43,897)	–	(43,897)	–
Addition	–	(43,897)	–	(43,897)
Balance carried forward	<u>(43,897)</u>	<u>(43,897)</u>	<u>(43,897)</u>	<u>(43,897)</u>
Capital Reserve				
Balance brought forward	13,440	2,361	13,440	2,361
Addition	–	11,079	–	11,079
Balance carried forward	<u>13,440</u>	<u>13,440</u>	<u>13,440</u>	<u>13,440</u>

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SECURITIES

As at 30th June 2001, 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 30th June 2001, 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 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 30th June 2001, the Company had not granted any option under the Company's share option scheme.

As at 30th June 2001, 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 30th June 2001, in addition to those interests 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
Publigroupe 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 (as defined in the SDI Ordinance) 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

To the best knowledge of ING Barings Asia Limited ("ING Barings"), the Company's sponsor, none of ING Barings' directors, employees and associates were interested in the shares of the Company as at 30th June 2001.

ING Barings has entered into a sponsorship agreement with the Company whereby, for a fee, ING Barings 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.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period from 1st January 2001 to 30th June 2001, 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 Holdings Limited 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 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 30th June 2001.

By Order of the Board
Law Kwong Wah
Company Secretary

Hong Kong, 13th August 2001