



PANDA-RECRUIT LIMITED

(Incorporated in the Cayman Islands with limited liability)

3rd Quarterly 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.

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The Exchange takes no responsibility for the contents of this announcement, 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 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.

HIGHLIGHTS

- The Group registered a substantial growth in turnover in the 3rd Quarter 2000 - an increase of 96% when compared with the same quarter in 1999.
- Total turnover for the period of 1st January to 30th September in 2000 was \$99,953,000, representing an increase of 94.4% over that of the same period last year.
- The Group has made significant progress in pursuing its Internet-backed-by-print business in the recruitment market in the People's Republic of China ("the PRC"). The Directors expect the Guangzhou office to begin its revenue-generating operation in the 1st Quarter 2001.
- The Group recorded a net loss attributable to shareholders of \$4,157,000 for the 3rd Quarter, taking the loss so far this year (nine months ended 30th September 2000) to \$13,335,000. The loss incurred this year is mainly attributable to the development and promotion of PandaPlanet.com, the Group's initiative in offering recruitment advertising solution through the Internet.

The Group is one of the leading recruitment advertising media operators in Hong Kong providing an Internet-backed-by-print solution to job seekers and recruitment advertisers. Recruitment advertising is the Group's major source of revenue. The Group achieved a substantial growth in turnover in this quarter when compared with the same quarter in 1999. However the Group incurred loss in the nine months ended 30th September 2000 because the Group carried out increased advertising and promotional activities to strengthen the business of the Group and for the newly launched website, PandaPlanet.com. In line with the business objectives stated in the Group's prospectus dated 11th July 2000, the Group has started to develop its operation in the PRC. An office in Guangzhou was opened to handle the sales and marketing operation in Guangzhou.

FINANCIAL AND OPERATIONAL SUMMARY (UNAUDITED)

	Three months ended 30th September				Nine months ended 30th September			
	2000 HK\$'000	1999 HK\$'000	Increase / (Decrease)	%	2000 HK\$'000	1999 HK\$'000	Increase / (Decrease)	%
Turnover	40,389	20,610	19,779	96.0	99,953	51,419	48,534	94.4
(Loss) / Profit attributable to shareholders	(4,157)	2,101	(6,258)	(297.9)	(13,335)	3,627	(16,962)	(467.7)
Basic Earnings / (Loss) per share (cents)	(0.39)	0.49	(0.88)	(179.6)	(1.87)	0.84	(2.71)	(322.6)
			As at 30th September 2000	As at 30th September 1999			Increase/ (Decrease)	%
No. of advertisers			47,947	42,477			5,470	12.9
No. of registered members			119,844	N/A			119,844	N/A
No. of pages of advertisements posted in Recruit magazine			10,680	5,223			5,457	104.5

FINANCIAL REVIEW

For the first nine months of 2000, the unaudited turnover of the Company and its subsidiaries (the "Group") amounted to HK\$99,953,000, representing an increase of 94.4% as compared to the unaudited turnover of HK\$51,419,000 in the corresponding nine months in 1999. The unaudited net loss of the Group for the first

nine months of 2000 was reported at HK\$13,335,000, as compared with the unaudited profit of HK\$3,627,000 for the nine months ended 30th September 1999.

The Group's turnover of the nine months ended 30th September 2000, as compared with the same period of 1999, reflects the growth in the recruitment market of Hong Kong, and the effect of the launch of the Internet arm of the Group's business. The Group incurred loss in the nine months ended 30th September 2000 because the Group carried out increased advertising and promotional activities to strengthen the business of the Group and for the newly launched website, PandaPlanet.com.

An associate had launched a website, PandaPlanet.com 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 nine months of 2000 was reported at HK\$6,368,000.

BUSINESS REVIEW

Recruitment advertising has been and will remain the Group's major source of revenue. The Directors believe the significant growth in the Group's revenue during the period under review is a result of the following:

1. The development of PandaPlanet.com strengthened Recruit's competitiveness in the recruitment advertising market in Hong Kong, and
2. The recruitment advertising market in Hong Kong has increased in size in terms of expenditure.

Looking ahead, the Directors expect that the Group's Internet-backed-by-print recruitment advertising solution in Hong Kong will allow the Group to remain as a key player in Hong Kong's recruitment advertising market. The recruitment advertising market in Hong Kong may slow down in the 4th Quarter 2000 as recruitment activities generally decrease at the end of the year but the Directors believe the said market will continue to grow in 2001. The Group will introduce its Internet-backed-by-print recruitment advertising solution and commence revenue-generating operations in the PRC in the 1st Quarter 2001.

A summary of the activities of the Group's business up to 30th September 2000 is given below.

Print Operations

The Group publishes Recruit, a bilingual recruitment advertising publication targeting job seekers of white-collar jobs, through Hong Kong Transit Publishing Co. Limited. 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 continued to market itself aggressively as an integral part of the Group's Internet-backed-by-print recruitment advertising solution, and registered substantial growth in revenue compared with the same period last year. Recruit published an average of 144.2 pages/issue, representing an increase of 55.6% over that of the same period last year.

Looking ahead, Recruit will focus on enhancing its value-added services for its advertisers. In particular, Recruit will capitalise on the strength of PandaPlanet.com to further increase growth and efficiency.

The Group also publishes Central, a management and self-improvement magazine aimed at young professionals and executive readers, through Central Publisher Limited. Turnover for display advertising income in Central during the three-month period ended 30th September 2000 registered substantial growth in revenue compared with the same period in 1999.

As at 30th September 2000, the Group's database contained a total of 47,947 recruitment and display advertisers.

Internet Operations

During the period under review, PandaPlanet.com Limited ("PandaPlanet") registered strong growth in terms of membership, contents and pageview over the second quarter this year.

PandaPlanet.com was launched in early 2000. PandaPlanet.com's membership increased by 19.2% in the 3rd Quarter of 2000. As at 30th September 2000, the website has a total of 119,844 registered members, of which 46,255 have deposited their resumes for job seeking purposes.

In the same period PandaPlanet.com continued to expand its contents both in terms of coverage and depth. As at 30th September 2000, PandaPlanet.com has 13,611 pages of content reflecting a 48% increase over the last quarter.

During the 3rd Quarter of 2000, PandaPlanet focussed its promotion efforts on growing usage of the website. Average weekly page view in September 2000 almost tripled that of last quarter's, reflecting an increase of 178% over the same in June 2000.

Since 1st July 2000, PandaPlanet.com has been providing full and exclusive support to Recruit in the area of recruitment advertising in Hong Kong, and is now firmly established as a key component in the Group's Internet-backed-by-print solution.

PRC Operations

In August 2000, a holding company for all PRC operations, PandaPlanet.com (China) Limited ("PP China") incorporated in Hong Kong was formed. PP China is a wholly owned subsidiary of PandaPlanet.

In September 2000, a wholly foreign owned enterprise of PP China, PandaPlanet.com Information Technology (Beijing) Co., Limited 宇宙熊貓網信息技術(北京)有限公司 was incorporated in Beijing.

In line with the business objectives stated in the Prospectus dated 11th July 2000, the Group has started to develop its operation in the PRC. An agreement of exclusive cooperation with an advertising company registered in the PRC ("the Advertising Company") has been concluded to operate recruitment advertising in Guangzhou. The Advertising Company has entered into an exclusive cooperation agreement with 粵港信息日報 which is controlled by the Yangcheng Evening News Group. Yangcheng Evening News Group publishes the Yangcheng Evening Newspaper, a popular newspaper publication in the Guangzhou area. The said agreements will be instrumental in the development of a print publication specialising in recruitment advertising to be distributed in Guangzhou and Shenzhen. It also marks the Group's first initiative in developing its Internet-backed-by-print recruitment advertising solution in the PRC.

In September 2000, PandaPlanet opened an office in Guangzhou ("the Guangzhou office") to handle the sales and marketing operation in Guangzhou. The Directors believe the Guangzhou office will begin to generate recruitment-advertising revenue in the 1st Quarter of 2001.

Under an agreement with Naihui Information Network Company Limited, PandaPlanet is currently developing a website hosted within the PRC ("the PandaPlanet PRC site") featuring the brand and contents of PandaPlanet.com in addition to information specific to the PRC environment. The PandaPlanet PRC site will form the Internet arm of the Group's Internet-backed-by-print solution offered to recruitment advertisers in the PRC.

THREE QUARTERS 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 nine months ended 30th September 2000 together with the comparative unaudited figures for the corresponding period in 1999 as follows:-

	Notes	Three months ended 30th September		Nine months ended 30th September	
		2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Turnover	2	40,389	20,610	99,953	51,419
Other revenue		903	1,345	2,763	2,816
Raw materials and consumables used		(5,027)	(1,985)	(15,530)	(8,050)
Printing costs		(7,293)	(4,942)	(20,016)	(10,714)
Content/Website development costs		(1,330)	(639)	(2,982)	(1,572)
Depreciation of property, plant and equipment		(2,058)	(1,279)	(3,870)	(3,630)
Staff costs		(15,111)	(7,630)	(30,050)	(16,438)
Advertising and promotion expenses		(3,235)	(9)	(10,643)	(88)
Other operating expenses		<u>(10,896)</u>	<u>(2,847)</u>	<u>(25,314)</u>	<u>(10,467)</u>
(Loss) / Profit from operations		(3,658)	2,624	(5,689)	3,276
Finance costs		(172)	-	(184)	(3)
Share of results of associates		<u>(72)</u>	<u>32</u>	<u>(6,368)</u>	<u>1,123</u>
(Loss) / Profit before taxation		(3,902)	2,656	(12,241)	4,396
Taxation	3	<u>(255)</u>	<u>(555)</u>	<u>(1,094)</u>	<u>(769)</u>
(Loss) / Profit attributable to shareholders		<u>(4,157)</u>	<u>2,101</u>	<u>(13,335)</u>	<u>3,627</u>
Earnings / (Loss) per share					
- Basic (cents)	4	<u>(0.39)</u>	<u>0.49</u>	<u>(1.87)</u>	<u>0.84</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 "Prospectus"). 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 are consistent with the accounting policies set out in the Prospectus.

2. Turnover

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

3. Taxation

	Three months ended 30th September		Nine months ended 30th September	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
The charge comprises:-				
Provision for Hong Kong Profits Tax attributable to the Company and its subsidiaries	(255)	(433)	(604)	(463)
Share of taxation attributable to associate	<u>-</u>	<u>(122)</u>	<u>(490)</u>	<u>(306)</u>
	<u>(255)</u>	<u>(555)</u>	<u>(1,094)</u>	<u>(769)</u>

Hong Kong Profits Tax has been provided at the rate of 16% on the estimated assessable profits.

4. Earnings/(Loss) per share

The calculation of the basic loss per share for the three months and the nine months ended 30th September 2000 is based on the respective

unaudited consolidated loss attributable to shareholders of HK\$4,157,000 and HK\$13,335,000 (1999: unaudited consolidated profit of HK\$2,101,000 and HK\$3,627,000) and on the weighted average number of 1,075,051,174 and 711,297,601 (1999: 432,280,940 and 432,280,940) shares 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 nine months ended 30th September 2000 and the corresponding periods in 1999, no diluted earnings/(loss) 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 reserves

	Three months ended 30th September		Nine months ended 30th September	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Merger reserve				
Addition	-	-	(43,897)	-
Capital Reserve				
Balance carried forward	-	-	2,361	-
Addition	-	-	11,079	-
Balance brought forward	-	-	13,440	-
Share Premium				
Addition	40,729	-	40,729	-

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.

The increase in capital reserve was resulted when the Company acquired a subsidiary under the Reorganisation on 24th May 2000.

The share premium on new shares issues after shares issued expenses was resulted when the Company issued new shares in July 2000. Details of the issues of shares are set out in the Prospectus.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SECURITIES

As at 30th September 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 30th September 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 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 September 2000, the Company had not granted any option under the Company's share option scheme.

As at 30th September 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 30th September 2000, 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 (Note 1)	171,459,000
Shui Sing Holdings Limited (Note 2)	331,140,000
Shui Sing (BVI) Limited (Note 2)	331,140,000
Great Eagle Holdings Limited (Note 2)	331,140,000
Jolly Trend Limited (Note 2)	331,140,000
The Great Eagle Company, Limited (Note 2)	331,140,000
Century Faith Investment Limited (Note 2)	331,140,000
Publigroupe Limited (Note 3)	264,912,000
Publi Promotion Network Asia Holdings Limited (Note 3)	264,912,000
Jean Claude Decaux (Note 4)	117,745,000
Danielle Decaux (Note 4)	117,745,000
Jean Charles Decaux (Note 4)	117,745,000
Jean Sebastien Decaux (Note 4)	117,745,000
Jean Francois Decaux (Note 4)	117,745,000
Robert Caudron (Note 4)	117,745,000
JC Decaux International (Note 4)	117,745,000
Decaux S. A. (Note 4)	117,745,000
JC Decaux Communication (T) (Note 4)	117,745,000
JC Decaux Asia (S) Pte Ltd. (Note 4)	117,745,000
Avenir (Note 4)	117,745,000
United Communication Limited (Note 4)	117,745,000
JC Decaux Pearl & Dean Limited (Note 4)	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, its directors, employees and associates were not interested in the shares of the Company as at 30th September 2000.

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 20th July 2000 to 30th September 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 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 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 30th September 2000.

By Order of the Board
Law Kwong Wah
Company Secretary

Hong Kong, 9th November 2000