



PANDA-RECRUIT LIMITED

(Incorporated in the Cayman Islands with limited liability)

2002 *Half-Yearly Report*



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 reports 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 “Directors”) 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

- For the six months ended 30th June 2002, the Group recorded a net loss attributable to shareholders of HK\$7,252,000, a significant improvement of 74.8% when compared with the loss of HK\$28,756,000 recorded in the same period last year. Earnings before interest, taxes, depreciation and amortization ("EBITDA") for the six months ended 30th June 2002 recorded a loss of HK\$2,519,000, a 88.8% improvement over the same period last year (2001: loss of HK\$22,482,000).
- The Group's recruitment advertising revenue for the first six months of 2002 declined by 47.1% when compared with the same period last year. According to the Group's estimates, the overall recruitment market declined by 49.5% in the first six months of 2002 when compared to the same period of 2001.
- The Group recorded a significant increase in the number of customers in its database during the first six months of 2002 when compared with the same period last year. In Hong Kong, the job-seeker database increased by 26.8% to 236,760, while the advertiser database rose by 6.8% to 54,784 during this period. Pageviews of Pandaplanet.com rose by 18.6% to 1.72 million per week. The Group's database in the website, pp11.com, in the People's Republic of China (the "PRC"), recorded 173,314 job seekers as at 30th June 2002.
- The Group's turnover for the 2nd quarter of 2002 was HK\$22,191,000 and for the six months ended 30th June 2002 was HK\$40,567,000, decreases of 29.2% and 37.7% compared to the same periods of 2001 respectively.
- The Group recorded a net profit attributable to shareholders of HK\$756,000 for the 2nd quarter of 2002, compared with a loss of HK\$10,630,000 recorded in the same period last year. This result was achieved through stringent cost control as Hong Kong continued to suffer a shrinkage of the recruitment market.
- Following the expiry of the exclusive distribution agreement with the MTR Corporation Limited ("MTRC Agreement") on 2nd July 2002, the Group began distribution of *Recruit* for free at newsstands throughout Hong Kong; six major Kowloon-Canton Railway stations; selected 7-Eleven and Circle K convenience stores; and Discovery Bay ferry terminals.
- Initial results indicated that the change in distribution network together with an improvement in editorial content were well received. As reported by our distributor and distribution channels, readers had taken the majority of copies by the afternoon of the distribution date.

- The Group has taken measures to reduce expenses to cope with the current economic downturn. However, marketing costs associated with the launch of "Recruit above-ground", together with the costs of a higher circulation and enhancement in editorial content, will have an immediate negative effect on the Group's results.
- The directors do not recommend the payment of an interim dividend for the six months ended 30th June 2002.

FINANCIAL AND OPERATIONAL SUMMARY

	For the six months ended			
	30th June 2002	30th June 2001	Increase/ (Decrease)	
Turnover (HK\$'000)	40,567	65,086	(24,519)	(37.7%)
EBITDA (HK\$'000)	(2,519)	(22,482)	19,963	88.8%
Loss attributable to shareholders (HK\$'000)	(7,252)	(28,756)	21,504	74.8%
Basic loss per share (HK cents)	(0.64)	(2.56)	1.92	75.0%
No. of printed pages – <i>Recruit</i> (Hong Kong)	6,432	8,820	(2,388)	(27.1%)
Average weekly pageviews – Pandaplanet.com (million)	1.72	1.45	0.27	18.6%
	As at 30th June 2002	As at 30th June 2001	Increase	
No. of advertisers in database				
– Hong Kong – recruitment advertisers	49,833	47,196	2,637	5.6%
– non-recruitment advertisers	4,951	4,086	865	21.2%
– Guangzhou	15,960	7,095	8,865	124.9%
No. of job-seeker members in database				
– Hong Kong	236,760	186,659	50,101	26.8%
– Guangzhou	173,314	94,357	78,957	83.7%

FINANCIAL RESULTS COMPARISON BY QUARTERLY PERIODS

	2nd Quarter 2002	1st Quarter 2002	4th Quarter 2001	3rd Quarter 2001	2nd Quarter 2001
Turnover (HK\$'000)	22,191	18,376	15,144	26,113	31,362
Profit (Loss) attributable to shareholders (HK\$'000)	756	(8,008)	(19,221)	(10,464)	(10,630)

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overall Results

For the six months ended 30th June 2002, the Group recorded a net loss attributable to shareholders of HK\$7,252,000, a significant improvement of 74.8% when compared with the loss of HK\$28,756,000 recorded in the same period last year. EBITDA for the six months ended 30th June 2002, recorded a loss of HK\$2,519,000, an 88.8% improvement over the same period last year (2001: loss of HK\$22,482,000).

The Group recorded a net profit attributable to shareholders of HK\$756,000 for the 2nd quarter of 2002, compared with a loss of HK\$10,630,000 recorded in the same period last year. This result was achieved through stringent cost control as Hong Kong continued to suffer a shrinkage of the recruitment market. The Group's turnover for the 2nd quarter of 2002 was HK\$22,191,000 and for the six months ended 30th June 2002 was HK\$40,567,000; decreases of 29.2% and 37.7% respectively when compared to the same periods of 2001.

Financial Position

As at 30th June 2002, the Group had current assets of HK\$38.6 million, out of which an amount of HK\$18 million was cash. Net current assets amounted to approximately HK\$16 million.

As at 30th June 2002, the Group had short-term banking facilities of HK\$7 million, secured with a HK\$2 million deposit. The Group seldom utilized its banking facilities during the period under review and did not have any long-term debts. Furthermore, other than the above pledged deposit, the Group did not have any charge over its assets.

As mentioned in the Prospectus of the Company dated 11th July 2000 and the 2000 and 2001 Annual Reports of the Company, additional funding may be required to achieve the business objectives of the Group up to the end of year 2002. The timing and amount of additional funding will depend on the performance of and cash generated from the Hong Kong operations, and capital market conditions.

Investment and Financial Assistance

The Group has investment in an associated company – PPG Investments Limited (“PPGI”) – and provided financial assistance to PPGI since 2000. The principal activity of PPGI is investment in a printing group. As at 30th June 2002, the costs of investment made and the amount of financial assistance provided by the Group stood at approximately HK\$2,002,000 and HK\$16,022,000 respectively. The financial assistance is made in proportion to the Group’s 20 per cent equity interest in PPGI and is unsecured, interest free and there is no fixed term of repayment. The Group had made impairment losses on interests in PPGI of HK\$5,778,000 in aggregate. The Directors believe that neither material positive contribution from the associated company nor recovery of any impairment losses already made is likely in the foreseeable future.

The Group does not have any concrete plans for material investments or capital assets in the near future. It did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the period under review.

Segment Information

The Group’s operations in Hong Kong and in the PRC suffered losses of approximately HK\$2 million and HK\$3 million respectively in the first six months of 2002. The loss from the Hong Kong operations was attributed to the downturn of the recruitment market, which was affected by the weakening local economy. The loss from the PRC operations was primarily attributed to the operation of the website “pp11.com”. In February 2002, the Group terminated the print publication project in Guangzhou but maintained recruitment services throughout the PRC through pp11.com. The operating cost of pp11.com was reduced to about HK\$130,000 per month.

Capital Structure

The shares of the Company were listed on the GEM of the Stock Exchange on 20th July 2000. There has been no change in the capital structure of the Company since that date.

Use of Proceeds

The Group raised, after deduction of issuing expenses, approximately HK\$53 million, through shares issued before the Initial Public Offer and in the placement and public offer in July 2000. All the proceeds were utilized in 2001.

Exposure to Fluctuations in Exchange Rates

The Group did not hold any material foreign currency monetary assets and liabilities as at 30th June 2002.

Others

The Group had no gearing, defined as long-term debt to equity, as at 30th June 2002.

The Group did not have any outstanding hedging instruments and material contingent liability as at 30th June 2002.

EMPLOYEES

The total number of full-time employees of the Group was 88 as at 30th June 2002 (2001: 168). The Group remunerated its employees on the basis of performance, experience, and the prevailing industry practice. In addition to salaries, benefits included double pay, medical insurance and provident fund schemes.

BOARD PRACTICES AND PROCEDURES

During the period under review, the Company was in compliance with the Board Practices and Procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules.

BUSINESS REVIEW

A summary of the Group's business activities conducted in the first six months of 2002 is given below.

Hong Kong Operations

The Hong Kong operations continued to serve as the backbone of the Group, providing multi-media recruitment and career services to both job seekers and advertisers. In particular, *Recruit* and Pandaplanet.com constituted the Group's Internet-backed-by-print recruitment-advertising solution. *Recruit*, a bilingual recruitment-advertising publication targeting white-collar job seekers, was distributed free in Mass Transit Railway stations in Hong Kong every Friday and Monday. Pandaplanet.com provided full and exclusive online-recruitment service support to *Recruit*.

Due to the contraction of the overall economy in Hong Kong, the recruitment market remained subdued during the period under review. For the six months ended 30th June 2002, the Hong Kong operations recorded a decline in recruitment advertising revenue of 47.1% compared with the same period of 2001. However, despite the negative economic climate, the Hong Kong operations continued to experience significant growth of non-recruitment advertising revenue, registering a 7.0% increase over the corresponding period of 2001.

In the first six months of 2002, the Hong Kong operations launched a series of marketing and advertising activities to strengthen the brand value of *Recruit* and Pandaplanet.com and to attract new advertisers and job seekers and cultivate customer loyalty to *Recruit* and Pandaplanet.com. These activities included new television commercials; print and online advertising; a movie gala event; participation in the Education and Careers Expo 2002 and joint-promotional activities with universities; and sponsorship of the HKMA Training Award 2002 programme. The Group also continued to increase its online visibility by expanding Pandaplanet.com's presence through online partnership.

As at 30th June 2002, the total number of job seekers registered with both *Recruit* and Pandaplanet.com reached 236,760, representing an increase of 26.8% over the corresponding period of 2001. In addition, a total of 88,138 registered members submitted resumes for job-seeking purposes, representing a 26.4% increase in the same period over 2001.

The Group continued to improve the matching accuracy and shorten the response time of its candidate/job-matching service. In the first six months of the year, demand for this service remained at around 48%, reflecting its continued popularity. The advertiser database continued to grow, registering a total of 54,784 recruitment and display advertisers as at 30th June 2002, marking an increase of 6.8% when compared with the total number of advertisers as at 30th June 2001.

With regard to product development, Pandaplanet.com underwent a site revamp in the first six months of 2002. The improved design, structure and contents resulted in an increase of pageviews. The average number of pageviews reached 1.72 million per week in the first six months of 2002, representing an increase of 18.6% over the same period of 2001.

As disclosed in the Company's Prospectus dated 11th July 2000, the MTRC Agreement would expire on 2nd July 2002. The Group received an invitation to tender from the MTR Corporation Limited regarding the said exclusive distribution right and submitted tender accordingly. On 18th March 2002, the MTR Corporation Limited announced that upon expiry of the MTRC Agreement, the exclusive right to distribute a recruitment publication at MTR stations would be granted to a party other than the Group. Following the expiry of the MTRC Agreement, the Group began distribution of *Recruit* for free on 5th July 2002 at newsstands throughout Hong Kong; six major Kowloon-Canton Railway stations; selected 7-Eleven and Circle K convenience stores; and Discovery Bay ferry terminals, with increased circulation. Initial results indicated that the change in distribution network together with an improvement in editorial content were well received. As reported by our distributor and distribution channels, readers had taken the majority of copies by the afternoon of the distribution date.

The Group has developed *Friday* and *Tuesday Recruit* into two distinctly different publications, the former appealing to a general white-collar, middle-class audience and the latter to a female readership. In addition to the recruitment advertising income, the Group expects non-recruitment advertising to form a separate significant stream of income.

Central magazine, published by the Group ceased publication in its original format of a monthly magazine in July 2002. Instead, the contents of the magazine were published in *Recruit* to enhance *Recruit's* attraction to readers. The Group estimated that there is no material financial impact on the Group as a result of the change.

PRC Operations

The Group terminated its print publication project in Guangzhou on 8th February 2002 in view of contracted market revenue. However, recruitment services will continue to be available throughout the PRC through the website "pp11.com".

The Group will also continue to provide service through the Internet operation of pp11.com, as it remains a cornerstone of the future development of the Group's plans in the PRC. The registration of potential job seekers and recruitment advertisers throughout the PRC will remain a major objective of its operation. As at 30th June 2002, the PRC website had registered a total of 173,314 members of which 86,518 had submitted resumes for job-seeking purposes. Meanwhile, a total of 15,960 recruitment advertisers had registered for recruitment purposes.

PROGRESS AGAINST BUSINESS OBJECTIVES

We 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 2002 to 30th June 2002

	Business Objectives from 1st January 2002 to 30th June 2002	Actual Progress from 1st January 2002 to 30th June 2002
Content Development	To continue content enhancement on Pandaplanet.com.	More than 500 English and Chinese articles were added to Pandaplanet.com.
	To increase the number of service modules for Pandaplanet.com.	Central.com.hk, the website of <i>Central</i> magazine, was enhanced and incorporated into Pandaplanet.com.
e-commerce Development	To continue further development of online training courses.	Feasibility studies into online training courses were conducted and the result was found to be unfavourable. Thus, the Group decided to postpone online training development.

	Business Objectives from 1st January 2002 to 30th June 2002	Actual Progress from 1st January 2002 to 30th June 2002
Resources Development	To continue to expand staff force in major PRC cities.	To reserve resources for the Group's Hong Kong operations, the Group adjusted its strategy in the PRC and the number of staff for the PRC operations was reduced to 4, all stationed in the PRC.
Sales and Marketing	To discuss with the MTRC on the renewal of the MTRC agreement.	Following the expiry of the MTRC Agreement, the Group began distribution of <i>Recruit</i> for free at newsstands throughout Hong Kong; six major Kowloon-Canton Railway stations; selected 7-Eleven and Circle K convenience stores; and Discovery Bay ferry terminals.
	To conduct feasibility study on alternative distribution channels.	Upon consideration of the results of a series of surveys among customers, the Group commenced distributing <i>Recruit</i> via a combined network of newsstands, convenience stores, KCR stations and Discovery Bay ferry terminals on 5th July 2002.
	To use advertising campaigns to maintain brand awareness.	Launched new television commercials and promoted brand awareness through print and online advertising.

	Business Objectives from 1st January 2002 to 30th June 2002	Actual Progress from 1st January 2002 to 30th June 2002
	To continue tactical programmes to increase the number of recruitment advertisers and job seekers.	Expanded job-seeker database through participation in Education and Careers Expo 2002 and promotional activities with universities.
Acquisitions, joint ventures and alliances	To continue to develop strategic alliances with PRC and overseas business partners.	Due to unfavourable market conditions, the Group decided to suspend developing overseas strategic alliances.

PROSPECTS

Following the expiry of the MTRC Agreement on 2nd July 2002, the Group began distribution of *Recruit* for free at newsstands throughout Hong Kong; six major Kowloon-Canton Railway stations; selected 7-Eleven and Circle K convenience stores; and Discovery Bay ferry terminals.

In keeping with the move to a new distribution network, *Recruit* underwent significant revamping of both design and content. *Friday Recruit's* editorial mix was diversified with the addition of articles related to news and current affairs. Its career section was strengthened by the addition of the content of the Group's monthly careers magazine, *Central*, which has been published weekly together with *Friday Recruit* since 5th July 2002. The design of *Friday Recruit* was also revamped to match its new content direction.

Meanwhile, *Monday Recruit* became *Tuesday Recruit*, with its publication date changed accordingly. The publication underwent extensive revamping of both content and design to create a strong appeal to a white-collar, middle-class female readership. *Tuesday Recruit's* content mix was enhanced with the inclusion of articles on current issues and interests relevant to its target readership. The publication was redesigned in accordance with the changes to its content.

The new direction of the respective content mixes of the two *Recruit* publications meets the need of Hong Kong's middle-class, white-collar Chinese readership for an accurate, relevant information source. The diverse personalities of the revamped weekly titles have broadened *Recruit's* appeal and at the same time ensured that the Group's core identity – recruitment and career building – remains strong and intact.

Tactical promotional activities were carried out to inform *Recruit* readers that the Group would continue to distribute *Recruit* for free at high-traffic points throughout Hong Kong after 2nd July 2002. These activities included open letters to the public, a readers' contest, an advertising campaign on *Recruit's* front covers, a press conference, press releases, new television commercials, radio and bus advertising and a communication campaign targeted at advertisers, which drew positive feedback from both readers and advertisers. During the period, visits were paid to selected loyal and potential advertisers to introduce new *Recruit* and strengthen relationship with clients. The Group will continue to implement a variety of promotional activities throughout the year to sustain public awareness.

The Group has taken measures to reduce expenses to cope with the current economic downturn. However, marketing costs associated with the launch of "*Recruit* above-ground", together with a higher circulation and enhancement in editorial content, will have an immediate negative effect on the Group's results. Looking ahead, the Group does not expect the recruitment market to show any significant improvement in the remainder of 2002.

The Group believes that the improvements made to the editorial content of *Recruit* and the increase in circulation will bring additional value to advertisers and readers alike and improve the Group's financial prospects.

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of the Company presents the condensed consolidated interim financial statements of the Group for the six months ended 30th June 2002 together with the comparative unaudited figures for the corresponding period in 2001 as follows. The condensed consolidated interim financial statements have not been audited but have been reviewed by the Company's audit committee.

Unaudited Condensed Consolidated Income Statement

	Note	Three months ended 30th June		Six months ended 30th June	
		2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Turnover	2	22,191	31,362	40,567	65,086
Other revenue		283	580	514	1,830
Raw material and consumables used		(2,642)	(5,662)	(5,394)	(11,590)
Printing cost		(3,899)	(6,006)	(7,451)	(12,427)
Content and website development costs		(770)	(1,117)	(1,620)	(2,680)
Depreciation		(1,628)	(2,320)	(3,666)	(4,998)
Staff costs		(6,961)	(12,918)	(15,409)	(26,134)
Advertising and promotion expenses		(227)	(3,032)	(3,404)	(14,128)
Other operating expenses	3	(5,165)	(10,992)	(10,322)	(22,439)
Profit (Loss) from operations		1,182	(10,105)	(6,185)	(27,480)
Finance costs		-	(1)	-	(1)
Impairment loss in respect of loans to an associate		(426)	-	(1,067)	-
Share of results of an associate		-	(538)	-	(1,275)
Profit (Loss) before taxation	4	756	(10,644)	(7,252)	(28,756)
Taxation	5	-	14	-	-
Net Profit (Loss) for the period		756	(10,630)	(7,252)	(28,756)
Earnings (Loss) per share					
- Basic (HK cents)	6	0.07	(0.94)	(0.64)	(2.56)

Condensed Consolidated Balance Sheet

		Unaudited As at 30th June 2002		Audited As at 31st December 2001	
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-Current Assets					
Property, plant and equipment	7		5,938		9,592
Interests in an associate			12,246		13,313
			18,184		22,905
Current Assets					
Inventories – costs		1,244		1,125	
Trade and other receivables	8	18,944		15,126	
Amounts due from related companies		108		124	
Tax recoverable		270		270	
Pledged bank deposits	9	2,000		5,000	
Bank balances and cash		16,011		14,808	
		38,577		36,453	
Current Liabilities					
Trade payables	10	107		–	
Other payables and accruals		17,070		14,952	
Amount due to a related company	10	5,613		3,183	
		22,790		18,135	
Net Current Assets					
			15,787		18,318
Total Assets Less Current Liabilities					
			33,971		41,223
Capital and Reserves					
Share capital			56,250		56,250
Share premium and reserves			(22,279)		(15,027)
			33,971		41,223

Unaudited Condensed Cash Flow Statement

	For the six months ended 30th June	
	2002	2001
	HK\$'000	HK\$'000
Net cash used in operating activities	(1,858)	(25,601)
Net cash generated from (used in) investing activities	3,061	(2,790)
Net increase (decrease) in cash and cash equivalents	1,203	(28,391)
Cash and cash equivalents at the beginning of the period	14,808	45,271
Cash and cash equivalents at the end of the period	16,011	16,880
Analysis of balances of cash and cash equivalent		
Bank balances and cash	16,011	16,880

Unaudited Condensed Statement of Changes in Equity

	Share Capital	Share Premium	Exchange Reserve	Merger Reserve	Goodwill Reserve	Accumulated Losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2002							
At 1st January	56,250	40,774	5	(43,897)	13,440	(25,349)	41,223
Loss for the period	-	-	-	-	-	(7,252)	(7,252)
At 30th June	56,250	40,774	5	(43,897)	13,440	(32,601)	33,971
2001							
At 1st January	56,250	40,774	3	(43,897)	13,440	33,092	99,662
Exchange difference	-	-	9	-	-	-	9
Loss for the period	-	-	-	-	-	(28,756)	(28,756)
At 30th June	56,250	40,774	12	(43,897)	13,440	4,336	70,915

Notes to Condensed Consolidated Interim Financial Statements

1) Principal Accounting Policies

The principal accounting policies adopted in preparing the consolidated interim financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31st December 2001 except as described below.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of the GEM Listing Rules of the Stock Exchange and with Statement of Standard Accounting Practice ("SSAP") No. 2.125 "Interim Financial Reporting".

In the current period, the Group has adopted, for the first time, a number of new and revised SSAPs issued by the Hong Kong Society of Accountants. Adoption of these SSAPs does not have any significant effect on current or prior periods' financial statements.

2) Turnover

	Three months ended 30th June		Six months ended 30th June	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Recruitment Advertising Income	15,330	24,135	27,299	51,609
Non-Recruitment Advertising Income	6,647	6,412	12,733	11,903
Publication Sales	124	220	322	413
Publishing Income	90	105	197	275
Service Income	-	490	16	886
	22,191	31,362	40,567	65,086

3) Other Operating Expenses

	Three months ended 30th June		Six months ended 30th June	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Computer expenses	(681)	(1,207)	(1,226)	(2,138)
Rental expenses	(945)	(1,502)	(2,126)	(2,863)
Selling and distribution expenses	(1,833)	(2,894)	(2,939)	(6,531)
Administrative and other expenses	(1,706)	(5,389)	(4,031)	(10,907)
	(5,165)	(10,992)	(10,322)	(22,439)

4) Profit (Loss) Before Taxation

Profit (Loss) before taxation has been arrived at after charging:

	Three months ended 30th June		Six months ended 30th June	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Allowance for doubtful debts	363	190	524	319
Loss on disposal of property, plant and equipment	-	178	-	178
Operating leases rental in respect of Rented premises	718	1,260	1,637	2,309
Website hosting	83	333	333	833
Internet access line	219	276	465	601
Interest paid on bank overdraft	-	1	-	1

5) Taxation

The tax credit for the three months ended 30th June 2001 represents the write-back of tax provision made in the first quarter of 2001. No provision of Hong Kong Profits Tax and Peoples' Republic of China ("PRC") income tax is provided in the condensed consolidated interim financial statements as the Company and its subsidiaries incurred a tax loss or the assessable profit is wholly absorbed by tax losses brought forward during the period.

6) Earnings (Loss) Per Share

The calculation of the basic earnings (loss) per share for the three months and the six months ended 30th June 2002 is based on the respective unaudited consolidated profits of HK\$756,000 and loss of HK\$7,252,000 (2001: loss of HK\$10,630,000 and HK\$28,756,000) and on the respective 1,125,000,000 and 1,125,000,000 (2001: 1,125,000,000 and 1,125,000,000) ordinary shares in issue during the period.

As there were no potential ordinary shares outstanding during the three months and the six months ended 30th June 2002 and the corresponding periods in 2001, no diluted loss per share is presented.

7) Property, Plant and Equipment

	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Leasehold improvements HK\$'000	Computer equipment and systems HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Costs						
At 1st January 2002	4,553	4,024	9,048	37,039	233	54,897
Additions	-	-	-	12	-	12
Disposals	-	-	-	(12)	-	(12)
At 30th June 2002	4,553	4,024	9,048	37,039	233	54,897
Accumulated Depreciation						
At 1st January 2002	(4,322)	(3,521)	(8,796)	(28,448)	(218)	(45,305)
Provided for the period	(46)	(172)	(251)	(3,182)	(15)	(3,666)
Eliminated on disposals	-	-	-	12	-	12
At 30th June 2002	(4,368)	(3,693)	(9,047)	(31,618)	(233)	(48,959)
Net Book Values						
As at 30th June 2002	185	331	1	5,421	-	5,938
As at 31st December 2001	231	503	252	8,591	15	9,592

8) Trade and Other Receivables

The Group allows a credit period from 15 days to 120 days for its trade customers.

The following is an aged analysis of trade receivables:

	As at 30th June 2002 HK\$'000	As at 31st December 2001 HK\$'000
Aged analysis		
0 – 60 days	10,851	6,908
61 – 120 days	4,665	3,563
> 120 days	1,438	2,896
<hr/>		
Total trade receivables	16,954	13,367
Other receivables	1,990	1,759
<hr/>		
	18,944	15,126

9) Pledged Bank Deposits

During the period under review, the Group cancelled credit facilities granted from a bank. Accordingly, HK\$3 million bank deposit pledged against such facilities was released.

10) Aged Trade Payables Analysis

The amount due to a related company represents trade balance with Premier Printing Group Limited ("PPG").

The following is an aged analysis of trade payables:

	As at 30th June 2002 HK\$'000	As at 31st December 2001 HK\$'000
Aged analysis		
Trade payables with PPG		
0 – 60 days	2,756	2,246
61 – 120 days	2,489	937
> 120 days	368	–
<hr/>		
	5,613	3,183
Trade payables with third party		
0 – 60 days	107	–
<hr/>		
Total trade payables	5,720	3,183

11) Segment Information (Unaudited)

An analysis of the Group's revenue and results for the period by geographical segment is as follows:

For the six months ended 30th June 2002

	Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue				
External revenue	40,830	178	–	41,008
Inter-segment revenue	417	212	(629)	–
Total	41,247	390	(629)	41,008

Inter-segment sales are charged at market price or at cost

Result				
Segment result	(2,421)	(3,206)		(5,627)
Interest income				73
Unallocated corporate expenses				(631)
Loss from operations				(6,185)
Impairment loss in respect of loans to an associate				(1,067)
Loss before taxation				(7,252)
Taxation				–
Net loss for the period				(7,252)

For the six months ended 30th June 2001

	Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue				
External revenue	65,447	886	–	66,333
Inter-segment revenue	2,243	–	(2,243)	–
Total	67,690	886	(2,243)	66,333

Inter-segment sales are charged at market price or at cost

Result				
Segment result	(4,636)	(22,919)		(27,555)
Interest income				704
Unallocated corporate revenue				361
Unallocated corporate expenses				(990)
Loss from operations				(27,480)
Finance costs				(1)
Share of results of an associate				(1,275)
Loss before taxation				(28,756)
Taxation				–
Net loss for the period				(28,756)

12) Interim Dividend

The Directors do not recommend the payment of an interim dividend for the period (2001: Nil).

13) Related Party Transactions

The Group entered into the following transactions with related parties:

		Six months ended 30th June	
		2002 HK\$'000	2001 HK\$'000
Related company JC Decaux Pearl & Dean Limited (<i>note a</i>)	Publishing income	-	9
	Service income	-	653
PPG (<i>note b</i>)	Publishing income	-	4
	Rental income	130	249
	Printing cost	7,443	12,706
	Storage charge	180	191
Prime Author Limited (<i>note c</i>)	Rental income	-	78
Sit, Fung, Kwong & Shum (<i>note d</i>)	Legal fee	111	326

Notes:

- JC Decaux Pearl & Dean Limited is a shareholder of the Company.
- PPG was an associate of the Group upto 31st March 2000. On 31st March 2000, PPG was restructured and became an associate of PPG investments Limited, an associate of the Group. Dr. Lo Ka Shui, Mr. Chow Yung and Ms Ifan Chan have beneficial interests in PPG.
- Mr. Chow Yung and Ms Ifan Chan have beneficial interests in Prime Author Limited.
- Mr. Sit Kien Ping, Peter, is a senior partner of Sit, Fung, Kwong & Shum.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SECURITIES

As at 30th June 2002, 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
Barrie Calvert Goodridge	650,000	Nil	Nil	Nil	650,000
Peter Stavros					
Patapios Christofis	650,000	Nil	Nil	Nil	650,000
Adrian Lee Ching Ming	Nil	500,000 [#]	Nil	Nil	500,000

[#] The shares are beneficially owned by the wife of Mr. Adrian Lee Ching Ming. Mr. Adrian Lee Ching Ming, a non-executive director of the Company is only deemed to be interested in the said shares under S31 of the Securities (Disclosure of Interests) Ordinance.

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 subsidiaries, to subscribe for shares in the Company.

As at 30th June 2002, the Company had not granted any option under the Company's share option scheme.

As at 30th June 2002, 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 2002, 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>	220,760,000
Shui Sing (BVI) Limited <i>(Note 2)</i>	220,760,000
Great Eagle Holdings Limited <i>(Note 2)</i>	220,760,000
Jolly Trend Limited <i>(Note 2)</i>	220,760,000
The Great Eagle Company, Limited <i>(Note 2)</i>	220,760,000
Lo Ka Shui <i>(Note 2 & 3)</i>	222,260,000
Publigroupe Limited <i>(Note 4)</i>	264,912,000
Publicitas Asia Holdings Limited (formerly Publi Promotion Network Asia Holdings Limited) <i>(Note 4)</i>	264,912,000
Jean Claude Decaux <i>(Note 5)</i>	117,745,000
Danielle Decaux <i>(Note 5)</i>	117,745,000
Jean Charles Decaux <i>(Note 5)</i>	117,745,000
Jean Sebastien Decaux <i>(Note 5)</i>	117,745,000

Name	Number of Shares
Jean Francois Decaux <i>(Note 5)</i>	117,745,000
Robert Caudron <i>(Note 5)</i>	117,745,000
JC Decaux International <i>(Note 5)</i>	117,745,000
Decaux S. A. <i>(Note 5)</i>	117,745,000
JC Decaux Communication (T) <i>(Note 5)</i>	117,745,000
JC Decaux Asia (S) Pte Ltd. <i>(Note 5)</i>	117,745,000
Avenir <i>(Note 5)</i>	117,745,000
United Communication Limited <i>(Note 5)</i>	117,745,000
JC Decaux Pearl & Dean Limited <i>(Note 5)</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. Each of Shui Sing Holdings Limited, Shui Sing (BVI) Limited, Great Eagle Holdings Limited and Jolly Trend Limited are deemed to be interested in the 220,760,000 shares of the Company owned by The Great Eagle Company, limited pursuant to Section 8 of the SDI Ordinance.
3. Of these Shares, 220,760,000 shares are duplicated in the interest described in Note 2, as The Great Eagle Company, Limited, is a wholly-owned subsidiary of Great Eagle Holdings Limited. Dr. Lo Ka Shui was interested and /or deemed to be interested in the issued share capital of Great Eagle Holdings Limited. In addition, Dr. Lo Ka Shui had personal interest in 1,500,000 shares of the Company.
4. Publigroupe limited is the holding company of Publicitas 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 Publicitas Asia Holdings Limited.
5. 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.

SPONSORS' INTEREST

To the best knowledge of ING Bank N.V. ("ING Bank"), the Company's sponsor, ING Bank, its directors, employees or associates did not hold any shares of the Company as at 30th June 2002.

ING Bank has entered into a sponsorship agreement with the Company whereby, for a fee, ING Bank will act as the Company's continuing sponsor for the purpose of Chapter 6 of the GEM Listing Rules until 31st December 2002.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the period from 1st January 2002 to 30th June 2002, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

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.

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

Publicitas 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 Publicitas Asia Holdings Limited. The Group carries on the business of recruitment advertising and the provision of related services, while the websites and the advertising businesses currently operated by Great Eagle Holdings Limited, JC Decaux Pearl & Dean Limited and Publicitas 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 2002.

By Order of the Board
Law Kwong Wah
Company Secretary

Hong Kong, 13th August 2002