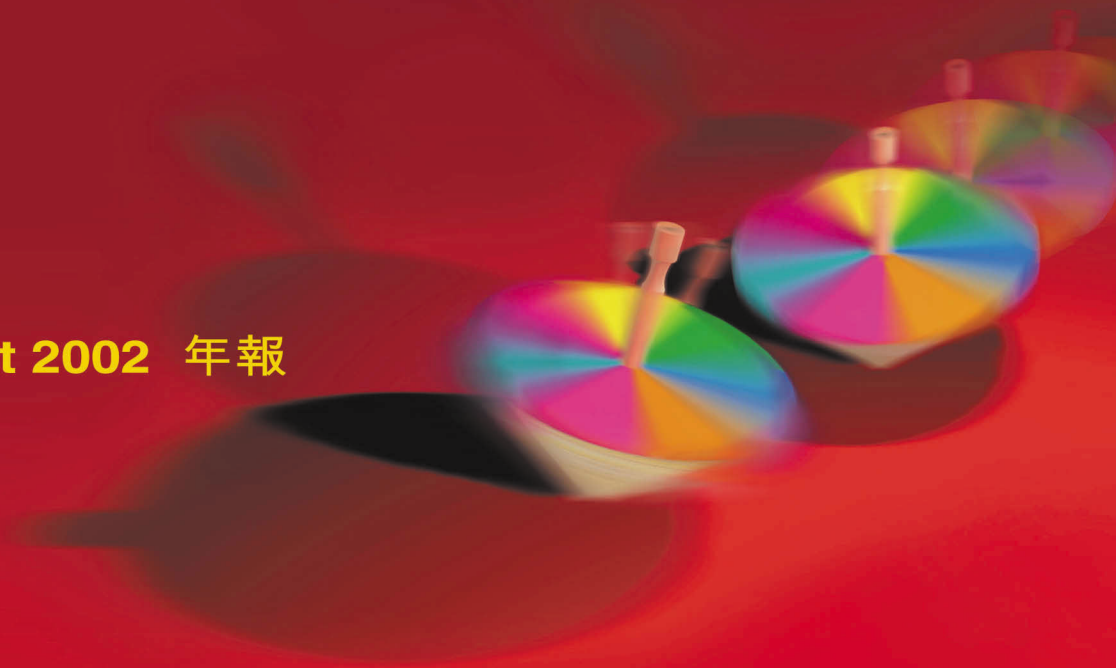


Annual Report 2002 年報



才庫媒體集團有限公司

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.

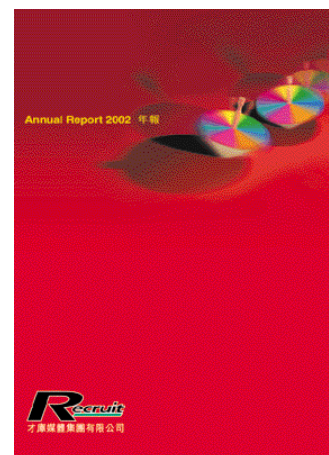
The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the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

The Exchange takes no responsibility for the contents of this annual 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 annual report.

This annual report, for which the directors (the "Directors") of Recruit Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirmed that, to the best of their knowledge and belief: (1) the information contained in this annual 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 annual report misleading; and (3) all opinions expressed in this annual report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Content

Corporate Information	E 02
Chairman Statement	E 03
Progress Against Business Objectives	E 04
Management Discussion and Analysis	E 05
Prospects	E 08
Directors and Senior Management Profile	E 09
Directors' Report	E 11
Auditors' Report	E 20
Consolidation Income Statement	E 21
Consolidation Balance Sheet	E 22
Balance Sheet	E 24
Consolidated Statement of Changes in Equity	E 25
Consolidated Cash Flow Statement	E 26
Notes to the Financial Statements	E 28
Financial Summary	E 57
Notice of Annual General Meeting	E 59



2002 Annual Report

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lau Chuk Kin (Chairman)
Mr. Cheung Wing Hung, Vincent (Managing Director)
Ms Lam Mei Lan

Non-Executive Directors

Mr. Lee Ching Ming, Adrian
Mr. Barrie Calvert Goodridge
Mr. Peter Stavros Patapios Christofis
Mr. Wan Siu Kau

Independent Non-Executive Directors

Mr. Cheung Chun Yuen, Barry
Mrs. Ling Ching Man, Eleanor
Mr. Cheng Ping Kuen, Franco

COMPANY SECRETARY

Ms Lam Mei Lan AHKSA

QUALIFIED ACCOUNTANT

Ms Lam Mei Lan AHKSA

COMPLIANCE OFFICER

Ms Lam Mei Lan AHKSA

AUTHORISED REPRESENTATIVES

Mr. Lau Chuk Kin
Ms Lam Mei Lan

AUDIT COMMITTEE

Mr. Cheung Chun Yuen, Barry
Mrs. Ling Ching Man, Eleanor
Mr. Cheng Ping Kuen, Franco

LEGAL ADVISERS

Richards Butler
20th Floor, Alexandra House, 16-20 Chater Road, Hong Kong

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Citic Ka Wah Bank Limited

SHARE REGISTRARS AND TRANSFER OFFICES

Principal Registrar

Butterfield Fund Services (Bermuda) Limited
65 Front Street, Hamilton, Bermuda

Hong Kong Branch Registrar

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong

REGISTERED OFFICE

Clarendon House, 2 Church Street, Hamilton HM11, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

26th Floor, 625 Queen's Road, North Point, Hong Kong

WEBSITE

www.recruit.com.hk

STOCK CODE

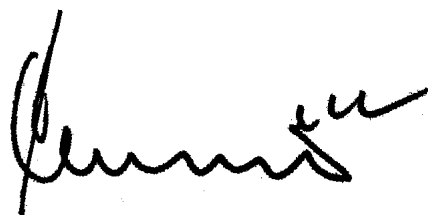
8073

Chairman's Statement

2002 marked the 10th anniversary of the publication of Recruit, the leading free circulation recruitment advertising magazine in Hong Kong. The year also witnessed the continued downturn of the HK economy and the employment market. In October, City Apex Limited, an investment holding company acquired a majority stake in Recruit and assumed management control. Subsequently the Company changed its name to Recruit Holdings Limited to better reflect the nature of its core business.

Over the past 10 years, Recruit has become a household name in the area of recruitment advertising. It is our Company's intention to leverage on this platform to diversify into other areas in the media business in Hong Kong and China. Management is in the process of a comprehensive review of Recruit's competitive advantages and will roll out the programs in the near future.

Initially, the change in Management has caused uncertainty to the existing staff. It is a tribute to the brand and the professionalism of our staff that our flag ship magazine Recruit, continues to maintain its market leading position and its quality standard. To our staff, business associates, advertisers and readers, I extend my sincere gratitude for their understanding and support.



Chairman
Hong Kong, 20th March 2003

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 July 2002 to 31st December 2002.

Business Objectives from 1st July 2002 to 31st December 2002

Actual Progress from 1st July 2002 to 31st December 2002

Content Development

To continue content enhancement on company website, recruit.com.hk

More than 540 English and Chinese articles were added to recruit.com.hk

To increase the number of service modules for recruit.com.hk

The Company decided to restrict the scope of service of recruit.com.hk to its current level.

e-commerce Development

To continue further development in online training courses

Feasibility studies into online training courses were conducted and the result was found to be unfavourable. The Company decided to shelve this project until further notice

Resources Development

To continue expand staff force in major PRC cities

To conserve resources for the Company's Hong Kong operations, the Company adjusted its strategies in the PRC operations and the number of staff for PRC operations was reduced.

Sales and Marketing

To continue advertising campaigns to promote the brand in PRC and Hong Kong

Two advertising sales executives were added to boost the Company's sales team and support its expansion into the legal and public notice advertisement sales business; signed media sales agreements of this kind with Ta Kung Pao and China Daily

Acquisition, joint ventures and alliances

To continue development of strategic alliance with business partners

Initiated talks with a number of Mainland publications for bundled distribution and advertising representation arrangements



Management Discussion and Analysis

BUSINESS REVIEW

Hong Kong operations

During the year under review the Hong Kong operations earned a total revenue of HK\$70,950,000 representing a decrease of 33% over the previous year.

In July 2002, the Company began distributing of Recruit at key newsstands throughout Hong Kong, major Kowloon-Canton Railway, East Rail Stations, selected 7-Eleven and convenient stores following discontinuation of distribution rights with the MTR Corporation. The distribution network was subsequently fine tuned to cover strategically locations to ensure more effective distribution result. The Company has been continuing its pursuit of securing better outlets in locations of high pedestrian traffic that are capable of capturing targeted readers.

Since October, Management has implemented a series of programs aimed at improving the Company's cost effectiveness. We are pleased that the results to-date have been satisfactory and that the magazine Recruit will remain competitive even there are no sign that the local employment market will improve in the near future.

Negotiations with selected public utilities and transport companies in Hong Kong for distribution agreements have been initiated and are progressing well. We expect the negotiations will generate satisfactory results in due course.

The Company has recently concluded exclusive distribution agreements to sell legal and public notice advertisements for Ta Kung Pao and China Daily. These agreements are for initial terms of five and three years respectively effective from 2003. This is the first step in the Company's drive for diversification within the media services related sector.

Our web site, Recruit.com.hk continues to provide online recruitment support to Recruit in line with the Company's "Internet-backed-by-print" strategy. There are plans to enhance this operation in light of its interactive nature and more cost-effective modus operate.

China operations

The Company's foray into China to-date have been unsatisfactory. The Guangzhou operation was substantially scaled down in the year. The skeleton office in Shanghai was closed down in early 2002.

Long term business, the Company remains optimistic of the prospects of Recruit in China which with its admission to the WTO and the expanding domestic economy has been strong demand for staff at all levels. We believe that with better execution, Recruit with its printed and internet format can compete successfully in key cities in China : Shanghai, Guangzhou and Beijing.

Initial discussions have been held with prospective business partners in China with a view of the Recruit returning to the China market probably in the fourth quarter of 2003.

Management Discussion and Analysis

FINANCIAL REVIEW

In the fourth quarter of 2002 the Company's turnover amounted to HK\$11,906,000, a decline of 21% when compared with the corresponding period in 2001. Net loss attributable to shareholders for the period was HK\$15,807,000, as compared to a loss of HK\$19,221,000 a year ago.

For the twelve months ended 31st December 2002, the Company's turnover aggregated to HK\$70,138,000, which was 34% lower than the HK\$106,343,000 achieved during the same period in the previous year. Net loss attributable to shareholders was HK\$36,181,000 for the year ended 31st December 2002, as compared to the HK\$58,441,000 loss in the last corresponding period.

The performance of the Company during the year had been adversely affected by:

- (i) The continual decline of the economy in Hong Kong and the competition in the recruitment-advertising market in Hong Kong.
- (ii) The Company's loss of its exclusive distribution rights of Recruit with the MTR Corporation Limited on 2nd July 2002 and the resultant increasing the marketing expenses associated with the launch of Recruit and the additional costs in enhancing the editorial content of Recruit in order to maintain its leadership position in the recruitment-advertising market.

The capital reorganization plan approved by shareholders on 16th January 2003 has resulted in an injection by the new majority shareholder City Apex Limited of approximately HK\$23,900,000 in cash to be used as the Company's working capital and finance its future development of recruitment and publishing activities.

Financial Position

As at 31st December 2002, the Group held cash balance (including HK\$2 million in pledged bank deposits) of approximately HK\$6 million. Current liabilities less other current assets amounted to HK\$9 million.

As at 31st December 2002, the Group has approximately HK\$7 million short-term banking facilities, secured with the above pledged deposits. Other than the above pledged deposits, the Company does not have any charge over its assets.

The Group has no gearing, which is defined as long-term debt to equity, at the end of both 2002 and 2001.

Use of Proceeds

The Group raised, after deduction of issuing expenses, approximately HK\$53 million, through shares issued before the IPO and in a placement and public offer in July 2000. The Group spent approximately HK\$10 million and HK\$8 million in respect of deposits and purchases of Internet infrastructure and the establishment of its Internet-backed-by-print operations in the PRC in the year 2000. During the year 2001, the Group spent an additional sum of approximately HK\$22 million on Internet infrastructure and advertising and marketing activities both in Hong Kong and the PRC. The Group also spent approximately HK\$20 million on the expansion of its Internet-backed-by-print operations in the PRC. During the year 2002, there was no material expense recorded for these projects.

Management Discussion and Analysis

Investment

During the year, the Group had further provided for an allowance on loans to an associate, PPG Investments Limited, for HK\$6 million. The carrying value of the Group's interests in the associate less allowance was approximately HK\$7 million as at 31st December 2002. The principal activity of the associate is investment in a printing group. The Directors believe that it will be unlikely to see any material positive contribution from the associate in the coming year.

Segment Information

Segment information is presented in respect of the Group's geographical segments. For the year under review, the Group was principally engaged in the business of advertising and publishing. All the activities of the business segments were based in Hong Kong and PRC.

Exposure to Fluctuations in Exchange Rates

The Group did not have material exchange risk as its transactions were mainly negotiated and settled in Hong Kong dollars.

Capital Commitments

As at 31st December 2002, a subsidiary of the Group was committed to contribute approximately HK\$390,000 as additional capital investment in one of its subsidiaries.

Contingent Liabilities

As at 31st December 2002, the Group did not have any material contingent liabilities.

Employees

The total number of full-time employees in the Group was about 70 as at 31st December 2002. In addition to salary payment, other staff benefits include provident fund scheme, medical and insurance. The Group also has employee share option scheme.

Prospects

Five months after the change in ownership and management, the Board is optimistic of a turnaround of the Company.

The fine-tuning of our distribution network has resulted a more cost-effective business model for Recruit. Initial in house conducted surveys confirm Management's belief that Recruit has maintained its leading position in the middle to junior staff recruitment advertisement market.

The exclusive advertisement sales agreement with China Daily and Ta Kung Pao has generated better than forecast response from listed companies in Hong Kong. This should provide a solid platform for the Company to diversify into media services related business in Hong Kong and China in the immediate future.



Directors and Senior Management Profile

Executive Directors

Mr. Lau Chuk Kin, aged 50, was appointed as Executive Director of the Group in October 2002. Mr. Lau is the Chairman of the Group. Mr. Lau was formerly the Managing Director of a leading executive search consultancy in Hong Kong. He also founded a main board listed printing company. Mr. Lau holds a Bachelor of Arts degree from the US and a Master of Business Administration Degree from the Chinese University of Hong Kong.

Mr. Cheung Wing Hung, Vincent, aged 56, was appointed as Managing Director of the Group in January 2003. Mr. Cheung is responsible for the strategic business development of the Group. Mr. Cheung has over 35 years of experience in finance, banking and general management. Before joining the Group, Mr. Cheung was the Executive Director of three main board listed companies in Hong Kong.

Ms Lam Mei Lan, aged 36, was appointed as Executive Director in October 2002. Ms Lam is an associate member of the Hong Kong Society of Accountants and a fellow member of the Association of Chartered Certified Accountants. Ms Lam has over 14 years of experience in finance. Prior to joining the Group, she has held senior financial position in three main board listed companies in Hong Kong.

Non-Executive Directors

Mr. Lee Ching Ming, Adrian, aged 51, was appointed as Non-Executive Director of the Group in June 2002. Mr. Lee graduated from the University of Hong Kong with a Bachelor of Social Sciences Degree. He is an Assistant Director of Great Eagle Holdings Limited and has more than 25 years of experience in banking, finance, investment and general management.

Mr. Barrie Calvert Goodridge, aged 47, was appointed as a Non-Executive Director of the Group in March 2000. Mr. Goodridge is the Chief Executive Officer of Publicitas, China, a division of PubliGroupe, a Swiss-based multi-national media group listed on the Swiss exchange. He is a past Chairman of the Society of Publishers in Asia (SOPA) and remains an active member of the SOPA Board.

Mr. Peter Stavros Patapios Christofis, aged 58, was appointed as a Non-Executive Director in March 2000. Mr. Christofis is the Managing Director of JCDecaux Pearl & Dean Limited in Hong Kong and has over 30 years of advertising sales and general management experience gained in Europe, Africa and South East Asia.

Mr. Wan Siu Kau, aged 51, was appointed as a Non-Executive Director in January 2003. Mr. Wan has over 15 years of experience in the executive search industry, and holds a Master of Business Administration Degree from the Chinese University of Hong Kong. Mr. Wan is the Managing Partner of Amrop Hever, Hong Kong and a Non-Executive Director of Wai Kee Holdings Limited.

Directors and Senior Management Profile

Independent Non-Executive Directors

Mr. Cheung Chun Yuen, Barry, aged 45, was appointed as an Independent Non-Executive Director in April 2000. Mr. Cheung is the Chief Executive of Camelot Asset Management Limited. Mr. Cheung graduated with a Master of Business Administration Degree from Harvard Business School and is a member of the Managing Board of the Urban Renewal Authority. Mr. Cheung is also Chairman of the Corruption Prevention Advisory Committee of the Independent Commission Against Corruption and a member of the Energy Advisory Committee.

Mrs. Ling Lee Ching Man, Eleanor, SBS, OBE, JP, aged 55, was appointed as an Independent Non-Executive Director in April 2000. Mrs. Ling is an Adviser to the Board of Directors of Jardine Pacific Group Limited and a member of the Hong Kong Hospital Authority; the Chairman of the Queen Elizabeth Hospital; the Chairman of the Hospital Authority Provident Fund Scheme; an Executive Committee member of the Employer's Federation of Hong Kong and the Vice Patron of the Community Chest. Mrs. Ling is also a member of AXA Life Regional Advisory Board.

Mr. Cheng Ping Kuen, Franco, aged 49, was appointed as an Independent Non-Executive Director in January 2003. Mr. Cheng has over 23 years of experience in securities and private banking. Mr. Cheng holds a Master of Business Administration Degree from the Chinese University of Hong Kong and is the Vice President of Rothschild Bank Ag. Asia Pacific.

Consultant

Ms Leung Wai Mun, Vivian, aged 38, is the Consultant of the Group. Ms Leung holds a Bachelor of Arts degree (Economics) from York University, Canada. She has extensive experience in recruitment-related print and Internet media, marketing, client servicing and general management. Ms Leung joined the Group in 1992 and was the General Manager of the Group before assuming her role as Consultant.

Ms Daleena Samarajiwa, aged 43, is the Editorial Consultant of the Group. She joined the Group as Editor in 1994 and was soon promoted to Executive Editor. Ms Samarajiwa has more than 20 years of experience in publishing, having worked as a writer and editor for newspapers and magazines in Hong Kong and Sri Lanka. She specializes in writing on career management and human resources issues.

Senior Management

Ms Choi Ching Kam, Dora, aged 38, is the Managing Editor of the Group and is responsible for the editorial content of Recruit. Ms Choi holds a Higher Diploma in Chinese Language and Literature and has over 15 years of experience in publishing. She joined the Group in July, 2002.

Ms Lai Wing Ting, Jacklen, aged 32, is the General Sales Manager of the group. She is responsible for the recruitment advertising business of the Group. She joined the Group in 1995.

Ms Yang Tin Wai, Lydia, aged 40, is the Human Resources Manager of the Group. She is responsible for the human resources and administrative functions of the group. Ms Yang holds a Postgraduate Diploma in Human Resources Management and has over 15 years of experience in human resources management. She joined the Group in April 2000.

Directors' Report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31st December 2002.

CHANGE OF NAME AND DOMICILE

Pursuant to a special resolution passed at an extraordinary general meeting held on 16th January 2003, the name of the Company was changed from Panda-Recruit Limited to Recruit Holdings Limited. Furthermore, the Company had changed its domicile from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company's subsidiaries and associate are set out in notes 31 and 17 to the financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

Details of the Group's transactions with its major suppliers and customers during the year are set out below:

The top five suppliers and the largest supplier of the Group accounted for about 83% and 53% for the Group's total purchases for the year ended 31st December 2002 respectively.

Premier Printing Group Limited ("PPG") was the largest supplier of the Group. To the knowledge of the Directors that Dr. Lo Ka Shui, Mr Chow Yung together with his wife, Ms Ifan Chan have indirectly beneficial interest in PPG. Mr. Lau Chuk Kin is also a director of PPG.

The Group's five largest customers and the largest customer accounted for about 26% and 14% of the total turnover of the Group for the year ended 31st December 2002 respectively.

Save as disclosed above, none of the Directors, their respective associates or any shareholders of the Group (who to the knowledge of the Directors own more than 5% of the issued share capital of the Company) had any interest in the Group's five largest suppliers and five largest customers during the year.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's subsidiaries and associates at 31st December 2002 are set out in notes 31 and 17 to the financial statements.

RESULTS

The results of the Group for the year ended 31st December 2002 are set out in the consolidated income statement on page 21.

The Directors do not recommend the payment of a dividend for the year ended 31st December 2002.

Directors' Report

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in note 24 to the financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 57 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 23 to the financial statements.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

EXECUTIVE DIRECTORS

Mr. Lau Chuk Kin (appointed on 29th October 2002)
Mr. Cheung Wing Hung, Vincent (appointed on 20th January 2003)
Ms Lam Mei Lan (appointed on 29th October 2002)

NON-EXECUTIVE DIRECTORS

Mr. Lee Ching Ming, Adrian (appointed on 24th June 2002) Note 1
Mr. Barrie Calvert Goodridge
Mr. Peter Stavros Patapios Christofis
Mr. Wan Siu Kau (appointed on 20th January 2003)
Dr. Lo Ka Shui (resigned on 17th May 2002)
Mr. Lo Hong Sui, Vincent (resigned on 17th May 2002)
Mr. Chow Yung (resigned on 27th November 2002) Note 2
Ms Ifan Chan (resigned on 27th November 2002) Note 2
Mr. Hans-Peter Rohner (resigned on 27th November 2002)
Mr. Sit Kien Ping, Peter (resigned on 27th November 2002)

Directors' Report

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Cheung Chun Yuen, Barry
Mrs. Ling Ching Man, Eleanor
Mr. Cheng Ping Kuen, Franco (appointed on 20th January 2003)
Mr. Cai Lai Xing (resigned on 1st January 2002)

Note 1: Mr. Lee Ching Ming, Adrian was first appointed as Non-Executive Director on 24th June 2002. Mr. Lee was then appointed as Executive Director on 11th October 2002. On 1st November 2002, Mr. Lee resigned his executive role and redesignated as a Non-Executive Director of the Company.

Note 2: Mr. Chow Yung and Ms Ifan Chan were Executive Directors of the Company at the beginning of the year. They resigned their executive role and redesignated as Non-Executive Directors on 11th October 2002. They resigned as Non-Executive Directors on 27th November 2002.

In accordance with Bye-law 86 of the Company's bye-laws, Mr. Lau Chuk Kin, Ms Lam Mei Lan, Mr. Lee Ching Ming, Adrian, Mr. Wan Siu Kau and Mr. Cheng Ping Kuen, Franco will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Bye-law 87 of the Company's bye-laws, Mr. Cheung Chun Yuen, Barry will retire at the forthcoming annual general meeting.

DIRECTOR'S SERVICES CONTRACT

The term of office of each of the Independent Non-Executive Directors will end upon his or her retirement by rotation.

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' Report

DIRECTORS' INTEREST IN SHARES

As at 31st December 2002, the interests of the Directors 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 Directors	Personal Interest Shares	Family Interest Shares	Corporate Interest Shares	Other Interest Shares	Total Shares
Mr. Lau Chuk Kin Note 1	Nil	Nil	567,540,000	Nil	567,540,000
Mr. Lee Ching Ming, Adrian Note 2	Nil	500,000	Nil	Nil	500,000
Mr. Barrie Calvert Goodridge	650,000	Nil	Nil	Nil	650,000
Mr. Peter Stavros Patapios Christofis	650,000	Nil	Nil	Nil	650,000

Note :

1. The shares are beneficially owned by City Apex Limited. As at 31st December 2002, Mr. Lau Chuk Kin owns beneficially 79% interest in the share capital of ER2 Holdings Limited, the ultimate holding company of City Apex Limited holding approximately 71% of the issued share capital of City Apex Limited. Therefore Mr. Lau Chuk Kin is deemed to be interested in the 567,540,000 shares owned by City Apex Limited under section 8 of the SDI Ordinance.
2. The shares are beneficially owned by the wife of Mr. Lee Ching Ming, Adrian. Mr. Lee Ching Ming, Adrian, is deemed to be interest in the said shares under section 31 of the SDI Ordinance.

Saved as disclosed above, none of the Directors 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 Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the minimum standards of dealing by directors as referred to in Rule 5.40 of the GEM Listing Rules.

Directors' Report

SHARE OPTIONS

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 3rd July 2000 for the purpose of providing incentives to directors and eligible employees, and will expire on 2nd July 2010. The committee of the Board of Directors constituted to administer the Share Option Scheme may, at its discretion, offer to full time employees, including Executive Directors in the full time employment of the Company or any of its subsidiaries, options to subscribe for shares in the Company at a price not less than the highest of : (i) the closing price of the shares of the Company on the Stock Exchange on the date of offer of the option; (ii) the average of the closing prices of the shares on the Stock Exchange for the five trading days immediately preceding the date of the grant of the options; and (iii) the nominal value of a share. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

Pursuant to Chapter 23 of the GEM Listing Rules, unless shareholders' prior approval otherwise is obtained, the maximum number of shares in respect of which options may be granted shall not exceed 10% of the issued share capital of the Company and the maximum number of shares in respect of which options may be granted to any one employee in any 12-month period shall not exceed 1% of the issued share capital.

No option under the Share Option Scheme was granted during the year.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme as described above, at no time during the year was the Company or its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFIANCE

Connected Transactions

Exempted connected transactions

Legal Services

During the year, Sit, Fung, Kwong & Shum had provided legal services of approximately HK\$208,000 to the Group. The provision of legal services by Sit, Fung, Kwong & Shum, which were on normal commercial terms and in the ordinary and usual course of business of Sit, Fung, Kwong & Shum, were exempted continuing connected transactions under Rule 20.25 of the GEM Listing Rules. Mr. Sit Kien Ping, Peter being a former director of the Company, resigned on 27th November 2002, is a senior partner of Sit, Fung, Kwong & Shum.

The above transaction was determined by both parties following negotiations on an arm's-length basis and on normal commercial terms, based on an open market value.

Directors' Report

Financial Assistance

As mentioned in the prospectus dated 11th July 2000 and the years 2000 and 2001 annual report of the Company, the Group provided financial assistance to PPG Investments Limited of approximately HK\$16 million, which was proportional to the Group's 20 per cent equity interest in PPG Investments Limited. The financial assistance is unsecured, interest free and there is no fixed term of repayment.

During the year, the Group did not provide any new financial assistance to PPG Investments Limited.

The above financial assistance constitutes a connected transaction of the Company as provided in Rule 20.12(3) of the GEM Listing Rules. The Directors consider that the financial assistance was provided on normal commercial terms.

The Independent Non-Executive Directors have reviewed the connected transactions stated above and confirmed that at the time of transaction, they have been carried out under normal commercial terms, in the ordinary course of business of the Group and on an arm's-length basis and are fair and reasonable insofar as the shareholders of the Company are concerned.

Saved as disclosed above, there were no transactions requiring disclosure as connected transactions in accordance with the requirements of the GEM Listing Rules.

Save as disclosed in note 29 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31st December 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 section 16(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. Lau Chuk Kin Note 1	567,540,000
ER2 Holdings Limited Note 1	567,540,000
City Apex Limited Note 1	567,540,000
Shui Sing Holdings Limited Note 2	220,760,000
Shui Sing (BVI) Limited Note 2	220,760,000
Great Eagle Holdings Limited Note 2	220,760,000
Jolly Trend Limited Note 2	220,760,000
The Great Eagle Company, Limited Note 2	220,760,000
Dr. Lo Ka Shui Note 2 and 3	222,260,000

Directors' Report

Notes:

1. Each of Mr. Lau Chuk Kin and ER2 Holdings Limited is deemed to be interested in the 567,540,000 shares owned by City Apex Limited pursuant to section 8 of the SDI Ordinance.
2. Each of Shui Sing Holdings Limited, Shui Sing (BVI) Limited, Great Eagle Holdings Limited and Jolly Trend Limited is deemed to be interested in the 220,760,000 shares 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.

Directors' Report

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 31st December 2002.

ING bank entered into a sponsorship agreement with the Company whereby, for a fee, ING Bank acted as the Company's sponsor for the purpose of Chapter 6 of the GEM Listing Rules until 31st December 2002. ING bank ceases to be the Company's sponsor upon the expiry of the sponsorship agreement on 31st December 2002.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st December 2002, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPETING INTERESTS

Great Eagle Holdings Limited, being one of the management shareholders (as defined in the GEM Listing Rules), operates and has interest in various web-sites providing information on property, home decoration and music that are not related to recruitment advertising.

Mr. Peter Stavros Patapios Christofis is the Managing Director of JC Decaux Pearl & Dean Limited. JC Decaux Pearl & Dean Limited engages in advertising business in print advertising and outdoor display advertising in Hong Kong.

Mr. Barrie Calvert Goodridge is the Chief Executive Officer of Publicitas, China, a division of PubliGroupe a listed Swiss media group. Publicitas, engages in the promotion of print advertising in major publications in China and from around the world. It is also involved in the production of both print and electronic in-flight media 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. The Group carries on the business of recruitment advertising and the provision of related services, while the web-sites and the advertising businesses currently operated by Great Eagle Holdings Limited, JC Decaux Pearl & Dean Limited and Publicitas 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 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, the board of directors are not aware of any directors and management shareholders having any investments in businesses which compete with the advertising business of the Group as at 31st December 2002.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 30 to the financial statements.

Directors' Report

CORPORATE GOVERNANCE

The Company has complied throughout the year 2002 with the corporate governance matters as set out in Chapter 5 of the GEM Listing Rules.

AUDIT COMMITTEE

Pursuant to the GEM Listing Rules, an audit committee, comprising two Independent Non-Executive Directors, namely, Mr. Cheung Chun Yuen, Barry; and Mrs. Ling Ching Man, Eleanor; was established on 19th April 2000. On 20th January 2003, Mr. Cheng Ping Kuen, Franco was appointed to the Audit Committee on his appointment as Independent Non-Executive Director of the Company.

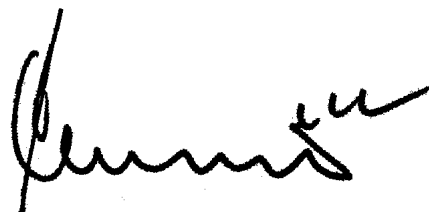
During the year, the audit committee held meetings regularly and performed duties, namely, reviewing the Company's draft annual report and accounts, half-year report, quarterly reports and circulars, and providing advice and comments thereon to the Company's board of directors, meeting with external auditors to discuss audit matters of governance interest that arise from the annual audit of the Company's financial statements.

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.



On behalf of the Board
Chairman

Hong Kong, 20th March 2003

Auditors' Report

德勤·關黃陳方會計師行

Certified Public Accountants
26/F, Wing On Centre
111 Connaught Road Central
Hong Kong

執業會計師
香港中環干諾道中111號
永安中心26樓

**Deloitte
Touche
Tohmatsu**

TO THE SHAREHOLDERS OF RECRUIT HOLDINGS LIMITED

(FORMERLY KNOWN AS PANDA - RECRUIT LIMITED)

(Incorporated in the Cayman Islands and redomiciled to Bermuda with limited liability)

We have audited the financial statements on pages 21 to 56 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

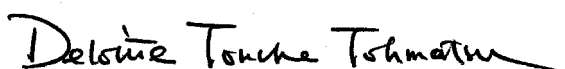
Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December 2002 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.



Certified Public Accountants
Hong Kong, 20th March 2003

Consolidated Income Statement

FOR THE YEAR ENDED 31ST DECEMBER 2002

	NOTES	2002 HK\$'000	2001 HK\$'000
Turnover	5	70,138	106,343
Direct operating costs		<u>(37,631)</u>	<u>(55,738)</u>
Gross profit		32,507	50,605
Other operating income	7	1,276	2,286
Selling and distribution costs		(19,981)	(30,200)
Administrative expenses		(39,028)	(69,692)
Other operating expenses		(3,585)	(733)
Impairment loss on property, plant and equipment	14	<u>(1,337)</u>	<u>(7,431)</u>
Loss from operations	8	(30,148)	(55,165)
Finance costs	9	(1)	(1)
Allowance for loans to an associate	17	(6,032)	(2,709)
Share of results of an associate		<u>-</u>	<u>(537)</u>
Loss before taxation		(36,181)	(58,412)
Taxation	12	<u>-</u>	<u>(29)</u>
Net loss for the year		<u>(36,181)</u>	<u>(58,441)</u>
Loss per share	13	<u>(HK3.22 cents)</u>	<u>(HK5.19 cents)</u>

Consolidated Balance Sheet

AT 31ST DECEMBER 2002

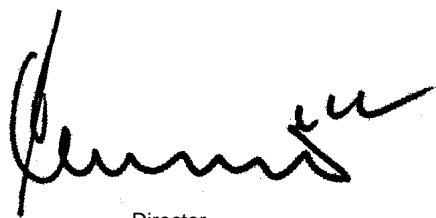
	NOTES	2002 HK\$'000	2001 HK\$'000
Non-current Assets			
Property, plant and equipment	14	1,491	9,592
Interests in an associate	17	7,281	13,313
		<u>8,772</u>	<u>22,905</u>
Current Assets			
Inventories		1,275	1,125
Trade and other receivables	18	11,804	15,126
Amount due from a related company	19	267	124
Tax recoverable		270	270
Pledged bank deposits	20	2,000	5,000
Bank balances and cash		3,770	14,808
		<u>19,386</u>	<u>36,453</u>
Current Liabilities			
Other payables and accruals		13,490	14,952
Amount due to a related company	21	4,626	3,183
Shareholder's loan	22	5,000	-
		<u>23,116</u>	<u>18,135</u>

Consolidated Balance Sheet

AT 31ST DECEMBER 2002

	NOTES	2002 HK\$'000	2001 HK\$'000
Net Current (Liabilities) Assets		(3,730)	18,318
		5,042	41,223
Capital and Reserves			
Share capital	23	56,250	56,250
Share premium and reserves	24	(51,208)	(15,027)
		5,042	41,223

The financial statements on pages 21 to 56 were approved and authorised for issue by the Board of Directors on 20th March 2003 and are signed on its behalf by:



Director

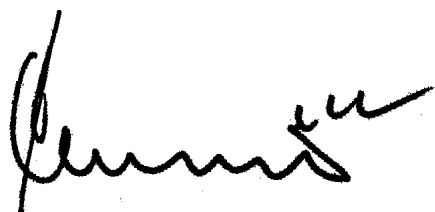


Director

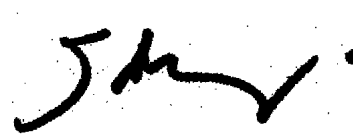
Balance Sheet

AT 31ST DECEMBER 2002

	NOTES	2002 HK\$'000	2001 HK\$'000
Non-current Assets			
Investment in subsidiaries	15	2,800	12,876
Amounts due from subsidiaries	16	7,995	11,144
		<u>10,795</u>	<u>24,020</u>
Current Assets			
Other receivables		1,630	326
Bank balances and cash		93	7,419
		<u>1,723</u>	<u>7,745</u>
Current Liabilities			
Other payables		2,456	1,607
Shareholder's loan	22	5,000	-
		<u>7,456</u>	<u>1,607</u>
Net Current (Liabilities) Assets		<u>(5,733)</u>	<u>6,138</u>
		<u>5,062</u>	<u>30,158</u>
Capital and Reserves			
Share capital	23	56,250	56,250
Share premium and reserves	24	(51,188)	(26,092)
		<u>5,062</u>	<u>30,158</u>



Director



Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31ST DECEMBER 2002

	Total equity HK\$'000
At 1st January 2001	99,662
Exchange differences on translation of overseas operations not recognised in the income statement	2
Net loss for the year	<u>(58,441)</u>
At 31st December 2001	41,223
Net loss for the year	<u>(36,181)</u>
At 31st December 2002	<u><u>5,042</u></u>

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31ST DECEMBER 2002

	2002 HK\$'000	2001 HK\$'000
OPERATING ACTIVITIES		
Loss from operations	(30,148)	(55,165)
Adjustments for:		
Depreciation	5,712	12,831
Interest income	(111)	(901)
Loss on disposal of property, plant and equipment	1,067	733
Impairment loss on property, plant and equipment	1,337	7,431
Effect on exchange rate changes	-	2
Operating cash flows before movements in working capital	(22,143)	(35,069)
(Increase) decrease in inventories	(150)	1,248
Decrease in trade and other receivables	3,322	20,130
(Increase) decrease in amounts due from related companies	(143)	263
Decrease in amount due from an associate	-	278
Decrease in other payables and accruals	(1,462)	(3,804)
Increase (decrease) in amount due to a related company	1,443	(129)
Cash used in operations	(19,133)	(17,083)
Hong Kong Profits Tax paid	-	(270)
Hong Kong Profits Tax refunded	-	390
Interest paid	(1)	(1)
NET CASH USED IN OPERATING ACTIVITIES	(19,134)	(16,964)

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31ST DECEMBER 2002

	2002 HK\$'000	2001 HK\$'000
INVESTING ACTIVITIES		
Interest received	111	901
Dividend received from an associate	-	1,734
Purchase of property, plant and equipment	(79)	(16,159)
Proceeds on disposal of property, plant and equipment	64	25
Decrease in pledged bank deposits	3,000	-
NET CASH FROM (USED IN) INVESTING ACTIVITIES	3,096	(13,499)
CASH FROM FINANCING ACTIVITIES		
Loan advanced from a shareholder	5,000	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,038)	(30,463)
CASH AND CASH EQUIVALENTS AT 1ST JANUARY	14,808	45,271
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER	3,770	14,808
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalent as previously report	-	19,808
Effect of reclassification of pledged bank deposits	-	(5,000)
Cash and cash equivalent as restated	-	14,808
Representing:		
Bank balances and cash	3,770	14,808

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company and redomiciled to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda subsequent to the balance sheet date, with limited liability and its shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. Details of the principal activities of the principal subsidiaries are set out in note 31.

2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

In preparing the financial statements, the directors have given careful consideration to the future liquidity of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") in light of its net current liabilities of approximately HK\$3,730,000 as at 31st December, 2002. As explained in note 30, the Group has raised approximately HK\$26,400,000 on subscription of new shares in the Company since the year end and on that basis, the directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

During the year, the Group has revised its basis of analysing of expenses in the consolidated income statement with aggregating expenses according to their function instead of their nature. Accordingly, the comparative amounts have been restated in order to achieve consistent presentation.

3. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants. The adoption of these SSAPs has resulted in the following changes in the Group's accounting policies and the presentation of the financial statements.

Statement of changes in equity

The revisions to SSAP 1 "Presentation of Financial Statements" have introduced the presentation of the statement of changes in equity in the current year's financial statements. The presentation in the prior year's financial statements has been modified in order to achieve a consistent presentation.

Foreign Currencies

The revisions to SSAP 11 "Foreign Currency Translation" have eliminated the choice of translating the income statements of overseas subsidiaries at the closing rate for the year, the policy previously followed by the Group. They are now required to be translated at an average rate. This change in accounting policy has not had any material effect on the results for the current or prior accounting periods.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

3. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE - continued

Cash Flow Statements

Under SSAP 15 (Revised), cash flows are classified under three headings - operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under a separate heading, are classified as either operating, investing and financing cash flows, respectively. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. In addition, the amounts presented for cash and cash equivalents have been amended to exclude pledged bank deposits. The presentation of prior year's consolidated cash flow statement has been restated in order to achieve a consistent presentation.

Employee Benefits

In the current year, the Group has adopted SSAP 34 "Employee Benefits", which introduces measurement rules for employee benefits, including retirement benefit plans. Because the Group participates only in defined contribution retirement benefit schemes, the adoption of SSAP 34 has not had any material impact on the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December each year.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or an associate at the date of acquisition.

Goodwill arising on acquisitions is capitalised and amortised on a straight-line basis over its useful economic life. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet. Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate.

On disposal of a subsidiary or an associate, the attributable amount of unamortised goodwill/goodwill previously eliminated against reserves is included in the determination of the profit or loss on disposal.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or an associate at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisitions prior to 1st January 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary or associate.

Negative goodwill arising on acquisitions after 1st January 2001 is presented as deduction from assets. To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised in income immediately.

Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets. Negative goodwill arising on the acquisition of an associate is deducted from the carrying value of that associate.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Interests in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates less any identified impairment loss.

Revenue recognition

Advertising income is recognised on the date of the relevant publication issue or on time basis by reference to the period in which the advertisement is displayed in website.

Publication sales is recognised when the risk and reward of ownerships have passed.

Publishing income is recognised when services are provided.

Interest income from bank deposits is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Rental income under operating leases are recognised on a straight line basis over the term of the relevant lease.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Furniture and fixtures	20%
Office equipment	20%
Leasehold improvements	20% - 50% or over the lease term, whichever is shorter
Computer equipment and systems	33 $\frac{1}{3}$ %
Motor vehicles	20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories representing paper for production are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Retirement benefit schemes

Payments to Group's retirement benefit schemes are charged as an expense as they fall due.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, are recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

Operating leases

Operating leases rentals are charged to the income statement on a straight line basis over the relevant lease term.

Website/portal development costs

All costs incurred in the development of new websites/portals and enhancement of existing websites/portals, including costs incurred in the development and enhancement of contents, are charged to the income statement as incurred.

Advertising and promotion expenses

Advertising and promotion expenses are charged to the income statement when incurred.

5. TURNOVER

Turnover represents advertising income, publication sales, publishing income and service income, less returns and discounts, and is analysed as follows:

	2002 HK\$'000	2001 HK\$'000
Advertising income	69,223	103,634
Publication sales	336	821
Publishing income	429	583
Service income	150	1,305
	<u>70,138</u>	<u>106,343</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

6. GEOGRAPHICAL AND BUSINESS SEGMENTS

Geographical segments

The Group's operations are located in Hong Kong and the People's Republic of China (other than Hong Kong) (the "PRC"). The Group's business in advertising, and publishing are carried out in Hong Kong. Provision of internet technology service is carried out in the PRC. These geographical segments are the basis on which the Group reports its primary segment information.

2002	Hong Kong Year ended 31.12.2002 HK\$'000	PRC Year ended 31.12.2002 HK\$'000	Eliminations Year ended 31.12.2002 HK\$'000	Consolidated Year ended 31.12.2002 HK\$'000
REVENUE				
External revenue	70,950	213	-	71,163
Inter-segment revenue	417	305	(722)	-
Total	71,367	518	(722)	71,163
RESULT				
Segment result	(22,203)	(4,207)		(26,410)
Interest income				111
Unallocated corporate revenue				140
Unallocated corporate expenses				(3,989)
Loss from operations				(30,148)
Finance costs				(1)
Allowance for loans to an associate	(6,032)	-	-	(6,032)
Loss before taxation				(36,181)
Taxation				-
Net loss for the year				(36,181)

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

6. GEOGRAPHICAL AND BUSINESS SEGMENTS - continued

	Hong Kong 31.12.2002 HK\$'000	PRC 31.12.2002 HK\$'000	Consolidated 31.12.2002 HK\$'000
BALANCE SHEET			
ASSETS			
Segment assets	18,630	101	18,731
Interests in an associate	7,281	-	7,281
Unallocated corporate assets			<u>2,146</u>
Consolidated total assets			<u><u>28,158</u></u>
LIABILITIES			
Segment liabilities	13,572	2,067	15,639
Unallocated corporate liabilities			<u>7,477</u>
Consolidated total liabilities			<u><u>23,116</u></u>
OTHER INFORMATION			
Additions to property, plant and equipment	79	-	79
Depreciation	5,526	186	5,712
Impairment loss on property, plant and equipment	653	684	1,337

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

6. GEOGRAPHICAL AND BUSINESS SEGMENTS - continued

2001	Hong Kong Year ended 31.12.2001 HK\$'000	PRC Year ended 31.12.2001 HK\$'000	Eliminations Year ended 31.12.2001 HK\$'000	Consolidated Year ended 31.12.2001 HK\$'000
REVENUE				
External revenue	106,681	743	-	107,424
Inter-segment revenue	<u>3,255</u>	<u>-</u>	<u>(3,255)</u>	<u>-</u>
Total	<u>109,936</u>	<u>743</u>	<u>(3,255)</u>	<u>107,424</u>
Inter-segment sales are charged at market price or at cost.				
RESULT				
Segment result	<u>(10,265)</u>	<u>(44,454)</u>		(54,719)
Interest income				901
Unallocated corporate revenue				304
Unallocated corporate expenses				<u>(1,651)</u>
Loss from operations				(55,165)
Finance costs				(1)
Allowance for loans to an associate	(2,709)	-	-	(2,709)
Share of results of an associate	(537)	-	-	<u>(537)</u>
Loss before taxation				(58,412)
Taxation				<u>(29)</u>
Net loss for the year				<u>(58,441)</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

6. GEOGRAPHICAL AND BUSINESS SEGMENTS - continued

	Hong Kong 31.12.2001 HK\$'000	PRC 31.12.2001 HK\$'000	Consolidated 31.12.2001 HK\$'000
BALANCE SHEET			
ASSETS			
Segment assets	36,052	1,756	37,808
Interests in an associate	13,313	-	13,313
Unallocated corporate assets			8,237
Consolidated total assets			59,358
LIABILITIES			
Segment liabilities	13,841	2,664	16,505
Unallocated corporate liabilities			1,630
Consolidated total liabilities			18,135
OTHER INFORMATION			
Additions to property, plant and equipment	3,707	12,452	16,159
Depreciation	9,207	3,624	12,831
Impairment loss on property, plant and equipment	-	7,431	7,431

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

6. GEOGRAPHICAL AND BUSINESS SEGMENTS - continued

Business segments

For management purpose, the Group is currently organised into three operating divisions - advertising, publishing and provision of internet technology service.

The following table provides an analysis of the Group's revenue by business divisions:

	Revenue by business divisions		Contribution to operation	
	Year ended 31.12.2002 HK\$'000	Year ended 31.12.2001 HK\$'000	Year ended 31.12.2002 HK\$'000	Year ended 31.12.2001 HK\$'000
Advertising	69,881	103,901	(19,472)	(12,001)
Publishing	1,069	2,780	(2,731)	1,736
Internet technology service	213	743	(4,207)	(44,454)
	<u>71,163</u>	<u>107,424</u>	(26,410)	(54,719)
Interest income			111	901
Unallocated corporate revenue			140	304
Unallocated corporate expenses			(3,989)	(1,651)
Loss from operations			<u>(30,148)</u>	<u>(55,165)</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

6. GEOGRAPHICAL AND BUSINESS SEGMENTS - continued

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by business divisions for which the assets are used:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	Year ended 31.12.2002	Year ended 31.12.2001	Year ended 31.12.2002	Year ended 31.12.2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Advertising	18,663	33,425	74	3,605
Publishing	237	2,627	5	102
Internet technology service	101	1,756	-	12,452
Interests in an associate	7,281	13,313	-	-
Unallocated corporate assets	1,876	8,237	-	-
	<u>28,158</u>	<u>59,358</u>	<u>79</u>	<u>16,159</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

7. OTHER OPERATING INCOME

Other operating income includes interest earned on bank deposits of HK\$111,000 (2001: HK\$901,000).

8. LOSS FROM OPERATIONS

	2002 HK\$'000	2001 HK\$'000
Loss from operations has been arrived at after charging (crediting):		
Auditors' remuneration		
Current year	676	699
(Over)underprovision in prior year	(4)	212
	<u>672</u>	<u>911</u>
Depreciation	5,712	12,831
Staff costs	33,082	48,287
Loss on disposal and written off of property, plant and equipment	1,067	733
Operating lease rental in respect of:		
Rented premises	3,517	4,361
Website hosting	333	1,333
Internet access line	346	1,075
	<u>4,196</u>	<u>6,769</u>
Operating lease rental income in respect of sublease office premises	(189)	(421)
	<u>(189)</u>	<u>(421)</u>

9. FINANCE COSTS

Finance costs represents interest paid on bank overdraft.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

10. DIRECTORS' REMUNERATION

	2002 HK\$'000	2001 HK\$'000
Fees:		
Executive directors	-	-
Non-executive directors	300	20
Independent non-executive directors	200	85
	<u>500</u>	<u>105</u>
Other emoluments for executive directors:		
Basic salaries and other benefits	7,234	5,460
Retirement benefit scheme contributions	289	378
	<u>7,523</u>	<u>5,838</u>
	<u>8,023</u>	<u>5,943</u>
The emoluments of the directors were within the following bands:		
	2002 Number of directors	2001 Number of directors
Nil - HK\$1,000,000	12	9
HK\$2,000,001 - HK\$2,500,000	1	1
HK\$3,500,001 - HK\$4,000,000	-	1
HK\$5,000,001 - HK\$5,500,000	1	-
	<u>14</u>	<u>11</u>

The executive directors received individual emolument for the year ended 31st December 2002 of approximately HK\$5,056,000 (2001: HK\$3,614,000), HK\$2,335,000 (2001: HK\$2,224,000), HK\$132,000 (2001: N/A) and nil (2001:N/A).

Three (2001:one) of the non-executive directors with each received director's fee for the year ended 31st December, 2002 of approximately HK\$100,000 (2001: HK\$20,000). No emolument was paid to the remaining non-executive directors for the year ended 31st December 2002 (2001: Nil). The independent non-executive directors received directors' fee for the year ended 31st December 2002 of HK\$100,000 (2001: HK\$35,000), HK\$100,000 (2001: HK\$30,000) and Nil (2001: HK\$20,000).

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

11. EMPLOYEES' REMUNERATION

The five highest paid individuals of the Group included two (2001: two) executive directors of the Company, whose emoluments are included in note 10 above. The emoluments of the remaining three (2001: three) individuals are as follows:

	2002 HK\$'000	2001 HK\$'000
Basic salaries and other benefits	2,303	3,512
Retirement benefit scheme contributions	143	130
Compensation for loss of office	68	-
	<u>2,514</u>	<u>3,642</u>

The emoluments of the employees were within the following bands:

	2002 Number of employees	2001 Number of employees
Nil - HK\$1,000,000	3	1
HK\$1,000,001 - HK\$1,500,000	<u>-</u>	<u>2</u>

During each of the two years ended 31st December 2002, no emoluments were paid by the Group to the directors and the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group and no director waived any emoluments during each of the two years ended 31st December 2002.

12. TAXATION

No provision of Hong Kong Profits Tax is provided in the financial statements as the Company and its subsidiaries incurred tax losses for the year. Taxation charge for year 2001 represented underprovision for Hong Kong Profits Tax in prior year. There are no known tax liabilities elsewhere.

Details of unprovided deferred taxation of the Group are set out in note 25. The Company did not have any significant unprovided deferred taxation at the balance sheet date.

13. LOSS PER SHARE

The calculation of the basic loss per share for the year is based on the net loss for the year of HK\$36,181,000 (2001: HK\$58,441,000) and on 1,125,000,000 (2001: 1,125,000,000) ordinary shares in issue during the year.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

14. 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
THE GROUP						
COST						
At 1st January 2002	4,553	4,024	9,048	37,039	233	54,897
Additions	-	9	-	70	-	79
Disposals/written off	(3,892)	(2,600)	(8,725)	(3,742)	-	(18,959)
At 31st December 2002	<u>661</u>	<u>1,433</u>	<u>323</u>	<u>33,367</u>	<u>233</u>	<u>36,017</u>
DEPRECIATION AND IMPAIRMENT						
At 1st January 2002	4,322	3,521	8,796	28,448	218	45,305
Provided for the year	180	201	42	5,274	15	5,712
Impairment loss recognised	-	60	210	1,067	-	1,337
Eliminated on disposals	(3,857)	(2,490)	(8,725)	(2,756)	-	(17,828)
At 31st December 2002	<u>645</u>	<u>1,292</u>	<u>323</u>	<u>32,033</u>	<u>233</u>	<u>34,526</u>
NET BOOK VALUES						
At 31st December 2002	<u>16</u>	<u>141</u>	<u>-</u>	<u>1,334</u>	<u>-</u>	<u>1,491</u>
At 31st December 2001	<u>231</u>	<u>503</u>	<u>252</u>	<u>8,591</u>	<u>15</u>	<u>9,592</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

15. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2002 HK\$'000	2001 HK\$'000
Unlisted shares, at cost	62,029	62,029
Impairment loss recognised	<u>(59,229)</u>	<u>(49,153)</u>
	<u>2,800</u>	<u>12,876</u>

The cost of the Company's investment in subsidiaries is determined by the directors on the basis of the underlying assets of the subsidiaries at the time they were acquired by the Company pursuant to a group reorganisation in 2000.

Details of principal subsidiaries are set out in note 31.

16. AMOUNTS DUE FROM SUBSIDIARIES

	THE COMPANY	
	2002 HK\$'000	2001 HK\$'000
Amounts due from subsidiaries	52,849	44,926
Allowance for amounts due from subsidiaries	<u>(44,854)</u>	<u>(33,782)</u>
	<u>7,995</u>	<u>11,144</u>

The amounts due from subsidiaries are unsecured and interest free. In the opinion of directors, no repayment will be demanded within the next twelve months. Accordingly, the amounts are classified as non-current asset.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

17. INTERESTS IN AN ASSOCIATE

	THE COMPANY	
	2002 HK\$'000	2001 HK\$'000
Share of net assets	-	-
Loans to an associate	16,022	16,022
Allowance for loans to an associate	(8,741)	(2,709)
	<u>7,281</u>	<u>13,313</u>

Loans to an associate are unsecured and interest free. In the opinion of the directors, no repayment will be demanded within the next twelve months. Accordingly the loans are classified as non-current asset.

Details of the associate as at 31st December 2002 are as follows:

Name of Company	Place of incorporation	Class of shares	Proportional interest held indirectly	Principal activity
PPG Investments Limited	British Virgin Islands	Ordinary	20%	Investment holding

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

17. INTERESTS IN AN ASSOCIATE - continued

The following details have been extracted from the unaudited financial statements of the Group's associate.

Results for the year	2002 HK\$'000	2001 HK\$'000
Loss from ordinary activities before taxation	(9,645)	(14,296)
Loss from ordinary activities before taxation attributable to the Group	-	(537)
Financial position	2002 HK\$'000	2001 HK\$'000
Non-current assets	56,909	67,125
Current assets	126	770
Current liabilities	(117)	(1,331)
Non-current liabilities	(80,111)	(80,111)
Net liabilities	(23,193)	(13,547)
Net liabilities attributable to the Group	-	-

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

18. TRADE AND OTHER RECEIVABLES

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

The following is an aged analysis of accounts receivable at the reporting date:

	2002 HK\$'000	2001 HK\$'000
0-60 days	5,043	6,908
61-120 days	3,263	3,563
>120 days	1,349	2,896
Total trade receivables	9,655	13,367
Other receivables	2,149	1,759
	<u>11,804</u>	<u>15,126</u>

19. AMOUNT DUE FROM A RELATED COMPANY

THE GROUP

Particulars of amount due from a related company are as follows:

Name of related company	Balance at 31.12.2002 HK\$'000	Balance at 1.1.2002 HK\$'000	Maximum amount outstanding during the year HK\$'000
Premier Printing Group Limited ("PPG")	<u>267</u>	<u>124</u>	<u>283</u>

PPG is an associate of PPG Investments Limited.

The former directors, Dr. Lo Ka Shui, Mr. Chow Yung and Ms. Ifan Chan have beneficial interests in PPG.

The amount due from PPG is unsecured, interest free and is repayable on demand.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

20. PLEDGED BANK DEPOSITS

The pledged bank deposits have been placed in designated bank account in favour of the banks as part of the security for the short term banking facilities granted to the Group by bank.

21. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company represents trade balance with PPG. The following is the aged analysis of payable at the reporting date:

	2002 HK\$'000	2001 HK\$'000
0-60 days	2,167	2,246
61-120 days	2,459	937
	<u>4,626</u>	<u>3,183</u>

22. SHAREHOLDER'S LOAN

Pursuant to a conditional subscription agreement ("Subscription Agreement") entered into between the Company and a substantial shareholder, City Apex Limited ("City Apex"), on 27th September 2002, City Apex conditionally agreed to subscribe for shares in the Company. According to another agreement entered into 17th December 2002, City Apex had advanced an interest free loan of HK\$5,000,000 to the Company. The loan was treated as part of the subscription money payable by City Apex to the Company pursuant to the Subscription Agreement upon completion on 18th February 2003. The director, Mr. Lau Chuk Kin has beneficial interest in City Apex.

23. SHARE CAPITAL

	Authorised 2002 & 2001	Issued and fully paid 2002 & 2001
Number of ordinary shares	<u>2,000,000,000</u>	<u>1,125,000,000</u>
Ordinary shares of HK\$0.05 each	<u>HK\$100,000,000</u>	<u>HK\$56,250,000</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

23. SHARE CAPITAL - continued

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 3rd July 2000 for the purpose of providing incentives to directors and eligible employees, and will expire on 2nd July 2010. The committee of the Board of Directors constituted to administer the Share Option Scheme may, at its discretion, offer to full time employees, including Executive Directors in the full time employment of the Company or any of its subsidiaries, options to subscribe for shares in the Company at a price not less than the highest of : (i) the closing price of the shares of the Company on the Stock Exchange on the date of offer of the option; (ii) the average of the closing prices of the shares on the Stock Exchange for the five trading days immediately preceding the date of the grant of the options; and (iii) the nominal value of a share. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

Pursuant to Chapter 23 of the GEM Listing Rules, unless shareholders' prior approval otherwise is obtained, the maximum number of shares in respect of which options may be granted shall not exceed 10% of the issued share capital of the Company and the maximum number of shares in respect of which options may be granted to any one employee in any 12-month period shall not exceed 1% of the issued share capital.

No option under the Share Option Scheme has been granted since adoption.

24. SHARE PREMIUM AND RESERVES

	Share premium HK\$'000	Exchange reserve HK\$'000	Merger reserve HK\$'000	Goodwill reserve HK\$'000	Retained profit (accumulated losses) HK\$'000	Total HK\$'000
THE GROUP						
Balance at 1st January 2001	40,774	3	(43,897)	13,440	33,092	43,412
Exchange differences on translation of overseas operations not recognised in the income statement	-	2	-	-	-	2
Net loss for the year	-	-	-	-	(58,441)	(58,441)
Balance at 31st December 2001	40,774	5	(43,897)	13,440	(25,349)	(15,027)
Net loss for the year	-	-	-	-	(36,181)	(36,181)
Balance at 31st December 2002	40,774	5	(43,897)	13,440	(61,530)	(51,208)

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

24. SHARE PREMIUM AND RESERVES - continued

	Share premium HK\$'000	Contributed surplus HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
THE COMPANY				
Balance at 1st January 2001	40,774	17,919	(19,636)	39,057
Net loss for the year	-	-	(65,149)	(65,149)
Balance at 31st December 2001	40,774	17,919	(84,785)	(26,092)
Net loss for the year	-	-	(25,096)	(25,096)
Balance at 31st December 2002	<u>40,774</u>	<u>17,919</u>	<u>(109,881)</u>	<u>(51,188)</u>

The accumulated losses of the Group include accumulated losses of HK\$2,002,000 (2001: HK\$2,002,000) attributable to associate of the Group.

The merger reserve of the Group arose as a result of a group reorganisation in 2000 and represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the issued share capital of Recruit (BVI) Limited.

The contributed surplus of the Company also arose as a result of a group reorganisation in 2000 and represents the difference between the excess of the value of the consolidated shareholders' funds of Recruit (BVI) Limited at the date on which the group reorganisation became effective over the nominal amount of the share capital of the Company issued under the group reorganisation.

The Company's reserves available for distribution represent the share premium, contributed surplus and retained profits. Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution or dividend the Company is able to pay its debts as they fall due in the ordinary course of business. At 31st December 2002 and 2001, the Company had no reserve available for distribution.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

25. UNPROVIDED DEFERRED TAXATION

At the balance sheet date, the major components of unprovided deferred tax assets (liabilities) are as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Tax effect of timing differences because of:		
Excess of tax allowances over depreciation	(58)	(613)
Tax losses	14,290	10,355
Other timing differences	73	6
	<u>14,305</u>	<u>9,748</u>

The amounts of unprovided deferred tax credit (charge) for the year are as follows:

	THE GROUP	
	2002 HK\$'000	2001 HK\$'000
Tax effect of timing differences because of:		
Shortfall of tax allowances over depreciation	555	437
Tax loss arising	3,935	1,448
Other timing differences	67	(158)
	<u>4,557</u>	<u>1,727</u>

The net deferred tax asset has not been recognised in the financial statements as it is not certain that the benefit will crystallise in the foreseeable future.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

26. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Rented premises		Website hosting		Internet access line	
	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	-	3,308	-	250	97	275
In the second to fifth year inclusive	-	1,557	-	-	-	-
	-	4,865	-	250	97	275

Operating lease payments represent rentals payable by the Group for its office properties, website hosting and internet access line. Leases of rental premises were negotiated for an average term of two years with fixed rentals over the terms of the leases. Leases of website hosting and internet access line are negotiated for an average terms of three months with fixed rentals over the terms of the leases.

At the balance sheet date, the Company had no commitments under non-cancellable operating leases (2001: Nil).

At the balance sheet date, the Group had subleased the rented premises and contracted with tenants for the following future minimum lease payments:

	2002	2001
	HK\$'000	HK\$'000
Within one year	-	193
In the second to fifth year inclusive	-	112
	-	305

Leases of rented premises were negotiated for an average term of two years with fixed rentals over the terms of the lease.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

27. CAPITAL COMMITMENTS

At the balance sheet date, a subsidiary of the Company was committed to contribute approximately HK\$390,000 (2001: HK\$390,000) as additional capital investment in one of its subsidiaries.

28. RETIREMENT BENEFITS SCHEMES

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1st October 2000 are required to join the MPF Scheme.

The retirement benefits cost charged to income statement represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

For members of the MPF Scheme, the Group contributes 5% of the relevant payroll costs to the Scheme, which contribution is matched by the employee.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at rates ranging from 5% to 7.5% of the employee's basic salary, depending on the length of service with the Group.

Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The details of retirement benefits contributions for the Group's employees, net of forfeited contributions, which have been dealt with in the income statement of the Group for each of the two years ended 31st December 2002 are as follows:

	2002 HK\$'000	2001 HK\$'000
Gross retirement benefits scheme contributions	1,320	2,194
Less: Forfeited contributions for the year	(670)	(600)
Net retirement benefits scheme contributions	<u>650</u>	<u>1,594</u>

There was no significant amount of forfeited contributions available to reduce future contributions payable by the Group as at 31st December 2002 and 2001.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

29. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties:

		2002	2001
		HK\$'000	HK\$'000
Related company:			
JC Decaux Pearl & Dean Limited (Note a)	Publishing income	-	95
	Service income	-	1,049
PPG (Note b)	Advertising and publishing income	29	4
	Rental income	189	385
	Sales of waste paper	418	-
	Printing cost	16,027	19,786
	Storage charge	429	456
Prime Author Limited (note c)	Rental income	-	92
Sit, Fung, Kwong & Shum (note d)	Legal fee	208	516

Notes:

- a. JC Decaus Pearl & Dean Limited was a shareholder of the Company.
- b. PPG is 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.
- c. Mr. Chow Yung and Ms. Ifan Chan have beneficial interests in the company.
- d. Mr. Sit Kien Ping, Peter, is a senior partner of the firm.

In the opinion of the directors, the rental agreement was determined with reference to market price.

All other transactions were carried out at market price or where no market price was available, at cost plus a percentage profit mark-up.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

30. POST BALANCE SHEET EVENTS

At an Extraordinary General Meeting of the Company held on 16th January 2003, resolutions relating to the following matters were duly passed:

- (a) the change of domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda;
- (b) a capital reorganisation which involves (i) a reduction of the nominal value of the shares from HK\$0.05 each to HK\$0.01 each by cancelling the issued capital to the extent of HK\$0.04 paid up on each of the issued shares and the sub-division of each unissued share into five unissued new shares ("New Shares"); and (ii) maintaining, after implementation of the reduction in nominal value of each share as referred to in the foregoing paragraph (i), the authorised share capital of the Company at HK\$100,000,000 but divided into 10,000,000,000 New Shares of HK\$0.01 each;
- (c) the change of name of the Company from "Panda-Recruit Limited" to "Recruit Holdings Limited" ;
- (d) the Subscription Agreement relating to the subscription of 1,600 million New Shares of HK\$0.01 each in the capital of the Company at the subscription price of HK\$0.0165 per New Share be generally and unconditionally approved, confirmed and satisfied;

On 17th January, 2003, a loan of HK\$10,000,000 was drawn under a standby credit facility of HK\$10,000,000 provided by City Apex under the Subscription Agreement.

The capital reorganisation as detailed in (b) above became effective on 17th February 2003 and completion of the Subscription Agreement took place on 18th February 2003 with 1,600,000,000 New Shares of the Company being allotted and issued to City Apex.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

31. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name of company	Place of incorporation or registration/ operation	Class of shares	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital %	Principal activities
Recruit (BVI) Limited (formerly known as Panda - Recruit (BVI) Limited)	British Virgin Islands/ Hong Kong	Ordinary	US\$10,000	100	Investment holding
Central Publisher Limited	Hong Kong	Ordinary	HK\$1,000	100	Inactive
Hong Kong Transit Publishing Co Limited.	Hong Kong	Ordinary	HK\$105,000	100	Inactive
PandaPlanet Technology (GZ) Limited 廣州市騰達網絡技術有限公司	PRC	Registered capital	US\$1,350,000	100	Development, production and provision of advisory services of information technology
The Recruit Publishing Company Limited 才庫出版有限公司 (formerly known as PandaPlanet.com Limited 宇宙熊貓網有限公司)	Hong Kong	Ordinary	HK\$52,000,000	100	Publishing of "Recruit" and internet based advertising business and investment holding
Panda Planet (China) Limited 熊貓賢才(中國) 有限公司 (formerly known as PandaPlanet.com (China) Limited 宇宙熊貓網(中國)有限公司)	Hong Kong	Ordinary	HK\$10,000	100	Investment holding
Recruit Company Limited (formerly known as Recruit Holdings Limited)	Hong Kong	Ordinary	HK\$213,536	100	Investment holding
SAR Media Limited 文化特區出版有限公司	Hong Kong	Ordinary	HK\$10,000	100	Provision of computer graphic, design and advertising services

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER 2002

31. PARTICULARS OF PRINCIPAL SUBSIDIARIES - continued

All the principal subsidiaries are indirectly held by the Company except for Recruit (BVI) Limited.

All the principal subsidiaries are incorporated as limited liability company except for PandaPlanet Technology (GZ) Limited, which is registered in PRC as a sino-foreign co-operative joint venture company.

The above table lists the subsidiaries of the Company of which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had any loan capital outstanding at 31st December 2002 or at any time during the year.

Financial Summary

FINANCIAL RESULTS

	Financial year ended 31st December				
	1998 HK\$'000	1999 HK\$'000	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
Turnover	<u>109,733</u>	<u>70,902</u>	<u>129,058</u>	<u>106,343</u>	<u>70,138</u>
Profit (loss) from operations after finance cost	5,458	5,613	(12,153)	(55,166)	(30,149)
Allowance for loans to an associate	-	-	-	(2,709)	(6,032)
Share of results of associates	<u>3,035</u>	<u>(795)</u>	<u>(8,148)</u>	<u>(537)</u>	<u>-</u>
Profit (loss) before taxation	8,493	4,818	(20,301)	(58,412)	(36,181)
Taxation	<u>(2,722)</u>	<u>(270)</u>	<u>(701)</u>	<u>(29)</u>	<u>-</u>
Profit (loss) attributable to shareholders	<u><u>5,771</u></u>	<u><u>4,548</u></u>	<u><u>(21,002)</u></u>	<u><u>(58,441)</u></u>	<u><u>(36,181)</u></u>

Financial Summary

ASSETS AND LIABILITIES

	As at 31st December			
	1999 HK\$'000	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000
Total Assets	81,436	121,730	59,358	28,158
Total Liabilities	<u>(31,282)</u>	<u>(22,068)</u>	<u>(18,135)</u>	<u>(23,116)</u>
Shareholders' Funds	<u>50,154</u>	<u>99,662</u>	<u>41,223</u>	<u>5,042</u>

Notes:

1. The Company was incorporated in the Cayman Islands on 13th March 2000 and became the holding company of the Group with effect from 25th May 2000 as a result of the Group Reorganisation as set out in the Prospectus.
2. The results of the Group for each of the two years ended 31st December 1999 have been prepared on a combined basis as if the current group structure had been in existence throughout the years concerned and have been extracted from the Prospectus.
3. The Group has changed its financial year end date in 1998 in order to meet the changes of the financial year of a major shareholder and the financial year 1998 covered a 15 months period from 1st October 1997 to 31st December 1998.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of the members of Recruit Holdings Limited (the "Company") will be held at 26/F, 625 King's Road, North Point, Hong Kong on Thursday, 15th May 2003 at 3:00p.m. for the following purposes:-

1. To receive and consider the audited financial statements and the reports of the directors and auditors of the Company and its subsidiaries for the year ended 31st December 2002;
2. (A) To re-elect directors; and
(B) To authorise the directors to fix their remuneration for the year ending 31st December 2003;
3. To re-appoint auditors and authorise the directors to fix their remuneration;
4. As special business, to consider and, if thought fit, pass with or without amendment(s) the following resolution as ordinary resolution:-

"THAT:-

- (a) subject to paragraph (c) below, pursuant to the Rules (the "Listing Rules") Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and otherwise deal with unissued shares (the "Shares") in the capital of the Company or securities convertible into Shares and to make or grant offers, agreement and options which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (A) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (A) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company in force from time to time; or (iv) the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of passing this resolution, and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purpose of this resolution:

"Relevant Period" means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual meeting of the Company is required by the bye-laws of the Company, the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution;

"Rights Issue" means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong)."

5. As special business, to consider and, if thought fit, pass with or without amendment(s) the following resolution as ordinary resolution:-

"THAT

- (A) subject to paragraph (B) below, the exercise by the directors of the Company during the Relevant Period (as defined below) of all powers of the Company to purchase Shares in the capital of the Company on GEM of the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong (the "SFC") and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange, the Companies Act 1981 of Bermuda and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (B) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (A) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (A) of this resolution shall be limited accordingly; and
- (C) for the purposes of this resolution, "Relevant Period" means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act or any other applicable law of Bermuda to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution."

NOTICE OF ANNUAL GENERAL MEETING

6. As special business, to consider and, if thought fit, pass with or without amendment(s) the following resolution as ordinary resolution:-

"THAT conditional upon resolutions set out in items 4 and 5 in the notice convening this meeting being duly passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot and issue shares pursuant to resolution set out in item 4 in the notice convening this meeting be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted or agreed conditionally or unconditionally to be allotted and issued by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased by the Company under the authority granted pursuant to resolution set out in item 5 in the notice convening this meeting, provided that such an amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution."

By Order of the Board
Lam Mei Lan
Company Secretary

Hong Kong, 20th March 2003

Principal Office:
26th Floor, 625 King's Road
North Point,
Hong Kong.
Registered Office:
Clarendon House
Church Street
Hamilton HM11, Bermuda

Notes:

1. Any member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead and any such member who is a holder of 2 or more shares in the Company is entitled to appoint more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, a form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority must be deposited at the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1901-1905, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending meeting should you so wish.
3. A circular containing further details regarding resolutions set out in items 4 to 6 as required by the GEM Listing Rules will be despatched to members together with the 2002 Annual Report.