



PACIFIC ONLINE LIMITED

太平洋網絡有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 543)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

The board of directors (the “Board”) of Pacific Online Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2008 together with the comparative figures for the corresponding period of last year, as follows. These interim results have been reviewed by PricewaterhouseCoopers, the auditors of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, and by the Audit Committee of the Company.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENTS

	<i>Note</i>	Six months ended 30 June	
		2008	2007
		<i>RMB'000</i> <i>Unaudited</i>	<i>RMB'000</i> <i>Audited</i>
Revenue	4	129,754	94,187
Cost of revenue		<u>(37,116)</u>	<u>(26,929)</u>
Gross profit		92,638	67,258
Selling and marketing costs		(23,124)	(11,557)
Administrative expenses		(14,497)	(6,885)
Product development expenses		<u>(6,186)</u>	<u>(1,772)</u>
Operating profit		48,831	47,044
Finance income	9	8,697	963
Finance costs	9	<u>(34,379)</u>	<u>—</u>
Finance (costs)/income — net	9	<u>(25,682)</u>	<u>963</u>
Profit before income tax		23,149	48,007
Income tax expense	10	<u>(14,847)</u>	<u>(8,144)</u>
Profit for the period		<u>8,302</u>	<u>39,863</u>
Attributable to:			
Equity holders of the Company		<u><u>8,302</u></u>	<u><u>39,863</u></u>
Dividends	11	<u><u>—</u></u>	<u><u>—</u></u>
Earnings per share for profit attributable to the equity holders of the Company			
— basic (RMB)	12(a)	<u><u>0.874 cents</u></u>	<u><u>5.245 cents</u></u>
— diluted (RMB)	12(b)	<u><u>0.869 cents</u></u>	<u><u>5.245 cents</u></u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

		30 June	31 December
		2008	2007
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>Unaudited</i>	<i>Audited</i>
ASSETS			
Non-current assets			
Property, plant and equipment	5	12,390	11,350
Intangible assets	5	1,687	1,585
Deferred income tax assets	6	3,304	2,668
		<u>17,381</u>	<u>15,603</u>
Current assets			
Trade and other receivables	7	76,085	77,701
Short-term bank deposits with original terms of over three months		10,000	18,000
Cash and cash equivalents		572,999	621,057
		<u>659,084</u>	<u>716,758</u>
Total assets		<u>676,465</u>	<u>732,361</u>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Shares capital		8,986	8,986
Reserves		568,616	565,227
Retained earnings			
— Proposed final dividends		—	70,965
— Others		28,305	20,003
		<u>605,907</u>	<u>665,181</u>
Total equity		<u>605,907</u>	<u>665,181</u>

		30 June	31 December
		2008	2007
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>Unaudited</i>	<i>Audited</i>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	6	<u>1,933</u>	<u>—</u>
Current liabilities			
Accruals and other payables	8	23,650	29,251
Prepaid advertising subscriptions from customers		33,846	26,946
Current income tax liabilities		<u>11,129</u>	<u>10,983</u>
		<u>68,625</u>	<u>67,180</u>
Total liabilities		<u>70,558</u>	<u>67,180</u>
Total equity and liabilities		<u>676,465</u>	<u>732,361</u>
Net current assets		<u>590,459</u>	<u>649,578</u>
Total assets less current liabilities		<u>607,840</u>	<u>665,181</u>

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Audited			
	Attributable to the equity holders of the Company			
	Share capital	Reserves	Retained earnings	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2007	9	18,535	92,806	111,350
Profit for the period	<u>—</u>	<u>—</u>	<u>39,863</u>	<u>39,863</u>
Balance at 30 June 2007	9	18,535	132,669	151,213
Profit for the period	—	—	51,168	51,168
Dividends paid by a subsidiary to its equity holders	—	—	(92,400)	(92,400)
Disposal of subsidiaries	—	(531)	531	—
Employees' share option benefits	—	754	—	754
Issue of shares	1,797	591,282	—	593,079
Share issuance costs	—	(38,633)	—	(38,633)
Capitalisation of share premium	7,180	(7,180)	—	—
Appropriations to reserves	<u>—</u>	<u>1,000</u>	<u>(1,000)</u>	<u>—</u>
Balance at 31 December 2007	<u><u>8,986</u></u>	<u><u>565,227</u></u>	<u><u>90,968</u></u>	<u><u>665,181</u></u>
	Unaudited			
	Attributable to the equity holders of the Company			
	Share capital	Reserves	Retained earnings	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2008	8,986	565,227	90,968	665,181
Profit for the period	—	—	8,302	8,302
Dividends relating to 2007, paid in May 2008	—	—	(70,965)	(70,965)
Employees' share option benefits	<u>—</u>	<u>3,389</u>	<u>—</u>	<u>3,389</u>
Balance at 30 June 2008	<u><u>8,986</u></u>	<u><u>568,616</u></u>	<u><u>28,305</u></u>	<u><u>605,907</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(All amounts are stated in Renminbi (RMB) thousands unless otherwise stated)

1. GENERAL INFORMATION

The Company was incorporated on 27 August 2007 as an exempted company with limited liability under the Company Law, Cap.22, (Law 3 of 1961, as combined and revised) of the Cayman Islands.

The Company's shares have been listed on Main Board of The Stock Exchange of Hong Kong Limited ("SEHK") since 18 December 2007. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Group are principally engaged in the provision of internet advertising services in the People's Republic of China (the "PRC").

This unaudited condensed consolidated interim financial information was approved for issue on 26 August 2008.

2. BASIS OF PREPARATION AND PRESENTATION

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting'.

This unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The comparative figures of the condensed consolidated interim financial information have been prepared using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information included the financial position, results and cash flows of the companies comprising the Group as if the current group structure had been in existence throughout the accounting period, they would be included in the consolidated interim financial information of the Group from the date of that acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements.

The following interpretations are mandatory for the first time for the financial year beginning 1 January 2008 but are not currently relevant for the Group.

- HK(IFRIC) — Int 11, 'HKFRS 2 – Group and treasury share transactions', effective for annual periods beginning on or after 1 March 2007;
- HK(IFRIC) — Int 12, 'Service concession arrangements', effective from 1 January 2008; and
- HK(IFRIC) — Int 14, 'HKAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction', effective from 1 January 2008.

The following new standards, amendments to standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- HKFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. HKFRS 8 replaces HKAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes;

- HKAS 23 (amendment), ‘Borrowing costs’, effective for annual periods beginning on or after 1 January 2009;
- HKFRS 2 (amendment) ‘Share-based payment’, effective for annual periods beginning on or after 1 January 2009;
- HKFRS 3 (amendment), ‘Business combinations’ and consequential amendments to HKAS 27, ‘Consolidated and separate financial statements’, HKAS 28, ‘Investments in associates’ and HKAS 31, ‘Interests in joint ventures’, effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009;
- HKAS 1 (amendment), ‘Presentation of financial statements’, effective for annual periods beginning on or after 1 January 2009;
- HKAS 32 (amendment), ‘Financial instruments: presentation’, and consequential amendments to HKAS 1, ‘Presentation of financial statements’, effective for annual periods beginning on or after 1 January 2009; and
- HK(IFRIC) — Int 13, ‘Customer loyalty programmes’, effective for annual periods beginning on or after 1 July 2008.

4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in one business segment, the provision of internet advertising services for different commodities. All of the Group’s revenue is generated from customers in the PRC. Therefore, no business segment or geographical segment is presented.

5. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment	Intangible assets
	<i>RMB’000</i>	<i>RMB’000</i>
Unaudited		
Movements for the six months ended 30 June 2008		
Opening net book amount 1 January 2008	11,350	1,585
Additions	2,798	185
Disposals	(2)	—
Depreciation and amortization	<u>(1,756)</u>	<u>(83)</u>
Closing net amount 30 June 2008	<u>12,390</u>	<u>1,687</u>
Audited		
Movements for the six months ended 30 June 2007		
Opening net book amount 1 January 2007	10,982	1,299
Additions	1,360	38
Disposals	(25)	—
Depreciation and amortization	<u>(1,454)</u>	<u>(539)</u>
Closing net amount 30 June 2007	<u>10,863</u>	<u>798</u>

6. DEFERRED INCOME TAX

Deferred income tax assets

The movements in deferred income tax assets during the period are as follows:

	As at 30 June 2008 RMB'000 Unaudited	As at 31 December 2007 RMB'000 Audited
Deferred income tax assets:		
— Deferred income tax assets to be recovered after more than 12 months	2,001	548
— Deferred income tax assets to be recovered within 12 months	1,303	2,120
	<u>3,304</u>	<u>2,668</u>

	Intra-group software sales (a) RMB'000	Deferred income tax assets Provision for impairment of trade receivables RMB'000	Provision for tax losses (b) RMB'000	Total RMB'000
At 1 January 2007	2,129	594	—	2,723
(Credited)/charged to the income statement	<u>(227)</u>	<u>(75)</u>	<u>247</u>	<u>(55)</u>
At 31 December 2007	1,902	519	247	2,668
Charged to the income statement	<u>540</u>	<u>45</u>	<u>51</u>	<u>636</u>
At 30 June 2008	<u>2,442</u>	<u>564</u>	<u>298</u>	<u>3,304</u>

- (a) The deferred income tax assets recognised relate to temporary differences arising from certain intra-group software sales transactions. The credits to the consolidated income statement represent originating temporary differences arising from these software sales while the charge to the consolidated income statement represents reversal of the temporary differences as a result of the amortisation of the costs of the respective software.
- (b) Deferred income tax assets are recognized for tax losses carry-forwards to the extent that the realization of the related benefit through the future taxable profits is probable. Accumulated losses amounting to RMB987,000 and RMB203,000 as at June 30, 2008 will expire in 2013 and 2014, respectively.

Deferred income tax liabilities

The movements in deferred income tax liabilities during the period are as follows:

	As at 30 June 2008 RMB'000 Unaudited	As at 31 December 2007 RMB'000 Audited
Deferred income tax liabilities:		
— Deferred income tax liabilities to be recovered after more than 12 months	<u>1,933</u>	<u>—</u>
	<u>1,933</u>	<u>—</u>
		Deferred income tax liabilities — withholding tax (c) RMB'000 Unaudited
At 31 December 2007		<u>—</u>
Charged to the income statement		<u>1,933</u>
At 30 June 2008		<u><u>1,933</u></u>

- (c) Pursuant to the new Enterprise Income Tax (“EIT”) law passed on 16 March 2007, a 10% withholding tax was levied on dividends declared to foreign enterprise investors from the PRC effective from 1 January 2008. A lower withholding tax rate of 5% was applied to Hong Kong foreign enterprise investors as there is a tax treaty arrangement between Mainland China and Hong Kong. The deferred income tax liabilities were calculated based on 5% of the distributable profit of a PRC subsidiary, which is wholly-owned by a Hong Kong subsidiary, for the six months ended 30 June 2008.

7. TRADE AND OTHER RECEIVABLES

	As at 30 June 2008 RMB'000 Unaudited	As at 31 December 2007 RMB'000 Audited
Trade receivables (a)	75,674	51,739
Less: provision for impairment of receivables	<u>(2,255)</u>	<u>(2,077)</u>
	73,419	49,662
Amount due from BNP Paribas Capital (Asia Pacific) Limited (“BNP Paribas Capital”) (b)	—	25,166
Amounts due from related parties	242	242
Other receivables	<u>2,424</u>	<u>2,631</u>
	<u>76,085</u>	<u>77,701</u>

(a) Trade receivables

Credit terms granted to customers by the Group are generally within six months. At 30 June 2008 and 31 December 2007, the ageing analysis of the trade receivables was as follows:

	As at 30 June 2008 <i>RMB'000</i> <i>Unaudited</i>	As at 31 December 2007 <i>RMB'000</i> <i>Audited</i>
Current to 6 months	67,249	44,375
6 months to 1 year	5,879	3,563
1 year to 2 years	954	2,363
Over 2 years	<u>1,592</u>	<u>1,438</u>
	<u><u>75,674</u></u>	<u><u>51,739</u></u>

(b) Amount due from BNP Paribas Capital

The amount as at 31 December 2007 represents a portion of the listing proceeds due from BNP Paribas Capital, which is the sponsor of the initial public offering of shares of the Company on the Main Board of SEHK. The amount had been fully received by the Group during the six months ended 30 June 2008.

8. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2008 <i>RMB'000</i> <i>Unaudited</i>	As at 31 December 2007 <i>RMB'000</i> <i>Audited</i>
Salary payables	6,993	9,223
Accrued expenses (a)	10,463	13,740
Other payables (b)	5,746	6,288
Amounts due to directors (c)	<u>448</u>	<u>—</u>
	<u><u>23,650</u></u>	<u><u>29,251</u></u>

(a) Accrued expenses mainly represent accrued sales commission fees payable to various advertising agencies.

(b) Other payables mainly represent business tax and other levies payable.

(c) The amounts represent bonus payable to directors which are unsecured, interest free and are repayable on demand.

9. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Unaudited</i>	<i>Audited</i>
Finance costs		
— Net foreign exchange losses (a)	<u>(34,379)</u>	<u>—</u>
Finance income		
— Interest income on short-term bank deposits	<u>8,697</u>	<u>963</u>
Finance (costs)/income — net	<u><u>(25,682)</u></u>	<u><u>963</u></u>

- (a) The net foreign exchange losses were mainly the unrealised translation losses arising from translation of HK\$/USD denominated cash and cash equivalents balances as at 30 June 2008 at the closing rate of HK\$/USD to Renminbi prevailing at that date.

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Unaudited</i>	<i>Audited</i>
Current income tax		
— PRC EIT	13,550	8,540
Deferred taxation	<u>1,297</u>	<u>(396)</u>
	<u><u>14,847</u></u>	<u><u>8,144</u></u>

The Company and its subsidiaries incorporated in Hong Kong are not subject to Hong Kong or Cayman Islands profits tax as they have no assessable income arising in or derived from Hong Kong or Cayman Islands during the six months ended 30 June 2008 (2007: Nil).

Based on the new EIT Law, the applicable EIT rate of subsidiaries established in the PRC was changed from 33% to 25% from 1 January 2008.

11. DIVIDENDS

The directors do not recommend the payment of interim dividend for the six months ended 30 June 2008 (30 June 2007: Nil).

Final dividend relates to the year ended 31 December 2007 amounting to RMB70,965,000 was paid in May 2008.

12. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period:

	Six months ended 30 June	
	2008 <i>Unaudited</i>	2007 <i>Audited</i>
Profit attributable to equity holders of the Company (<i>RMB'000</i>)	8,302	39,863
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	950,000	760,000
Basic earnings per share (<i>RMB</i>)	<u>0.874 cents</u>	<u>5.245 cents</u>

As disclosed in Note 2, this unaudited condensed consolidated interim financial information has been prepared under the merger accounting method. Accordingly, the total of 760,000,000 ordinary shares issued were deemed to have been in issue since 1 January 2007 in determining the weighted average number of ordinary shares in issue for the six months ended 30 June 2007.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares which are the share options granted. Calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June 2008 <i>Unaudited</i>
Profit attributable to equity holders of the Company (<i>RMB'000</i>)	<u>8,302</u>
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	950,000
Adjustments for — share options (<i>thousand shares</i>)	<u>5,291</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>thousand shares</i>)	<u>955,291</u>
Diluted earnings per share (<i>RMB</i>)	<u>0.869 cents</u>

As the Company granted share options to directors and selected employees under a Pre-IPO Share Option Plan on 23 November 2007, no diluted potential shares were applicable for the six months ended 30 June 2007. The diluted earnings per share for the six months ended 30 June 2007 presented is the same as the basic earnings per share.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Revenue increased by 38% from RMB94.2 million for the six months ended 30 June 2007 to RMB129.8 million for the six months ended 30 June 2008. Revenue for PConline, the Group's information technology ("IT") and consumer electronics portal, increased by 23% from RMB62.7 million for the six months ended 30 June 2007 to RMB77.0 million for the six months ended 30 June 2008. Revenue for PCauto, the Group's automobile portal, increased by 63% from RMB28.1 million for the six months ended 30 June 2007 to RMB45.8 million for the six months ended 30 June 2008. Revenue for the Group's other operations, such as its games, lady, kids portal and others, increased by 106%. PConline and PCauto accounted for the majority of the Group's total revenue, at 95%. According to the latest China Internet Network Information Center report, the number of internet users in China reached 253 million at the end of June 2008, an increase of 56.2% year on year, and China now has the largest internet population in the world. The rapid growth of China's internet population has elevated the internet's status as a competitive medium for marketing and has thus led to increased allocation of advertising spending to the internet. Our leading position in both IT and auto allows us to capture this increased spending in internet advertising.

The summer Olympics in Beijing has garnered international interest, which has led to an increase in overall advertising spending to capitalize on this unique opportunity. However, as our portals are consumer oriented and focus on specific industries such as IT, auto, games, lady, and parenting, we do not cover areas such as general news and sports that would be most relevant to Olympics reporting. As a result, while we enjoyed solid growth in the first half of the year and benefited from the overall favourable environment for online advertising, we were not able to fully capture the additional advertising spending earmarked for Olympic related activities. In addition, the massive earthquake in Sichuan also modestly affected our results.

Cost of Revenue

Cost of Revenue increased 38% from RMB26.9 million for the six months ended 30 June 2007 to RMB37.1 million for the six months ended 30 June 2008. The gross profit margin was 71% for the first half of 2008 and was stable compared to that of first half of 2007. While we were able to extract some operating leverage from stable content cost, this was offset by the higher sales commission to the advertising agencies. In addition, telecommunication expenses increased as we added bandwidth capacity and servers to accommodate the increasing viewer traffic as the portals gained popularity.

Selling and Marketing Costs

Selling and Marketing Costs increased by 99% from RMB11.6 million for the six months ended 30 June 2007 to RMB23.1 million for the six months ended 30 June 2008. The increase can be primarily attributed to increase in staff cost for the sales department to accommodate a larger client base as well as increased marketing expenses to strengthen brand awareness of the five portals.

Administrative Expenses

Administrative Expenses increased by 110% from RMB6.9 million for the six months ended 30 June 2007 to RMB14.5 million for the six months ended 30 June 2008. The increase was partly due to expenses related to our Pre-IPO Share Option Scheme that we enacted in November of 2007. This expense item was not present during the first half of last year. Similarly, various additional expenses associated with being listed, such as compliance costs and professional fees, also added to administrative expenses that were not present during the same period last year.

Product Development Expenses

Product Development Expenses increased by 244% from RMB1.8 million for the six months ended 30 June 2007 to RMB6.2 million for the six months ended 30 June 2008. The increase can be primarily attributed to increased staff cost as we set up a new research and development center in Beijing and as well as additional expenses associated with development of various Web2.0 products expected to roll out in the second half of the year.

Finance Costs

Finance Costs were primarily due to foreign currency exchange loss resulted from holding HKD/USD denominated IPO proceeds. As the Group operates primarily within China, RMB is the Company's functional currency. As RMB is not a freely exchangeable currency, the Company cannot directly convert a significant amount of proceeds into RMB. As a result, the Company experienced unrealized foreign currency exchange loss when RMB appreciated against the HKD/USD. As of end of June 2008, RMB has appreciated about 6% from the beginning of the year. We are actively looking for acquisition opportunities to utilize our IPO proceeds. In addition, we are pursuing opportunities to purchase a headquarter facility to accommodate our growing staff.

Income Tax Expense

Income Tax Expense increased due to increased operating profit. In addition, with the new EIT Law effective from 1 January 2008, applicable rate of 25% was applied to subsidiaries established in China. High/New Technology Enterprises ("HNTE"), subject to approval by the Technology Bureau, can enjoy a reduced statutory rate of 15%. As we operate in a technology field, we believe our operation qualifies us as a HNTE and will obtain the necessary approval.

Net Profit

Net Profit decreased from RMB39.9 million for the six months ended 30 June 2007 to RMB8.3 million for the six months ended 30 June 2008. The decrease was primarily due to unrealized foreign currency exchange loss which is a non-cash expense.

Liquidity and Financial Resources

As at 30 June 2008, the Group had financial resources in the form of short term bank deposits and cash amounting to RMB583 million (as at 31 December 2007: RMB639 million). The decrease was due to foreign currency exchange loss and dividend paid out during the period. A large portion of our financial assets are held in US dollars and we had no interest-bearing borrowings as at 30 June 2008.

Business Outlook

Looking into the second half of the year, we are more cautious with the overall macroeconomic condition slowing down in China. However, with the rapid growth of the internet population and online advertising spending taking market share vis-à-vis traditional media, we are confident of the long term growth prospect of online advertising. Traditionally, second half of the year outperforms the first half as advertisers budget according Chinese consumer behavior. The Chinese consumer market still presents growth potential for many multi-national and domestic brands. We will continue to work with our customers to strive for promising growth of market share and will continue to strengthen our risk control and cost efficiency. With the positive momentum, we are confident that our business will continue to grow in the foreseeable future.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2008.

AUDIT COMMITTEE

The Audit Committee of the Company, which comprises the three independent non-executive directors of the Company, namely Mr. Tsui Yiu Wa, Alec (Chairman of the Audit Committee), Mr. Thaddeus Thomas Beczak and Mr. Louie Ming, has reviewed with the senior management of the Group the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of these interim results.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the SEHK, except that there is no separation of the role of Chairman and Chief Executive Officer as stipulated in the code provision A.2.1. Mr. Lam Wai Yan currently assumes the role of both the Chairman and the Chief Executive Officer of the Company. As Mr. Lam is a co-founder of the Group and has extensive experiences in the internet industry, the Board believes that it is in the best interest of the Group to have Mr. Lam taking up both roles for continuous effective management and business development of the Group.

On behalf of the Board
Lam Wai Yan
Chairman

Hong Kong, 26 August 2008

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Lam Wai Yan (*Chairman and Chief Executive Officer*)

Mr. Ho Kam Wah

Mr. Wang Da-Shin, Jeff

Ms. Zhang Cong Min

Mr. Tsung Shih Kin, Samuel

Independent Non-executive Directors:

Mr. Tsui Yiu Wa, Alec

Mr. Thaddeus Thomas Beczak

Mr. Louie Ming