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 2009

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 2009 together with the comparative figures for the corresponding period of last year, as follows.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

		Unaudited Six months ended 30 June	
		2009	2008
	Note	***RMB'000***	*RMB'000*
Revenue	4	**141,834**	129,754
Cost of revenue		**(43,158)**	(37,116)
Gross profit		**98,676**	92,638
Selling and marketing costs		**(20,614)**	(23,124)
Administrative expenses		**(18,450)**	(14,497)
Product development expenses		**(8,353)**	(6,186)
Operating profit		**51,259**	48,831
Finance income	5	**4,386**	8,697
Finance costs	5	**(585)**	(34,379)
Finance income/(costs) — net	5	**3,801**	(25,682)
Profit before income tax		**55,060**	23,149
Income tax expense	6	**(10,689)**	(14,847)
Profit for the period		**44,371**	8,302
Profit attributable to:			
Equity holders of the Company		**44,371**	8,302
Earnings per share for profit attributable to the equity holders of the Company			
— basic (RMB)	7	**4.804 cents**	0.874 cents
— diluted (RMB)	7	**4.804 cents**	0.869 cents
Dividends	8	**—**	—

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Profit for the period	**44,371**	8,302
Other comprehensive income for the period, net of tax	**—**	—
Total comprehensive income for the period	**44,371**	8,302
Total comprehensive income attributable to:		
Equity holders of the Company	**44,371**	8,302

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	**Unaudited 30 June 2009** *RMB'000*	Audited 31 December 2008 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	9	**12,690**	13,540
Intangible assets	9	**780**	947
Deferred income tax assets	10	**2,288**	2,785
		15,758	17,272
Current assets			
Derivative financial instruments		**4,459**	1,640
Trade and other receivables	11	**107,412**	99,726
Restricted cash		**10,247**	10,252
Short-term bank deposits with original terms of over three months		**84,506**	30,509
Cash and cash equivalents		**243,112**	582,854
		449,736	724,981
Total assets		**465,494**	742,253
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Ordinary shares		**8,737**	8,737
Reserves			
— Proposed special dividend	8	**—**	249,402
— Others		**304,324**	301,270
Retained earnings			
— Proposed final dividend	8	**—**	64,660
— Others		**75,783**	31,412
Total equity		**388,844**	655,481
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	10	**2,184**	—
Current liabilities			
Accruals and other payables	12	**39,812**	40,848
Prepaid advertising subscriptions from customers		**23,190**	23,322
Current income tax liabilities		**11,464**	22,602
		74,466	86,772
Total liabilities		**76,650**	86,772
Total equity and liabilities		**465,494**	742,253
Net current assets		**375,270**	638,209
Total assets less current liabilities		**391,028**	655,481

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

		Unaudited			
		Attributable to the equity holders of the Company			
	Note	Share capital *RMB'000*	Reserves *RMB'000*	Retained earnings *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2008		8,986	565,227	90,968	665,181
Profit for the period		—	—	8,302	8,302
Other comprehensive income		—	—	—	—
Total comprehensive income for the period ended 30 June 2008		—	—	8,302	8,302
Employees' share option benefits		—	3,389	—	3,389
Dividends relating to 2007, paid in May 2008		—	—	(70,965)	(70,965)
		—	3,389	(70,965)	(67,576)
Balance at 30 June 2008		8,986	568,616	28,305	605,907
Balance at 1 January 2009		8,737	550,672	96,072	655,481
Profit for the period		—	—	44,371	44,371
Other comprehensive income		—	—	—	—
Total comprehensive income for the period ended 30 June 2009		—	—	44,371	44,371
Employees' share option benefits		—	3,054	—	3,054
Dividends relating to 2008, paid in May 2009	8	—	—	(64,660)	(64,660)
Special dividend paid in May 2009	8	—	(249,402)	—	(249,402)
		—	(246,348)	(64,660)	(311,008)
Balance at 30 June 2009		8,737	304,324	75,783	388,844

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 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").

The Company has its shares listed on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information was presented in thousands of Renminbi (RMB'000), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 28 August 2009.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION AND PRESENTATION

This condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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 2008, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009:

- HKAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' be adopted under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments being presented. The previously reported "internet advertising services" segment has been split into two segments by the portal web sites that the Company operates, PConline (portal for computer and other IT-related products) and PCauto (portal for automobile products).

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the executive directors that make strategic decisions.

- HKFRS 2 (amendment), 'Share-based payment'. The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply HKFRS 2 (Amendment) from 1 January 2009, but it is not expected to have a material impact on the Group's financial statements.

- Amendment to HKFRS 7, 'Financial instruments: disclosures'. The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 31 December 2009.

The following amendment to standard was early adopted by the Group for the financial year beginning 1 January 2009:

- Amendment to HKFRS 8, 'Operating segments'. The amendment states that a measure of segment assets should only be disclosed when such amounts are regularly provided to the chief operating decision maker. As such amounts are not regularly provided to the chief operation decision maker, the Group early adopted the amendment and does not disclose such information. Please refer to Note 4 for details.

The following amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group:

- HKAS 23 (amendment), 'Borrowing costs'.

- HKAS 32 (amendment), 'Financial instruments: presentation'.

- HKAS 39 (amendment), 'Financial instruments: Recognition and measurement'.

- HK(IFRIC) 13, 'Customer loyalty programmes'.

- HK(IFRIC) 15, 'Agreements for the construction of real estate'.

- HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation'.

4. SEGMENT INFORMATION

The Group is principally engaged in the provision of internet advertising services for different commodities. The chief operating decision maker reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The chief operating decision maker considers the business from the performance of the internet advertising generated from different internet portals which it operates. As all of the Group's revenue is generated from customers in the PRC, on-line advertising is not further evaluated on a geographic basis.

The chief operating decision maker assesses the performance of the operating segments based on a measure of revenue by portal. The Company currently does not allocate cost of revenue, operating costs or assets to its segments, as its chief operating decision maker does not use this information to allocate resources to or evaluate the performance of the operating segments. Therefore, the Company does not report a measure of profit for each reportable segment and total assets.

Other services mainly represented internet advertising services from portal for game, lady and kids. These are not included within the reportable operating segments, as they are immaterial segments. The results of these operations are included in the "all other segments" column.

There were no inter-segment sales for the six months ended 30 June 2009 (2008: the same). The revenue from external parties reported to the chief operating decision maker is measured in a manner consistent with that in the condensed consolidated interim statement of comprehensive income.

	PConline	**PCauto**	**All other segments**	**Group**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2009				
Revenue	75,192	57,248	9,394	141,834
Six months ended 30 June 2008				
Revenue	77,029	45,770	6,955	129,754

The entity is domiciled in Cayman Islands. For the six months ended 30 June 2009, the total of revenue from external customers was generated from PRC (2008: the same).

As at 30 June 2009, the total of non-current assets other than deferred income tax assets was located in PRC (2008: the same).

For the six months ended 30 June 2009, there was no revenue derived from a single external customer accounting for ten per cent or more of the Group's revenues (2008: the same).

5. FINANCE INCOME/(COSTS) — NET

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Finance income		
— Interest income on short-term bank deposits	**1,567**	8,697
— Change in fair values of forward foreign exchange contracts *(a)*	**2,819**	—
	4,386	8,697
Finance costs		
— Net foreign exchange losses *(b)*	**(585)**	(34,379)
Finance income/(costs) — net	**3,801**	(25,682)

(a) The notional principal amounts of the outstanding forward foreign exchange contracts at 30 June 2009 are RMB140,860,000 (2008: nil).

(b) The net foreign exchange losses during six months ended 30 June 2008 were mainly 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 RMB prevailing at that date.

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
PRC current tax charge	**8,008**	13,550
Deferred taxation	**2,681**	1,297
	10,689	14,847

Income tax expense was recognized based on management's best estimate of the projected full year annual effective income tax rate.

The Group is not subject to Hong Kong or Cayman Islands profits tax as it has no assessable income arising in or derived from Hong Kong or Cayman Islands during the six months ended 30 June 2009 (2008: nil).

Current income tax charge primarily represented the provision for PRC Enterprise Income Tax ("EIT") for subsidiaries operating in the PRC. These subsidiaries are subject to EIT on their taxable income as reported in their respective statutory financial statements adjusted in accordance with the relevant tax laws and regulations in the PRC.

On March 16, 2007, the National People's Congress approved the PRC Enterprise Income Tax Law (the "New EIT Law"). The New EIT Law, which became effective from January 1, 2008, unifies the corporate income tax rate for domestic enterprises and foreign invested enterprises to 25%. In addition, the New EIT Law provides for, among others, a preferential tax rate of 15% for enterprises qualified as High and New Technology Enterprises ("HNTE"). In 2008, Guangzhou Pacific Computer Information Consulting Co., Ltd. (廣州太平洋電腦信息咨詢有限公司, "GZP Computer") and Guangdong Pacific Internet Information Service Co., Ltd. (廣東太平洋互聯網信息服務有限公司, "GDP Internet"), the principal operating subsidiaries, were formally designated as HNTE under the New EIT Law. As a result, GZP Computer and GDP Internet are subject to EIT at 15% in 2008 and 2009.

All the other PRC entities are subject to EIT at 25% in 2008 and 2009 in accordance with the New EIT Law.

7. 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	
	2009	2008
Profit attributable to equity holders of the Company *(RMB'000)*	**44,371**	8,302
Weighted average number of ordinary shares in issue *(thousand shares)*	**923,710**	950,000
Basic earnings per share *(RMB)*	**4.804 cents**	0.874 cents

(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: share options. A calculation is done 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 outstanding share options. For the six months ended 30 June 2009, as the average market share price of the ordinary shares during the period was lower than the subscription price, the diluted earnings per share was equal to the basic earnings per share (2008: RMB0.869 cents).

8. DIVIDENDS

The directors did not recommend the payment of interim dividend for the six months ended 30 June 2009 (2008: nil).

Final dividend related to the year ended 31 December 2008 amounting to RMB64,660,000 and special dividend distributed out of the share premium amounting to RMB249,402,000 were both paid in May 2009.

9. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment *RMB'000*	**Intangible assets** *RMB'000*
Six months ended 30 June 2008		
Opening net book amount as at 1 January 2008	11,350	1,585
Additions	2,798	185
Disposals	(2)	—
Depreciation and amortization	(1,756)	(83)
Closing net amount as at 30 June 2008	12,390	1,687
Six months ended 30 June 2009		
Opening net book amount as at 1 January 2009	13,540	947
Additions	1,190	296
Disposals	(11)	—
Depreciation and amortization	(2,029)	(463)
Closing net amount as at 30 June 2009	12,690	780

10. DEFERRED INCOME TAX

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates of 15% or 25% (2008: the same) which are expected to apply to the period when the assets are realised.

Deferred income tax assets

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

	As at 30 June 2009 *RMB'000*	As at 31 December 2008 *RMB'000*
Deferred income tax assets:		
— Deferred income tax assets to be recovered after more than 12 months	**1,939**	2,118
— Deferred income tax assets to be recovered within 12 months	**349**	667
	2,288	2,785

	Intra-group software sales(a) *RMB'000*	Provision for impairment of trade receivables *RMB'000*	Provision for tax losses *RMB'000*	Total *RMB'000*
At 1 January 2008	1,902	519	247	2,668
(Charged)/credited to the income statement	(1,042)	1,074	85	117
At 31 December 2008	860	1,593	332	2,785
(Charged)/credited to the income statement	(441)	276	(332)	(497)
At 30 June 2009	419	1,869	—	2,288

(a) The deferred income tax assets recognised related to the temporary differences arising from certain intragroup 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 the reversal of the temporary differences as a result of the amortisation of the costs of these related software.

Deferred income tax liabilities

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

	As at 30 June 2009 ***RMB'000***	As at 31 December 2008 *RMB'000*
Deferred income tax liabilities:		
— Deferred income tax liabilities to be recovered within 12 months	**2,184**	—
	2,184	—

	Deferred income tax liabilities-withholding tax *RMB'000*
At 31 December 2008	—
Charged to the income statement	2,184
At 30 June 2009	2,184

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2009 RMB'000	As at 31 December 2008 RMB'000
Trade receivables (a)	**105,736**	96,267
Receivables from related parties	**423**	423
Other receivables	**1,253**	3,036
	107,412	99,726

(a) Trade receivables

Credit terms granted to customers by the Group are generally within six months. At 30 June 2009, the ageing analysis of the trade receivables is as follows:

	As at 30 June 2009 RMB'000	As at 31 December 2008 RMB'000
Current to 6 months	**90,753**	82,191
6 months to 1 year	**14,115**	12,197
1 year to 2 years	**868**	1,879
	105,736	96,267

12. ACCRUALS AND OTHER PAYABLES

	As at 30 June 2009 RMB'000	As at 31 December 2008 RMB'000
Salary payables	**8,600**	11,555
Accrued expenses (a)	**18,506**	20,040
Other payables (b)	**12,706**	9,253
	39,812	40,848

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Revenue increased by 9% from RMB129.8 million for the six months ended 30 June 2008 to RMB141.8 million for the six months ended 30 June 2009. Revenue for PConline, the Group's information technology ("IT") and consumer electronics portal, decreased by 2% from RMB77.0 million for the six months ended 30 June 2008 to RMB75.2 million for the six months ended 30 June 2009. The decrease in revenues from PConline was due to a slowdown in advertising spending from IT manufacturers as the financial crisis adversely impacted their advertising budgets. Revenue for PCauto, the Group's automobile portal, increased by 25% from RMB45.8 million for the six months ended 30 June 2008 to RMB57.2 million for the six months ended 30 June 2009. The increase in revenues from PCauto was due to the strong growth of the automobile industry in China during the period and the enlarged appetite for advertising from these manufacturers. Revenue for the Group's other operations, such as games, lady, baby portals and others, increased by 35%. Revenue from this segment is significantly increasing as consumer goods companies start to experiment with and direct a great share of their advertising budgets to internet advertising. PConline and PCauto accounted for the majority of the Group's total revenue, at 93%; however Pacific Online's diversification strategy is proving beneficial as new revenue sources help to supplement and offset risks of the Group's main verticals.

Cost of Revenue

Cost of Revenue increased 16% from RMB37.1 million for the six months ended 30 June 2008 to RMB43.2 million for the six months ended 30 June 2009. The gross profit margin was 70% for the first half of 2009 and was stable compared to the first half of 2008. The increase in Cost of Revenues was due to an increase in headcount to support the Group's expansion plans.

Selling and Marketing Costs

Selling and Marketing Costs decreased by 11% from RMB23.1 million for the six months ended 30 June 2008 to RMB20.6 million for the six months ended 30 June 2009. The decrease was primarily due to the Group's efforts to more selectively target its marketing campaigns.

Adminstrative Expenses

Administrative Expenses increased by 27% from RMB14.5 million for the six months ended 30 June 2008 to RMB18.5 million for the six months ended 30 June 2009. The increase was mainly due to an increase in expenses associated with being a publicly listed company, such as compliance costs, professional fees and an increase in staff.

Product Development Expenses

Product Development Expenses increased by 35% from RMB6.2 million for the six months ended 30 June 2008 to RMB8.4 million for the six months ended 30 June 2009. The increase was primarily due to an increase in staff costs as the Group expanded its headcount in the research and development team.

Finance Income and Costs

The Group realized a net finance income of RMB3.8 million for the six months ended 30 June 2009, compared with a net finance cost of RMB25.7 million for the six months ended 30 June 2008. The net finance income was primarily attributed to a substantial decrease in net foreign exchange losses from holding IPO proceeds in Hong Kong dollars. The Group also realized a currency hedging gain of RMB2.8 million during the half year.

Income Tax Expense

Income Tax Expense decreased 28% from RMB14.8 million for the six months ended 30 June 2008 to RMB10.7 million for the six months ended 30 June 2009. The decrease was due to a lower effective tax rate after the Group obtained the HNTE designation in Mainland China. This effectively reduced the Group's statutory earned income tax rate to 15% from 25% in the same period last year.

Net Profit

Net Profit increased from RMB8.3 million for the six months ended 30 June 2008 to RMB44.4 million for the six months ended 30 June 2009.

Liquidity and Financial Resources

As of 30 June 2009, the Group had financial resources in the form of short term bank deposits and cash amounting to RMB338 million, compared to RMB624 million as at 31 December 2008. The decrease was due to the issuance of a dividend of RMB7 cents per share and the issuance of a special dividend of RMB27 cents per share in the first half of 2009.

Business Outlook

Our outlook for the second half of 2009 is optimistic. We expect that growth will continue to improve as the global economy recovers. Although our first half 2009 results were impacted by the challenging operating environment and global financial crisis, we were still able to successfully increase both revenues and net profits from the same period one year ago.

We are seeing a significant number of improvements in the advertising industry. Advertisers in China are beginning to readjust their budgets as signs of an economic recovery arise. As consumer confidence and spending in China remain solid, global and domestic advertisers are increasingly allocating budgets to this region. We expect to benefit from the improvement in the market as internet advertising is becoming an increasingly important and cost-effective form of advertising. Traditionally, our second half year results outperform the first half year as advertisers generally base their budgets according to Chinese consumer behaviors.

We will continue to invest in technology and our research and development team to enhance our content offering. We also plan to increase our capital expenditure to support additional user traffic. These strategies will enable us to effectively grow our Company. In addition, we are making progress on the purchase of our headquarters, and we look forward to being able to centralize our operations, provide a more pleasant working environment for our team and support the growth of our headcount. We continue to believe in the growth potential of the online advertising market in China and we remain fully committed to executing our strategies and driving consistently strong growth of our Company.

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 2009.

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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, 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, 28 August 2009

As at the date of this announcement, the Board comprises 5 executive directors, namely, Mr. Lam Wai Yan, Mr. Ho Kam Wah, Mr. Wang Da-Shin, Jeff, Ms. Zhang Cong Min and Mr. Tsung Shih Kin, Samuel; and 3 independent non-executive directors, namely, Mr. Tsui Yiu Wa, Alec, Mr. Thaddeus Thomas Beczak and Mr. Louie Ming.