



**China.com Inc.**

[Incorporated in the Cayman Islands with limited liability]

China.com Inc. (GEM Stock :8006) is a CDC Corporation company (NASDAQ:CHINA)

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*This report, for which the Directors (the “Directors”) of China.com Inc. (the “Company”) collectively and individually accept 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, confirm that, to the best of their knowledge and belief:- (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## CHAIRMAN'S STATEMENT

During the first quarter, our Portal experienced robust growth while our Mobile Value Added Service (MVAS) business continued to be impacted by previously announced industry-wide regulatory changes.

Here are some financial and business highlights for China.com Inc. and its subsidiaries (collectively the "Group") for the three months ended 31st March, 2008:

- Revenue was HK\$22.1 million, down 47% as compared to the same period last year.
- Gross profit was HK\$10.7 million, down 50% as compared to the same period last year.
- Profit attributable to equity holders was HK\$6.7 million, as compared to a loss attributable to equity holders of HK\$3.7 million in the same period last year.
- Balance sheet remained strong, with more than HK\$1.2 billion in net cash, held-for-trading investments and available-for-sale investments.
- In view of the difficult regulatory environment for the MVAS business in China, in February 2008, the Group announced it was in the process of reducing the MVAS workforce and that it intended to scale down its emphasis on the business.

The portal business is the Group's origin. During the first quarter, our portal business continued to produce encouraging financial returns from our strong brand recognition and booming growth of online advertising in mainland China. Portal revenue for the first quarter increased 9% to HK\$5,357,000 from the same period in 2007. The increasing revenue were mainly attributable to enhanced brand equity, strategic partnership with an increasing number of industry leaders and encouraging revenue growth over the automobile and gaming channels.

As previously announced, the Chinese government had implemented strict restrictions on online advertisements for medical treatments and pharmaceutical products. These measures had negatively impacted the growth of Portal's advertising revenue. In order to minimize the adverse revenue impact resulted from the new medicine advertising policy, we have managed to shift our online advertising focus to automobile and gaming channels. China.com portal has successfully partnered with reputable auto clients such as Volkswagen, Dongfeng Peugeot, Mercedes-Benz, BYD, Roewe, SAIC-GM-Wuling Automobile Co., and Chery, and has also secured more advertising contracts with leading gaming developers and operators such as Kingsoft, Tencent and Giant.

Recognizing the growth potential of the online gaming sector in China, China.com portal is also building and strengthening its current games channel into an informative and interactive gaming platform. We have established strategic partnerships with leading domestic and international web-game developers and operators to launch web-games, many of which are sports games, to capture a niche, yet fast growing market and to maximize the advertising opportunities derived from the 2008 Olympics. We are also strengthening contents on gaming news and information, making the China.com gaming channel as an attractive portal for game advertisers.

Overall, we will continue to focus on increasing China.com's brand equity, and deepening strategic partnerships with industry leaders. We believe this strategic focus, combined with various new sales initiatives, will help the portal business to maintain robust growth in the coming quarters.

As the regulatory environment for the MVAS industry continued to be difficult and we see no reasonable instance where our MVAS business may turn profitable in the foreseeable future, the Group has previously announced in February 2008 that it was in the process of scale down the MVAS business operation. By 31st March, 2008, majority of MVAS business operation has been scaled down and only minimum operation is maintained to cater for 3G's arrival in China.

TTG has performed well in the first quarter of 2008 with consistent quarterly performance and results exceeding budget. The good performance in the first quarter of 2008, growing 9% to HK\$12,153,000, can be attributed to the better than expected advertising revenues from print as well as from ad hoc special projects such as Asian Tourism Forum (ATF) Daily and ITB Daily.

During the quarter, TTG successfully won the bids to be the official media partner for PATA CEO Summit 2008 in April and ITB Asia 2008 in October, and the official publication for the Great Singapore Sale 2008 in May. With these successful bids, TTG has secured the rights to publish the official daily newspaper at the events which should translate into more revenues during the months the dailies are published.

Overall, we continue to believe that there are high growth opportunities in the PRC market. The Group will continue to identify, invest and operate compelling next generation businesses in media, technology and other related fields. We believe that this is the right strategy to assist the Group in returning to profitability and to create shareholder value in the years to come.

Thank you for your continued support of China.com Inc.

**Dr. Ch'ien Kuo Fung, Raymond**  
*Chairman*

Hong Kong, 14th May, 2008

## UNAUDITED CONSOLIDATED QUARTERLY RESULTS

The board of directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the three months ended 31st March, 2008 (the "Quarterly Period"), together with the comparative unaudited figures for the corresponding period in 2007.

		(Unaudited)	
		Three months ended	
		31st March,	
	Notes	2008 HK\$'000	2007 HK\$'000
Revenue	2	22,065	41,758
Cost of sales		<u>(11,415)</u>	<u>(20,318)</u>
Gross profit		10,650	21,440
Other income		23,042	22,613
Selling and distribution costs		(4,666)	(11,758)
Administrative expenses		(20,441)	(31,352)
Other expenses		(1,130)	(5,055)
Interest expense on bank borrowings wholly repayable within five years		<u>–</u>	<u>(1,415)</u>
Profit (loss) before tax		7,455	(5,527)
Income tax (expense) credit	3	<u>(714)</u>	<u>529</u>
Profit (loss) for the period		<u><u>6,741</u></u>	<u><u>(4,998)</u></u>
Attributable to:			
Equity holders of the Company		6,741	(3,694)
Minority interests		<u>–</u>	<u>(1,304)</u>
		<u><u>6,741</u></u>	<u><u>(4,998)</u></u>
Earnings (loss) per share	4		
Basic		<u><u>0.15 cent</u></u>	<u><u>(0.08) cent</u></u>
Diluted		<u><u>0.15 cent</u></u>	<u><u>(0.08) cent</u></u>

*Notes:*

**1. Basis of preparation**

The unaudited consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKAS”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited.

The unaudited consolidated results of the Group have not been reviewed by the Company’s auditors. Adjustments may be identified during the course of interim review or annual audit to be performed by the Company’s auditors.

The unaudited consolidated results of the Group have been prepared under historical cost convention, except for certain financial instruments, which are measured at fair value. The principal accounting policies used in the preparation of the unaudited consolidated financial statements are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 31st December, 2007.

**2. Revenue**

Revenue represents (1) subscription revenue from the provision of short messaging services and other mobile value-added services and other related products to mobile phone users; and (2) internet and media revenue from sale of online banner advertising, sponsorships, offline advertising campaigns, direct mailings and online sales.

**3. Income tax (expense) credit**

No provision for Hong Kong profits tax has been made as the Group had no assessable profits in Hong Kong during the Quarterly Period and the corresponding period in 2007.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates based on existing legislation, interpretations and practices in respect thereof.

#### 4. Earnings (loss) per share

The calculation of the basic and diluted earnings (loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Three months ended 31st March,	
	2008	2007
	HK\$'000	HK\$'000
<i>Earnings (loss)</i>		
Profit (loss) for the period attributable to equity holders of the Company	<u>6,741</u>	<u>(3,694)</u>
	Three months ended 31st March,	
	2008	2007
	'000	'000
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	4,380,514	4,379,238
Effect of dilutive potential ordinary shares: Options	<u>32</u>	<u>423</u>
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	<u>4,380,546</u>	<u>4,379,661</u>

## 5. Movement of reserves

	Share premium HK\$'000	Goodwill reserve HK\$'000	Investment revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Reserve funds HK\$'000	Translation reserve HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>At 1st January, 2007</b>	1,018,727	(31,193)	(18,649)	-	24,123	18,115	33,168	811,231	1,855,522
Deficit on revaluation of available-for-sale investments	-	-	(718)	-	-	-	-	-	(718)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	1,219	-	-	1,219
Net (expense) income recognised directly in equity	-	-	(718)	-	-	1,219	-	-	501
Loss for the period	-	-	-	-	-	-	-	(3,694)	(3,694)
Investment revaluation reserve released on disposal of available-for-sale investments	-	-	165	-	-	-	-	-	165
Total recognised income and expense for the period	-	-	(553)	-	-	1,219	-	(3,694)	(3,028)
Recognition of equity-settled share based payments	-	-	-	-	-	-	6,847	-	6,847
Shares issued upon exercises of share options	137	-	-	-	-	-	-	-	137
Transfer to premium upon exercises of share options	105	-	-	-	-	-	(105)	-	-
Repurchase of shares	(427)	-	-	110	-	-	-	(110)	(427)
<b>At 31st March, 2007</b>	<b>1,018,542</b>	<b>(31,193)</b>	<b>(19,202)</b>	<b>110</b>	<b>24,123</b>	<b>19,334</b>	<b>39,910</b>	<b>807,427</b>	<b>1,859,051</b>
<b>At 1st January, 2008</b>	<b>1,020,109</b>	<b>(31,193)</b>	<b>(10,336)</b>	<b>110</b>	<b>24,123</b>	<b>36,262</b>	<b>52,493</b>	<b>211,398</b>	<b>1,302,966</b>
Deficit on revaluation of available-for-sale investments	-	-	(14,933)	-	-	-	-	-	(14,933)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	9,437	-	-	9,437
Net (expense) income recognised directly in equity	-	-	(14,933)	-	-	9,437	-	-	(5,496)
Profit for the period	-	-	-	-	-	-	-	6,741	6,741
Investment revaluation reserve released on disposal of available-for-sale investments	-	-	417	-	-	-	-	-	417
Total recognised income and expense for the period	-	-	(14,516)	-	-	9,437	-	6,741	1,662
Recognition of equity-settled share based payments	-	-	-	-	-	-	1,798	-	1,798
Repurchase of shares	(609)	-	-	328	-	-	-	(328)	(609)
<b>At 31st March, 2008</b>	<b>1,019,500</b>	<b>(31,193)</b>	<b>(24,852)</b>	<b>438</b>	<b>24,123</b>	<b>45,699</b>	<b>54,291</b>	<b>217,811</b>	<b>1,305,817</b>

## 6. Dividend

The Board does not recommend the payment of a dividend for the Quarterly Period and the corresponding period in 2007.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### *Revenue and gross profit*

Revenue for the Quarterly Period was HK\$22,065,000 representing a HK\$19,693,000, or 47%, decrease as compared with the same period last year. The net decrease was primarily attributable to (1) a decrease in mobile services and applications revenue of HK\$21,164,000; and (2) an increase in advertising revenue from the internet and media segment of HK\$1,471,000.

Gross profit margin maintained at a relatively stable level of 48% for the Quarterly Period, compared to 51% for the same period last year.

#### *Other income*

Other income increased by 2% to HK\$23,042,000 for the Quarterly Period, compared with HK\$22,613,000 for the corresponding period in 2007. The increase was primarily due to (1) a HK\$1,126,000 increase in interest income from available-for-sale investments as a result of increasing yield of long term available-for-sale investments; (2) a HK\$1,048,000 decrease in bank interest as a result of decreasing yield of such cash and bank balances; (3) a HK\$144,000 gain on disposal of available-for-sale investments; (4) a HK\$143,000 other non-operating income and (5) a HK\$64,000 increase in note interest income arising from the note receivable associated with the disposal of the online games segment in 2006.

#### *Selling and distribution costs*

Selling and distribution costs decreased to HK\$4,666,000 for the Quarterly Period, compared with HK\$11,758,000 for the corresponding period in 2007. The decrease was mainly attributable to the decrease in marketing and promotion expenses incurred for our mobile services and applications business amounting to HK\$5,147,000 during the Quarterly Period.

#### *Administrative expenses*

Administrative expenses decreased by 35% to HK\$20,441,000 for the Quarterly Period versus HK\$31,352,000 for the corresponding period last year. The net decrease was primarily due to the scale down of our mobile services and applications business operation during the Quarterly Period. Administrative expenses include share option expenses in the Quarterly Period amounting to HK\$1,798,000 (2007: HK\$6,847,000) recognized in accordance with HKFRS 2.

### *Other expenses*

Other expenses decreased by about HK\$3,925,000 to HK\$1,130,000 for the Quarterly Period, compared to HK\$5,055,000 for the corresponding period last year. The decrease was primarily due to the decrease in amortization expense of intangible assets and bad debt expense.

### *Income tax*

The Group recorded an income tax expense of HK\$714,000 for the Quarterly Period, compared to an income tax credit of HK\$529,000 for the corresponding period last year. The income tax expense for the Quarterly Period represented provision for income tax.

### *Minority interests*

Profit shared by minority interests was HK\$Nil for the Quarterly Period, compared to a loss shared by minority interests of HK\$1,304,000 for the same period last year. Loss shared by minority interests for the corresponding period in 2007 represented minority interests' share of loss in the Group's mobile services and applications segment.

### *Profit (loss) for the period attributable to equity holders of the Company*

Profit for the period attributable to equity holders of the Company was HK\$6,741,000 for the Quarterly Period, compared with loss attributable to equity holders of the Company of HK\$3,694,000 for the same period last year.

## **BUSINESS REVIEW**

### **Portal**

The portal business is the Group's origin. Thanks to our strong brand recognition and the booming growth of online advertising in mainland China, we brought encouraging financial return to our investors. This year we will continue to put our focus on automobile and gaming channels, intending to become the leading vertical media in China.

During the first quarter of 2008, our portal revenue increased 9% to HK\$5,357,000 from the same period in 2007. The increasing revenue were mainly attributable to enhanced brand equity, strategic partnership with an increasing number of industry leaders and encouraging revenue growth over the automobile and gaming channels.

As previously announced, the Chinese government had implemented strict restrictions on online advertisements for medical treatments and pharmaceutical products. These measures had negatively impacted the growth of Portal's advertising revenue. In order to minimize the adverse revenue impact resulted from the new medicine advertising policy, we have managed to shift our online advertising focus to automobile and gaming channels. China.com portal has successfully partnered with reputable auto clients such as Volkswagen, Dongfeng Peugeot, Mercedes-Benz, BYD, Roewe, SAIC-GM-Wuling Automobile Co., and Chery, and has also secured more advertising contracts with leading gaming developers and operators such as Kingsoft, Tencent and Giant.

Recognizing the growth potential of the online gaming sector in China, China.com portal is also building and strengthening its current games channel into an informative and interactive gaming platform. We have established strategic partnerships with leading domestic and international web-game developers and operators to launch web-games, many of which are sports games, to capture a niche, yet fast growing market and to maximize the advertising opportunities derived from the 2008 Olympics. We are also strengthening contents on gaming news and information, making the China.com gaming channel as an attractive portal for game advertisers. By 31st March, 2008, China.com portal has already formed partnerships with the major web-game developers and operators and has launched a dozen of hot web-games in our games channel, including Arise of Empire, XBA Basketball Manager, Hot Dance Street, Travian, the World of Warlord, etc. The revenue share from these games is expected to be new revenue stream to China.com portal.

Overall, we will continue to focus on increasing China.com's brand equity, and deepening strategic partnerships with industry leaders. We believe this strategic focus, combined with various new sales initiatives, will help the portal business to maintain robust growth in the coming quarters.

### **Mobile Value Added Services**

As noted in prior announcements, the Group was alerted in June 2006 to policy changes for all subscription services on China Mobile's ("CMCC") Monternet platform which affected the Company's MVAS subscription services. The changes, which were implemented under the policy directives of China's Ministry of Information Industry, aim to address industry-wide objectives, including reducing customer complaints, increasing customer satisfaction and promoting the healthy development of the MVAS industry and CMCC's Monternet.

As a result of this prolonged, industry-wide impact, for the quarter ended 31st March, 2008, our total mobile services and application revenue was HK\$4,555,000, down 82% from the first quarter of 2007. During the quarter, SMS and MMS continued to be our major revenue generators, representing 63% and 14% respectively of the total mobile services and applications revenue. Remaining was mainly shared by our WAP and IVR services.

As the regulatory environment for the MVAS industry continued to be difficult and we see no reasonable instance where our MVAS business may turn profitable in the foreseeable future, in February 2008, the Group announced that it was in the process of scale down the MVAS business operation. By 31st March, 2008, majority of MVAS business operation has been scaled down and only minimum operation is maintained to cater for 3G's arrival in China.

### **Media and Travel**

TTG has performed well in the first quarter of 2008 with consistent quarterly performance and results exceeding budget. The good performance in the first quarter of 2008, growing 9% to HK\$12,153,000, can be attributed to the better than expected advertising revenues from print as well as from ad hoc special projects such as Asian Tourism Forum (ATF) Daily and ITB Daily.

During the quarter, TTG successfully won the bids to be the official media partner for PATA CEO Summit 2008 in April and ITB Asia 2008 in October; and the official publication for the Great Singapore Sale 2008 in May. With these successful bids, TTG has secured the rights to publish the official daily newspaper at the events which should translate into more revenues during the months the dailies are published.

## INTERESTS AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31st March, 2008, the interests of each of the directors, chief executives and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the directors, were as follows:

### The Company

*Long positions in ordinary shares and the underlying shares of equity derivatives*

Name of Directors	Number of shares	Number of underlying shares	Nature of Interests/ Holding Capacity	Appropriate percentage of interests
Ch'ien Kuo Fung, Raymond	5,716,000	18,000,000	Personal/ beneficiary	0.54%
Chia Kok Onn	–	2,500,000	Personal/ beneficiary	0.06%
Fang Xin	–	1,000,000	Personal/ beneficiary	0.02%
Lam Lee G.	–	–	–	–
Anson Wang	–	–	–	–
Cheng Loi	–	1,515,000	Corporate Note (3)	0.03%
Wang Cheung Yue, Fred	–	6,000,000	Personal/ beneficiary	0.14%
Wong Sin Just	–	4,500,000	Personal/ beneficiary	0.10%
Yip Hak Yung, Peter	3,416,000	–	Corporate Note (1)	0.08%
Yip Hak Yung, Peter	900,000	17,000,000	Personal/ beneficiary	0.41%
Yip Hak Yung, Peter	–	239,356,507	Interest of children or spouse Note (2)	5.46%

Notes:

- (1) These shares were beneficially owned by Asia Internet Holdings Limited which is 100% owned by Mr. Yip Hak Yung, Peter.
- (2) These options were beneficially owned by Asia Pacific Online Limited, a company 50% owned by Mr. Yip Hak Yung, Peter's spouse and 50% owned by a trust established for the benefit of Mr. Yip'spouse and his children.
- (3) These options were beneficially owned by SLC Management Consulting International Limited, a company 100% owned by Dr. Cheng Loi.

*Options to subscribe for ordinary shares in the Company pursuant to the pre-IPO share option scheme, the post-IPO share option scheme and the 2002 share option scheme*

Name of Directors	Date of grant <i>Note (4)</i>	Exercise price <i>HK\$</i>	Number of share options outstanding as at 31st March, 2008
Ch'ien Kuo Fung, Raymond	9th March, 2000	1.880	10,000,000
	5th June, 2003	0.626	4,000,000
	10th October, 2005	0.630	4,000,000
Chia Kok Onn	15th September, 2005	0.560	2,500,000
Fang Xin	10th October, 2005	0.630	1,000,000
Wang Cheung Yue, Fred	5th June, 2003	0.626	2,000,000
	15th September, 2005	0.560	4,000,000
Cheng Loi	26th March, 2008	0.275	1,500,000
	26th March, 2008	0.275	15,000 <i>Note (5)</i>
Wong Sin Just	9th March, 2000	1.880	1,000,000
	5th June, 2003	0.626	2,500,000
	15th September, 2005	0.560	1,000,000
Yip Hak Yung, Peter	5th June, 2003	0.626	4,000,000
	10th October, 2005	0.630	4,000,000
	3rd January, 2006	0.526	9,000,000
	14th August, 2006	0.445	239,356,507 <i>Note (6)</i>

*Notes:*

- (4) All the share options may be exercised in accordance with the terms of the relevant share option schemes at any time during the period commencing from one year after the date of grant of options to the year ending 10 years after the date of grant of options. The consideration for the grant was HK\$1.00. These share options other than those set out in Note (5) and (6) below shall vest over a period of four years.
- (5) These options shall vest over a period of three years.
- (6) These options were granted to Asia Pacific Online Limited, a company 50% owned by the spouse of Mr. Yip Hak Yung, Peter and 50% owned by a trust established for the benefit of Mr. Yip's spouse and his children. The grant of 239,356,507 options was approved by the shareholders of the Company at the extraordinary general meeting held on 18th September, 2006.

108,798,412 of such options shall vest quarterly over two years effective from 1st October, 2006 to 1st July, 2008 subject to the terms and conditions as set out in the Executive Services (Acting CEO) Agreement (the "Services Agreement") as follows:

- 12.5% options shall vest from 1st October, 2006
- 12.5% options shall vest from 1st January, 2007
- 12.5% options shall vest from 1st April, 2007
- 12.5% options shall vest from 1st July, 2007
- 12.5% options shall vest from 1st October, 2007
- 12.5% options shall vest from 1st January, 2008
- 12.5% options shall vest from 1st April, 2008
- 12.5% options shall vest from 1st July, 2008

Of the 130,558,095 options, 50% shall vest upon the occurrence of one of the below events (the date of occurrence shall be the vesting date for such options) pursuant subject to the terms and conditions as set out in the Services Agreement as described below provided (i) Mr. Yip Hak Yung, Peter remains at the Company to provide the services on the day vesting of the relevant portion of those options takes place and (ii) the Services Agreement has not otherwise been terminated:

- Event 1: The grant by the relevant authorities in the PRC of an asset management license or equivalent that would allow the Company or its affiliate or associate to raise and manage a Renminbi denominated fund or funds which will invest in any of the following: a) "A" shares listed on a recognized stock exchange in the PRC; b) pre-initial public offering "A" shares; and c) convertible loans. For Event 1, the vesting date shall be the date of the grant of the license.
- Event 2: The completion of a real estate development project in the PRC which will comprise of both residential and commercial units for use by the Company and CDC Corporation and for rental to third parties. For Event 2, the vesting date shall be the date of the completion of the real estate development project, such date to be determined by the board of the Company in their absolute discretion.

## Associated Corporation

Long positions in Class A common shares in CDC Corporation and the underlying shares of equity of derivatives

Name of Directors	Number of shares	Number of underlying shares	Nature of interests/ Holding Capacity	Appropriate percentage of interests
Ch'ien Kuo Fung, Raymond	1,023,773	130,000	Personal/ beneficiary	0.98%
Fang Xin	–	70,000	Personal/ beneficiary	0.06%
Lam Lee G.	–	10,000	Personal/ beneficiary	0.01%
Anson Wang	–	–	–	–
Cheng Loi	–	40,000	Corporate Note(2)	0.03%
Wang Cheung Yue, Fred	–	115,000	Personal/ beneficiary	0.10%
Wong Sin Just	–	20,000	Personal/ beneficiary	0.02%
Yip Hak Yung, Peter	16,483,649	5,744,999	Interest of children or spouse Note (1)	18.93%
Yip Hak Yung, Peter	–	90,000	Personal/ beneficiary	0.08%

### Notes:

- (1) 11,987,253 of the Class A common shares and 5,744,999 options were held by Asia Pacific Online Limited ("APOL"), a company 50% owned by the spouse of Mr. Yip Hak Yung, Peter ("Mr. Yip") and 50% owned by a trust established for the benefit of Mr. Yip's spouse and his children. 4,496,396 of the Class A common shares were held by the spouse of Mr. Yip.
- (2) These options were beneficially owned by SLC Management Consulting International Limited, a company 100% owned by Dr. Cheng Loi.



*Options/stock appreciation rights to subscribe for Class A common shares in CDC Corporation pursuant to its share option scheme*

Name of Directors	Date of grant	Exercise period	Exercise price US\$	Number of share options/Stock appreciation rights outstanding as at 31st March, 2008
Ch'ien Kuo Fung, Raymond	17th October, 2000	17th January, 2001 to 16th October, 2010	6.8125	100,000
	9th January, 2001	9th January, 2001 to 8th January, 2011	4.2813	30,000
Fang Xin	16th November, 2005	16th November, 2006 to 15th November, 2015	3.3000	70,000
Lam Lee G.	22nd December, 2006	22nd March, 2007 to 21st December, 2013	8.5100	10,000 <i>Note (1)</i>
Cheng Loi	24th January, 2008	24th January, 2009 to 23rd January, 2015	3.9900	15,000 <i>Note (1)</i>
	28th January, 2008	28th January, 2009 to 27th January, 2015	4.1600	25,000 <i>Note (1)</i>
Wang Cheung Yue, Fred	24th October, 2005	24th October, 2006 to 23rd October, 2015	3.2100	90,000
	18th December, 2006	18th December, 2007 to 17th December, 2013	8.5200	25,000 <i>Note (1)</i>
Wong Sin Just	22nd December, 2006	22nd March, 2007 to 21st December, 2013	8.5100	20,000 <i>Note (1)</i>
Yip Hak Yung, Peter	22nd June, 1999	22nd June, 2000 to 21st June, 2009	3.3750	60,000
	9th January, 2001	9th January, 2001 to 8th January, 2011	4.2813	30,000
	3rd June, 2003	30th June, 2003 to 2nd June, 2013	4.9500	200,000*
	16th June, 2003	16th September, 2003 to 15th June, 2013	5.1600	100,000*
	24th October, 2005	24th October, 2006 to 23rd October, 2015	3.2100	45,000*
	3rd January, 2006	3rd April, 2006 to 2nd January, 2013	3.2200	600,000*
	12th April, 2006 12th April, 2006	12th July, 2006 to 11th April, 2013	3.9900 3.9900	2,400,000* 2,399,999*

*Note (2)*

*Notes:*

- (1) This represents stock appreciation right to subscribe for Class A common shares of CDC Corporation granted under the 2005 Stock Incentive Plan.
- (2) \* These options/stock appreciation rights to subscribe for Class A common shares in CDC Corporation were granted to Asia Pacific Online Limited, a company 50% owned by the spouse of Mr. Yip Hak Yung, Peter and 50% owned by a trust established for the benefit of Mr. Yip's spouse and his children.

*Long positions in common shares in CDC Software Corporation and the underlying shares of equity of derivatives*

<b>Name of Directors</b>	<b>Number of shares</b>	<b>Number of underlying shares</b>	<b>Nature of interests/ Holding Capacity</b>	<b>Appropriate percentage of interests</b>
Ch'ien Kuo Fung, Raymond	–	25,000	Personal/ beneficiary	0.08%
Wang Cheung Yue, Fred	–	20,000	Personal/ beneficiary	0.07%
Yip Hak Yung, Peter	–	330,000	Interest of children or spouse <i>Note (1)</i>	1.10%

*Notes:*

- (1) These options to subscribe for common shares were held under the name of Asia Pacific Online Limited, a company 50% owned by the spouse of Mr. Yip Hak Yung, Peter and 50% owned by a trust established for the benefit of Mr. Yip's spouse and his children.

*Options to subscribe for common shares in CDC Software Corporation pursuant to its share option scheme*

Name of Directors	Date of grant	Exercise period	Exercise price US\$	Number of share options outstanding as at the Latest Practicable Date
Ch'ien Kuo Fung, Raymond	17th February, 2007	Date of commencement of an initial public offering of CDC Software Corporation to 17th February, 2014	13.33	25,000
Wang Cheung Yue, Fred	17th February, 2007	Date of commencement of an initial public offering of CDC Software Corporation to 17th February, 2014	13.33	20,000
Yip Hak Yung, Peter	17th February, 2007	Date of commencement of an initial public offering of CDC Software Corporation to 17th February, 2014	13.33	330,000

*Long positions in common shares in CDC Games Corporation and the underlying shares of equity of derivatives*

Name of Directors	Number of shares	Number of underlying shares	Nature of interests/ Holding Capacity	Appropriate percentage of interests
Wang Cheung Yue, Fred	–	120,000	Personal/ beneficiary	0.40%
Yip Hak Yung, Peter	–	900,000	Interest of children or spouse <i>Note (1)</i>	3.00%

*Notes:*

- (1) These options to subscribe for common shares were held under the name of Asia Pacific Online Limited, a company 50% owned by the spouse of Mr. Yip Hak Yung, Peter and 50% owned by a trust established for the benefit of Mr. Yip's spouse and his children.

*Options to subscribe for common shares in CDC Games Corporation pursuant to its share option scheme*

Name of Directors	Date of grant	Exercise period	Exercise price US\$	Number of share options outstanding as at the Latest Practicable Date
Wang Cheung Yue, Fred	17th February, 2007	Date of commencement of an initial public offering of CDC Games Corporation to 17th February, 2014	4.50	120,000
Yip Hak Yung, Peter	17th February, 2007	Date of commencement of an initial public offering of CDC Games Corporation to 17th February, 2014	4.50	900,000

Save as disclosed above, as at 31st March, 2008, none of the directors and chief executives had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## **INTEREST AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

So far as is known to any director or chief executive of the Company, as at 31st March, 2008, the following companies (not being a Director or chief executive of the Company) who have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

<b>Name</b>	<b>Number of shares</b>	<b>Number of underlying shares</b>	<b>Percentage of issued share capital</b>
China M Interactive (BVI) Limited	3,361,828,000	–	76.73%
Asia Pacific Online Limited	–	239,356,507	5.46%

China M Interactive (BVI) Limited is a wholly owned subsidiary of chinadotcom Mobile Interactive Corporation. chinadotcom Mobile Interactive Corporation is a wholly owned subsidiary of CDC Corporation, the ultimate holding company of the Company.

Asia Pacific Online Limited is 50% owned by the spouse of Mr. Yip Hak Yung, Peter (“Mr. Yip”) and 50% owned by a trust established for the benefit of Mr. Yip’s spouse and his children.

Save as disclosed above, as at 31st March, 2008, none of the directors are aware of any other persons who has an interest or short position in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is interested in 10% or more of the normal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company.

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

The Company has repurchased a total of 19,646,000 ordinary shares of the Company on the Stock Exchange in February, March and April 2008 for an aggregate amount of HK\$5,790,310, net of transaction cost. The Directors believe that such repurchases will lead to an enhancement of the net asset value of the Company and/or its earnings per share and will benefit the Company and the Company's shareholders. Details of the share repurchase were as follows:

Date of repurchase	Number of shares repurchased	Price per share repurchased	
		Highest (HK\$)	Lowest (HK\$)
14th February, 2008	96,000	0.3100	-
18th February, 2008	150,000	0.3100	0.3000
19th February, 2008	470,000	0.3150	-
20th February, 2008	200,000	0.3200	0.3150
22nd February, 2008	150,000	0.3150	-
26th March, 2008	1,100,000	0.2750	0.2650
27th March, 2008	1,110,000	0.2750	0.2650
28th March, 2008	200,000	0.2700	-
31st March, 2008	102,000	0.2850	0.2750
1st April, 2008	1,000,000	0.2850	-
2nd April, 2008	256,000	0.2900	0.2850
7th April, 2008	1,000,000	0.3000	-
8th April, 2008	970,000	0.3000	0.2950
9th April, 2008	3,782,000	0.3000	0.2900
10th April, 2008	1,000,000	0.3050	0.2950
11th April, 2008	750,000	0.3050	0.3000
14th April, 2008	2,714,000	0.3000	0.2950
15th April, 2008	1,862,000	0.3000	0.2900
16th April, 2008	2,000,000	0.3000	-
17th April, 2008	734,000	0.3000	-
Total:	<u>19,646,000</u>		

The company is in the process of canceling the repurchased shares.

Save as disclosed herein, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the quarter ended 31st March, 2008.

## **COMPETING INTERESTS**

Currently, the Board is not aware of any Director or the management shareholder of the Company (as defined under the GEM Listing Rules) having any interests in a business which competes or may compete with the business of the Group.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

During the quarter ended 31st March, 2008, the Company has not adopted a code of conduct regarding the directors' securities transactions but has applied the principles of the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules ("Required Standard of Dealings"). Having made specific enquiry of all directors of the Company, the directors confirmed that they have complied with or they were not aware of any non-compliance with the Required Standard of Dealings during the quarter ended 31st March, 2008.

## **CORPORATE GOVERNANCE CODE COMPLIANCE**

The Company has applied the principles of the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules and is satisfied that the Company has complied throughout the quarter ended 31st March, 2008 with the Code.

## **AUDIT COMMITTEE**

The Company established an audit committee on 25th February, 2000 with written terms of reference which are of no less exacting terms than those set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules. The audit committee comprises four independent non-executive directors namely, Dato' Wong Sin Just (Committee Chairman), Mr. Wang Cheung Yue, Fred, Mr. Chia Kok Onn and Dr. Lam Lee G. The primary duties of the audit committee are to oversee that management (i) has maintained the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the Company; (ii) has established and maintained processes to assure that an adequate system of internal control is functioning within the Company; and (iii) has established and maintained processes to assure compliance by the Company with all applicable laws, regulations and corporate policy. The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

On behalf of the Board  
**Wang Cheung Yue, Fred**  
*Director*

Hong Kong, 14th May, 2008

*As at the date of this report, the executive directors of the Company are Mr. Yip Hak Yung, Peter, Dr. Cheng Loi, the non-executive directors are Dr. Ch'ien Kuo Fung, Raymond, Mr. Fang Xin and the independent non-executive directors are Dato' Wong Sin Just, Mr. Wang Cheung Yue, Fred, Mr. Chia Kok Onn, Dr. Lam Lee G. and Mr. Anson Wang.*