

Third Quarterly Report



China.com Inc.

[Incorporated in the Cayman Islands with limited liability]

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

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon, the whole or any part of the contents of this report.

This report, for which the Directors (the “Directors”) of 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 third quarter, our business operations were adversely affected by the slowing down in global economy. Below are the financial and business highlights for the three months ended 30th September, 2008:

- Revenue from Portal was HK\$5.2 million, down 14% year-over-year and 42% quarter-over-quarter.
- Revenue from TTG was HK\$15.4 million, up 25% year-over-year but down 33% quarter-over-quarter.
- Profit attributable to equity holders was HK\$0.5 million, compared to HK\$14.6 million in Q2 2008, and a loss attributable to equity holders of HK\$48.8 million in Q3 2007.
- Balance sheet remains strong, with approximately HK\$1.2 billion in net cash, held-for-trading investments and available-for-sale investments.

During the third quarter 2008, our portal revenue decreased by 14% year-over-year and 42% quarter-over-quarter. As previously announced, the Chinese government had implemented strict control over online advertisements for medical treatments and pharmaceutical products. These measures continued to adversely affect our portal's advertising revenue performance in this sector. During the Olympic events in Beijing in August, the Chinese Government implemented tight control over advertising activities, sponsorship programs and promotional events, resulting in a sharp cut back in advertising spending by advertisers who were not the official sponsors of the Olympic Games. All these Government control measures adversely impacted the portal's advertising revenue.

To minimize the revenue impact mentioned above, the portal team shifted focus to automobile and travel channels and successfully secured marketing contracts and promotional event cooperation with reputable clients, including Hong Kong Tourism Board, Puma, Anji Jiffy Lube, TCL, Nike and CIBA VISION.

In August 2008, our portal was awarded AAA rating (the highest rating in Internet industry in China) by Internet Society of China (ISC), a renowned Internet professional association in China. In September 2008, we signed cooperation agreement with the municipal government of Jianyin city, Jiangsu province to launch and maintain the city's official website "<http://js.china.com>". We also entered into strategic partnership with Beijing Shihua International Information Co., Ltd. to launch our finance channel. The partnership involves supply of integrated financial contents and real-time financial data to our finance channel.

TTG continued to perform well in the third quarter 2008 with consistent quarterly performance exceeding budget. During the third quarter of 2008, TTG's revenue grew by 25% over the same quarter last year. The increase was attributed to continuous growth in print media advertising as well as hosting of the Gift & Stationery Show in Singapore.

During the quarter, TTG became the "Media Partner" of XinLu Advertising (Xinlu Advertising is the official advertising agency of the China National Tourism Administration). In this partnership, TTG is responsible to publish the International Section of the official directory of the China International Travel Mart (CITM) 2008 and China International Travel Mart (CITM) 2008 Picture Daily. CITM is the largest and most influential travel show in China.

With the continuous slowing down in the global economy, we expect to see further cut back in the advertising spending that will impact our portal and TTG revenue performance in the coming quarters. In response to this harsh economic situation, the company will stay slim and fit and has cut back spending and implemented cost reduction initiatives. The company believes that there are still business opportunities in Asia. We will remain well resourced to pursue strategic opportunities in Asia, particularly in China.

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

Dr. Ch'ien Kuo Fung, Raymond
Chairman

Hong Kong, 10th November, 2008

UNAUDITED CONSOLIDATED 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 (the "Quarterly Period") and nine months (the "Nine-Month Period") ended 30th September 2008, together with the comparative unaudited figures for the corresponding periods in 2007.

	Notes	(Unaudited)		(Unaudited)	
		Three months ended		Nine months ended	
		2008	2007	2008	2007
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	2	22,233	27,154	79,039	116,619
Cost of sales		(11,811)	(14,192)	(39,906)	(55,389)
Gross profit		10,422	12,962	39,133	61,230
Other income		8,215	23,892	52,739	69,197
Selling and distribution costs		(3,920)	(5,011)	(16,084)	(29,704)
Administrative expenses		(13,271)	(26,927)	(50,534)	(86,118)
Impairment loss		-	(49,704)	-	(49,704)
Other expenses		(71)	(5,381)	(1,585)	(15,695)
Interest expense on bank borrowings wholly repayable within five years		(22)	(299)	(22)	(2,392)
Profit (loss) before tax		1,353	(50,468)	(23,647)	(53,186)
Income tax (expense) credit	3	(870)	564	(1,865)	1,197
Profit (loss) for the period		483	(49,904)	21,782	(51,989)
Attributable to:					
Equity holders of the Company		483	(48,782)	21,782	(48,628)
Minority interests		-	(1,122)	-	(3,361)
		483	(49,904)	21,782	(51,989)
Earnings (loss) per share	4				
Basic		0.45 cent	(44.54) cents	20.02 cents	(44.41) cents
Diluted		0.45 cent	(44.54) cents	20.02 cents	(44.41) cents

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 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 online banner advertising, sponsorships, offline advertising campaigns, direct mailings and online sales.

3. Income tax

No Hong Kong profits tax has been made as the Group had no assessable profits in Hong Kong during the Quarterly Period and Nine-Month Period and the corresponding periods 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 30th September, 2008		Nine months ended 30th September, 2008	
	2007	2008	2007	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Earnings</i>				
Profit (loss) for the period attributable to equity holders of the Company	<u>483</u>	<u>(48,782)</u>	<u>21,782</u>	<u>(48,628)</u>
	2008	2007	2008	2007
	'000	'000	'000	'000
<i>Number of shares</i>				
Weighted average number of ordinary shares for the purposes of basic earnings per share	107,895	109,528	108,789	109,499
Effect of dilutive potential ordinary shares:				
Options	<u>-</u>	<u>2</u>	<u>39</u>	<u>182</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>107,895</u>	<u>109,530</u>	<u>108,828</u>	<u>109,681</u>

The weighted average number of ordinary shares for the purpose of earnings per share has been adjusted for the Company's share consolidation of every 40 issued and unissued ordinary shares of HK\$0.10 each in the share capital of the Company into one share of HK\$4.00 each effective on 27th June, 2008.

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
At 1st January, 2007	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	-	-	(15,240)	-	-	-	-	-	(15,240)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	11,328	-	-	11,328
Net (expense) income recognised directly in equity	-	-	(15,240)	-	-	11,328	-	-	(3,912)
Loss for the period	-	-	-	-	-	-	-	(48,628)	(48,628)
Investment revaluation reserve released on disposal of available-for-sale investments	-	-	153	-	-	-	-	-	153
Total recognised income and expense for the period	-	-	(15,087)	-	-	11,328	-	(48,628)	(52,387)
Recognition of equity-settled share based payments	-	-	-	-	-	-	16,104	-	16,104
Shares issued upon exercises of share options	1,106	-	-	-	-	-	-	-	1,106
Transfer to share premium upon exercises of share options	703	-	-	-	-	-	(703)	-	-
Transaction cost attributable to issue of new shares	(2)	-	-	-	-	-	-	-	(2)
Repurchase of shares	(427)	-	-	110	-	-	-	(110)	(427)
At 30th September, 2007	<u>1,020,107</u>	<u>(31,193)</u>	<u>(33,736)</u>	<u>110</u>	<u>24,123</u>	<u>29,443</u>	<u>48,569</u>	<u>762,493</u>	<u>1,819,916</u>

	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
At 1st January, 2008	1,020,109	(31,193)	(10,336)	110	24,123	36,262	52,493	211,398	1,302,966
Deficit on revaluation of available-for-sale investments	-	-	(26,676)	-	-	-	-	-	(26,676)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	15,528	-	-	15,528
Net (expense) income recognised directly in equity	-	-	(26,676)	-	-	15,528	-	-	(11,148)
Profit for the period	-	-	-	-	-	-	-	21,782	21,782
Investment revaluation reserve released on disposal of available-for-sale investments	-	-	98	-	-	-	-	-	98
Total recognised income and expense for the period	-	-	(26,578)	-	-	15,528	-	21,782	10,732
Recognition of equity-settled share based payments	-	-	-	-	-	-	4,908	-	4,908
Dividend paid	(577,137)	-	-	-	-	-	-	-	(577,137)
Repurchase of shares	(12,526)	-	-	9,168	-	-	-	(9,168)	(12,526)
At 30th September, 2008	<u>430,446</u>	<u>(31,193)</u>	<u>(36,914)</u>	<u>9,278</u>	<u>24,123</u>	<u>51,790</u>	<u>57,401</u>	<u>224,012</u>	<u>728,943</u>

6. Interim dividend

On 27th June, 2008, a special dividend of HK\$5.34 per share (2007: HK\$Nil) totaling HK\$577,137,000 was declared.

The Board does not recommend the payment of an interim dividend for the Quarterly Period and the Nine-Month Period and the corresponding periods in 2007.

7. Comparative figures

Certain comparative amounts have been reclassified to conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue and gross profit

Revenue for the Nine-Month Period was HK\$79,039,000 representing a 32% decrease compared with the same period last year. The net decrease of HK\$37,580,000 was primarily attributable to (1) a decrease in mobile services and applications revenue of HK\$50,230,000; and (2) an increase in advertising revenue from the internet and media segment of HK\$12,650,000.

Gross profit margin remained at a relatively stable level of 50% for the Nine-Month Period, compared to 53% in the same period last year.

Other income

Other income decreased by 24% to HK\$52,739,000 for the Nine-Month Period, compared with HK\$69,197,000 in the corresponding period in 2007. The decrease was primarily due to (1) a HK\$4,999,000 decrease in interest income from available-for-sale investments; (2) a HK\$7,157,000 decrease in interest income from cash and bank balances; (3) the maturity of a US\$60 million promissory note on 27th June, 2008, which used to generate an interest income of approximately HK\$5,850,000 per quarter.

Selling and distribution costs

Selling and distribution costs decreased to HK\$16,084,000 for the Nine-Month Period, compared with HK\$29,704,000 in 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\$16,635,000 during the Nine-Month Period.

Administrative expenses

Administrative expenses decreased by 41% to HK\$50,534,000 for the Nine-Month Period from HK\$86,118,000 for the corresponding period last year. Administrative expenses include share option expenses in the Nine-Month Period amounting to HK\$4,908,000 (2007: HK\$16,104,000) recognised in accordance with HKFRS 2.

Impairment loss

During the Nine-Month Period, the Group recorded an impairment charge of HK\$Nil (2007: HK\$49,704,000) on available-for-sale investments.

The Group's available-for-sale investments include investments in principal protected collateralized debt obligations (CDO) that are backed by US mortgages, including sub-prime mortgages. In 2007, the Group conducted an assessment on the CDO and recorded an impairment charge of HK\$49,704,000 against the CDO. The management has decided that no further impairment charge is required for the Nine-Month Period.

Other expenses

Other expenses decreased by about HK\$14,110,000 to HK\$1,585,000 for the Nine-Month Period, compared to HK\$15,695,000 for the corresponding period last year. The decrease was primarily due to the decrease in amortisation expense for intangible assets and bad debt expense.

Income tax

The Group recorded an income tax expense of HK\$1,865,000 for the Nine-Month Period, compared to an income tax credit of HK\$1,197,000 for the corresponding period last year. The income tax expense for the Nine-Month Period represented provision for income tax.

Minority interests

Profit shared by minority interests was HK\$Nil for the Nine-Month Period, compared to a loss shared by minority interests of HK\$3,361,000 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\$21,782,000 for the Nine-Month Period, compared with loss attributable to equity holders of the Company of HK\$48,628,000 for the same period last year.

Business Review

Portal

During the third quarter 2008, our portal revenue decreased by 14% year-over-year and 42% quarter-over-quarter. As previously announced, the Chinese government had implemented strict control over online advertisements for medical treatments and pharmaceutical products. These measures continued to adversely affect our portal's advertising revenue performance in this sector. During the Olympic events in Beijing in August, the Chinese Government implemented tight control over advertising activities, sponsorship programs and promotional events, resulting in a sharp cut back in advertising spending by advertisers who were not the official sponsors of the Olympic Games. All these Government control measures adversely impacted the portal's advertising revenue.

To minimize the revenue impact mentioned above, the portal team shifted focus to automobile and travel channels and successfully secured marketing contracts and promotional event cooperation with reputable clients, including Hong Kong Tourism Board, Puma, Anji Jiffy Lube, TCL, Nike and CIBA VISION.

In August 2008, our portal was awarded AAA rating (the highest rating in Internet industry in China) by Internet Society of China (ISC), a renowned Internet professional association in China. In September 2008, we signed cooperation agreement with the municipal government of Jianyin city, Jiangsu province to launch and maintain the city's official website "<http://js.china.com>". We also entered into strategic partnership with Beijing Shihua International Information Co., Ltd. to launch our finance channel. The partnership involves supply of integrated financial contents and real-time financial data to our finance channel.

Mobile Value Added Services

The regulatory environment for the MVAS industry continues to be difficult and we see no reasonable instance where our MVAS business may turn profitable in the foreseeable future. As previously announced, the Group has scaled down the MVAS business operation.

Media and Travel

TTG continued to perform well in the third quarter 2008 with consistent quarterly performance exceeding budget. During the third quarter of 2008, TTG's revenue grew by 25% over the same quarter last year. The increase was attributed to continuous growth in print media advertising as well as hosting of the Gift & Stationery Show in Singapore.

During the quarter, TTG became the "Media Partner" of XinLu Advertising (Xinlu Advertising is the official advertising agency of the China National Tourism Administration). In this partnership, TTG is responsible to publish the International Section of the official directory of the China International Travel Mart (CITM) 2008 and China International Travel Mart (CITM) 2008 Picture Daily. CITM is the largest and most influential travel show in China.

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

As at 30th September, 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 <i>Note (4)</i>	Number of underlying shares <i>Note (4)</i>	Nature of Interests/ Holding Capacity	Appropriate percentage of interests
Ch'ien Kuo Fung, Raymond	142,900	450,000	Personal/ beneficiary	0.55%
Chia Kok Onn	–	62,500	Personal/ beneficiary	0.06%
Fang Xin	–	25,000	Personal/ beneficiary	0.02%
Lam Lee G.	–	–	–	–
Anson Wang	–	–	–	–
Li On-kwok, Victor	–	–	–	–

Name of directors	Number of shares Note (4)	Number of underlying shares Note (4)	Nature of Interests/ Holding Capacity	Appropriate percentage of interests
Cheng Loi	–	37,875	Corporate Note (3)	0.04%
Wang Cheung Yue, Fred	–	150,000	Personal/ beneficiary	0.14%
Wong Sin Just	–	112,500	Personal/ beneficiary	0.10%
Yip Hak Yung, Peter	85,400	–	Corporate Note (1)	0.08%
Yip Hak Yung, Peter	22,500	425,000	Personal/ beneficiary	0.41%
Yip Hak Yung, Peter	–	7,064,232	Interest of children or spouse Note (2)	6.54%

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's spouse and his children.
- (3) These options were beneficially owned by SLC Management Consulting International Limited, a company 100% owned by Dr. Cheng Loi.
- (4) Adjustments were made to the balances of the number of shares and the number of underlying shares resulting from the consolidation ("Share Consolidation") of every 40 existing ordinary shares of HK\$0.10 each in the issued and unissued share capital into one (1) consolidated share of HK\$4.00 each in the issued and unissued share capital of the Company duly approved at the extraordinary general meeting held on 26th June, 2008 by the shareholders and becoming effective 27th June, 2008.

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 (6)</i>	Exercise price <i>Note (5)</i> HK\$	Number of
			share options outstanding as at 30th September, 2008 <i>Note (5)</i>
Ch'ien Kuo Fung, Raymond	9th March, 2000	75.20	250,000
	5th June, 2003	25.04	100,000
	10th October, 2005	25.20	100,000
Chia Kok Onn	15th September, 2005	22.40	62,500
Fang Xin	10th October, 2005	25.20	25,000
Wang Cheung Yue, Fred	5th June, 2003	25.04	50,000
	15th September, 2005	22.40	100,000
Cheng Loi	26th March, 2008	11.00	37,500
	26th March, 2008	11.00	<i>Note (7)</i> 375
Wong Sin Just	9th March, 2000	75.20	25,000
	5th June, 2003	25.04	62,500
	15th September, 2005	22.40	25,000
Yip Hak Yung, Peter	5th June, 2003	25.04	100,000
	10th October, 2005	25.20	100,000
	3rd January, 2006	21.04	225,000
	14th August, 2006	17.80	5,983,912
	19th August, 2008	5.436	<i>Note (8)</i> 1,080,320 <i>Note (9)</i>

Notes:

- (5) Adjustments were made to the exercise prices and balances of the number of share options outstanding as at 30th September, 2008 resulting from Share Consolidation effective 27th June, 2008.
- (6) 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 Notes (7) & (8) below shall vest over a period of four years.

- (7) These options shall vest over a period of three years.
- (8) 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. Before Share Consolidation, 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 and the number of such options was adjusted to 5,983,912 after Share Consolidation effective 27th June, 2008.

2,719,960 (before Share Consolidation: 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 3,263,952 (before Share Consolidation: 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.
- (9) 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 as remuneration for the services provided by Mr. Yip under the Services Agreement and shall vest quarterly over one year effective from 1st October, 2008 to 1st July, 2009 as follows:
- 270,080 options shall vest from 1st October, 2008
 - 270,080 options shall vest from 1st January, 2009
 - 270,080 options shall vest from 1st April, 2009
 - 270,080 options shall vest from 1st July, 2009

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	155,000	Personal/ beneficiary	1.00%
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	16,815,251	5,744,999	Interest of children or spouse Note (1)	19.14%
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. 4,827,998 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 to subscribe for Class A common shares in CDC Corporation pursuant to its share option scheme

Name of Directors	Date of grant	Option Exercise period	Exercise price US\$	Number of share options/ Stock appreciation rights outstanding as at 30th September, 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
	9th November, 2007	9th February, 2008 to 8th November, 2014	6.1800	25,000 <i>Note (1)</i>
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>

Name of Directors	Date of grant	Option Exercise period	Exercise price US\$	Number of share options/ Stock appreciation rights outstanding as at 30th September, 2008
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, 2016	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

Name of Directors	Number of shares	Number of underlying shares	Nature of interests/ Holding Capacity	Appropriate percentage of interests
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	Option Exercise period	Exercise price US\$	Number of share options outstanding as at 30th September, 2008
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%
Ch'ien Kuo Fung, Raymond	–	100,000	Personal/ beneficiary	0.33%

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	Option Exercise period	Exercise price US\$	Number of share options outstanding as at 30th September, 2008
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
Ch'ien Kuo Fung, Raymond	21st April, 2008	Date of commencement of an initial public offering of CDC Games Corporation to 21st April, 2015	2.57	100,000

Save as disclosed above, as at 30th September, 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 30th September, 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:

Name	Number of shares	Number of underlying shares	Percentage of issued share capital
CDC Corporation	84,269,700 [#]	–	78.00%
China M Interactive (BVI) Limited	84,045,700 [#]	–	78.00%
Asia Pacific Online Limited	–	5,983,912 [#]	5.46%

[#] Adjustments after Share Consolidation effective 27th June, 2008

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 30th September, 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

Before the 40 to 1 Share Consolidation effective 27th June, 2008, the Company has repurchased a total of 58,202,000 ordinary shares of the Company on the Stock Exchange for an aggregate amount of HK\$16,343,580, 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	0.310	–
18th February, 2008	150,000	0.310	0.300
19th February, 2008	470,000	0.315	–
20th February, 2008	200,000	0.320	0.315
22nd February, 2008	150,000	0.315	–
26th March, 2008	1,100,000	0.275	0.265
27th March, 2008	1,110,000	0.275	0.265
28th March, 2008	200,000	0.270	–
31st March, 2008	102,000	0.285	0.275
1st April, 2008	1,000,000	0.285	–
2nd April, 2008	256,000	0.290	0.285
7th April, 2008	1,000,000	0.300	–
8th April, 2008	970,000	0.300	0.295
9th April, 2008	3,782,000	0.300	0.290
10th April, 2008	1,000,000	0.305	0.295
11th April, 2008	750,000	0.305	0.300
14th April, 2008	2,714,000	0.300	0.295
15th April, 2008	1,862,000	0.300	0.290
16th April, 2008	2,000,000	0.300	–
17th April, 2008	734,000	0.300	–
30th May, 2008	1,326,000	0.285	–
2nd June, 2008	500,000	0.280	–
5th June, 2008	1,808,000	0.265	0.260
6th June, 2008	2,690,000	0.275	0.265

Date of repurchase	Number of shares repurchased	Price per share repurchased	
		Highest (HK\$)	Lowest (HK\$)
10th June, 2008	2,608,000	0.270	0.265
11th June, 2008	2,722,000	0.270	0.260
12th June, 2008	1,500,000	0.265	–
13th June, 2008	2,938,000	0.275	0.265
16th June, 2008	1,250,000	0.275	–
17th June, 2008	2,426,000	0.275	0.270
18th June, 2008	1,700,000	0.275	0.270
19th June, 2008	1,940,000	0.275	0.270
20th June, 2008	3,466,000	0.280	0.270
23rd June, 2008	3,050,000	0.280	0.270
24th June, 2008	2,160,000	0.280	0.275
25th June, 2008	1,832,000	0.280	–
26th June, 2008	4,640,000	0.285	0.280
	58,202,000		

After the Share Consolidation and upto 4th July, 2008, the Company has further repurchased a total of 40,950 consolidated ordinary shares of the Company on the Stock Exchange for an aggregate amount of HK\$528,355, net of transaction cost. The Directors believe that such further repurchase 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\$)
4th July, 2008	40,950	12.92	12.90

In August, September and October, 2008, the Company has repurchased a total of 963,000 ordinary shares of the Company on the Stock Exchange for an aggregate amount of HK\$5,549,610.00, net of transaction cost. Details of the share repurchase were as follows:

Date of repurchase	Number of shares repurchased	Price per share repurchased	
		Highest (HK\$)	Lowest (HK\$)
12th August, 2008	6,000	5.40	5.37
13th August, 2008	41,000	5.35	5.30
14th August, 2008	16,000	5.35	–
15th August, 2008	5,000	5.35	–
20th August, 2008	6,000	5.75	5.60
21st August, 2008	11,000	5.78	5.74
5th September, 2008	42,000	6.38	6.30
8th September, 2008	28,000	6.40	–
9th September, 2008	2,000	6.20	–
10th September, 2008	30,000	6.25	6.08
11th September, 2008	13,000	6.30	6.10
12th September, 2008	264,000	6.30	6.05
16th September, 2008	63,000	6.08	6.00
17th September, 2008	91,000	6.10	5.85
18th September, 2008	65,000	5.90	5.40
19th September, 2008	17,000	5.50	5.40
23rd September, 2008	16,000	5.40	5.37
24th September, 2008	18,000	5.40	–
25th September, 2008	17,000	5.50	5.37
26th September, 2008	23,000	5.35	5.32
29th September, 2008	6,000	5.24	5.23
30th September, 2008	16,000	5.23	5.20
2nd October, 2008	15,000	5.21	5.19
6th October, 2008	4,000	5.20	5.17
8th October, 2008	18,000	5.17	5.05
9th October, 2008	104,000	5.05	4.93
10th October, 2008	26,000	5.00	4.73
	963,000		

The repurchased shares have been cancelled.

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 Nine Month Period, 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, 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 Nine Month Period.

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 Nine Month Period 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
Dr. Ch'ien Kuo Fung, Raymond
Chairman

Hong Kong, 10th November, 2008

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