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China.com Inc.

中華網科技公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8006)

**INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2010**

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

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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.

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This announcement, for which the Directors (the “Directors”) of China.com Inc. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 announcement is accurate and complete in all material respects and no misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CHAIRMAN'S STATEMENT

Below are some financial and business highlights for China.com Inc. and its subsidiaries (collectively the "Group") for the three months ended 30 June 2010:

- Revenue from continuing operations was HK\$24.1 million, up 1% year-over-year and 6% quarter-over-quarter.
- Gross profit from continuing operations was HK\$13.5 million, down 2% year-over-year but up 42% quarter-over-quarter.
- Loss attributable to owners of the Company amount to HK\$2.1 million, compared to a profit of HK\$1.9 million in the first quarter of 2010 and HK\$0.6 million in the second quarter of 2009.
- Loss per share (LPS) was HK cents 1.96, compared to earnings per share (EPS) of HK cents 1.75 in the first quarter of 2010 and HK cent 0.52 in the second quarter of 2009.
- On 4 June 2010, the Company declared a special dividend of HK\$0.88 per share to shareholders. The dividend totaling HK\$94.3 million was paid on 7 July 2010.
- Our financial position remains strong, with a total amount of HK\$478.1 million (before payment of special dividend of HK\$0.88 per share totalling HK\$94.3 million declared on 4 June 2010) of bank balances and cash, held-for-trading investments and available-for-sale investments as of 30 June 2010.

During the second quarter, Portal has continued its focus in developing our two top verticals i.e. the Automobile channel and Webgame channel. Spearheaded by our newly appointed CEO Mr. Simon Wong, the Board has recently adopted a new business plan to create a rich social networking platform for Portal and link our two top channels to the platform. The premise is that this platform will enhance Portal's appeal and sticky factor, which lead to increased traffic flow to auto channel and an expanded user base for webgames channel. This will in turn raise auto channel's advertising revenue and webgames revenue, driving the overall growth of Portal.

The Board has approved a three-year budget to invest in infrastructure, hire additional staff, and increase marketing spending. Due to the additional investment, we expect that our Portal business may incur higher losses in the coming two years before turning profitable in year three. The Board will conduct periodical reviews and will provide guidance to monitor this new business strategy to ensure the budget is executed as planned.

During the quarter, the Automobile channel participated in the 2010 Beijing International Auto Show in May to promote our brand and has received wide attention in the automobile industry in China. We have signed up new advertisement contracts with major brand customers, including Volvo China, FAW Mazda Motor, the Southeast Automotive, Hainan Mazda, Changan Automobile, Dongfeng Peugeot, Audi FAW, Guangzhou Honda, Dongfeng Citroen Automobile, Shanghai General Motors, BYD Auto and Guangzhou Toyota Automobile. These new contracts have brought new revenue to the company.

In May 2010, our Webgame channel has organised the 3rd National Webgames Summit in Jiaxing City of Zhejiang Province. The Summit has received wide attention in the Webgame community in China, with over 130 webgame developers and operators participating. Over 200 media reported this event nationally.

TTG, which focuses on print media and events management business, continued to perform well in the second quarter, with higher revenue and profit contribution from the participation in the IT & CM China Trade Show events in Shanghai in April and the China Travel Awards project in May. During the quarter, TTG was appointed as official publisher for tourism publication for Youth and Sport (MCYS), Ministry of Community Development, Singapore for the inaugural Youth Olympic Games (YOG) in August 2010.

During the quarter, TTG has continued with its online travel portal business development to penetrate the China and India market place. We believe that this new business initiative will contribute fruitful performance in the coming few years.

With the economic recovery underway, we will continue to commit to growing our two core business operations and pursuing new strategic opportunities, particularly in China.

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

Dr. Ch'ien Kuo Fung, Raymond
Chairman

Hong Kong, 10 August 2010

UNAUDITED CONSOLIDATED INTERIM RESULTS

The board of directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results (the “Unaudited Interim Results”) of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the three months (the “Quarterly Period”) and six months (the “Half-Yearly Period”) ended 30 June 2010, together with the comparative unaudited figures for the corresponding periods in 2009.

		(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2010	2009	2010	2009
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Continuing operations					
Revenue	2	24,115	23,870	46,770	42,592
Cost of sales		(10,620)	(10,149)	(23,765)	(19,579)
Gross profit		13,495	13,721	23,005	23,013
Other income		933	2,459	5,367	5,051
Selling and distribution expenses		(7,056)	(6,052)	(10,601)	(9,536)
Administrative expenses		(8,983)	(8,583)	(16,882)	(20,105)
Impairment losses		(562)	(576)	(995)	(1,003)
Other expenses		(105)	–	(108)	(2,403)
(Loss) profit before tax		(2,278)	969	(214)	(4,983)
Income tax expense	4	(439)	(275)	(848)	(439)
(Loss) profit for the period from continuing operations	5	(2,717)	694	(1,062)	(5,422)
Discontinued operation					
Profit (loss) for the period from discontinued operation	6	612	(140)	834	(72)
(Loss) profit for the period		(2,105)	554	(228)	(5,494)

	(Unaudited) Three months ended 30 June 2010 2009		(Unaudited) Six months ended 30 June 2010 2009	
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other comprehensive (expense) income				
Exchange differences arising on translation	893	675	1,083	(55)
Fair value loss on available-for-sale investments	(5,100)	(741)	(879)	(3,041)
Reclassification adjustment on disposal of available-for-sale investments	—	—	—	708
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other comprehensive (expense) income for the period	(4,207)	(66)	204	(2,388)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total comprehensive (expense) income for the period	(6,312)	488	(24)	(7,882)
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
(Loss) profit attributable to:				
Owners of the Company	(2,105)	554	(228)	(5,494)
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
Total comprehensive (expense) income attributable to:				
Owners of the Company	(6,312)	488	(24)	(7,882)
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
(Loss) earnings per share				
7				
From continuing and discontinued operations				
Basic and diluted (cents per share)	(1.96)	0.52	(0.21)	(5.13)
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>
From continuing operations				
Basic and diluted (cents per share)	(2.54)	0.65	(0.99)	(5.07)
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

		(Unaudited) 30 June 2010 HK\$'000	(Audited) 31 December 2009 HK\$'000
	Notes		
Non-current assets			
Plant and equipment		2,066	2,339
Goodwill		450	450
Available-for-sale investments		102,033	108,690
		<u>104,549</u>	<u>111,479</u>
Current assets			
Accounts receivable	9	10,032	14,968
Prepayments, deposits and other receivables		4,869	6,512
Held-for-trading investments		363	471
Amounts due from fellow subsidiaries		472	309
Amount due from ultimate holding company		339	342
Bank balances and cash		375,719	374,536
		<u>391,794</u>	<u>397,138</u>
Current liabilities			
Accounts payable	10	5,368	6,466
Other payables and accrued liabilities		9,320	12,347
Dividend payable		94,313	–
Deferred revenue		12,327	20,246
Tax liabilities		4,683	5,125
Amounts due to fellow subsidiaries		36	–
		<u>126,047</u>	<u>44,184</u>
Net current assets		<u>265,747</u>	<u>352,954</u>
Total assets less current liabilities		<u>370,296</u>	<u>464,433</u>
Capital and reserves			
Share capital	11	1,072	1,072
Share premium and reserves		369,224	463,361
Total equity		<u>370,296</u>	<u>464,433</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Share capital HK\$'000	Share premium HK\$'000 (note b)	Capital reserve HK\$'000 (note b)	Goodwill reserve HK\$'000	Investment revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Reserve funds HK\$'000 (note c)	Translation reserve HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2009	426,534	430,501	–	(31,193)	7,635	11,690	24,123	50,125	59,028	173,042	1,151,485
Loss for the period	–	–	–	–	–	–	–	–	–	(5,494)	(5,494)
Other comprehensive expense for the period	–	–	–	–	(2,333)	–	–	(55)	–	–	(2,388)
Total comprehensive expense for the period	–	–	–	–	(2,333)	–	–	(55)	–	(5,494)	(7,882)
Recognition of equity-settled share based payments	–	–	–	–	–	–	–	–	1,776	–	1,776
Shares issued upon exercises of share options	2,161	775	–	–	–	–	–	–	–	–	2,936
Transfer to share premium upon exercises of share options	–	317	–	–	–	–	–	–	(317)	–	–
Capital reduction (note a)	(427,623)	–	427,623	–	–	–	–	–	–	–	–
Dividends (note 8)	–	(392,256)	–	–	–	–	–	–	–	–	(392,256)
At 30 June 2009	<u>1,072</u>	<u>39,337</u>	<u>427,623</u>	<u>(31,193)</u>	<u>5,302</u>	<u>11,690</u>	<u>24,123</u>	<u>50,070</u>	<u>60,487</u>	<u>167,548</u>	<u>756,059</u>
At 1 January 2010	1,072	39,337	118,963	(31,193)	6,624	11,690	24,123	40,636	60,787	192,394	464,433
Loss for the period	–	–	–	–	–	–	–	–	–	(228)	(228)
Other comprehensive (expense) income for the period	–	–	–	–	(879)	–	–	1,083	–	–	204
Total comprehensive (expense) income for the period	–	–	–	–	(879)	–	–	1,083	–	(228)	(24)
Recognition of equity-settled share based payments	–	–	–	–	–	–	–	–	200	–	200
Dividends (note 8)	–	–	(94,313)	–	–	–	–	–	–	–	(94,313)
At 30 June 2010	<u>1,072</u>	<u>39,337</u>	<u>24,650</u>	<u>(31,193)</u>	<u>5,745</u>	<u>11,690</u>	<u>24,123</u>	<u>41,719</u>	<u>60,987</u>	<u>192,166</u>	<u>370,296</u>

- Note a:* Pursuant to the approval of the Grand Court of the Cayman Islands, the share capital of the Company was reduced from HK\$1,000,000,000 divided into 250,000,000 shares of HK\$4.00 each to HK\$2,500,000 divided into 250,000,000 shares of HK\$0.01 each (the “Capital Reduction”) effective on 19 June 2009. A credit of HK\$427,623,000 arising from the Capital Reduction was transferred to the capital reserve account.
- Note b:* Under the Companies Law of the Cayman Islands (2009 Revision as amended from time to time), the share premium and capital reserve of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.
- Note c:* Pursuant to the relevant laws and regulations for foreign investment enterprises (“FIEs”) established in the People’s Republic of China excluding Hong Kong (the “PRC”), a certain portion of the FIE’s profits is required to be transferred to reserve funds which are not distributable. Transfers to this reserve are made out of the FIE’s profits after taxation calculated in accordance with accounting principles and financial regulations applicable to PRC enterprises (“PRC GAAP”) and shall not be less than 10% of profit after taxation calculated in accordance with PRC GAAP. No such transfer was made in both years.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	(Unaudited)	
	Six months ended	
	30 June	
	2010	2009
	HK\$'000	HK\$'000
Net cash used in operating activities	(10,607)	(13,409)
Net cash generated by investing activities	10,690	75,060
Net cash generated by (used in) financing activities	36	(389,320)
Net increase (decrease) in cash and cash equivalents	119	(327,669)
Cash and cash equivalents at 1 January	374,536	870,461
Effect of exchange rate changes on the balance of cash held in foreign currencies	1,064	237
Cash and cash equivalents at 30 June, representing bank balances and cash	375,719	543,029

Notes:

1. BASIS OF PREPARATION

The unaudited interim consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” 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 interim 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 interim 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 interim consolidated financial statements are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2009.

2. REVENUE

An analysis of the Group’s revenue for the period from continuing operations is as follows:

	Six months ended	
	30 June	
	2010	2009
	HK\$’000	HK\$’000
Travel media	35,069	28,479
Internet portal	11,701	14,113
	46,770	42,592

3. SEGMENT INFORMATION

In prior years, segment information reported externally was analysed on the basis of the types of services provided by the Group’s operating divisions (i.e. mobile services and application and internet and media). However, information reported to the chief operating decision maker, the Chief Executive Officer of the Company, is more specifically focused on the category of customers for each type of services. The Group’s operating and reportable segments under HKFRS 8 are therefore as follows:

1. Travel media
2. Internet portal
3. Mobile services and applications

The Group was involved in the provision of mobile services and application. That operation was discontinued from the third quarter of 2009 (segment revenue and results are disclosed in note 6).

Information regarding the above segments relating to continuing operations is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segment:

Continuing operations

	Segment revenue		Segment profit (loss)	
	Six months ended		Six months ended	
	30 June		30 June	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Travel media	35,069	28,479	4,024	1,695
Internet portal	11,701	14,113	(5,630)	(2,115)
	46,770	42,592	(1,606)	(420)

Reconciliation of segment results to loss before tax

Segment loss	(1,606)	(420)
Investment and other income	5,367	5,051
Central administration costs	(3,975)	(9,614)
Loss before tax	(214)	(4,983)

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in either period.

Segment profit (loss) represents the profit earned by/loss from each segment without allocation of investment and other income and expenses, central administration costs and directors' salaries. Included in investment and other income consists of interest income, gain on disposal of fixed assets and gain on held-for-trading investments. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	(Unaudited) 30 June 2010 HK\$'000	(Audited) 31 December 2009 HK\$'000
Segment assets		
Travel media	51,749	56,971
Internet portal	25,314	33,563
Total segment assets for continuing operations	77,063	90,534
Assets relating to discontinued operation	231	226
Unallocated bank balances and cash	314,327	306,113
Available-for-sale investments	102,033	108,690
Held-for-trading investments	363	471
Others	2,326	2,583
Consolidated assets	496,343	508,617
Segment liabilities		
Travel media	12,268	21,198
Internet portal	14,265	16,985
Total segment liabilities for continuing operations	26,533	38,183
Liabilities relating to discontinued operation	3,125	3,146
Dividend payable	94,313	—
Others	2,076	2,855
Consolidated liabilities	126,047	44,184

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than unallocated bank balances and cash, available-for-sale investments, held-for-trading investments and assets used jointly by reportable segments.
- all liabilities are allocated to reportable segments other than dividend payable and liabilities for which reportable segments are jointly liable.

Other segment information

Continuing operations

	Depreciation and amortisation		Additions to non-current assets*	
	Six months ended		Six months ended	
	30 June		30 June	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Travel media	337	296	20	1,072
Internet portal	567	1,090	622	183
	<u>904</u>	<u>1,386</u>	<u>642</u>	<u>1,255</u>

* Non-current assets excluding those relating to mobile services and applications and excluding financial instruments.

Geographical information

The Group's operations are mainly located in Singapore (mainly travel media services) and the PRC (mainly internet portal services).

The Group's revenue from continuing operations from external customers and information about its non-current assets* by geographical location are detailed below:

	Revenue from customers		Non-current assets	
	Six months ended		30 June	31 December
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Singapore	35,069	28,479	741	1,058
PRC	11,701	14,113	1,775	1,723
	<u>46,770</u>	<u>42,592</u>	<u>2,516</u>	<u>2,781</u>

* Non-current assets excluding those relating to mobile services and applications and excluding financial instruments.

4. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group had no significant assessable profits in Hong Kong for the Half-Yearly Period and the corresponding period in 2009.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

5. (LOSS) PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS

(Loss) profit for the period from continuing operations has been arrived at after charging (crediting):

	Six months ended	
	30 June	
	2010	2009
	HK\$'000	HK\$'000
Depreciation of plant and equipment	904	1,386
Staff costs (including directors' emoluments)	16,986	17,181
Auditors' remuneration	588	1,172
Interest income on available-for-sale investments (included in other income)	(5,092)	(1,954)
Loss on disposal of available-for-sales investments (included in other expenses)	–	2,403
Loss (gain) on held-for-trading investments (included in other expense (income))	108	(1,289)
Loss on disposal of plant and equipment (included in other income)	7	–
Net foreign exchange (gain) loss	(318)	1,820
Other interest income (included in other income)	(282)	(1,808)
	<u>(282)</u>	<u>(1,808)</u>

6. DISCONTINUED OPERATION

The Group's mobile services and application operation has been suffering loss since the year ended 31 December 2006. The board of directors of the Company sees no reasonable instance where this operation may turn profitable in the foreseeable future. In view of this, on 4 February 2008, the board of directors passed an unanimous written consent that it was desirable and in the best interests of the Group to scale down the mobile services and applications operation. The closing down was completed in the third quarter of 2009, in which the outstanding services obligations have been completed.

The results of the discontinued operation are set out below.

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit (loss) for the period from discontinued operation				
Revenue	–	15	–	43
Cost of sales	–	(96)	–	155
Gross profit	–	(81)	–	198
Other income	747	345	1,158	699
Selling and distribution expenses	(29)	(16)	(60)	189
Administrative expenses	(106)	(382)	(264)	(1,081)
Impairment losses	–	(6)	–	(77)
Profit (loss) for the period from discontinued operation (attributable to owners of the Company)	612	(140)	834	(72)

7. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Earnings</i>				
(Loss) profit for the period attributable to owners of the Company	(2,105)	554	(228)	(5,494)

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	'000	'000	'000	'000
<i>Number of shares</i>				
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	107,174	107,174	107,174	107,015

The calculation of diluted (loss) earnings per share dose not assume the exercise of share options as the exercise prices of share options are higher than the average market price of Company's shares over the reporting period.

From continuing operations

The calculation of the basic and diluted (loss) earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	2010	2009
	HK\$'000	HK'000	HK\$'000	HK\$'000
Earnings				
(Loss) profit for the period attributable to owners of the Company	(2,105)	554	(228)	(5,494)
Less: Profit (loss) from discontinued operation	612	(140)	834	(72)
(Loss) earnings for the purpose of basic (loss) earnings per share from continuing operations	(2,717)	694	(1,062)	(5,422)

The denominators used are the same as those detailed above for basic (loss) earnings per share.

The calculation of diluted (loss) earnings per share dose not assume the exercise of share options as the exercise prices of share options are higher than the average market price of Company's shares over the reporting period.

From discontinued operation

Basic earnings per share for discontinued operation for the three months ended 30 June 2010 is HK cent 0.58 (2009: basic loss per share of HK cent 0.13), based on the profit from discontinued operation of HK\$612,000 (2009: a loss of HK\$140,000). Basic earnings per share for discontinued operation for the six months ended 30 June 2010 is HK cent 0.78 (2009: basic loss per share of HK cent 0.06), based on the profit from discontinued operation of HK\$834,000 (2009: a loss of HK\$72,000). The denominators used are the same as those detailed above for basic (loss) earnings per share.

The calculation of diluted earnings (loss) per share does not assume the exercise of share options as the exercise prices of share options are higher than the average market price of Company's shares over the reporting period.

8. DIVIDENDS

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Special dividend declared and paid		
– HK\$3.66 per share (<i>note a</i>)	–	392,256
– HK\$0.88 per share (<i>note b</i>)	94,313	–
	<u>94,313</u>	<u>392,256</u>
	<u>94,313</u>	<u>392,256</u>

Notes:

- a. On 9 February 2009, the Company declared a special dividend of HK\$3.66 per share to shareholders out of the Company's share premium. The dividend was paid in March 2009 totaling HK\$392,256,000.
- b. On 4 June 2010, the Company declared a special dividend of HK\$0.88 per share to shareholders out of the Company's capital reserve. The dividend was paid in July 2010 totaling HK\$94,313,000.
- c. The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: HK\$1.00 per share totaling HK\$107,174,000).

9. ACCOUNTS RECEIVABLE

The following is an aged analysis of accounts receivable net of allowance for doubtful debts presented based on invoice date at the end of the reporting period:

	(Unaudited) 30 June 2010 HK\$'000	(Audited) 31 December 2009 HK\$'000
Within 90 days	9,365	13,794
91-120 days	220	92
121-180 days	447	246
Over 180 days	–	836
	<u>10,032</u>	<u>14,968</u>

10. ACCOUNTS PAYABLE

The following is an aged analysis of accounts payable presented based on the invoice date at the end of the reporting period:

	(Unaudited) 30 June 2010 HK\$'000	(Audited) 31 December 2009 HK\$'000
Within 90 days	4,862	6,009
91-120 days	28	50
121-180 days	23	60
Over 180 days	455	347
	<u>5,368</u>	<u>6,466</u>

11. SHARE CAPITAL

	Number of shares		Share capital	
	(Unaudited) 30 June 2010	(Audited) 31 December 2009	(Unaudited) 30 June 2010 HK\$'000	(Audited) 31 December 2009 HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised	<u>250,000,000</u>	<u>250,000,000</u>	<u>2,500</u>	<u>2,500</u>
Issued and fully paid:				
At beginning of period/year	107,173,642	106,633,482	1,072	426,534
Exercise of share options	–	540,160	–	2,161
Capital Reduction	–	–	–	(427,623)
At end of period/year	<u>107,173,642</u>	<u>107,173,642</u>	<u>1,072</u>	<u>1,072</u>

Pursuant to the approval of the Grand Court of Cayman Islands, the share capital of the Company was reduced from HK\$1,000,000,000 divided into 250,000,000 shares of HK\$4.00 each to HK\$2,500,000 divided into 250,000,000 shares of HK\$0.01 each (the “Capital Reduction”) effective on 19 June 2009. A credit of HK\$427,623,000 arising from the Capital Reduction was transferred to the capital reserve account.

12. COMPARATIVE FIGURES

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

13. POST REPORTING PERIOD EVENTS

There is no significant post reporting period event for the Half-Yearly Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue and gross profit

Revenue for the Half-Yearly Period was HK\$46,770,000 representing a HK\$4,178,000, or 10% increase compared to the corresponding period in 2009. The net increase was primarily attributable to (1) an increase in revenue from travel media segment of HK\$6,590,000; and (2) a decrease in revenue from internet portal segment of HK\$2,412,000.

Gross profit margin for the Half-Yearly Period was 49%, compared to 54% in the same period last year.

Other income

Other income increased by 6% to HK\$5,367,000 for the Half-Yearly Period, compared to HK\$5,051,000 for the corresponding period in 2009. The increase was primarily due to (1) a HK\$3,138,000 increase in investment income from available-for-sale investments; (2) a HK\$1,525,000 decrease in interest income from bank balances; and (3) a HK\$1,289,000 decrease in gain on held-for-trading investments.

Selling and distribution expenses

Selling and distribution expenses increased by 11% to HK\$10,601,000 for the Half-Yearly Period, compared to HK\$9,536,000 for the corresponding period in 2009.

Administrative expenses

Administrative expenses decreased by 16% to HK\$16,882,000 for the Half-Yearly Period, compared to HK\$20,105,000 for the corresponding period in 2009. The net decrease was primarily attributable to the effectiveness of cost control initiatives during the Half-Yearly Period. Administrative expenses include share option expenses of HK\$200,000 (2009: HK\$1,776,000) recognised in accordance with HKFRS 2.

Impairment losses

An impairment loss of HK\$995,000 (2009: HK\$1,003,000) has been provided for accounts receivable for the Half-Yearly Period since the Group considered the amount will not be collectible.

Other expenses

Other expenses decreased by HK\$2,295,000 to HK\$108,000 (2009: HK\$2,403,000) for the Half-Yearly Period. The decrease was primarily due to a loss on disposal of an available-for-sale investment amounting to HK\$2,403,000 was recognised in the corresponding period in 2009.

Income tax

The Group recorded an income tax expense of HK\$848,000 for the Half-Yearly Period, compared to HK\$439,000 for the corresponding period in 2009. Income tax expense for the Half-Yearly Period represents a provision for income tax.

Discontinued operation

The Group discontinued its mobile services and applications operation since the third quarter of 2009. Details of the discontinued operation are set out in note 6.

Loss for the period attributable to owners of the Company

Loss for the period attributable to owners of the Company was HK\$228,000 for the Half-Yearly Period, compared to HK\$5,494,000 for the corresponding period in 2009.

Liquidity and financial resources

The Group generally financed its operations with its internally generated cash flows. The Group continued to be in a strong financial position with total equity of HK\$370,296,000 as at 30 June 2010, compared to HK\$464,433,000 as at 31 December 2009. Total assets amounted to HK\$496,343,000 as at 30 June 2010, compared to HK\$508,617,000 as at 31 December 2009, of which HK\$375,719,000 (2009: HK\$374,536,000) was bank balances and cash, HK\$363,000 (2009: HK\$471,000) was held-for-trading investments and HK\$102,033,000 (2009: HK\$108,690,000) was available-for-sale investments.

Capital structure

There was no change in the capital structure of the Group as at 30 June 2010 as compared to that as at 31 December 2009.

Charges on the Group's assets

There was no charge on the Group's assets as at 30 June 2010 and 31 December 2009.

Gearing ratio

The Group has a zero gearing ratio as at 30 June 2010 and 31 December 2009 as calculated by net debts divided by total equity.

Exposure to fluctuations in exchange rates and any related hedges

As most of the Group's monetary assets and liabilities were denominated in Renminbi, Hong Kong dollars and United States dollars, the exchange rate risks of the Group were considered to be minimal. As at 30 June 2010, no related hedges were made by the Group.

Contingent liabilities

The Group had no significant contingent liability as at 30 June 2010 and 31 December 2009.

Material acquisitions, disposals and significant investments

There were no material acquisitions, disposals or significant investments during the Half-Yearly Period.

Employee information

As at 30 June 2010, the Group had 246 (2009: 230) full-time employees, of which 7 (2009: 7) were based in Hong Kong, 195 (2009: 176) in China, 42 (2009: 45) in Singapore, 1 (2009: 1) in Thailand and 1 (2009: 1) in Malaysia. The Group has introduced share option schemes to recognise the contributions of the employees to the growth of the Group. The schemes have been or will be amended from time to time to take into account changes in market conditions and the GEM Listing Rules.

BUSINESS REVIEW

Internet Portal

During the second quarter, Portal has continued its focus in developing our two top verticals i.e. the Automobile channel and Webgame channel. Spearheaded by our newly appointed CEO Mr. Simon Wong, the Board has recently adopted a new business plan to create a rich social networking platform for Portal and link our two top channels to the platform. The premise is that this platform will enhance Portal's appeal and sticky factor, which lead to increased traffic flow to auto channel and an expanded user base for webgames channel. This will in turn raise auto channel's advertising revenue and webgames revenue, driving the overall growth of Portal.

The Board has approved a three-year budget to invest in infrastructure, hire additional staff, and increase marketing spending. Due to the additional investment, we expect that our Portal business may incur higher losses in the coming two years before turning profitable in year three. The Board will conduct periodical reviews and will provide guidance to monitor this new business strategy to ensure the budget is executed as planned.

During the quarter, the Automobile channel participated in the 2010 Beijing International Auto Show in May to promote our brand and has received wide attention in the automobile industry in China. We have signed up new advertisement contracts with major brand customers, including Volvo China, FAW Mazda Motor, the Southeast Automotive, Hainan Mazda, Changan Automobile, Dongfeng Peugeot, Audi FAW, Guangzhou Honda, Dongfeng Citroen Automobile, Shanghai General Motors, BYD Auto and Guangzhou Toyota Automobile. These new contracts have brought new revenue to the company.

In May 2010, our Webgame channel has organised the 3rd National Webgames Summit in Jiaxing City of Zhejiang Province. The Summit has received wide attention in the Webgame community in China, with over 130 webgame developers and operators participating. Over 200 media reported this event nationally.

Travel Media

TTG, which focuses on print media and events management business, continued to perform well in the second quarter, with higher revenue and profit contribution from the participation in the IT & CM China Trade Show events in Shanghai in April and the China Travel Awards project in May. During the quarter, TTG was appointed as official publisher for tourism publication for Youth and Sport (MCYS), Ministry of Community Development, Singapore for the inaugural Youth Olympic Games (YOG) in August 2010.

During the quarter, TTG has continued with its online travel portal business development to penetrate the China and India market place. We believe that this new business initiative will contribute fruitful performance in the coming few years.

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

As at 30 June 2010, 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	Approximate percentage of interests
Ch'ien Kuo Fung, Raymond	142,900	200,000	Personal/beneficiary	0.32%
Anson Wang	—	—	—	—
Cheng Loi	—	37,875	Corporate Note (3)	0.04%
Lam Lee G.	—	—	—	—
Li On-kwok, Victor	—	—	—	—

Name of Directors	Number of shares	Number of underlying shares	Nature of interests/ Holding capacity	Approximate percentage of interests
Mao Hongcheng	–	–	–	–
Wang Cheung Yue, Fred	–	150,000	Personal/beneficiary	0.14%
Wong Kwong Chi	–	637,500	Personal/beneficiary	0.59%
Wong Sin Just	–	112,500	Personal/beneficiary	0.11%
Wong Sin Just	615,000	–	Corporate <i>Note (4)</i>	0.57%
Yip Hak Yung, Peter	85,400	–	Corporate <i>Note (1)</i>	0.08%
Yip Hak Yung, Peter	22,500	425,000	Personal/beneficiary	0.42%
Yip Hak Yung, Peter	539,160	6,524,072	Interest of children or spouse <i>Note (2)</i>	6.59%

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 On-Line 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 the spouse and children of Mr. Yip.
- (3) These options were beneficially owned by SLC Management Consulting International Limited, a company 100% owned by Dr. Cheng Loi.
- (4) These shares were purchased and beneficially owned by Pan Asia Young Corporation Opportunities Fund, Ltd. which is 34.08% owned by Fine High Investments Limited, a company 100% owned by Dato' Dr Wong Sin Just.

Options to subscribe for ordinary shares in the Company pursuant to its share option schemes

Name of Directors	Date of grant	Option exercise period	Exercise price HK\$	Number of share options outstanding as at 30 June 2010
Ch'ien Kuo Fung, Raymond	5 June 2003	5 June 2004 to 4 June 2013	25.04	100,000
	10 October 2005	10 October 2006 to 9 October 2015	25.20	100,000
Cheng Loi	26 March 2008	26 March 2009 to 25 March 2018	11.00	37,875
Wang Cheung Yue, Fred	5 June 2003	5 June 2004 to 4 June 2013	25.04	50,000
	15 September 2005	15 September 2006 to 14 September 2015	22.40	100,000
Wong Kwong Chi	3 January 2006	3 January 2007 to 2 January 2016	21.04	137,500
	11 May 2010	11 May 2010 to 10 May 2020	4.124	500,000
Wong Sin Just	9 March 2000	9 March 2001 to 8 March 2010	75.20	25,000
	5 June 2003	5 June 2004 to 4 June 2013	25.04	62,500
	15 September 2005	15 September 2006 to 14 September 2015	22.40	25,000

Name of Directors	Date of grant	Option exercise period	Exercise price HK\$	Number of share options outstanding as at 30 June 2010
Yip Hak Yung, Peter	5 June 2003	5 June 2004 to 4 June 2013	25.04	100,000
	10 October 2005	10 October 2006 to 9 October 2015	25.20	100,000
	3 January 2006	3 January 2007 to 2 January 2016	21.04	225,000
	14 August 2006	14 August 2007 to 13 August 2016	17.80	5,983,912
	19 August 2008	19 August 2009 to 18 August 2018	5.436	540,160

Associated Corporation

Long positions in Class A common shares and the underlying shares of equity of derivatives in CDC Corporation (listed on NASDAQ, Stock Code: CHINA)

Name of Directors	Number of shares	Number of underlying shares	Nature of interests/ Holding capacity	Approximate percentage of interests
Ch'ien Kuo Fung, Raymond	893,473	355,000	Personal/beneficiary	1.18%
Cheng Loi	–	92,000	Corporate Note (3)	0.09%
Lam Lee G.	–	10,000	Personal/beneficiary	0.01%
Wang Cheung Yue, Fred	–	205,000	Personal/beneficiary	0.19%
Wong Kwong Chi	–	350,000	Personal/beneficiary	0.33%
Wong Sin Just	–	20,000	Personal/beneficiary	0.02%
Yip Hak Yung, Peter	16,976,251	9,399,999	Interest of children or spouse Note (2)	24.88%

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	Option exercise period	Exercise price US\$	Number of share options/stock appreciation rights outstanding as at 30 June 2010
Ch'ien Kuo Fung, Raymond	17 October 2000	17 January 2001 to 16 October 2010	6.8125	100,000
	9 January 2001	9 January 2001 to 8 January 2011	4.2813	30,000
	9 November 2007	9 February 2008 to 8 November 2014	6.1800	25,000 <i>Note (1)</i>
	18 September 2008	18 September 2008 to 17 September 2015	2.1700	180,000 <i>Note (1)</i>
	19 March 2009	19 June 2009 to 18 March 2016	1.0000	20,000
Cheng Loi	29 October 2008	29 April 2009 to 29 October 2015	1.2700	40,000 <i>Note (1)</i>
	29 October 2008	28 October 2015	1.2700	15,000 <i>Note(1)</i>
	23 April 2009	23 April 2009 to 22 April 2016	1.2000	2,000 <i>Note(1)</i>
	4 May 2009	4 August 2009 to 3 May 2016	1.2000	35,000 <i>Note(1)</i>
Lam Lee G.	22 December 2006	22 March 2007 to 21 December 2013	8.5100	10,000 <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 30 June 2010
Wang Cheung Yue, Fred	24 October 2005	24 October 2006 to 23 October 2015	3.2100	90,000
	18 December 2006	18 December 2007 to 17 December 2013	8.5200	25,000 <i>Note (1)</i>
	18 September 2008	18 September 2008 to 17 September 2015	2.1700	90,000 <i>Note (1)</i>
Wong Kwong Chi	24 August 2005	24 August 2005 to 23 August 2015	3.23	110,000
	15 September 2005	15 September 2005 to 14 September 2015	2.994	50,000
	15 September 2005	15 December 2005 to 14 September 2015	2.994	50,000
	18 December 2006	18 March 2007 to 17 December 2016	8.52	25,000 <i>Note(1)</i>
	8 November 2007	8 February 2008 to 6 November 2014	6.36	25,000 <i>Note(1)</i>
	18 September 2008	18 September 2008 to 17 September 2015	2.17	90,000 <i>Note (1)</i>
	22 December 2006	22 March 2007 to 21 December 2013	8.5100	20,000 <i>Note(1)</i>
Wong Sin Just	22 December 2006	22 March 2007 to 21 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 30 June 2010
Yip Hak Yung, Peter	29 July 2008	29 April 2009 to 28 July 2015	2.660	165,000 <i>Note (1)</i>
	26 November 2008	26 February 2009 to 25 November 2015	0.8700	3,535,000 2,399,999
	19 December 2008	19 March 2009 to 18 December 2015	1.2900	900,000
	1 March 2010	1 June 2010 to 28 February 2017	2.4900	1,000,000
	4 June 2010	4 June 2010 to 3 June 2017	1.9800	600,000 800,000

Notes:

- (1) This represents stock appreciation rights to subscribe for Class A common shares in CDC Corporation granted under the 2005 Stock Incentive Plan.
- (2) 11,987,253 Class A common shares and 9,399,999 stock appreciation rights/options to subscribe for Class A common shares were held under the name of Asia Pacific On-Line Limited ("APOL"). 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 the spouse and children of Mr. Yip. 4,988,998 Class A common shares were held by the spouse of Mr. Yip.
- (3) These options were beneficially owned by SLC Management Consulting International Limited, a company 100% owned by Dr. Cheng Loi.

Long positions in common shares and the underlying shares of equity of derivatives in CDC Software International Corporation (formerly CDC Software Corporation) (“CDC Software International”)

Name of Directors	Number of shares	Number of Underlying shares	Nature of interests/ Holding capacity	Approximate percentage of interests
Ch'ien Kuo Fung, Raymond	–	25,000	Personal/beneficiary	0.08%
Wang Cheung Yue, Fred	–	20,000	Personal/beneficiary	0.07%

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

Name of Directors	Date of grant	Option exercise period	Exercise Price US\$	Number of stock appreciation rights outstanding as at 30 June 2010
Ch'ien Kuo Fung, Raymond	17 February 2007	Date of commencement of initial public offering 17 February 2014	13.330	25,000
Wang Cheung Yue, Fred	17 February 2007	Date of commencement of initial public offering 17 February 2014	13.330	20,000

Long positions in common shares and the underlying shares of equity of derivatives in CDC Games International Corporation (formerly known as CDC Games Corporation) (“CDC Games”)

Name of Directors	Number of shares	Number of underlying shares	Nature of interests/ Holding capacity	Approximate percentage of interests
Ch'ien Kuo Fung, Raymond	–	100,000	Personal/beneficiary	0.33%
Cheng Loi	–	45,000	Corporate <i>Note (2)</i>	0.15%
Wang Cheung Yue, Fred	–	120,000	Personal/beneficiary	0.40%
Wong Kwong Chi	–	500,000	Personal/beneficiary	1.67%
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 On-Line 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 the spouse and children 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 common shares in CDC Games pursuant to its share option scheme

Name of Directors	Date of grant	Option exercise period	Exercise Price US\$	Number of stock appreciation rights outstanding as at 30 June 2010
Ch'ien Kuo Fung, Raymond	21 April 2008	Date of commencement of initial public offering to 21 April 2015	2.570	100,000
Cheng Loi	21 April 2008	Date of commencement of initial public offering to 21 April 2015	2.570	45,000
Wang Cheung Yue, Fred	21 April 2008	Date of commencement of initial public offering to 21 April 2015	2.570	120,000
Wong Kwong Chi	21 April 2008	Date of commencement of initial public offering to 21 April 2015	2.570	500,000
Yip Hak Yung, Peter	21 April 2008	Date of commencement of initial public offering to 21 April 2015	2.570	900,000

Long positions in Class A ordinary shares and the underlying shares of equity of derivatives in CDC Software Corporation (listed on NASDAQ, Stock Code: CDCS) (“CDCS”)

Name of Directors	Number of shares	Number of underlying shares	Nature of interests/ Holding capacity	Approximate percentage of interests
Ch'ien Kuo Fung, Raymond	–	32,000	Personal/beneficiary	0.11%
Cheng Loi	–	4,000	Corporate <i>Note (2)</i>	0.01%
Lam Lee G.	–	32,000	Personal/beneficiary	0.11%
Wong Kwong Chi	–	34,000	Personal/beneficiary	0.12%
Yip Hak Yung, Peter	36,703	549,084	Interest of children or spouse <i>Note (1)</i>	2.02%

Options to subscribe for Class A ordinary shares in CDCS pursuant to its share option scheme

Name of Directors	Date of grant	Option exercise period	Exercise Price US\$	Number of options outstanding as at 30 June 2010
Ch'ien Kuo Fung, Raymond	11 September 2009	11 December 2009 to 10 September 2016	8.45	32,000
Cheng Loi	11 September 2009	11 December 2009 to 10 September 2016	8.45	4,000
Lam Lee G.	11 September 2009	11 December 2009 to 10 September 2016	8.45	32,000
Wong Kwong Chi	11 September 2009	11 December 2009 to 10 September 2016	8.45	34,000
Yip Hak Yung, Peter	11 September 2009	11 December 2009 to 10 September 2016	8.45	299,084
	1 March 2010	1 June 2010 to 28 February 2017	10.15	250,000

Note:

- (1) 36,703 Class A ordinary shares were purchased and held by the spouse of Mr. Yip. 549,084 options were granted to Asia Pacific On-Line Limited, a company 50% owned by the spouse of Mr. Yip and 50% owned by a trust established for the benefit of the spouse and children of Mr. Yip.
- (2) These options were beneficially owned by SLC Management Consulting International Limited, a company 100% owned by Dr. Cheng Loi.

Save as disclosed above, as at 30 June 2010, 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.

INTERESTS 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 30 June 2010, 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	84,546,700	—	78.89%
China M Interactive (BVI) Limited	84,045,700	—	78.42%
Asia Pacific On-Line Limited	539,160	6,524,072	6.59%

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 On-Line 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 the spouse and children of Mr. Yip.

Save as disclosed above, as at 30 June 2010, 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.

SHARE OPTION SCHEMES

Pre-IPO Scheme

Pre-IPO Scheme				Number of share options			
Name or category of participant	Date of grant of share options	Exercise price of share options HK\$	As at 1 January 2010	Granted during the Half Yearly Period	Exercised during the Half Yearly Period	Lapsed during the Half Yearly Period	As at 30 June 2010
Directors							
Ch'ien Kuo Fung, Raymond	9 March 2000	75.200	250,000	–	–	(250,000)	–
Wong Sin Just	9 March 2000	75.200	25,000	–	–	(25,000)	–
Other Eligible Persons							
In aggregate	9 March 2000	75.200	7,500	–	–	(7,500)	–
			282,500	–	–	(282,500)	–

Post-IPO Scheme

Post-IPO Scheme				Number of share options			
Name or category of participant	Date of grant of share options	Exercise price of share options HK\$	As at 1 January 2010	Granted during the Half Yearly Period	Exercised during the Half Yearly Period	Lapsed during the Half Yearly Period	As at 30 June 2010
Employees							
In aggregate	24 November 2000	20.720	16,364	–	–	–	16,364
	10 April 2001	11.440	3,146	–	–	–	3,146
Other Eligible Persons							
In aggregate	28 February 2002	13.880	1,552	–	–	–	1,552
			21,062	–	–	–	21,062

2002 Scheme

2002 Scheme		Number of share options						Closing price of the Company's shares at date of grant of share options HK\$
Name or category of participant	Date of grant of share options	Exercise price of share options HK\$	As at 1 January 2010	Granted during the Half Yearly Period	Exercised during the Half Yearly Period	Lapsed during the Half Yearly Period	As at 30 June 2010	
Directors								
Ch'ien Kuo Fung, Raymond	5 June 2003	25.040	100,000	–	–	–	100,000	
	10 October 2005	25.200	100,000	–	–	–	100,000	
Wong Sin Just	5 June 2003	25.040	62,500	–	–	–	62,500	
	15 September 2005	22.400	25,000	–	–	–	25,000	

2002 Scheme

Name or category of participant	Date of grant of share options	Exercise price of share options HK\$	As at 1 January 2010	Number of share options			As at 30 June 2010	Closing price of the Company's shares at date of grant of share options HK\$
				Granted during the Half Yearly Period	Exercised during the Half Yearly Period	Lapsed during the Half Yearly Period		
Yip Hak Yung, Peter	5 June 2003	25.040	100,000	–	–	–	100,000	
	10 October 2005	25.200	100,000	–	–	–	100,000	
	3 January 2006	21.040	225,000	–	–	–	225,000	
	14 August 2006	17.800	5,983,912	–	–	–	5,983,912	
	19 August 2008	5.436	540,160	–	–	–	540,160	
Wang Cheung Yue, Fred	5 June 2003	25.040	50,000	–	–	–	50,000	
	15 September 2005	22.400	100,000	–	–	–	100,000	
Cheng Loi	26 March 2008	11.000	37,875	–	–	–	37,875	
Wong Kwong Chi	3 January 2006	21.040	137,500	–	–	–	137,500	
	11 May 2010	4.124	–	500,000	–	–	500,000	4.030
Employees								
In aggregate	24 February 2003	6.840	807	–	–	–	807	
	29 May 2003	28.640	1,614	–	–	–	1,614	
	7 September 2004	20.400	1,291	–	–	–	1,291	
	15 September 2005	22.400	15,000	–	–	–	15,000	
	3 January 2006	21.040	6,250	–	–	–	6,250	
	2 October 2007	17.160	10,000	–	–	(7,500)	2,500	

2002 Scheme

2002 Scheme			Number of share options					Closing price of the Company's shares at date of grant of share options HK\$
Name or category of participant	Date of grant of share options	Exercise price of share options HK\$	As at 1 January 2010	Granted during the Half Yearly Period	Exercised during the Half Yearly Period	Lapsed during the Half Yearly Period	As at 30 June 2010	
Other Eligible Persons								
In aggregate	5 June 2003	25.040	16,250	–	–	–	16,250	
	15 September 2005	22.400	48,750	–	–	–	48,750	
	3 January 2006	21.040	137,500	–	–	–	137,500	
	25 August 2006	18.000	125,000	–	–	–	125,000	
			7,924,409	500,000	–	(7,500)	8,416,909	

Note:

Subsequent to the Half-Yearly Period on 5 July 2010, a total of 400,000 share options of the Company were granted to 14 employees of the portal team pursuant to the 2002 Scheme. These options were granted at an exercise price of HK\$4.33 per share while the closing price of the Company's shares at date of grant was HK\$4.26 per share (please refer to the Company's announcement dated 9 July 2010 for details).

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 Half-Yearly Period.

COMPETING INTERESTS

Professor Li On-kwok, Victor, an Independent Non-Executive Director of the Company, is a well recognized leader in the field of information technology development and has been appointed to various positions including consultants and directors to institutions and business entities which are engaged in research, development and business. These institutions and business entities may be in competition with the Group.

Saved as disclosed herein, 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 six months ended 30 June 2010, 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 six months ended 30 June 2010.

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 six months ended 30 June 2010 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 three independent non-executive directors namely, Dato' Dr Wong Sin Just (Committee Chairman), Mr. Wang Cheung Yue, Fred 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.

DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2010.

On behalf of the Board
Ch'ien Kuo Fung, Raymond
Chairman

Hong Kong, 10 August 2010

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

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.inc.china.com.