China.com Inc.

中華網科技公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8006)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

During 2011, our business operations delivered better results compare with the same period of last year.

- Revenue from continuing operations increased 20% to HK$127.1 million in 2011 from HK$105.5 million in 2010.

- Gross profit from continuing operations increased 24% to HK$70.0 million in 2011 from HK$56.4 million in 2010.

- Other income, gains and losses increased 85% to HK$20.5 million in 2011 from HK$11.1 million in 2010.

- Profit attributable to owners of the Company amounted to HK$6.9 million in 2011, compared to HK$2.7 million in 2010.

- Basic and diluted earnings per share (EPS) was HK cents 6.45, compared to HK cents 2.49 in 2010.

- Financial position remains strong, with an aggregate amount of HK$333.5 million of bank balances and cash and available-for-sale investments as of 31 December 2011.

2011 was an eventful year for China.com to say the least. On the positive side, revenue and profit for the Group has both increased compared to 2010. We continued to receive good returns from our private equity fund investment, and welcomed new shareholders who came in to help restore China.com's public float to above 25%. However, our majority shareholder CDC Corporation's Chapter 11 filing in the US in October has created more uncertainty for trying times ahead.

Portal's turnover has increased from HK$27.6 million for 2010 to HK$37.4 million for 2011, an increase of 35%. Our military channel and community continued to be one of best and largest in China. Overall, Portal's traffic has gone up by 18%, which led to more advertising deals sold by the sales department. The improvement was achieved through management efforts, together with the planning, coordination and execution among various departments.

Automobile channel also signed up more automaker clients, organised a number of original voyages and events during the year, and increased its coverage on industry news and events. Consequently, Automobile channel has climbed to 11 in industry rankings, compared to 27 a year ago. The progress is certainly encouraging.

Despite the progress made, the operating environment remained challenging in 2011, and we expect that to continue in 2012. Portal faced significant competition in the market, particularly from other major portals, social networks and industry verticals in China, and we had to compete with these entities directly for both users and customers.

TTG continued to grow and recorded great results, outperforming last year by a healthy margin. This achievement was made possible by the positive contributions from all profit centers. Also, TTG Events has organised five major exhibitions, including ASEAN Tourism Forum (ATF) Travel Exchange (TRAVEX) 2011, Incentive Travel & Conventions, Meetings China (IT&CM China), IT&CM Asia and Corporate Travel World (IT&CMA and CTW), Singapore Gifts and Stationary Show (SGSS) and International Feng Shui Convention (IFSC) across Asia. TTG Publishing team (Travel Trade and Maps & Guides) has successfully completed numerous special projects in addition to the publishing of its staple trade publication. All these special and ad-hoc projects contributed to TTG's success in 2011.

TTG will expand its footprint in event organising in coming year. They have secured the management contract for ATF TRAVEX 2012 Manado, Indonesia and signed an agreement with India Convention Promotion Bureau (ICPB) to launch the IT&CM Series' India chapter in 2012. TTG will also enhance its online travel portal business for new revenue opportunities. We believe that TTG will continue to perform well and have a fruitful performance in 2012.

We received HK$9.2 million in investment income for our private equity fund investment in 2011. We believe that our investment income will increase in the coming years as the higher-worth holdings are disposed. To follow up with this good performance, we subscribed an additional US$4 million (approximately HK$31.2 million) to a new private equity fund in the third quarter of 2011. We adopt a conservative approach in evaluating investment opportunities and only commit if the expected returns are high and there is proven track record. We believe that our investments in these private equity funds will continue to generate good cash flow to the Company, and provides an attractive yield of the Company's cash.

We have received a letter of resignation from Deloitte Touche Tohmatsu ("Deloitte") to resign as auditor of the Company with effect from 23 November 2011. The Board has appointed BDO Limited ("BDO") as auditor of the Company to fill the casual vacancy and BDO will hold office until the conclusion of the next annual general meeting of the Company.

Earlier in the year, we were informed by CDC Corporation, the controlling shareholder of the Company (the "Controlling Shareholder") that they have sold down 5,000,000 shares ("Sales Shares") of the Company on 29 June 2011. Immediately after selling down of the Sale Shares, the public float of the Company was restored to approximately 25.10% which is in compliance with the 25% minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules.

The Controlling Shareholder has been involved in a litigation relating to the redemption right of its noteholder in which a judgment has recently been entered by the Supreme Court of the State of New York against the Controlling Shareholder in the sum of US$65.4 million. Subsequently, the Controlling Shareholder filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code in order to facilitate restructuring and to repay the noteholder. The Company's Board of Directors confirms that the filing relates to CDC Corporation only, but the widespread coverage of the news in China has inevitably affected the Portal business. Some clients were worried that Portal would go out of business following CDC Corporation's filing and reduced their support in advertising. We expect a difficult year ahead for Portal in 2012, but I want to assure you that management is proactively taking all action possible to minimize the impact from CDC Corporation and to continue building the business.

Finally, I would like to take this opportunity to thank all Board colleagues and employees at China.com for their good work and our shareholders for their continuing support.

Dr. Ch'ien Kuo Fung, Raymond
Chairman

Hong Kong, 23 March 2012

RESULTS

The board of directors (the "Board") of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2011, together with the comparative figures for the year ended 31 December 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Continuing operations			
Revenue	3	**127,110**	105,547
Cost of sales		**(57,106)**	(49,194)
Gross profit		**70,004**	56,353
Other income, gains and losses		**20,470**	11,071
Selling and distribution expenses		**(27,629)**	(21,670)
Administrative expenses		**(47,464)**	(39,233)
Impairment losses		**(7,170)**	(962)
Profit before tax		**8,211**	5,559
Income tax expense	5	**(250)**	(2,585)
Profit for the year from continuing operations	6	**7,961**	2,974
Discontinued operation			
Loss for the year from discontinued operation	7	**–**	(144)
Profit for the year		**7,961**	2,830
Other comprehensive income			
Exchange differences arising on translation		**6,065**	6,411
Fair value loss on available-for-sale investments		**(6,546)**	(6,214)
Reclassification adjustment on translation difference upon deregistration of subsidiaries		**(8,827)**	–
Reclassification adjustment upon impairment of available-for-sale investments		**6,136**	–
Other comprehensive (expense) income for the year		**(3,172)**	197
Total comprehensive income for the year		**4,789**	3,027

	Notes	**2011**	2010
		HK$'000	*HK$'000*
Profit attributable to:			
Owners of the Company		**6,910**	2,670
Non-controlling interests		**1,051**	160
		7,961	2,830
Total comprehensive income attributable to:			
Owners of the Company		**3,738**	2,867
Non-controlling interests		**1,051**	160
		4,789	3,027
Earnings per share	8		
From continuing and discontinued operations			
Basic and diluted (cents per share)		**6.45**	2.49
From continuing operations			
Basic and diluted (cents per share)		**6.45**	2.61

CONSOLIDATE STATEMENT OF FINANCE POSITION

As at 31 December 2011

	Notes	2011 *HK$'000*	2010 *HK$'000*
Non-current assets			
Property, plant and equipment		**2,105**	1,772
Goodwill		**–**	–
Available-for-sale investments		**80,413**	94,744
		82,518	96,516
Current assets			
Accounts receivable	10	**19,594**	16,003
Prepayments, deposits and other receivables		**8,323**	6,148
Held-for-trading investments		**–**	438
Amounts due from fellow subsidiaries		**2,465**	829
Amount due from ultimate holding company		**339**	339
Bank balances and cash		**253,087**	241,357
		283,808	265,114
Current liabilities			
Accounts payable	11	**8,628**	7,514
Other payables and accrued liabilities		**16,959**	13,351
Deferred revenue		**21,406**	24,688
Tax liabilities		**3,964**	5,924
Amounts due to fellow subsidiaries		**112**	342
		51,069	51,819
Net current assets		**232,739**	213,295
Total assets less current liabilities		**315,257**	309,811
Capital and reserves			
Share capital	12	**1,072**	1,072
Share premium and reserves		**312,464**	308,579
Equity attributable to owners of the Company		**313,536**	309,651
Non-controlling interests		**1,721**	160
Total equity		**315,257**	309,811

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Share capital HK$'000	Share premium HK$'000 (Note a)	Capital reserve HK$'000 (Note a)	Goodwill reserve HK$'000	Investment revaluation reserve HK$'000	Capital redemption reserve HK$'000	Reserve funds HK$'000 (Note b)	Translation reserve HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Subtotal HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
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	–	464,433
Profit for the year	–	–	–	–	–	–	–	–	–	2,670	2,670	160	2,830
Other comprehensive income for the year	–	–	–	–	(6,214)	–	–	6,411	–	–	197	–	197
Total comprehensive income for the year	–	–	–	–	(6,214)	–	–	6,411	–	2,670	2,867	160	3,027
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	968	–	968	–	968
Dividends *(note 9)*	–	–	(94,313)	–	–	–	–	–	–	(64,304)	(158,617)	–	(158,617)
At 31 December 2010	1,072	39,337	24,650	(31,193)	410	11,690	24,123	47,047	61,755	130,760	309,651	160	309,811
Profit for the year	–	–	–	–	–	–	–	–	–	6,910	6,910	1,051	7,961
Other comprehensive income for the year	–	–	–	–	(410)	–	–	(2,762)	–	–	(3,172)	–	(3,172)
Total comprehensive income for the year	–	–	–	–	(410)	–	–	(2,762)	–	6,910	3,738	1,051	4,789
Transfer of reserve upon deregistration of subsidiaries	–	–	–	–	–	–	(5,098)	–	–	4,588	(510)	510	–
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	657	–	657	–	657
At 31 December 2011	1,072	39,337	24,650	(31,193)	–	11,690	19,025	44,285	62,412	142,258	313,536	1,721	315,257

Note a: Under the Companies Law of the Cayman Islands (2010 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 b: 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 either year as there was no such profit after tax from the FIEs in either year.

Notes

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Adoption of new/revised HKFRSs – effective 1 January 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

Except as explained below, the adoption of these new/revised standards and interpretations has no material impact on the Group's financial statements.

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition. The adoption of HKAS 24 (Revised) has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

3. REVENUE

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2011	2010
	HK$'000	*HK$'000*
Travel media	**89,755**	77,929
Internet portal	**37,355**	27,618
	127,110	105,547

4. SEGMENT INFORMATION

Information reported to the Chief Executive Officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided.

The Group's operating businesses are structured and managed separately according to the nature of the operations. Each of the Group's operating segments represents a strategic unit that offers services which are subject to risks and returns that are different from those of the other operating segments.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

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

The reportable segment regarding the provision of mobile services and applications was discontinued in the third quarter of 2009. The segment information reported below does not include any amounts for this discontinued operation, which is described in more detail in note 7.

Segment revenues and results

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

Continuing operations

	Travel media		**Internet portal**		**Total**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue	**89,755**	77,929	**37,355**	27,618	**127,110**	105,547
Reportable segment profit (loss)	**17,325**	14,786	**(9,398)**	(10,496)	**7,927**	4,290
Bank interest income	**4**	1	**407**	292	**411**	293
Depreciation	**(653)**	(687)	**(981)**	(1,172)	**(1,634)**	(1,859)
Impairment loss on accounts receivable	**(212)**	(31)	**(822)**	(481)	**(1,034)**	(512)
Income tax (expense) credit	**(2,944)**	(2,417)	**2,694**	(168)	**(250)**	(2,585)
Reportable segment assets	**50,993**	54,009	**29,986**	37,418	**80,979**	91,427
Additions to non-current assets	**281**	128	**1,334**	1,166	**1,615**	1,294
Reportable segment liabilities	**25,452**	26,489	**21,310**	19,534	**46,762**	46,023

Reconciliation of segment results to profit before tax:

	2011	2010
	HK$'000	*HK$'000*
Segment profit	**7,927**	4,290
Gain on deregistration of subsidiaries	**8,846**	–
Investment and other income	**11,396**	11,112
Impairment loss on available-for-sale investments	**(6,136)**	–
Impairment loss on goodwill	**–**	(450)
Central administration cost	**(13,822)**	(9,393)
Profit before tax	**8,211**	5,559

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

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by/loss from each segment without allocation of gain on deregistration of subsidiaries, investment and other income, impairment loss on available-for-sale investments, impairment loss on goodwill and central administration costs. Included in investment and other income consists of investment income and interest income from unallocated bank balances. 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:

	2011	2010
	HK$'000	*HK$'000*
Segment assets		
Travel media	**50,993**	54,009
Internet portal	**29,986**	37,418
Total segment assets for continuing operations	**80,979**	91,427
Assets relating to discontinued operation	**–**	293
Unallocated bank balances and cash	**199,649**	172,004
Available-for-sale investments	**80,413**	94,744
Held-for-trading investments	**–**	438
Others	**5,285**	2,724
Consolidated assets	**366,326**	361,630

Segment liabilities

	2011 *HK$'000*	2010 *HK$'000*
Travel media	**25,452**	26,489
Internet portal	**21,310**	19,534
Total segment liabilities for continuing operations	**46,762**	46,023
Liabilities relating to discontinued operation	**–**	3,147
Others	**4,307**	2,649
Consolidated liabilities	**51,069**	51,819

For the purposes 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 unallocated other assets.

- all liabilities are allocated to reportable and operating segments other than unallocated other payables and accrued liabilities.

Geographical information

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 Year ended 31 December		Non-current assets As at 31 December	
	2011 ***HK$'000***	2010 *HK$'000*	**2011** ***HK$'000***	2010 *HK$'000*
Singapore	**89,755**	77,929	**437**	498
The PRC	**37,355**	27,618	**1,668**	1,274
	127,110	105,547	**2,105**	1,772

Note: Non-current assets excluded financial instruments.

No customer attributed more than 10% of the Group's total revenue (2010: Nil).

5. INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
Continuing operations		
Current tax – Singapore	**2,944**	2,417
Current tax – PRC	**–**	–
(Over) under provision in prior years	**(2,694)**	168
	250	2,585
Deferred tax charge		
Current	**–**	–
	250	2,585

Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit arising in Hong Kong for the year ended 31 December 2011 (2010: HK$ Nil).

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% (2010: 25%).

For subsidiaries in Singapore, they are subject to the flat corporate tax rate of 17% (2010: 17%).

6. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

Profit for the year from continuing operations is arrived at after charging (crediting):

	2011	2010
	HK$'000	*HK$'000*
Operating leases		
– in respect of office premises	**5,578**	5,122
– in respect of office equipment	**154**	166
Depreciation of Property, plant and equipment	**1,634**	1,859
Staff costs (including directors' emoluments and share-based payments)	**55,226**	45,777
Retirement benefits scheme contributions	**4,259**	3,483
Total staff costs	**59,485**	49,260
Net foreign exchange (gain) loss	**(2,071)**	1,034
Auditor's remuneration	**880**	1,119
(Gain) loss on disposal of Property, plant and equipment	**(6)**	8
Loss on held-for-trading investments	**191**	33
Investment income on available-for-sale investments	**(9,155)**	(8,854)
Bank interest income	**(2,652)**	(2,258)
Gain on deregistration of subsidiaries	**(8,846)**	–

7. DISCONTINUED OPERATION

Close down of mobile services and applications operation

The Group's mobile services and applications operation had been suffering loss since the year ended 31 December 2006. The board of directors of the Company saw no reasonable instance where this operation might 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 had been completed.

Analysis of loss for the year from discontinued operation

The results of the discontinued operation (i.e. mobile services and applications segment) included in the consolidated statement of comprehensive income and consolidated statement of cash flows are set out below.

	2011	2010
	HK$'000	*HK$'000*
Loss for the year from discontinued operation		
Other income	–	338
Administrative expenses	–	(655)
Loss before tax	–	(317)
Income tax credit	–	173
Loss for the year from discontinued operation	–	(144)
Loss from discontinued operation attributable to:		
Owners of the Company	–	(130)
Non-controlling interests	–	(14)
	–	(144)
Loss for the year from discontinued operation include the following:		
Auditor's remuneration	–	29
Depreciation	–	8
Cash flows from discontinued operation		
Net cash inflows from operating activities	–	43

Administrative expenses included the expenses incurred in closing down the business.

8. EARNINGS PER SHARE

From continuing and discontinued operations

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

	2011	2010
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**6,910**	2,670

	2011	2010
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**107,174**	107,174

The calculation of diluted earnings 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 the Company's shares over the reporting period.

From continuing operations

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

	2011	2010
	HK$'000	*HK$'000*
Earnings		
Earnings for the year attributable to owners of the Company	**6,910**	2,670
Less: Loss from discontinued operation attributable to owners of the Company	**–**	(130)
Earnings for the purpose of basic and diluted earnings per share from continuing operation	**6,910**	2,800

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

The calculation of diluted earnings 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 the Company's shares over the reporting period.

From discontinued operation

The Company does not have discontinued operation in 2011 and therefore no earnings per share for discontinued operation for the year ended 31 December 2011 is presented. Basic loss per share for discontinued operation for the year ended 31 December 2010 is HK cents 0.12, based on the loss for the year from discontinued operation of HK$130,000 and the denominators detailed above for basic earnings per share.

The calculation of diluted (loss) earnings 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 the Company's shares over the reporting period.

9. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Special dividend declared and paid		
– HK$ 0.88 per share *(note a)*	–	94,313
– HK$ 0.60 per share *(note b)*	–	64,304
	–	158,617

Notes:

a. 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.

b. On 10 September 2010, the Company declared a special dividend of HK$0.60 per share to shareholders out of the Company's retained profits. The dividend was paid in October 2010 totaling HK$64,304,000.

c. The directors do not recommend the payment of a final dividend for the year ended 31 December 2011 and 31 December 2010.

10. ACCOUNTS RECEIVABLE

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to six months for major customers. The Group seeks to maintain strict control over its outstanding accounts receivable and has a credit control policy to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group has provided an impairment loss on accounts receivable based on experience of collecting payments.

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

	2011	2010
	HK$'000	*HK$'000*
Within 90 days	**17,805**	14,617
91-120 days	**1,182**	583
121-180 days	**468**	591
Over 180 days	**139**	212
	19,594	16,003

11. ACCOUNTS PAYABLE

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

	2011	2010
	HK$'000	*HK$'000*
Within 90 days	**8,220**	6,589
91-120 days	**52**	90
121-180 days	**17**	110
Over 180 days	**339**	725
	8,628	7,514

The credit period on purchase is generally 1.5 to 3 months. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

12. SHARE CAPITAL

	Number of shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised as at 1 January 2010, 31 December 2010 and 31 December 2011	250,000,000	2,500
Issued and fully paid:		
As at 1 January 2010, 31 December 2010 and 31 December 2011	107,173,642	1,072

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue and gross profit

Revenue for the year ended 31 December 2011 was HK$127,110,000 representing a HK$21,563,000, or 20% increase compared to last year. The net increase was primarily attributable to (1) an increase in revenue from travel media segment of HK$11,826,000; and (2) an increase in revenue from internet portal segment of HK$9,737,000.

Gross profit margin was 55% in 2011, compared to 53% in 2010.

Other income, gains and losses

Other income, gains and losses increased by 85% to HK $ 20,470,000 in 2011, compared to HK$11,071,000 in 2010. The net increase was primarily due to (1) one-off gain on deregistration of subsidiaries of HK$8,846,000; (2) a HK$394,000 increase in interest income from bank balances from HK$2,258,000 in 2010 to HK$2,652,000 in 2011; and (3) a HK$301,000 increase in investment income from available-for-sale investments from HK$8,854,000 in 2010 to HK$9,155,000 in 2011.

Selling and distribution expenses

Selling and distribution expenses increased by 28% to HK$27,629,000 in 2011, compared to HK$21,670,000 in 2010. The increase was due to an increase in sales and marketing personnel expenses amounting to HK$2,419,000, and a HK$2,640,000 increase in marketing expenses.

Administrative expenses

Administrative expenses increased by 21% to HK$47,464,000 in 2011, compared to HK$39,233,000 in 2010. The increase was mainly attributable to an increase in personnel expenses amounting to HK$4,333,000, and a HK$5,009,000 increase in professional fee expenses. Administrative expenses include share option expenses amounting to HK$657,000 (2010: HK$968,000) recognised in accordance with HKFRS 2.

Impairment losses

Impairment losses increased 645% to HK$7,170,000 in 2011, compared to HK$962,000 in 2010. The increase was mainly attributable to an impairment charge against our available-for-sale investment amounting to HK$6,136,000 as a result of prolonged and significant decline in the quoted market price of our available-for-sale investment.

Income tax

The Group recorded an income tax expense of HK$250,000 in 2011, compared to HK$2,585,000 in 2010. The decrease of income tax expenses is due to a reversal of over-provided income tax expenses in prior years.

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 7.

Non-controlling interests

Profit shared by non-controlling interests was HK$1,051,000 in 2011, compared to HK$160,000 in 2010. Profit shared by non-controlling interests represented non-controlling interests' share of profit in a company that is partly owned by a third party. The Group's equity interest in this company is 90% as at 31 December 2011 (2010: 90%).

Profit for the year attributable to owners of the Company

Profit for the year attributable to owners of the Company was HK$6,910,000 in 2011, compared to HK$2,670,000 in 2010.

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 HK$313,536,000 shareholders' funds as at 31 December 2011, compared to HK$309,651,000 as at 31 December 2010. Total assets amounted to HK$366,326,000 as at 31 December 2011, compared to HK$361,630,000 as at 31 December 2010, of which HK$253,087,000 (2010: HK$241,357,000) was bank balances and cash, HK$ nil (2010: HK$438,000) was held-for-trading investments and HK$80,413,000 (2010: HK$94,744,000) was available-for-sale investments.

Capital structure

There was no change in the capital structure of the Group as at 31 December 2011 as compared to 31 December 2010.

Charges on the Group's assets

There was no charge on the Group's assets as at 31 December 2011 and 2010.

Gearing ratio

The Group has a zero gearing ratio as at 31 December 2011 and 2010 as calculated by net debts divided by shareholders' equity.

Exposure to fluctuations in exchange rates and any related hedges

The majority of the Group's assets and liabilities and business transactions were denominated in Renminbi, Singapore dollars, Hong Kong dollars and US dollars. During the year ended 31 December 2011, the Group had not entered into any hedging arrangements. However the management will continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

Contingent liabilities

The Group had no significant contingent liabilities as at 31 December 2011 and 2010.

Future plan of significant investment

The Group has committed US$4,000,000 (approximately HK$31,200,000) to subscribe to a new private equity fund as a limited partner. The fund was formed in April 2011, principally to make direct and indirect investments in state-owned enterprises and privately-owned enterprises in China. The management, operation, policy and conduct of the fund shall be vested exclusively in the general partner. The investment will be funded by internal resources of the Group.

BUSINESS REVIEW

Internet Portal

Portal's turnover has increased from HK$27.6 million for 2010 to HK$37.4 million for 2011, an increase of 35%. Our military channel and community continued to be one of best and largest in China. Overall, Portal's traffic has gone up by 18%, which led to more advertising deals sold by the sales department. The improvement was achieved through management efforts, together with the planning, coordination and execution among various departments.

Automobile channel also signed up more automaker clients, organised a number of original voyages and events during the year, and increased its coverage on industry news and events. Consequently, Automobile channel has climbed to 11 in industry rankings, compared to 27 a year ago. The progress is certainly encouraging.

Despite the progress made, the operating environment remained challenging in 2011, and we expect that to continue in 2012. Portal faced significant competition in the market, particularly from other major portals, social networks and industry verticals in China, and we had to compete with these entities directly for both users and customers.

Travel Media

TTG continued to grow and recorded great results, outperforming last year by a healthy margin. This achievement was made possible by the positive contributions from all profit centers. Also, TTG Events has organised five major exhibitions, including ASEAN Tourism Forum (ATF) Travel Exchange (TRAVEX) 2011, Incentive Travel & Conventions, Meetings China (IT&CM China), IT&CM Asia and Corporate Travel World (IT&CMA and CTW), Singapore Gifts and Stationary Show (SGSS) and International Feng Shui Convention (IFSC) across Asia. TTG Publishing team (Travel Trade and Maps & Guides) has successfully completed numerous special projects in addition to the publishing of its staple trade publication. All these special and ad-hoc projects contributed to TTG's success in 2011.

TTG will expand its footprint in event organising in coming year. They have secured the management contract for ATF TRAVEX 2012 Manado, Indonesia and signed an agreement with India Convention Promotion Bureau (ICPB) to launch the IT&CM Series' India chapter in 2012. TTG will also enhance its online travel portal business for new revenue opportunities. We believe that TTG will continue to perform well and have a fruitful performance in 2012.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

There were no material acquisition or disposal of subsidiaries, or significant investments during the year ended 31 December 2011.

EMPLOYEE INFORMATION

As at 31 December 2011, the Group has 275 (2010: 269) full-time employees of which 18 (2010: 8) are based in Hong Kong, 211 (2010: 214) in China, 45 (2010: 45) in Singapore, 1 (2010: 1) in Thailand and nil (2010: 1) in Malaysia. Remuneration of employees is generally in line with the market trend and commensurate with the salary level in the industry. The Group also 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.

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 year ended 31 December 2011.

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 year ended 31 December 2011, 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 year ended 31 December 2011.

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 year ended 31 December 2011 with the Code.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2011 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

AUDIT COMMITTEE

The Company established an audit committee on 25 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. At present, the audit committee comprises three independent non-executive directors namely, Mr. Anson Wang (Committee Chairman), Mr. Wang Cheung Yue and Professor Li On-kwok. 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 final draft report for this annual results and has provided advice and comments thereon before passing the same for approval by the Board of the Company.

DIVIDEND

The directors do not recommend the payment of final dividend for the year ended 31 December 2011.

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

Hong Kong, 23 March 2012

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. Mao Hongcheng and Mr. Chen Mouhua; the independent non-executive directors are Mr. Wang Cheung Yue, 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.