



Third Quarterly Report 2006

China.com Inc.

[Incorporated in the Cayman Islands with limited liability]

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

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This report, for which the Directors (the “Directors”) of China.com Inc. (the “Company”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: – (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CHAIRMAN'S STATEMENT

I am pleased to report another quarter of continual profitability for China.com Inc. and its subsidiaries (collectively the "Group").

Here are some financial and business highlights for the three months ended 30th September, 2006:

- Revenue was HK\$132 million, an increase of 22% from HK\$108 million in Q3 2005
- Gross profit was HK\$82 million, an increase of 33% from HK\$62 million in Q3 2005
- Profit attributable to equity holders was HK\$17.5 million, an increase of 251% from HK\$5.0 million in Q3 2005
- Continued to be operating cashflow positive, balance sheet remained strong, with over HK\$949 million in net cash and cash equivalents;

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

As expected, the company's MVAS business activity was initially negatively impacted at the beginning of Q3. Our July revenue from mobile services and applications experienced a 39% month-on-month decline and a 29% decrease compared to the same period last year. However, we had already begun a healthy recovery by the middle of the quarter and have shown continuing growth on a monthly basis since the downturn occurred. In August, we successfully reversed the downtrend of mobile services and applications revenue, with a 2% month-on-month increase. In September, we continue the growth trend with a 21% increase in revenue compared to August.

The main reasons for the growth can be attributed to our proactive revamp of our service offerings and marketing channels, as well as exploring new cooperation opportunities with mobile operators in China, in an effort to minimize the impact of the policy changes. In August, CDC Mobile won a contract from Beijing Mobile for the exclusive right to design, develop and operate the graphic channel of "Beijing in my hand", which features and promotes popular products through the download of WAP pictures. CDC Mobile was also awarded the contract from Jiangsu Wuxi Mobile to send MMS on its behalf to its VIP customers. These contracts win further demonstrate CDC Mobile's leadership position in the MVAS sector.

In early August, the Group announced the acquisition of TimeHeart Science Technology Limited and Beijing TimeHeart Information Technology Limited (collectively "TimeHeart Group"). TimeHeart Group is engaged in the mobile services and applications business with full line of mobile services and applications products. We believe this acquisition complements our current mobile services and applications platforms and provide the Group with the opportunity to further expand its market share. Further, we're acquiring the company at a price/earnings ratio of approximately 4.5. Due to the regulatory changes, we believe this is an opportune time to make further acquisitions and consolidate our position in the industry.

With more than 500 million mobile phone subscribers, China's mobile market remains the largest in the world and will continue to be the largest in years to come. We have strong confidence in the long-term future of the sector. MVAS has been our core business unit and will continue to provide us with growth opportunities. The Group will employ the strong cash position to selectively acquire synergistic and earnings accretive companies in the industry. We aim to become one of the top three players in the Chinese mobile value added services sector. We are currently looking at late stages of evaluating a number of value added service providers in the Chinese mobile industry. Some of them have won exclusive contracts for vertical industry applications. Some have innovative products and services, yet others have strong local provincial or municipal channels to push their services. As in the acquisition of TimeHeart, we will strongly adhere to the principles of complementary services and customer base, as well as prudent acquisition strategies.

Our online game business maintained stable performance and its revenue increased quarterly by 10% to HK\$66.8 million in Q3 2006. After 3 consecutive quarters of growth, the peak concurrent users and the average concurrent users of Yulgang remained healthy at 331,000 and 218,000 respectively, a slight drop of 5% and 7% respectively from Q2 2006. However, the registered users increased to 37,000,000 in Q3 2006, up 23% from 30,000,000 in Q2 2006. The number of virtual items that have been sold in the game climbed 29% higher to 27.4 million. Server groups throughout China supporting Yulgang and the Group's other online games numbered 54, up 13% from 48 server groups in Q2 2006.

Leveraging the momentum created by Yulgang, the Group has licensed 3 new games, 1) Special Force, 2) Stone Age 2 and 3) Lord of the Rings Online: Shadows of Angmar, during the quarter to strengthen its China gaming pipeline.

During the quarter ended 30th September, 2006, many improvements have been made to portal. Based on the agreement signed by Google and China.com in July 2006, Google is extending its advertisers' reach to millions of China.com's audience, in both China and abroad. China.com is leveraging Google's leading technology to provide search service for its users. After 2 month's partnership, Google is expanding its presence on China.com beyond the text search functions when it launches video ads in China.com's English Channel serving primarily multinational companies (MNS) investing in China. This is the first time Google Video Adsense will enter China's Internet space.

In addition, we have been appointed by Jilin Government as the exclusive web sponsor of the 2007 Asian Winter Games which will be held in the city. This is the first time when Asian Winter Games athletes will all register online, using China.com's web platform.

Our online video program, "The Straight Show", has achieved wide popularity among Chinese internet users. The program has been downloaded 5 million times during this quarter. "The Straight Show" is specifically positioned as mobile content for the 3G era. It will provide synergistic support to our MVAS business.

Overall, our Portal business is strengthening its position as the leading portal for Chinese professionals. Our focus channels include Entertainment (including The Straight Show), Lifestyle, Health and Career. We most recently launched v.china.com, which features an interactive platform of online video programs.

We believe that interactive platforms will continue to be the direction of internet development, and this is a direction that fits strategically with our position as the leading portal for Chinese professionals. To strengthen our position in the Chinese internet industry, we launched a US\$20 million Web 2.0 Developer Program. The Group seeks to establish strategic relations with leading local Web 2.0 companies to accelerate the development of innovative products and services targeted specifically for the Chinese market. We are currently evaluating a number of potential investment targets, including companies specializing in community, instant messaging, and interactive technology service providers. We will also leverage our deep relations with advertisers and broad knowledge of the market as one of the first Internet companies in China to provide marketing, advertising and sales support to its partners for their products and services. As part of the strategic partnership, our development partners' will also be able to leverage the extensive market coverage of the Group including millions of growing subscribers of our MVAS and Portal businesses as well as the 37 million registered users of our online game business.

Looking forward, we will continue to explore new growth opportunities and create values for our customers. As the Chinese new media space continue to evolve with changing regulations and market landscape, we will continue to seek the best opportunities, leading the market with both organic growth and strategic acquisitions.

Dr. Ch'ien Kuo Fung,
Raymond
Chairman

Hong Kong, 10th November, 2006

UNAUDITED CONSOLIDATED RESULTS

The board of directors (the "Board") of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the three months (the "Quarterly Period") and nine months (the "Nine-Month Period") ended 30th September 2006, together with the comparative unaudited figures for the corresponding periods in 2005.

	Notes	(Unaudited) Three months ended 30th September,		(Unaudited) Nine months ended 30th September,	
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Revenue	2	131,687	108,170	411,483	270,759
Cost of sales		(49,553)	(46,405)	(160,035)	(122,772)
Gross profit		82,134	61,765	251,448	147,987
Other income		6,360	6,503	19,333	21,052
Selling and distribution costs		(27,094)	(22,281)	(89,928)	(57,799)
Administrative expenses		(30,098)	(33,359)	(97,771)	(89,231)
Other expenses		(13,048)	(6,495)	(31,739)	(15,581)
Interest expense on bank borrowings wholly repayable within five years		-	(798)	(723)	(2,403)
Profit before tax		18,254	5,335	50,620	4,025
Income tax charge	3	(771)	(1,453)	(2,571)	(4,031)
Profit (loss) for the period		<u>17,483</u>	<u>3,882</u>	<u>48,049</u>	<u>(6)</u>
Profit (loss) attributable to:					
Equity holders of the Company		17,483	4,974	43,836	12,647
Minority interests		-	(1,092)	4,213	(12,653)
		<u>17,483</u>	<u>3,882</u>	<u>48,049</u>	<u>(6)</u>
Earnings per share	4				
Basic		<u>0.40 cent</u>	<u>0.12 cent</u>	<u>1.02 cents</u>	<u>0.31 cent</u>
Diluted		<u>0.40 cent</u>	<u>0.12 cent</u>	<u>1.02 cents</u>	<u>0.30 cent</u>

Notes:

1. Basis of preparation

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

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

The unaudited consolidated results of the Group have been prepared under historical cost convention, except for certain financial instruments, which are measured at fair value. The principal accounting policies used in the preparation of the unaudited consolidated financial statements are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 31st December, 2005.

2. Revenue

Revenue represents: (1) subscription revenue from the provision of mobile services and applications including short messaging services and other related products to mobile phone users; (2) internet and media revenue from online banner advertising, sponsorships, offline advertising campaigns, direct mailings and online sales; and (3) revenue from distribution of online games, net of business tax, where applicable.

3. Income tax

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during the Quarterly Period and Nine-Month Period and the corresponding periods in 2005.

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

4. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company for the three months ended and nine months ended 30th September, 2006 and 2005 is based on:

	Three months ended 30th September,		Nine months ended 30th September,	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Earnings				
Profit for the period attributable to equity holders of the Company	17,483	4,974	43,836	12,647
Number or shares				
Weighted average number of ordinary shares for the purposes of basic earnings per share	4,351,936,488	4,150,896,511	4,294,207,821	4,146,513,498
Effect of dilutive potential ordinary shares: Options	814,908	2,903,438	3,269,638	2,770,135
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>4,352,751,396</u>	<u>4,153,799,949</u>	<u>4,297,477,459</u>	<u>4,149,283,633</u>

5. Movement of reserves

	Share premium HK\$'000	Goodwill reserve HK\$'000	Investment revaluation reserve HK\$'000	Reserve funds HK\$'000	Translation reserve HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st January, 2005 as reported in 2005 annual report	916,369	(31,193)	(8,502)	9,833	234	8,968	181,947	1,077,656
Deficit on revaluation of available-for-sale investments	-	-	(7,887)	-	-	-	-	(7,887)
Exchange differences arising on translation of foreign operations	-	-	-	-	4,477	-	-	4,477
Net (expense) income recognised directly in equity	-	-	(7,887)	-	4,477	-	-	(3,410)
Profit for the period	-	-	-	-	-	-	12,647	12,647
Total recognised income and (expense) for the period	-	-	(7,887)	-	4,477	-	12,647	9,237
Recognition of equity-settled share based payments	-	-	-	-	-	4,272	-	4,272
Shares issued	4,020	-	-	-	-	-	-	4,020
Transaction costs attributable to issue of new shares	(13)	-	-	-	-	-	-	(13)
At 30th September, 2005	920,376	(31,193)	(16,389)	9,833	4,711	13,240	194,594	1,095,172
At 1st January, 2006 as reported in 2005 annual report	924,402	(31,193)	(17,097)	18,483	5,431	15,684	183,034	1,098,744
Surplus on revaluation of available-for investments	-	-	4,780	-	-	-	-	4,780
Exchange differences arising on translation of foreign operations	-	-	-	-	4,542	-	-	4,542
Net (expense) income recognised directly in equity	-	-	4,780	-	4,542	-	-	9,322
Profit for the period	-	-	-	-	-	-	43,836	43,836
Investment revaluation reserve released on disposal of available-for-sale investments	-	-	(117)	-	-	-	-	(117)
Total recognised income and (expense) for the period	-	-	4,663	-	4,542	-	43,836	53,041
Recognition of equity-settled share based payments	-	-	-	-	-	3,627	-	3,627
Shares issued	4	-	-	-	-	-	-	4
Transaction costs attributable to issue of new shares	(16)	-	-	-	-	-	-	(16)
Acquisition of subsidiaries	84,589	-	-	-	-	-	-	84,589
At 30th September, 2006	1,008,979	(31,193)	(12,434)	18,483	9,973	19,311	226,870	1,239,989

6. Interim dividend

The Board does not recommend the payment of an interim dividend for the Quarterly Period and the Nine-Month Period and the corresponding periods in 2005.

7. Comparative figures

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue and gross profit

Revenue for the Nine-Month Period was HK\$411,483,000 representing a HK\$140,724,000, or 52%, increase as compared with the same period last year. The net increase was primarily attributable to (1) an increase in online game revenue of HK\$143,284,000 (principally due to the full consolidation of 17game's revenue starting from the second quarter of 2006); (2) an increase in advertising revenue from the internet and media segment of HK\$7,465,000 which was partially net off by a decrease in mobile services and applications revenue of HK\$10,025,000.

Gross profit margin was 61% for the Nine-Month Period, compared to 55% in the same period last year. The overall increase in gross profit margin of the Group was mainly due to the significant increase in the higher-profit-margin online game business (67% in the Nine-Month Period).

Other income

Other income fell by 8% to HK\$19,333,000 for the Nine-Month Period, compared with HK\$21,052,000 in the corresponding period in 2005. The decrease was primarily due to a HK\$3,241,000 decrease in interest income from available-for-sale investments as a result of decreasing balances of available-for-sale investments after payments in connection with various acquisitions and repayments of bank borrowings. The decrease was partly offset by a HK\$1,158,000 increase in bank interest income during the Nine-Month Period.

Selling and distribution costs

Selling and distribution costs increased to HK\$89,928,000 for the Nine-Month Period, compared with HK\$57,799,000 in the corresponding period in 2005. The increase was mainly attributable to the additional marketing and promotion expenses incurred for our mobile services and applications businesses amounting to HK\$32,983,000 during the Nine-Month Period.

Administrative expenses

Administrative expenses increased by 10% to HK\$97,771,000 for the Nine-Month Period versus HK\$89,231,000 for the corresponding period last year. The net increase was primarily due to the expansion of our operation during the Nine-Month Period. Administrative expenses include share option expenses in the Nine-Month Period amounting to HK\$3,627,000 (nine months ended 30th September, 2005: HK\$4,272,000) recognized in accordance with HKFRS 2.

Other expenses

Other expenses increased by about HK\$16,158,000 to HK\$31,739,000 in the Nine-Month Period, compared to HK\$15,581,000 for the corresponding period last year. The increase was primarily due to the increase in amortization expense of intangible assets.

Income tax

The Group recorded a tax expense of HK\$2,571,000 in the Nine-Month Period, compared to HK\$4,031,000 for the corresponding period last year. The provision of income tax was HK\$3,617,000 in the Nine-Month Period which was partially offset by the deferred tax income of HK\$1,046,000.

Minority interests

Profit shared by minority interests was HK\$4,213,000 in the Nine-Month Period, compared to a loss shared by minority interests of HK\$12,653,000 in the same period last year. The amount represented the share of profit in the Group's minority interest in 17game and the turnaround was mainly attributable to the significant growth in 17game's online game business. The Group had acquired the remaining 52% shareholding of 17game to make it a wholly-owned subsidiary by the end of Q1 2006 and there was no share of profit or loss by minority interests in 17game since Q2 2006.

Profit for the period attributable to equity holders of the Company

Profit for the period attributable to equity holders of the Company was HK\$43,836,000 in the Nine-Month Period, compared to HK\$12,647,000 in the same period last year, up 247%.

BUSINESS REVIEW

Mobile Value Added Services

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

As expected, the company's MVAS business activity was initially depressed at the beginning of Q3. Our July revenue from mobile services and applications experienced a 39% month-on-month decline and a 29% decrease compared to the same period last year. However, we had already begun a healthy recovery by the middle of the quarter and have shown sequential growth on a monthly basis since the downturn occurred. In August, we successfully reversed the downtrend of mobile services and applications revenue, with a 2% month-on-month increase. In September, we continue the growth trend with a 21% increase in revenue compared to August. During the quarter, SMS and WAP continued to be our major revenue generators, representing 36% and 35% respectively of the total MVAS revenue. Remaining was mainly shared by our MMS and IVR services.

The main reasons for the growth can be attributed to our proactive revamp of our service offerings and marketing channels, as well as exploring new cooperation opportunities with mobile operators in China, in an effort to minimize the impact of the policy changes. In August, CDC Mobile won a contract from Beijing Mobile for the exclusive right to design, develop and operate the graphic channel of "Beijing in my hand", which features and promote hot and popular local products through the download of WAP pictures. CDC Mobile was also awarded the contract from Jiangsu Wuxi Mobile to send MMS on its behalf to its VIP customers. These contracts win further demonstrate CDC Mobile's leadership position in the MVAS sector.

The rapidly recovering revenues, combined with adjustments to the Company's operating strategy to reduce operating expenses and become more efficient, have minimized the overall impact of the regulatory changes.

In early August, the Group announced the acquisition of TimeHeart Science Technology Limited and Beijing TimeHeart Information Technology Limited (collectively "TimeHeart Group"). TimeHeart Group is engaged in the mobile services and applications business with full line of mobile services and applications products. For the year ended December 31, 2005, the audited net profits after tax of Beijing TimeHeart was approximately HK\$27 million, and compared with the total consideration of up to approximately HK\$122 million, the price/earnings ratio is approximately 4.5. Compared with peers on Nasdaq such as Kongzhong Corporation and Linktone Ltd. trading at over 10 times earning, management believes the Acquisition is good value for money. Further, we believe this acquisition will create synergy with the Group's existing mobile services and applications platforms and provide the Group with the opportunity to further expand its market share, and to better capture the emerging mobile value added applications opportunities in future.

MVAS is our core business unit and provides us growth opportunities. The Group will employ the strong cash position to selectively acquire synergistic and earnings accretive companies in the industry. Looking forward, the Company believes the MVAS industry will further consolidate towards a smaller group of more stable service providers which will ultimately benefit CDC Mobile's business in the long run.

Online Games

Comparing with Q2 2006, the online game revenue increased by 10% to HK\$66.8 million in Q3 2006. Yulgang, the Group's current blockbuster online game in China, maintained a stable performance in Q3 2006. After 3 consecutive quarters of robust growth, the peak concurrent users and the average concurrent users of Yulgang remained healthy at 331,000 and 218,000 respectively, a slight drop of 5% and 7% respectively from Q2 2006. However, the registered users increased to 37,000,000 in Q3 2006, up 23% from 30,000,000 in Q2 2006. The number of virtual items that have been sold in the game climbed 29% higher to 27.4 million. Server groups throughout China supporting Yulgang and the Group's other online games numbered 54, up 13% from 48 server groups in Q2 2006.

Leveraging the momentum created by Yulgang, the Group has licensed 3 new games, 1) Special Force, 2) Stone Age 2 and 3) Lord of the Rings Online: Shadows of Angmar, during the quarter to strengthen its China gaming pipeline.

Special Force is a First Person Shooter Online Game from Korea. It allows players to create their own elite military units with customized weapons and equipment selected from those used by special force from around the world. It was the top ranked online game in Korean internet cafe for 52 consecutive weeks. Stone Age 2 is licensed from Japan which is set in the pre-historic era and players roam a world of volcanoes, deserts and jungle populated by dinosaurs and spirits. It encourages cooperation between players by rewarding teamwork. Players work together to build villages, capture and raise dinosaurs and look for treasure. Following the pioneering footsteps of Yulgang, both Special Force and Stone Age 2 will be free to play with players paying for virtual merchandise.

Lord of the Rings Online: Shadows of Angmar is the first and only massively multiplayer online role-playing game (MMORPG) based on the literary works of J.R.R. Tolkien. It allows players to explore the most famous fantasy world of all time, fight the evil minions of the Dark Lord Sauron, and advance their heroes by adventuring through the vast reaches of Middle-earth. Gamers can adventure solo or choose from thousands of players online to forge their own fellowships as they face the hideous monsters and fight epic battles to defend Middle-earth.

The Group aims to leverage on Yulgang's growing base of 37 million registered users, its extensive coverage of distribution channel and 54 server groups to support the operation of the new games.

Portal

During the quarter, the China.com portal has expanded its sales force and has acquired more advertising contracts and reputable clients, including Volvo, Honda and DELL.

In addition, based on the agreement signed by Google and China.com in July 2006, Google is extending its advertisers' reach to millions of China.com's audience, in both China and abroad. China.com is leveraging Google's leading technology to provide search service for its users. After 2 month's partnership, Google is expanding its presence on China.com beyond the text search functions when it launches video ads in China.com's English Channel serving primarily multinational companies (MNS) investing in China. This is the first time Google Video AdSense will enter China's Internet space.

The China.com portal has also been appointed by Jilin Government as the exclusive web sponsor of the 2007 Asian Winter Games which will be held in the city. This Winter Game is the first sports event in Asia where all athletes have to register online, and also the first time to be broadcasted on internet media in Asia Winter Games history.

To strengthen our position in internet industry, we launched a US\$20 million Web 2.0 Developer Program. The Group seeks to establish strategic relations with leading local Web 2.0 companies to accelerate the development of innovative products and services targeted specifically for the China market.

The Group will invest up to US\$20 million in selected Web 2.0 development partners. We will also leverage its deep relation with advertisers and broad knowledge of the market as one of the first Internet companies in China to provide marketing, advertising and sales support to its partners for their products and services. As part of the strategic partnership, our development partners' will also be able to leverage the extensive market coverage of the Group including millions of growing subscribers of our MVAS and Portal businesses as well as the 37 million registered users of our online game business.

Our portal business continues to strengthen its role as a strategic foundation for the Group. Our online video program, "The Straight Show", has achieved wide popularity among Chinese internet users. The program has been downloaded 5 million times during this quarter. "The Straight Show" is specifically positioned as mobile content for the 3G era. It will provide synergistic support to our MVAS business. In addition, our portal's military channel continues its stronghold as China's number one military channel. It will perform as a strong platform to promote "Special Force", a first person shooter game operated by the online game business of the Group.

Media and Travel

TTG continued to achieve good performance in Q3 2006 with better quarter-to-quarter result. The good result was mainly attributed to revenue from special projects such as the annual Mice Planner and publishing of dailies at trade shows.

During the quarter, we have established strategic partnership with Travelport to publish the Asia Retail Travel Trade Benchmark Survey of 445 retail travel agencies throughout the Asia Pacific. This survey was conducted online with travel agents from Australia, Hong Kong, India, Indonesia, Malaysia, Philippines, Taiwan, Thailand and Vietnam.

Furthermore, TTG has been awarded the official media partner status by the Philippines Department of Tourism for the Philippine Travel Exchange event in September 2006.

In addition, Singapore Tourism Board (STB) has appointed TTG as the official daily newspaper for the ASEAN Tourism Forum (ATF), scheduled to take place in January/February 2007 in Singapore.

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

As of 30th September, 2006, 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") as 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 the required standard of dealings by the Directors as referred to in rule 5.46 of the GEM Listing Rules, were as follows:

The Company

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

Name of Directors	Number of shares	Number of underlying shares	Nature of interests/ Holding capacity	Appropriate percentage of interests
Ch'ien Kuo Fung, Raymond	6,274,000	18,000,000	Personal/ beneficiary	0.56%
Chia Kok Onn	-	2,500,000	Personal/ beneficiary	0.06%
Chen Xiaowei	-	22,700,000	Personal/ beneficiary	0.52%
Fang Xin	-	1,000,000	Personal/ beneficiary	0.02%
Wang Cheung Yue, Fred	-	6,000,000	Personal/ beneficiary	0.14%
Wong Sin Just	-	5,100,000	Personal/ beneficiary	0.12%
Yip Hak Yung, Peter	10,254,000	-	Corporate*	0.24%
Yip Hak Yung, Peter	2,400,000	17,000,000	Personal/ beneficiary	0.45%
Yip Hak Yung, Peter	-	239,356,507	Interest of children or spouse**	5.50%

* These shares were beneficially owned by Asia Internet Holdings Limited which is 100% owned by Mr. Yip Hak Yung, Peter.

** These options were granted to Asia Pacific Online Limited ("APOL"), a company 50% owned by the spouse of Mr. Yip Hak Yung, Peter ("Mr. Yip") and 50% owned by a trust established for the benefit of Mr. Yip's spouse and his children.

Options to subscribe for ordinary shares in the Company

Name of Directors	Date of grant	Exercise price HK\$	Number of share options outstanding as at 30th September, 2006
Ch'ien Kuo Fung, Raymond	9th March, 2000	1.880	10,000,000
	5th June, 2003	0.626	4,000,000
	10th October, 2005	0.630	4,000,000
Chen Xiaowei	15th September, 2005	0.560	4,000,000
	3rd January, 2006	0.526	11,200,000
	1st July, 2006	0.460	7,500,000
Chia Kok Onn	15th September, 2005	0.560	2,500,000
Fang Xin	10th October, 2005	0.630	1,000,000
Wang Cheung Yue, Fred	5th June, 2003	0.626	2,000,000
	15th September, 2005	0.560	4,000,000
Wong Sin Just	9th March, 2000	1.880	1,000,000
	10th April, 2001	0.286	600,000
	5th June, 2003	0.626	2,500,000
	15th September, 2005	0.560	1,000,000
Yip Hak Yung, Peter	5th June, 2003	0.626	4,000,000
	10th October, 2005	0.630	4,000,000
	3rd January, 2006	0.526	9,000,000
	14th August, 2006	0.445	239,356,507 [#]

[#] This option grant was approved by the shareholders of the Company at the extraordinary general meeting held on 18th September, 2006.

Associated Corporation

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

Name of Directors	Number of shares	Number of underlying shares	Nature of interests/ Holding capacity	Appropriate percentage of interests
Ch'ien Kuo Fung, Raymond	913,773	924,167	Personal/beneficiary	1.63%
Chen Xiaowei	–	300,000	Personal/beneficiary	0.27%
Chia Kok Onn	–	250,000	Personal/beneficiary	0.22%
Fang Xin	–	70,000	Personal/beneficiary	0.06%
Wang Cheung Yue, Fred	–	90,000	Personal/beneficiary	0.08%
Yip Hak Yung, Peter	16,408,768	7,926,441	Interest of children or spouse*	21.59%
Yip Hak Yung, Peter	–	90,000	Personal/beneficiary	0.08%

* 11,927,653 Class A common shares and 7,926,441 share options were held under the name of Asia Pacific Online Limited ("APOL"). APOL is a company 50% owned by the spouse of Mr. Yip Hak Yung, Peter ("Mr. Yip") and 50% owned by a trust established for the benefit of Mr. Yip's spouse and his children. 4,481,115 Class A common shares were held by the spouse of Mr. Yip.

Options to subscribe for Class A common shares in CDC Corporation

Name of Directors	Date of grant	Option exercise period	Exercise price US\$	Number of share options outstanding as at 30th September, 2006
Ch'ien Kuo Fung, Raymond	22nd June, 1999	22nd June, 2000 to 21st June, 2009	3.3750	66,667
	17th October, 2000	17th January, 2001 to 16th October, 2010	6.8125	100,000
	9th January, 2001	9th January, 2001 to 8th January, 2011	4.2813	30,000
	27th April, 2001	27th July, 2001 to 26th April, 2011	2.7400	220,000
	13th July, 2001	13th October, 2001 to 12th July, 2011	2.9700	400,000
	27th April, 2005	27th July, 2005 to 26th April, 2015	2.6860	62,500
	1st January, 2006	1st July, 2006 to 31st December, 2015	3.2200	45,000
Chen Xiaowei	19th July, 2005	19th July, 2006 to 18th July, 2015	2.7600	40,000
	27th September, 2005	27th September, 2006 to 26th September, 2015	3.2100	40,000
	14th July, 2006	14th October, 2006 to 13th July, 2013	3.9500	120,000
	25th August, 2006	25th November, 2006 to 24th August, 2013	5.2500	100,000

Name of Directors	Date of grant	Option exercise period	Exercise price US\$	Number of share options outstanding as at 30th September, 2006
Chia Kok Onn	1st September, 2005	1st September, 2005 to 31st August, 2015	2.9760	50,000
	1st September, 2005	1st September, 2006 to 31st August, 2015	2.9760	35,000
	15th September, 2005	15th September, 2005 to 14th September, 2015	2.9940	50,000
	15th September, 2005	15th December, 2005 to 14th September, 2015	2.9940	50,000
	3rd January, 2006	3rd April, 2006 to 2nd January, 2016	3.2200	65,000
Fang Xin	16th November, 2005	16th November, 2006 to 15th November, 2015	3.3000	70,000
Wang Cheung Yue, Fred	24th October, 2005	24th October, 2006 to 23rd October, 2015	3.2100	90,000
Yip Hak Yung, Peter	22nd June, 1999	22nd June, 2000 to 21st June, 2009	3.3750	60,000
	12th July, 1999	12th July, 2000 to 11th July, 2009	5.0000	1,881,442* (note 1)
	9th January, 2001	9th January, 2001 to 8th January, 2011	4.2813	30,000
	6th June, 2002	6th June, 2002 to 5th June, 2012	2.8200	200,000*
	3rd June, 2003	30th June, 2003 to 2nd June, 2013	4.9500	200,000*
	16th June, 2003	16th September, 2003 to 15th June, 2013	5.1600	100,000*
	15th September, 2005	15th September, 2005 to 14th September, 2015	2.9940	50,000*

Name of Directors	Date of grant	Option exercise period	Exercise price US\$	Number of share options outstanding as at 30th September, 2006
	15th September, 2005	15th December, 2005 to 14th September, 2015	2.9940	50,000*
	24th October, 2005	24th October, 2006 to 23rd October, 2015	3.2100	45,000*
	3rd January, 2006	3rd January, 2006 to 2nd January, 2016	3.2200	600,000*
	12th April, 2006	12th July, 2006 to 11th April 2013	3.9900	2,400,000*
	12th April, 2006	as per Executive Services (CEO) Agreement	3.9900	2,399,999*

* These share options were granted to APOL.

Note 1

On 6th October, 2006, the transfer agent recorded a transfer an aggregate of 1,881,442 vested options to the C.W. Chu Foundation, a non-profit organization that serves the public interest in Hong Kong, pursuant to the terms of an Option Transfer Agreement effective as of 15th July, 2005 among CDC Corporation, APOL and Mr. Yip.

Except as disclosed above, as at 30th September, 2006, none of the directors, chief executive and their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As of 30th September, 2006, the interests and short positions of the substantial shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in shares and underlying shares of equity derivatives

Name	Number of shares	Number of underlying shares	Nature of interests	Appropriate percentage of interests
China M Interactive (BVI) Limited	3,361,828,000	-	Beneficial Owner	77.25%
Asia Pacific Online Limited	-	239,356,507	Other	5.5%

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. Each of chinadotcom Mobile Interactive Corporation and CDC Corporation are deemed to be interested in the 3,361,828,000 shares in the Company under the SFO.

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

Except as disclosed above, as at 30th September, 2006, the Company had not been notified of any substantial shareholders' interests or short positions which are required to be kept under section 336 of the SFO.

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 Quarterly Period.

COMPETING INTERESTS

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

CORPORATE GOVERNANCE

Securities Transactions by Directors

During the Quarterly Period, the Company has not adopted a code of conduct regarding the directors' securities transactions but has applied the principles of the required of dealing 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 Quarterly Period.

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 has three members comprising all the independent non-executive directors, Messrs. Wong Sin Just (Committee Chairman), Wang Cheung Yue, Fred, and Chia Kok Onn. The primary duties of the audit committee are to oversee that management (i) has maintained the reliability and integrity of the accounting policies and financial reporting and disclosure practices of the Company; (ii) has established and maintained processes to assure that an adequate system of internal control is functioning within the Company; and (iii) has established and maintained processes to assure compliance by the Company with all applicable laws, regulations and corporate policy. The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

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

Hong Kong, 10th November, 2006

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