



China.com Inc.

(Incorporated in the Cayman Islands with limited liability)

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



Third Quarterly Report 2010

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, 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 report 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 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

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

- Revenue from continuing operations was HK\$24.1 million, up 17% year-on-year and remained the same quarter-on-quarter.
- Gross profit from continuing operations was HK\$13.7 million, up 18% year-on-year and 1% quarter-on-quarter.
- Profit attributable to owners of the Company amounted to HK\$0.3 million, compared to a loss of HK\$1.3 million in the same quarter last year and a loss of HK\$2.1 million in the second quarter of 2010.
- Earning per share (EPS) was HK cent 0.31, compared to loss per share (LPS) of HK cents 1.20 in the same quarter last year and loss per share (LPS) of HK cents 1.96 in the second quarter of 2010.
- On 10 September 2010, the Company declared a special dividend of HK\$0.60 per share to shareholders. The dividend totaling HK\$64.3 million was paid on 12 October 2010.
- Our financial position remains strong, with a total amount of HK\$390.9 million (before payment of special dividend of HK\$0.60 per share totaling HK\$64.3 million declared on 10 September 2010) of bank balances and cash, held-for-trading investments and available-for-sale investments as of 30 September 2010.

During the third quarter, Portal has continued its focus on the development of our two top verticals – Automobile channel and Webgame channel. We have also continued to secure new high-profile clients, including Master Kong, San Yuan Milk, CE Dongli, Togj.com, Aigo Mobile, Shanghai General Motors, FAW Volkswagen, The Store, Guangzhou Honda, FAW Toyota, Bosideng, Huaxia Bank, Maya Tourism, COFCO Group, Shanghai 9you.com, Shanghai Mecoxlane International Mail Order, Beijing-Benz DaimlerChrysler Automotive and Tongfang Co., Ltd.

In July 2010, our Webgame channel reported on ChinaJoy, the largest game show in Shanghai, China. We created a feature to update our users on the major game events, the most popular games and publishers in a timely manner. Our reports have received wide attention in the gaming community.

In August 2010, our Automobile channel organised its fifth annual car design contest. This competition was opened to all automotive design professionals, college students and automotive design amateurs, giving them a platform to showcase their talents and to interact with various automotive manufacturers and famous designers.

TTG has continued performing well, with strong revenue contribution from organising the “Singapore Gifts and Stationary Show” in August and launched new projects namely, “Shanghai EXPO print jobs”; “Production of the LTA map for the 2010 Singapore Night Race”; and “TTG mice Planer 2010/2011”. Our tourism publication has also been appointed as the Official publication for the inaugural Youth Olympic in Singapore.

TTG travel group launched its new print publication – TTG India in September. This is a bi-monthly business travel publication aims to serve the fast growing inbound and outbound Indian market.

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, 8 November 2010

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 30 September 2010, together with the comparative unaudited figures for the corresponding periods in 2009.

| | Notes | (Unaudited) Three months ended 30 September | | (Unaudited) Nine months ended 30 September | |
|--|-------|---|----------------|--|----------------|
| | | 2010 | 2009 | 2010 | 2009 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Continuing operations | | | | | |
| Revenue | 2 | 24,138 | 20,681 | 70,908 | 63,273 |
| Cost of sales | | (10,472) | (9,122) | (34,237) | (28,701) |
| Gross profit | | 13,666 | 11,559 | 36,671 | 34,572 |
| Other income | | 3,043 | 3,113 | 8,410 | 8,164 |
| Selling and distribution expenses | | (4,238) | (3,900) | (14,839) | (13,436) |
| Administrative expenses | | (11,324) | (10,185) | (28,206) | (30,290) |
| Impairment losses | | (850) | (417) | (1,845) | (1,420) |
| Other expenses | | 31 | (54) | (77) | (2,457) |
| Profit (loss) before tax | | 328 | 116 | 114 | (4,867) |
| Income tax expense | 3 | (479) | (637) | (1,327) | (1,076) |
| Loss for the period from continuing operations | | (151) | (521) | (1,213) | (5,943) |
| Discontinued operation | | | | | |
| Profit (loss) for the period from discontinued operation | 4 | 480 | (767) | 1,314 | (839) |
| Profit (loss) for the period | | 329 | (1,288) | 101 | (6,782) |

| | (Unaudited) | | (Unaudited) | |
|--|---------------------------|-------------------|--------------------------|-------------------|
| | Three months ended | | Nine months ended | |
| | 30 September | | 30 September | |
| | 2010 | 2009 | 2010 | 2009 |
| <i>Notes</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Other comprehensive (expense) income | | | | |
| Exchange differences arising on translation | 3,359 | 984 | 4,442 | 929 |
| Fair value (loss) gain on available-for-sale investments | (3,928) | 8,161 | (4,807) | 5,120 |
| 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 | (569) | 9,145 | (365) | 6,757 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total comprehensive (expense) income for the period | (240) | 7,857 | (264) | (25) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Profit (loss) attributable to: Owners of the Company | 329 | (1,288) | 101 | (6,782) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total comprehensive (expense) income attributable to: Owners of the Company | (240) | 7,857 | (264) | (25) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Earnings (loss) per share | | | | |
| From continuing and discontinued operations | | | | |
| Basic and diluted (cents per share) | 0.31 | (1.20) | 0.09 | (6.32) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| From continuing operations | | | | |
| Basic and diluted (cents per share) | (0.14) | (0.49) | (1.13) | (5.54) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

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*Notes:***1. BASIS OF PREPARATION**

The unaudited consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) 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 31 December 2009.

2. REVENUE

Revenue from continuing operations represents (1) travel media; and (2) internet portal.

3. 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 Nine-Month Period and the corresponding periods 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.

4. 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 September | | Nine months ended 30 September | |
|--|------------------------------------|------------------|-----------------------------------|------------------|
| | 2010 HK\$'000 | 2009 HK\$'000 | 2010 HK\$'000 | 2009 HK\$'000 |
| Profit (loss) for the period from discontinued operation | | | | |
| Revenue | - | - | - | 43 |
| Cost of sales | - | - | - | 155 |
| Gross profit | - | - | - | 198 |
| Other income | 488 | 451 | 1,646 | 1,150 |
| Selling and distribution expenses | (43) | (28) | (103) | 161 |
| Administrative expenses | (138) | (219) | (402) | (1,300) |
| Impairment losses | - | (971) | - | (1,048) |
| Profit (loss) before tax | 307 | (767) | 1,141 | (839) |
| Income tax benefit | 173 | - | 173 | - |
| Profit (loss) for the period from discontinued operation (attributable to owners of the Company) | <u>480</u> | <u>(767)</u> | <u>1,314</u> | <u>(839)</u> |

5. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

| | Three months ended 30 September | | Nine months ended 30 September | |
|--|------------------------------------|------------------|-----------------------------------|------------------|
| | 2010 HK\$'000 | 2009 HK\$'000 | 2010 HK\$'000 | 2009 HK\$'000 |
| <i>Earnings</i> | | | | |
| Profit (loss) for the period attributable to owners of the Company | <u>329</u> | <u>(1,288)</u> | <u>101</u> | <u>(6,782)</u> |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| <i>Number of shares</i> | | | | |
| Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share | <u>107,174</u> | <u>107,174</u> | <u>107,174</u> | <u>107,290</u> |

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.

From continuing operations

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

| | Three months ended | | Nine months ended | |
|---|--------------------|--------------|-------------------|----------------|
| | 30 September | | 30 September | |
| | 2010 | 2009 | 2010 | 2009 |
| | HK\$'000 | HK'000 | HK\$'000 | HK\$'000 |
| <i>Earnings</i> | | | | |
| Profit (loss) for the period attributable to owners of the Company | 329 | (1,288) | 101 | (6,782) |
| Less: Profit (loss) from discontinued operation | 480 | (767) | 1,314 | (839) |
| Loss for the purpose of basic loss per share from continuing operations | <u>(151)</u> | <u>(521)</u> | <u>(1,213)</u> | <u>(5,943)</u> |

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

The calculation of diluted earnings (loss) 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 September 2010 is HK cent 0.45 (2009: basic loss per share of HK cent 0.71), based on the profit from discontinued operation of HK\$480,000 (2009: a loss of HK\$767,000). Basic earnings per share for discontinued operation for the nine months ended 30 September 2010 is HK cents 1.22 (2009: basic loss per share of HK cent 0.78), based on the profit from discontinued operation of HK\$1,314,000 (2009: a loss of HK\$839,000). The denominators used are the same as those detailed above for basic earnings (loss) per share.

The calculation of diluted earnings (loss) 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.

6. MOVEMENT OF RESERVES

| | 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 | 430,501 | - | (31,193) | 7,635 | 11,690 | 24,123 | 50,125 | 59,028 | 173,042 | 724,951 |
| Loss for the period | - | - | - | - | - | - | - | - | (6,782) | (6,782) |
| Other comprehensive income for the period | - | - | - | 5,828 | - | - | 929 | - | - | 6,757 |
| Total comprehensive income (expense) for the period | - | - | - | 5,828 | - | - | 929 | - | (6,782) | (25) |
| Recognition of equity-settled share based payments | - | - | - | - | - | - | - | 2,154 | - | 2,154 |
| Shares issued upon exercises of share options | 775 | - | - | - | - | - | - | - | - | 775 |
| Transfer to share premium upon exercises of share options | 317 | - | - | - | - | - | - | (317) | - | - |
| Capital reduction (note a) | - | 427,623 | - | - | - | - | - | - | - | 427,623 |
| Dividends (note 7) | (392,256) | (107,174) | - | - | - | - | - | - | - | (499,430) |
| At 30 September 2009 | <u>39,337</u> | <u>320,449</u> | <u>(31,193)</u> | <u>13,463</u> | <u>11,690</u> | <u>24,123</u> | <u>51,054</u> | <u>60,865</u> | <u>166,260</u> | <u>656,048</u> |
| At 1 January 2010 | 39,337 | 118,963 | (31,193) | 6,624 | 11,690 | 24,123 | 40,636 | 60,787 | 192,394 | 463,361 |
| Profit for the period | - | - | - | - | - | - | - | - | 101 | 101 |
| Other comprehensive (expense) income for the period | - | - | - | (4,807) | - | - | 4,442 | - | - | (365) |
| Total comprehensive (expense) income for the period | - | - | - | (4,807) | - | - | 4,442 | - | 101 | (264) |
| Recognition of equity-settled share based payments | - | - | - | - | - | - | - | 748 | - | 748 |
| Dividends (note 7) | - | (94,313) | - | - | - | - | - | - | (64,304) | (158,617) |
| At 30 September 2010 | <u>39,337</u> | <u>24,650</u> | <u>(31,193)</u> | <u>1,817</u> | <u>11,690</u> | <u>24,123</u> | <u>45,078</u> | <u>61,535</u> | <u>128,191</u> | <u>305,228</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.

7. DIVIDENDS

| | Nine months ended | |
|--|----------------------|----------------|
| | 30 September 2010 | 2009 |
| | HK\$'000 | HK\$'000 |
| Interim dividend declared and paid – at HK\$1.00 per share (note b) | – | 107,174 |
| Special dividend declared and paid | | |
| – HK\$3.66 per share (note a) | – | 392,256 |
| – HK\$0.88 per share (note c) | 94,313 | – |
| – HK\$0.60 per share (note d) | 64,304 | – |
| | <u>158,617</u> | <u>499,430</u> |

Notes:

- 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.
- On 10 August 2009, the Company declared an interim dividend of HK\$1.00 per share to shareholders out of the Company's capital reserve. The dividend was paid in September 2009 totaling HK\$107,174,000.
- 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.
- 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.
- The directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2010.

8. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue and gross profit

Revenue for the Nine-Month Period was HK\$70,908,000 representing a HK\$7,635,000, or 12% 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\$8,842,000; and (2) a decrease in revenue from internet portal segment of HK\$1,207,000.

Gross profit margin for the Nine-Month Period was 52%, compared to 55% in the same period last year.

Other income

Other income increased by 3% to HK\$8,410,000 for the Nine-Month Period, compared to HK\$8,164,000 for the corresponding period in 2009. The increase was primarily due to (1) a HK\$3,552,000 increase in investment income from available-for-sale investments; (2) a HK\$1,969,000 decrease in interest income from bank balances; and (3) a HK\$1,330,000 decrease in gain on held-for-trading investments.

Selling and distribution expenses

Selling and distribution expenses increased by 10% to HK\$14,839,000 for the Nine-Month Period, compared to HK\$13,436,000 for the corresponding period in 2009.

Administrative expenses

Administrative expenses decreased by 7% to HK\$28,206,000 for the Nine-Month Period, compared to HK\$30,290,000 for the corresponding period in 2009. The net decrease was primarily attributable to the effectiveness of cost control initiatives during the Nine-Month Period. Administrative expenses include share option expenses of HK\$748,000 (2009: HK\$2,154,000) recognised in accordance with HKFRS 2.

Impairment losses

An impairment loss of HK\$1,845,000 (2009: HK\$1,420,000) has been provided for accounts receivable for the Nine-Month Period since the Group considered the amount will not be collectible.

Other expenses

Other expenses decreased by HK\$2,380,000 to HK\$77,000 (2009: HK\$2,457,000) for the Nine-Month 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\$1,327,000 for the Nine-Month Period, compared to HK\$1,076,000 for the corresponding period in 2009. Income tax expense for the Nine-Month 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 4.

Profit (loss) for the period attributable to owners of the Company

Profit for the period attributable to owners of the Company was HK\$101,000 for the Nine-Month Period, compared to a loss of HK\$6,782,000 for the corresponding period in 2009.

BUSINESS REVIEW

Internet Portal

During the third quarter, Portal has continued its focus on the development of our two top verticals – Automobile channel and Webgame channel. We have also continued to secure new high-profile clients, including Master Kong, San Yuan Milk, CE Dongli, Togj.com, Aigo Mobile, Shanghai General Motors, FAW Volkswagen, The Store, Guangzhou Honda, FAW Toyota, Bosideng, Huaxia Bank, Maya Tourism, COFCO Group, Shanghai 9you.com, Shanghai Mecoxlane International Mail Order, Beijing-Benz DaimlerChrysler Automotive and Tongfang Co., Ltd.

In July 2010, our Webgame channel reported on ChinaJoy, the largest game show in Shanghai, China. We created a feature to update our users on the major game events, the most popular games and publishers in a timely manner. Our reports have received wide attention in the gaming community.

In August 2010, our Automobile channel organised its fifth annual car design contest. This competition was opened to all automotive design professionals, college students and automotive design amateurs, giving them a platform to showcase their talents and to interact with various automotive manufacturers and famous designers.

Travel Media

TTG has continued performing well, with strong revenue contribution from organising the “Singapore Gifts and Stationary Show” in August and launched new projects namely, “Shanghai EXPO print jobs”; “Production of the LTA map for the 2010 Singapore Night Race”; and “TTG mice Planer 2010/2011”. Our tourism publication has also been appointed as the Official publication for the inaugural Youth Olympic in Singapore.

TTG travel group launched its new print publication – TTG India in September. This is a bi-monthly business travel publication aims to serve the fast growing inbound and outbound Indian market.

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

As at 30 September 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 | - | - | - | - |
| 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 Note (4) | 0.57% |

| Name of Directors | Number of shares | Number of underlying shares | Nature of interests/ Holding capacity | Approximate percentage of interests |
|---------------------|------------------|-----------------------------|---|-------------------------------------|
| Yip Hak Yung, Peter | 85,400 | – | Corporate Note (1) | 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 Note (2) | 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 September 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 September 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 | 297,824 | 152,440 | Personal/beneficiary | 1.28% |
| Cheng Loi | – | 33,473 | Corporate Note (3) | 0.09% |
| Wang Cheung Yue, Fred | – | 102,051 | Personal/beneficiary | 0.29% |
| Wong Kwong Chi | – | 158,328 | Personal/beneficiary | 0.45% |
| Wong Sin Just | – | 6,666 | Personal/beneficiary | 0.02% |
| Yip Hak Yung, Peter | 5,658,750 | 3,133,331 | Interest of children or spouse Note (2) | 24.94% |

Options/stock appreciation rights/restricted shares in CDC Corporation

| Name of Directors | Date of grant | Exercise period | Exercise price Note (5) US\$ | Number of |
|-----------------------------|-------------------|---|------------------------------------|---|
| | | | | share options/ stock appreciation rights/ restricted shares outstanding as at 30 September 2010 Note (5) |
| Ch'ien Kuo Fung, Raymond | 9 January 2001 | 9 January 2001 to 8 January 2011 | 12.8439 | 10,000 |
| | 9 November 2007 | 9 February 2008 to 8 November 2014 | 18.5400 | 8,333 Note (1) |
| | 18 September 2008 | 18 September 2008 to 17 September 2015 | 6.5100 | 60,000 Note (1) |
| | 19 March 2009 | 19 June 2009 to 18 March 2016 | 3.0000 | 6,666 |
| | 7 June 2010 | 7 June 2010 to 6 June 2017 | 5.9400 | 30,000 |
| | 4 August 2010 | 4 November 2010 to 3 August 2017 | – Note (4) | 37,441 Note (4) |
| Cheng Loi | 29 October 2008 | 29 April 2009 to 28 October 2015 | 3.8100 | 13,333 Note (1) |
| | 29 October 2008 | 29 April 2009 to 28 October 2015 | 3.8100 | 5,000 Note (1) |
| | 23 April 2009 | 23 April 2009 to 22 April 2016 | 3.6000 | 666 Note (1) |
| | 4 May 2009 | 4 May 2009 to 3 May 2016 | 3.6000 | 11,666 Note (1) |
| | 4 August 2010 | 4 November 2010 to 3 August 2017 | – Note (4) | 2,808 Note (4) |

| Name of Directors | Date of grant | Exercise period | Exercise price Note (5) US\$ | Number of share options/ stock appreciation rights/ restricted shares outstanding as at 30 September 2010 Note (5) |
|--------------------------|-------------------|---|------------------------------------|--|
| Wang Cheung Yue, Fred | 24 October 2005 | 24 October 2006 to 23 October 2015 | 9.6300 | 29,998 |
| | 18 December 2006 | 18 December 2007 to 17 December 2016 | 25.5600 | 8,333 Note (1) |
| | 18 September 2008 | 18 September 2008 to 17 September 2015 | 6.5100 | 30,000 Note (1) |
| | 7 June 2010 | 7 June 2010 to 6 June 2017 | 5.9400 | 15,000 Note (1) |
| | 4 August 2010 | 4 November 2010 to 3 August 2017 | – Note (4) | 18,720 Note (4) |
| Wong Kwong Chi | 24 August 2005 | 24 August 2005 to 23 August 2015 | 9.6900 | 36,664 |
| | 15 September 2005 | 15 September 2005 to 14 September 2015 | 8.9820 | 33,332 |
| | 18 December 2006 | 18 March 2007 to 17 December 2016 | 25.5600 | 8,333 Note (1) |
| | 8 November 2007 | 8 February 2008 to 6 November 2014 | 19.0800 | 8,333 Note (1) |
| | 18 September 2008 | 18 September 2008 to 17 September 2015 | 6.5100 | 30,000 Note (1) |
| | 2 September 2009 | 2 December 2009 to 1 September 2016 | 2.4900 | 41,666 |
| Wong Sin Just | 22 December 2006 | 22 March 2007 to 21 December 2016 | 25.5300 | 6,666 Note (1) |

| Name of Directors | Date of grant | Exercise period | Exercise price Note (5) US\$ | Number of share options/ stock appreciation rights/ restricted shares outstanding as at 30 September 2010 Note (5) |
|---------------------|------------------|---|------------------------------------|--|
| Yip Hak Yung, Peter | 29 July 2008 | 29 April 2009 to 28 July 2015 | 7.9800 | 55,000 Note (1) |
| | 26 November 2008 | 26 February 2009 to 25 November 2015 | 2.6100 | 1,978,332 |
| | 19 December 2008 | 19 March 2009 to 18 December 2015 | 3.8700 | 300,000 |
| | 1 March 2010 | 1 June 2010 to 28 February 2017 | 7.4700 | 333,333 |
| | 4 June 2010 | 4 June 2010 to 3 June 2017 | 5.9400 | 466,666 |

Notes:

- (1) This represents stock appreciation rights ("SARs") to subscribe for Class A common shares in CDC Corporation granted under the 2005 Stock Incentive Plan.
- (2) 3,995,751 Class A common shares and 3,133,331 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. 1,662,999 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.
- (4) This represents restricted shares ("RSAs") granted under the 2005 Stock Incentive Plan.
- (5) Exercise prices (where applicable) and balances of the number of options/SARs/RSAs were adjusted resulting from the one-for-three reverse split of the Class A common shares in CDC Corporation effective on 23 August 2010.

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 | Exercise period | Exercise Price US\$ | Number of share options outstanding as at 30 September 2010 |
|-----------------------------|------------------|---|------------------------|---|
| Ch'ien Kuo Fung, Raymond | 17 February 2007 | Date of commencement of initial public offering to 17 February 2014 | 13.330 | 25,000 |
| Wang Cheung Yue, Fred | 17 February 2007 | Date of commencement of initial public offering to 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 Note (2) | 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 Note (1) | 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 | Exercise period | Exercise Price US\$ | Number of share options outstanding as at 30 September 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 | – | 45,750 | Personal/beneficiary | 0.16% |
| Cheng Loi | – | 4,000 | Corporate Note (3) | 0.01% |
| Lam Lee G. | – | 39,084 | Personal/beneficiary | 0.13% |
| Wong Kwong Chi | – | 34,000 | Personal/beneficiary | 0.12% |
| Wong Sin Just | – | 7,084 | Personal/beneficiary | 0.02% |
| Yip Hak Yung, Peter | 36,703 | 549,084 | Interest of children or spouse Note (1) | 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 September 2010 |
|-----------------------------|-------------------|--|---------------------|---|
| Ch'ien Kuo Fung, Raymond | 11 September 2009 | 11 December 2009 to 10 September 2016 | 8.45 | 32,000 |
| | 4 August 2010 | 4 August 2010 to 3 August 2017 | 6.75 | 13,750 <i>Note (2)</i> |
| Cheng Loi | 11 September 2009 | 11 December 2009 to 10 September 2016 | 8.45 | 4,000 <i>Note (3)</i> |
| Lam Lee G. | 11 September 2009 | 11 December 2009 to 10 September 2016 | 8.45 | 32,000 |
| | 4 August 2010 | 4 August 2010 to 3 August 2017 | 6.75 | 7,084 <i>Note (2)</i> |
| Wong Kwong Chi | 11 September 2009 | 11 December 2009 to 10 September 2016 | 8.45 | 34,000 |
| Wong Sin Just | 4 August 2010 | 4 August 2010 to 3 August 2017 | 6.75 | 7,084 <i>Note (2)</i> |
| 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) This represents stock appreciation rights ("SARs") granted under the 2009 Stock Incentive Plan.
- (3) These SARs were beneficially owned by SLC Management Consulting International Limited, a company 100% owned by Dr. Cheng Loi.

Save as disclosed above, as at 30 September 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 September 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 September 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.

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 nine months ended 30 September 2010.

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 nine months ended 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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 directors do not recommend the payment of an interim dividend for the nine months period ended 30 September 2010.

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

Hong Kong, 8 November 2010

As at the date of this report, 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.