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 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.

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 2010, our business operations began to recover from the economic slow down caused by the global financial crisis.

- Revenue from continuing operations increased 11% to HK$105.5 million in 2010 from HK$95.0 million in 2009.

- Gross profit from continuing operations increased 8% to HK$56.4 million in 2010 from HK$52.2 million in 2009.

- Profit attributable to owners of the Company amounted to HK$2.7 million in 2010, compared to HK$19.4 million in 2009.

- Basic earning per share (EPS) was HK cents 2.49, compared to HK cents 18.07 in 2009.

- The Company declared and paid dividends totaling HK$158.6 million in 2010, as follows:

  – On 4 June 2010, a special dividend of HK$0.88 per share totaling HK$94.3 million was declared and paid to shareholders.

  – On 10 September 2010, a special dividend of HK$0.60 per share totaling HK$64.3 million was declared and paid to shareholders.

- Financial position remains strong, with an aggregate amount of HK$336.5 million of bank balances and cash, held-for-trading investments and available-for-sale investments as of 31 December 2010.

During the year, the Company remained focused on growing its two core businesses, Portal, the online media and TTG, the print media and managed to tap into new revenue sources by rolling out new projects and embarking on new marketing and promotional initiatives.

Portal has continued its focus on the development of two of its top verticals – Automobile channel and Webgame channel. In May, the portal team has created a new business plan to create a social networking platform and link our two top channels to it. The premise is that this platform will enhance Portal's appeal and stickiness to users, which will lead to increased traffic in auto channel and an expanded user base for Webgame channel. This will in turn raise auto channel's advertising revenue and webgames revenue, driving the overall growth of Portal.

With the aim to further grow Portal in China, in July, the Board approved a five-year budget to invest in infrastructure, hire additional staff, and increase marketing spend. Due to the additional investment, we expect that our Portal business to incur losses in the coming two years before turning profitable in year three. The Board conducts periodical reviews and provides guidance to monitor the plan's development to ensure that it is executed as planned.

The portal team was awarded with the following awards in 2010: the Best Web Platform of the Year for Network Operators 2010, the Most Valuable New Media 2010, the Most Development Potential of the Internet Platform 2010, and the 2010 Top Ten Games Media Golden Phoenix Award.

TTG has continued to do well in 2010 with significant revenue improvement over last year. Apart from publishing leading business to business travel trade publications for Asia, China and India, the Group has successfully organised four world class events namely, ASEAN Tourism Forum (ATF) in Brunei, Incentive Travel & Conventions, Meetings China (IT&CM China) in Shanghai, Gifts and Stationary Show in Singapore and Incentive Travel & Conventions, Meetings Asia (IT&CMA) in Bangkok.

TTG has been awarded official publication status at numerous major trade events such as PATA Travel Mart, ITB Asia and China International Travel Mart. Other special travel related publications published during the year includes Asian Tourism Guide (ATG), LTA map for the 2010 Singapore Night Race and TTG MICE Planner 2010/2011. TTG has won the "PATA Gold Award" for the quality of its cover story in 2010.

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, 22 March 2011

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 2010, together with the comparative figures for the year ended 31 December 2009.

	Notes	**2010** *HK$'000*	2009 *HK$'000*
Continuing operations			
Revenue	3	**105,547**	94,960
Cost of sales		**(49,194)**	(42,725)
Gross profit		**56,353**	52,235
Other income, gains and losses		**11,104**	26,512
Selling and distribution expenses		**(21,670)**	(18,568)
Administrative expenses		**(39,233)**	(40,750)
Impairment losses		**(962)**	(678)
Other expenses		**(33)**	(54)
Profit before tax		**5,559**	18,697
Income tax expense	5	**(2,585)**	(2,840)
Profit for the year from continuing operations	6	**2,974**	15,857
Discontinued operation			
(Loss) profit for the year from discontinued operation	7	**(144)**	3,495
Profit for the year		**2,830**	19,352
Other comprehensive income (expense)			
Exchange differences arising on translation		**6,411**	952
Fair value (loss) gain on available-for-sale investments		**(6,214)**	6,624
Reclassification adjustment on translation difference upon deregistration of subsidiaries		**–**	(10,441)
Reclassification adjustment on disposal of available-for-sale investments		**–**	(7,635)
Other comprehensive income (expense) for the year		**197**	(10,500)
Total comprehensive income for the year		**3,027**	8,852

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Profit attributable to:			
Owners of the Company		**2,670**	19,352
Non-controlling interests		**160**	–
		2,830	19,352
Total comprehensive income attributable to:			
Owners of the Company		**2,867**	8,852
Non-controlling interests		**160**	–
		3,027	8,852
Earnings per share	8		
From continuing and discontinued operations			
Basic and diluted (cents per share)		**2.49**	18.07
From continuing operations			
Basic and diluted (cents per share)		**2.61**	14.81

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
Non-current assets			
Plant and equipment		**1,772**	2,339
Goodwill		**–**	450
Available-for-sale investments		**94,744**	108,690
		96,516	111,479
Current assets			
Accounts receivable	10	**16,003**	14,968
Prepayments, deposits and other receivables		**6,148**	6,512
Held-for-trading investments		**438**	471
Amounts due from fellow subsidiaries		**829**	309
Amount due from ultimate holding company		**339**	342
Bank balances and cash		**241,357**	374,536
		265,114	397,138
Current liabilities			
Accounts payable	11	**7,514**	6,466
Other payables and accrued liabilities		**13,351**	12,347
Deferred revenue		**24,688**	20,246
Tax liabilities		**5,924**	5,125
Amounts due to fellow subsidiaries		**342**	–
		51,819	44,184
Net current assets		**213,295**	352,954
Total assets less current liabilities		**309,811**	464,433
Capital and reserves			
Share capital	12	**1,072**	1,072
Share premium and reserves		**308,579**	463,361
Equity attributable to owners of the Company		**309,651**	464,433
Non-controlling interests		**160**	–
Total equity		**309,811**	464,433

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to owners of the Company												
	Share capital *HK$'000*	Share premium *HK$'000* *(note b)*	Capital reserve *HK$'000* *(note b)*	Goodwill reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Capital redemption reserve *HK$'000*	Reserve funds *HK$'000* *(note c)*	Translation reserve *HK$'000*	Share options reserve *HK$'000*	Retained profits *HK$'000*	Subtotal *HK$'000*	Attributable to non-contorting interest *HK$'000*	Total *HK$'000*
At 1 January 2009	426,534	430,501	–	(31,193)	7,635	11,690	24,123	50,125	59,028	173,042	1,151,485	–	1,151,485
Profit for the year	–	–	–	–	–	–	–	–	–	19,352	19,352	–	19,352
Other comprehensive expense for the year	–	–	–	–	(1,011)	–	–	(9,489)	–	–	(10,500)	–	(10,500)
Total comprehensive income for the year	–	–	–	–	(1,011)	–	–	(9,489)	–	19,352	8,852	–	8,852
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	2,076	–	2,076	–	2,076
Shares issued upon exercises of share options	2,161	775	–	–	–	–	–	–	–	–	2,936	–	2,936
Transfer to share premium upon exercise of share options	–	317	–	–	–	–	–	–	(317)	–	–	–	–
Capital reduction *(note a)*	(427,623)	–	427,623	–	–	–	–	–	–	–	–	–	–
Dividends *(note 9)*	–	(392,256)	(308,660)	–	–	–	–	–	–	–	(700,916)	–	(700,916)
At 31 December 2009	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 (expense)/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

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 (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 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 during both years as there was no such profit after tax from the FIEs in both years.

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. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HK (IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

Under HKAS 27 (as revised in 2008), profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. As a result, HK$160,000 of total comprehensive income is attributed to the non-controlling interests for the year ended 31 December 2010.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Asset[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[6]
HKAS 32 (Amendments)	Classification of Rights Issues[7]
HK (IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 July 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 February 2010.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to the financial liabilities that are designated at fair value through profit or loss. The Company did not have any financial liabilities that are designated at fair value through profit or loss at the end of the reporting period.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and that the application of the new Standard may have a significant impact on amounts reported in respect of the Groups' financial assets. Specifically, HKFRS 9 will affect the classification and measurement of the Group's available-for-sale investments. The directors are evaluating the impact on the financial statements.

3. REVENUE

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

	2010	2009
	HK$'000	*HK$'000*
Travel media	**77,929**	66,587
Internet portal	**27,618**	28,373
	105,547	94,960

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 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 segments:

Continuing operations

	Segment revenue		**Segment profit (loss)**	
	Year ended 31 December		**Year ended 31 December**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Travel media	**77,929**	66,587	**14,786**	11,772
Internet portal	**27,618**	28,373	**(10,496)**	(8,051)
	105,547	94,960	**4,290**	3,721

Reconciliation of segment results to profit before tax:

Segment profit	**4,290**	3,721
Gain on deregistration of subsidiaries	**–**	10,435
Investment and other income	**11,112**	16,077
Impairment loss on goodwill	**(450)**	–
Central administration costs	**(9,393)**	(11,536)
Profit before tax	**5,559**	18,697

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

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

Segment assets and liabilities

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

	2010	2009
	HK$'000	*HK$'000*
Segment assets		
Travel media	**54,009**	56,971
Internet portal	**37,418**	33,563
Total segment assets for continuing operations	**91,427**	90,534
Assets relating to discontinued operation	**293**	226
Unallocated bank balances and cash	**172,004**	306,113
Available-for-sale investments	**94,744**	108,690
Held-for-trading investments	**438**	471
Others	**2,724**	2,583
Consolidated assets	**361,630**	508,617

Segment liabilities

Travel media	**26,489**	21,198
Internet portal	**19,534**	16,985
Total segment liabilities for continuing operations	**46,023**	38,183
Liabilities relating to discontinued operation	**3,147**	3,146
Others	**2,649**	2,855
Consolidated liabilities	**51,819**	44,184

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 assets used jointly by reportable segments.

- all liabilities are allocated to reportable segments other than liabilities for which reportable segments are jointly liable.

Other segment information

Continuing operations

	Depreciation		**Additions to non-current assets***	
	Year ended 31 December		**Year ended 31 December**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:				
Travel media	**687**	636	**128**	1,417
Internet portal	**1,172**	1,713	**1,166**	214
	1,859	2,349	**1,294**	1,631

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

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		Non-current assets	
	Year ended 31 December		At 31 December	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Singapore	**77,929**	66,587	**498**	1,058
The PRC	**27,618**	28,373	**1,274**	1,723
	105,547	94,960	**1,772**	2,781

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

5. TAXATION

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Current tax		
Singapore	**2,417**	1,934
Under provision in prior years		
The PRC	**168**	181
	2,585	2,115
Deferred tax charge		
Current year	**–**	725
	2,585	2,840

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no significant assessable profits in Hong Kong for either year.

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.

6. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	2010	2009
	HK$'000	*HK$'000*
Profit for the year from continuing operations has been arrived at after charging:		
Depreciation of plant and equipment	**1,859**	2,349
Staff costs (including directors' emoluments)	**35,326**	28,518
Retirement benefits scheme contributions	**3,483**	2,922
Total staff costs	**38,809**	31,440
Net foreign exchange loss	**1,034**	4,266
Auditor's remuneration	**1,119**	1,285
Loss on disposal of plant and equipment	**8**	54
and after crediting to other income:		
Loss (gain) on held-for-trading investments	**33**	(1,220)
Investment income on available-for-sale investments	**(8,854)**	(4,972)
Other interest income	**(2,258)**	(2,573)
Gain on disposal of available-for-sale investments	**–**	(7,312)
Gain on deregistration of subsidiaries	**–**	(10,435)

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) profit for the year from discontinued operation

The combined 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.

	2010	2009
	HK$'000	*HK$'000*
(Loss) profit for the year from discontinued operation		
Revenue	**–**	43
Cost of sales	**–**	(175)
Gross loss	**–**	(132)
Other income	**338**	4,871
Selling and distribution expenses	**–**	143
Administrative expenses	**(655)**	(221)
Impairment losses	**–**	(1,166)
(Loss) profit before tax	**(317)**	3,495
Income tax credit	**173**	–
(Loss) profit for the year from discontinued operation	**(144)**	3,495
(Loss) profit from discontinued operation attributable to:		
Owners of the Company	**(130)**	3,495
Non-controlling interests	**(14)**	–
	(144)	3,495
(Loss) profit for the year from discontinued operation include the following:		
Auditor's remuneration	**29**	80
Depreciation	**8**	510
Impairment loss on plant and equipment	**–**	971
Impairment loss on accounts receivable	**–**	195
Cash flows from discontinued operation		
Net cash inflows (outflows) from operating activities	**43**	(28,930)
Net cash inflows from investing activities	**–**	1,569
Net cash inflows (outflows)	**43**	(27,361)

Revenue and (loss) profit before tax represent the segment revenue and (loss) profit from discontinued operation respectively.

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:

	2010	2009
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company	**2,670**	19,352

	2010	2009
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**107,174**	107,095

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 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:

	2010	2009
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company	**2,670**	19,352
Less: (Loss) profit from discontinued operation	**(130)**	3,495
Earnings for the purpose of basic earnings per share from continuing operations	**2,800**	15,857

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 Company's shares over the reporting period.

From discontinued operation

Basic loss per share for discontinued operation is HK cent 0.12 (2009: earnings per share HK cents 3.26) based on the loss for the year from discontinued operation of HK$130,000 (2009: a profit of HK$3,495,000) 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 Company's shares over the reporting period.

9. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Interim dividend declared and paid		
– HK$1.00 per share (note b)	**–**	107,174
Special dividend declared and paid		
– HK$3.66 per share (note a)	**–**	392,256
– HK$1.88 per share (note c)	**–**	201,486
– HK$0.88 per share (note d)	**94,313**	–
– HK$0.60 per share (note e)	**64,304**	–
	158,617	700,916

Notes:

a. On 9 February 2009, the Company declared a special dividend of HK$3.66 per share to shareholders out of the Company's share premium. The dividend was paid in March 2009 totaling HK$392,256,000.

b. On 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.

c. On 15 October 2009, the Company declared a special dividend of HK$1.88 per share to shareholders out of the Company's capital reserve. The dividend was paid in November 2009 totaling HK$201,486,000.

d. 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.

e. 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.

f. The directors do not recommend the payment of a final dividend for the year ended 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 receivables 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:

	2010	2009
	HK$'000	*HK$'000*
Within 90 days	**14,617**	13,794
91 – 120 days	**583**	92
121 – 180 days	**591**	246
Over 180 days	**212**	836
	16,003	14,968

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:

	2010	2009
	HK$'000	*HK$'000*
Within 90 days	**6,589**	6,009
91 – 120 days	**90**	50
121 – 180 days	**110**	60
Over 180 days	**725**	347
	7,514	6,466

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	
	2010	2009	**2010**	2009
			HK$'000	*HK$'000*
Ordinary shares of HK$0.01 each				
Authorised	**250,000,000**	250,000,000	**2,500**	2,500
Issued and fully paid				
At beginning of the year	**107,173,642**	106,633,482	**1,072**	426,534
Exercise of share options	**–**	540,160	**–**	2,161
Capital reduction	**–**	–	**–**	(427,623)
At end of the year	**107,173,642**	107,173,642	**1,072**	1,072

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 during the year ended 31 December 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue and gross profit

Revenue for the year ended 31 December 2010 was HK$105,547,000 representing a HK$10,587,000, or 11% increase compared to last year. The net increase was primarily attributable to an increase in revenue from travel media segment of HK$11,342,000.

Gross profit margin was 53% in 2010, compared to 55% in 2009.

Other income

Other income decreased by 58% to HK $ 11,104,000 in 2010, compared to HK$26,512,000 in 2009. The net decrease was primarily due to a gain on deregistration of subsidiaries of HK$10,435,000 and a gain on disposal of available-for-sale investments of HK$7,312,000 were recongised in 2009; offset with a HK$3,882,000 increase in investment income from available-for-sale investments.

Selling and distribution expenses

Selling and distribution expenses increased by 17% to HK$21,670,000 in 2010, compared to HK$18,568,000 in 2009. The increase was mainly attributable to the increase in sales and marketing personnel expenses amounting to HK$1,821,000.

Administrative expenses

Administrative expenses decreased by 4% to HK$39,233,000 in 2010, compared to HK$40,750,000 in 2009. Administrative expenses include share option expenses amounting to HK$968,000 (2009: HK$2,076,000) recognised in accordance with HKFRS 2

Impairment losses

Impairment losses increased 42% to HK$962,000 in 2010, compared to HK$678,000 in 2009. An one-time write-off of all goodwill attributable to the internet portal segment amounting to HK$450,000 was recognised in 2010.

Income tax

The Group recorded an income tax expense of HK$2,585,000 in 2010, compared to HK$2,840,000 in 2009. Income tax expense in 2010 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 7.

Non-controlling interests

Profit shared by non-controlling interests was HK$160,000 in 2010, compared to HK$Nil in 2009. 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 2010 (2009: 90%).

Profit for the year attributable to owners of the Company

Profit for the year attributable to owners of the Company was HK$2,670,000 in 2010, compared to HK$19,352,000 in 2009.

Liquidity and financial resources

The Group generally financed its operations with its internally generated cash flows. The Group continued to be in a strong financial position with HK$309,651,000 shareholders' funds as at 31 December 2010, compared to HK$464,433,000 as at 31 December 2009. Total assets amounted to HK$361,630,000 as at 31 December 2010, compared to HK$508,617,000 as at 31 December 2009, of which HK$241,357,000 (2009: HK$374,536,000) was bank balances and cash, HK$438,000 (2009: HK$471,000) was held-for-trading investments and HK$94,744,000 (2009: HK$108,690,000) was available-for-sale investments.

Capital structure

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

Charges on the Group's assets

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

Gearing ratio

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

Exposure to fluctuations in exchange rates and any related hedges

As most of the Group's monetary assets and liabilities were denominated in Renminbi, Hong Kong dollars and US dollars, the exchange rate risks of the Group were considered to be minimal. As at 31 December 2010, no related hedges were made by the Group.

Contingent liabilities

The Group had no significant contingent liabilities at 31 December 2010 and 2009.

BUSINESS REVIEW

Internet Portal

Portal has continued its focus on the development of two of its top verticals – Automobile channel and Webgame channel. In May, the portal team has created a new business plan to create a social networking platform and link our two top channels to it. The premise is that this platform will enhance Portal's appeal and stickiness to users, which will lead to increased traffic in auto channel and an expanded user base for Webgame channel. This will in turn raise auto channel's advertising revenue and webgames revenue, driving the overall growth of Portal.

With the aim to further grow Portal in China, in July, the Board approved a five-year budget to invest in infrastructure, hire additional staff, and increase marketing spend. Due to the additional investment, we expect that our Portal business to incur losses in the coming two years before turning profitable in year three. The Board conducts periodical reviews and provides guidance to monitor the plan's development to ensure that it is executed as planned.

The portal team was awarded with the following awards in 2010: the Best Web Platform of the Year for Network Operators 2010, the Most Valuable New Media 2010, the Most Development Potential of the Internet Platform 2010, and the 2010 Top Ten Games Media Golden Phoenix Award.

Travel Media

TTG has continued to do well in 2010 with significant revenue improvement over last year. Apart from publishing leading business to business travel trade publications for Asia, China and India, the Group has successfully organised four world class events namely, ASEAN Tourism Forum (ATF) in Brunei, Incentive Travel & Conventions, Meetings China (IT&CM China) in Shanghai, Gifts and Stationary Show in Singapore and Incentive Travel & Conventions, Meetings Asia (IT&CMA) in Bangkok.

TTG has been awarded official publication status at numerous major trade events such as PATA Travel Mart, ITB Asia and China International Travel Mart. Other special travel related publications published during the year includes Asian Tourism Guide (ATG), LTA map for the 2010 Singapore Night Race and TTG MICE Planner 2010/2011. TTG has won the "PATA Gold Award" for the quality of its cover story in 2010.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

There were no material acquisitions, disposals or significant investments during the year ended 31 December 2010.

EMPLOYEE INFORMATION

As at 31 December 2010, the Group has 269 (2009: 230) full-time employees of which 8 (2009: 7) are based in Hong Kong, 214 (2009: 176) in China, 45 (2009: 45) in Singapore, 1 (2009: 1) in Thailand and 1 (2009: 1) in Malaysia. The Group has introduced share option schemes to recognise the contributions of the employees to the growth of the Group. The schemes have been or will be amended from time to time to take into account changes in market conditions and the GEM Listing Rules.

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 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 year ended 31 December 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 year ended 31 December 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 year ended 31 December 2010 with the Code.

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. 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 met four times in 2010. The Company's annual results for the year ended 31 December 2010 have been reviewed by the audit committee of the Company.

DIVIDEND

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

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

Hong Kong, 22 March 2011

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

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