



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

First Quarterly Report 2017

China.com Inc.

[Incorporated in the Cayman Islands with limited liability]

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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

During the first quarter the Group's performance continued to be affected by adverse factors in the regulatory environment which has impacted the entire Mobile Value Added Service (MVAS) industry.

Here are some financial and business highlights for the three months ended 31st March, 2007:

- Revenue was HK\$42 million, down 54% as compared to the same period last year.
- Gross profit was HK\$21 million, down 59% as compared to the same period last year.
- Loss attributable to equity holders was HK\$3.7 million, as compared to a profit attributable to equity holders of HK\$8.5 million in the same period last year.
- Balance sheet position remains strong, with approximately HK\$1.3 billion in net cash and available-for-sale investments.
- In discussion to establish a strategic relationship with BBMF Inc, a leading 3G content provider in Japan to provide first-mover advantage in the anticipated 3G content market in China.
- Continued to explore investment opportunities in various high growth sectors and industries in China leveraging our deep and board China experience and operating skills. We are in the final stage of evaluating an investment in a high growth private equity fund in China.

We believe that the regulatory environment for the MVAS industry will continue to be challenging. While we have confidence in the long term future of the industry, we foresee conditions to remain difficult for the entire MVAS sector over the next few quarters. We continue to work hard to explore various strategies to help us weather these demanding times. These initiatives include entering into discussion with to establish a strategic relationship with BBMF Inc, a market leader in 3G content in Japan. BBMF has the license to publish mobile versions of more than 1,300 comic titles by 470 authors, and it also has a popular mobile on-line game site. This proposed strategic relationship will position us for 'first-mover advantage' in the 3G market in China, which continues to be the largest and fast growing mobile market in the world.

In addition, in the first quarter of 2007, we worked with a number of top tier content providers (CP) on three mobile games. One of the mobile games, "Mocca Beans", has been launched as the first "free to play, pay for merchandise" mobile game in China in April 2007.

We also entered into a mobile content agreement with Jiangsu Wuxi Mobile, a subsidiary of China Mobile in April 2007. In 2006, the mobile operator contracted with the Group to send MMS on its behalf to its VIP customers and this new agreement is a further extension of the partnership between the parties.

To further expand our mobile content offerings, we have entered into agreements with one of the major eBook distributors in China to provide eBook services to mobile subscribers. More than one hundred eBooks are now available for download to mobile phones.

We have also further broaden our marketing channels by partnering with one of the major luxury furniture clubs in China to provide up-to-date information to paying subscribers. We hope this will pave the way for our future inroads into other different interests groups and industry verticals.

During the first quarter of 2007, our portal business continue to show encouraging improvement, especially in terms of advertising sales and deepening strategic partnership with global technology leaders such as Google. Portal revenue in the first quarter increased 52% from the comparable period in 2006, mainly attributable to enhanced brand equity and various new sales initiatives. China.com and Google formed a strategic partnership in July 2006. Building on previously announced co-operations, Google will place advertisements on China.com portal to promote its search engine in China.

To maximize our return on investment of our net cash, the Group plans to explore new investment opportunities in various high growth technology sectors and industries in China, leveraging its robust balance sheet. We are in the final stage of evaluating an investment opportunity in a high growth private equity fund in China. This private equity fund focuses on companies in the consumer products, healthcare, alternative energy, manufacturing sectors. They assist in restructuring the business and to accelerate growth of the invested projects. The team members of this fund have extensive experience in private equity and in restructuring PRC companies. We expect to close this transaction during Q2 2007.

Overall, we continue to believe that there are high growth opportunities in the PRC market. The Group will continue to identify, invest and operate compelling next generation businesses in media, technology and other related fields. We believe that this is the right strategy to assist the Group in returning to profitability and to create shareholder value in the years to come.

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

Dr. Ch'ien Kuo Fung, Raymond
Chairman

Hong Kong, 14th May, 2007

UNAUDITED CONSOLIDATED QUARTERLY 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 ended 31st March 2007 (the "Quarterly Period"), together with the comparative unaudited figures for the corresponding period in 2006.

		(Unaudited)	
		Three months ended	
		31st March,	
		2007	2006
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
			(restated)
Continuing operations			
Revenue	2	41,758	89,992
Cost of sales		(20,318)	(37,271)
		<hr/>	<hr/>
Gross profit		21,440	52,721
Other income		22,613	6,872
Selling and distribution costs		(11,758)	(24,614)
Administrative expenses		(31,352)	(26,838)
Other expenses		(5,055)	(1,666)
Interest expense on bank borrowings wholly repayable within five years		(1,415)	(713)
		<hr/>	<hr/>
(Loss) profit before tax		(5,527)	5,762
Income tax credit (expense)	3	529	(1,132)
		<hr/>	<hr/>
(Loss) profit for the period from continuing operations		(4,998)	4,630
		<hr/>	<hr/>
Discontinued operation			
Profit for the period from discontinued operation	4	-	8,089
		<hr/>	<hr/>
(Loss) profit for the period		(4,998)	12,719
		<hr/>	<hr/>
Attributable to:			
Equity holders of the Company		(3,694)	8,506
Minority interests		(1,304)	4,213
		<hr/>	<hr/>
		(4,998)	12,719
		<hr/>	<hr/>

		(Unaudited)	
		Three months ended	
		31st March,	
		2007	2006
	<i>Notes</i>	HK\$	HK\$
(Loss) earnings per share	5		
From continuing and discontinued operations			
Basic		<u>(0.08) cent</u>	<u>0.20 cent</u>
Diluted		<u>(0.08) cent</u>	<u>0.20 cent</u>
From continuing operations			
Basic		<u>(0.08) cent</u>	<u>0.11 cent</u>
Diluted		<u>(0.08) cent</u>	<u>0.11 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 interim review or 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, 2006.

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; and (2) internet and media revenue from online banner advertising, sponsorships, offline advertising campaigns, direct mailings and online sales.

The Group discontinued the distribution of online games in December 2006 (see note 4).

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 the corresponding period in 2006.

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. Discontinued operation

In view of the Group's strategy to focus its effort and concentrate its resources to develop its mobile services and applications business and internet and media business, the Group discontinued the operation of Prime Leader Holdings Limited and CDC Games Limited, subsidiaries established under the laws of the British Virgin Islands, and their subsidiaries (collectively "Online Games") in December 2006. Online Games was principally engaged in the development and operations of online games in the PRC.

The results of the discontinued operation were as follows:

	Three Months ended	
	31st March	
	2007	2006
	HK\$'000	HK\$'000
Revenue	-	39,875
Cost of sales	-	(14,130)
Gross profit	-	25,745
Other income	-	30
Selling and distribution costs	-	(5,054)
Administrative expenses	-	(5,980)
Other expenses	-	(6,652)
Profit before tax	-	8,089
Income tax expense	-	-
Profit for the period	-	8,089
Attributable to:		
Equity holders of the Company	-	3,876
Minority interests	-	4,213
	-	8,089
Earnings per share		
- Basic	-	0.09 cent
- Diluted	-	0.09 cent

5. (Loss) earnings per share

For continuing and discontinued operations

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

	Three Months ended 31st March	
	2007	2006
	HK\$'000	HK\$'000
<i>Earnings</i>		
(Loss) profit for the period attributable to equity holders of the Company	(3,694)	8,506
	<u>(3,694)</u>	<u>8,506</u>
	Three Months ended 31st March	
	2007	2006
	'000	'000
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	4,379,238	4,311,304
Effect of dilutive potential ordinary shares: Options	423	408
	<u>423</u>	<u>408</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>4,379,661</u>	<u>4,311,712</u>

From continuing operations

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

	Three Months ended 31st March	
	2007	2006
	HK\$'000	HK\$'000
<i>Earnings</i>		
(Loss) profit for the period attributable to equity holders of the Company	(3,694)	8,506
Less: Profit for the period from discontinued operations attributable to equity holders of the Company	-	(3,876)
	<u>(3,694)</u>	<u>(3,876)</u>
(Loss) earnings for the purposes of basic (loss) earnings per share from continuing operations	<u>(3,694)</u>	<u>4,630</u>

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

6. Movement of reserves

	Share premium HK\$'000	Goodwill reserve HK\$'000	Investment revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Reserve funds HK\$'000	Share options reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st January, 2006	924,402	(31,193)	(17,097)	-	18,483	15,684	5,431	183,034	1,098,744
Deficit on revaluation of available-for-sale investments	-	-	(644)	-	-	-	-	-	(644)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	653	-	653
Net (expense) income recognised directly in equity	-	-	(644)	-	-	-	653	-	9
Profit for the period	-	-	-	-	-	-	-	8,506	8,506
Investment revaluation reserve released on disposal of available-for-sale investments	-	-	(136)	-	-	-	-	-	(136)
Total recognised income and expense for the period	-	-	(780)	-	-	-	653	8,506	8,379
Recognition of equity-settled share based payments	-	-	-	-	-	3,937	-	-	3,937
Shares issued upon exercises of share options	4	-	-	-	-	-	-	-	4
Transaction costs attributable to issue of new shares	(9)	-	-	-	-	-	-	-	(9)
Acquisition of additional equity interest in a subsidiary	84,589	-	-	-	-	-	-	-	84,589
At 31st March, 2006	1,008,986	(31,193)	(17,877)	-	18,483	19,621	6,084	191,540	1,195,644

	Share premium HK\$'000	Goodwill reserve HK\$'000	Investment revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Reserve funds HK\$'000	Share options reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st January, 2007	1,018,727	(31,193)	(18,649)	-	24,123	33,168	18,115	811,231	1,855,522
Deficit on revaluation of available-for-sale investments	-	-	(718)	-	-	-	-	-	(718)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	1,219	-	1,219
Net (expense) income recognised directly in equity	-	-	(718)	-	-	-	1,219	-	501
Loss for the period	-	-	-	-	-	-	-	(3,694)	(3,694)
Investment revaluation reserve released on disposal of available-for-sale investments	-	-	165	-	-	-	-	-	165
Total recognised income and expense for the period	-	-	(553)	-	-	-	1,219	(3,694)	(3,028)
Transfer to share premium upon exercises of share options	105	-	-	-	-	(105)	-	-	-
Recognition of equity-settled share based payments	-	-	-	-	-	6,847	-	-	6,847
Shares issued upon exercises of share options	137	-	-	-	-	-	-	-	137
Shares repurchased	(427)	-	-	110	-	-	-	(110)	(427)
At 31st March, 2007	<u>1,018,542</u>	<u>(31,193)</u>	<u>(19,202)</u>	<u>110</u>	<u>24,123</u>	<u>39,910</u>	<u>19,334</u>	<u>807,427</u>	<u>1,859,051</u>

7. Dividend

The Board does not recommend the payment of a dividend for the Quarterly Period and the corresponding period in 2006.

8. 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 Quarterly Period was HK\$41,758,000 representing a HK\$48,234,000, or 54%, decrease as compared with the same period last year. The net decrease was primarily attributable to (1) a decrease in mobile services and applications revenue of HK\$43,087,000; and (2) a decrease in advertising revenue from the internet and media segment of HK\$5,147,000.

Gross profit margin was 51% for the Quarterly Period, compared to 59% in the same period last year. The overall decrease in gross profit margin of the Group was mainly due to the decrease in gross profit margin of the mobile services and applications business (44% in the Quarterly Period).

Other income

Other income increased by 229% to HK\$22,613,000 for the Quarterly Period, compared with HK\$6,872,000 in the corresponding period in 2006. The increase was primarily due to (1) a HK\$4,439,000 increase in interest income from available-for-sale investments as a result of increasing balances of available-for-sale investments; (2) a HK\$5,532,000 increase in bank interest income during the Quarterly Period as a result of an increase in cash and bank balances; and (3) a HK\$5,770,000 note interest income arising from the note receivable associated with the disposal of the online games segment.

Selling and distribution costs

Selling and distribution costs decreased to HK\$11,758,000 for the Quarterly Period, compared with HK\$24,614,000 in the corresponding period in 2006. The decrease was mainly attributable to the decrease in marketing and promotion expenses incurred for our mobile services and applications businesses amounting to HK\$12,377,000 during the Quarterly Period.

Administrative expenses

Administrative expenses increased by 17% to HK\$31,352,000 for the Quarterly Period versus HK\$26,838,000 for the corresponding period last year. The net increase was primarily due to the expansion of our operation during the Quarterly Period. Administrative expenses include share option expenses in the Quarterly Period amounting to HK\$6,847,000 (2006: HK\$3,937,000) recognized in accordance with HKFRS 2.

Other expenses

Other expenses increased by about HK\$3,389,000 to HK\$5,055,000 in the Quarterly Period, compared to HK\$1,666,000 for the corresponding period last year. The increase was primarily due to the increase in amortization expense of intangible assets and bad debt expense.

Income tax

The Group recorded an income tax credit of HK\$529,000 in the Quarterly Period, compared to an income tax expense of HK\$1,132,000 for the corresponding period last year. The provision of income tax was HK\$24,000 in the Quarterly Period which was offset by the deferred tax income of HK\$553,000.

Discontinued operation

In December 2006, the Group discontinued its operation under the online games segment. Further details of the discontinued operation are set out in note 4.

Minority interests

Loss shared by minority interests was HK\$1,304,000 in the Quarterly Period, compared to a profit shared by minority interests of HK\$4,213,000 in the same period last year. Loss shared by minority interests in the Quarterly Period represented minority interests' share of loss in the Group's mobile services and applications segment and the profit shared by minority interests in the corresponding period in 2006 represented share of profit in the Group's minority interest in 17game.

(Loss) profit for the period attributable to equity holders of the Company

Loss for the period attributable to equity holders of the Company was HK\$3,694,000 in the Quarterly Period, compared with profit attributable to equity holders of the Company of HK\$8,506,000 in the same period last year.

BUSINESS REVIEW

Mobile Value Added Services

As noted in prior announcements, the Group was alerted in June 2006 to policy changes for all subscription services on China Mobile's ("CMCC") Monternet platform which affected the Company's MVAS subscription services. The changes, which were 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 the result of this prolonged, industry wide impact, for the quarter ended 31st March, 2007, our total mobile services and applications revenue was HK\$26 million, dropped 63% from the first quarter of 2006. During the quarter, SMS and MMS were our major revenue generators, representing 56% and 19% respectively of the total mobile services and applications revenue. Remaining was mainly shared by our WAP and IVR services.

In order to minimize the industry wide impact and to prepare for the 3G's arrival in China, the Group continues to move further upstream into the content provider segment of the business. We are in discussion to establish a strategic relationship with BBMF Inc, a market leader in 3G content in Japan. BBMF is considered the market leader in 3G content in Japan with one of the largest mobile comic sites and mobile online game sites in Japan. It also has one of the largest libraries and fastest growing number of files and titles available for download. BBMF has also licensed the right to publish mobile versions of more than 1,300 comic titles by 470 authors. The strategic relationship positions us for 'first-mover advantage' in the 3G market in China, the largest and fast growing mobile market in the world and will help us in our drive to become the dominant provider of mobile on-line games and mobile comics in China.

Also, in the first quarter of 2007, we worked with top tier content providers (CP) on three mobile games. One of the mobile games, "Mocca Beans", has been launched as the first "free to play, pay for merchandise" mobile game in China in April 2007. The game provides players with different block sets, each producing endless combinations in different stages. The game is free to play but players can purchase useful tools to achieve desired combinations and reach higher levels, thus increasing satisfaction in this mind-stimulating game. As a multiplayer mobile game, it can be played by a large number of concurrent users online using mobile phones.

Although not as graphically advanced as PC-based online games, well-designed mobile games are increasingly being accepted by more and more mobile phone users. According to a survey by a leading professional market research company in China, 92.8 percent of mobile phone users had played games on mobile phones. By the end of January 31, 2007, mobile subscribers in China had exceeded 467 million and the mobile penetration rate had reached 35.3 percent, according to statistics from China's Ministry of Information Industry (MII). We believe the fast growing mobile game market in China will provide us with long-term growth potential.

As another milestone in moving further upstream into the content provider segment of the business, in April 2007, we entered into a mobile content agreement with Jiangsu Wuxi Mobile, a subsidiary of China Mobile. Under the terms of the agreement, we will provide the carrier with rich MMS (Multimedia Message Service) and WAP (Wireless Application Protocol) content, including ring tones, graphics, weather forecast, and more. We will also send the content on behalf of the carrier to designated mobile subscribers. The carrier will pay the Group for the mobile content as well as the content delivery. In 2006, the mobile operator contracted the Group to send MMS on its behalf to its VIP customers. The two companies have been continuously exploring new cooperation opportunities and this new agreement further expands the partnership between the companies.

To further expand our mobile content offerings, we signed agreements with one of the major eBook distributors in China to provide eBook services to mobile subscribers. More than one hundred eBooks are now available for download to mobile phones.

To deepen our relationship with mobile operators and local governments, we successfully plan and executed a SMS voting project for Liaoning provincial government. We believe this cooperation and the success track of record will help our future business development.

To further broaden our marketing channels, we signed agreements with one of the major luxury furniture clubs in China. We will provide up-to-date information of interests to paying subscribers. This achievement also paved way for our future inroads into other different interests groups and industry verticals.

Despite the short-term decline in revenue, we continue to believe that the industry will consolidate towards a smaller group of more stable service providers which will ultimately provide opportunities to our mobile services and applications business in the long run. Mobile services and applications 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.

Portal

During the first quarter of 2007, our portal business continue to show encouraging improvement, especially in terms of advertising sales and deepening strategic partnership with global technology leaders such as Google.

Portal revenue in the first quarter increased 52% from the same period in 2006. The increasing sales were mainly attributable to enhanced brand equity and various new sales initiatives. In 2006, various channels in our portal received several leading industry awards including "Outstanding Brand Advertising Award" from Internet Society of China; "Outstanding Web Channel of 2006" award from State Council Information Office of the People's Republic of China. The email system of China.com portal was named "Best Brand in Commercial Value" by China Computer News. These awards, combined with proactive sales efforts, helped the Portal to acquire more advertising contracts and reputable clients, including SONY, Mazda, Chevrolet, Peugeot.

China.com and Google formed a strategic partnership in July 2006. Building on previously announced co-operations, Google will place advertisements on China.com portal to promote its search engine in China and the two companies are also continuously exploring new areas for cooperation.

The China.com portal has a long history in online coverage and involvement in sporting events in China. In January 2007, China.com portal provided exclusive online coverage of 2007 Asian Winter Games as the Games' exclusive web sponsor. For the first time in the history of Asian Winter Games, all 45 countries and regions from the Olympic Council of Asia (OCA) family came together to participate in the 6th Asian Winter Game. Through the exclusive online coverage, the China.com portal gained important recognition by thousands of athletes and officials from Asian countries, as well as tens of millions of sports fans worldwide.

Given the portal's strong brand recognition and its broadening partnerships with leading Web 2.0 technology companies internationally and in China, the Group believes that continued resources should be deployed to leverage these partnerships and grow the portal business both organically and through potential acquisitions.

In January 2007, as a part of the previously announced Web 2.0 Developer Program and a preparation for 3G in China, China.com portal acquired a five percent interest in eMenlo Holdings Limited, the owner and operator of Menllo.com, a leading Web 2.0 online community in China. This investment will enable our mobile services and applications business unit to become one of the first movers in integrating Web2.0 content with 3G services in China. For instance, much of the user-generated content on Menllo.com can be made available on mobile phones through our mobile services and applications business unit's 3G services.

Media and Travel

TTG has done well in the 1st quarter of 2007 with good performance of its regional publishing group. Special projects such as ASEAN Tourism Forum (ATF) Daily and ITB 2007 Daily contributed to the bulk of the increased in revenues in publishing business.

During the quarter, TTG won the bid to be the Official Daily for PATA Travel Mart 2007 in September as well as Taipei International Travel Fair 2007 in Taipei in November. With these 2 successful bids, TTG has secured the rights to publish the official daily newspaper at these 2 trade events which should translate into more revenues during those months we published the dailies.

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

As at 31st March, 2007, 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	Approximate percentage of interests
Chen Xiaowei	–	22,700,000	Personal/ beneficiary	0.52%
Chia Kok Onn	–	2,500,000	Personal/ beneficiary	0.06%
Ch'ien Kuo Fung, Raymond	6,274,000	18,000,000	Personal/ beneficiary	0.55%
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*	0.23%
Yip Hak Yung, Peter	2,400,000	17,000,000	Personal/ beneficiary	0.44%
Yip Hak Yung, Peter	–	239,356,507	Interest of children or spouse**	5.47%

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

** These options were granted to Asia Pacific Online 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 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 31st March, 2007
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
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
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*

* These options were granted to Asia Pacific Online 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 Mr. Yip's spouse and his children.

Notes:

1. The grant of 239,356,507 options was approved by the shareholders of the Company at the extraordinary general meeting held on 18th September, 2006.

108,798,412 of such options shall vest quarterly over 2 years effective from 1st October, 2006 to 1st July, 2008 subject to the terms and conditions as set out in the Executive Services (Acting CEO) Agreement (the "Services Agreement") as follows:

- 12.5% options shall vest from 1st October, 2006;
- 12.5% options shall vest from 1st January, 2007;
- 12.5% options shall vest from 1st April, 2007;
- 12.5% options shall vest from 1st July, 2007;
- 12.5% options shall vest from 1st October, 2007;
- 12.5% options shall vest from 1st January, 2008;
- 12.5% options shall vest from 1st April, 2008;
- 12.5% options shall vest from 1st July, 2008.

Of the 130,558,095 options, 50% shall vest upon the occurrence of an event (the date of occurrence shall be the vesting date for such options) pursuant to the terms and conditions as set out in the Services Agreement as described below provided (i) Mr. Yip Hak Yung, Peter remains at China.com Inc. to provide the services on the day vesting of the relevant portion of those options takes place and (ii) the Services Agreement has not otherwise been terminated:

- Event 1: The grant by the relevant authorities in the People's Republic of China of an asset management license or equivalent that would allow China.com Inc. or its affiliate or associate to raise and manage a Renminbi denominated fund or funds which will invest in any of the following: a) "A" shares listed on a recognized stock exchange in the People's Republic of China; b) pre-initial public offering "A" shares; and c) convertible loans. For Event 1, the vesting date shall be the date of the grant of the license.
 - Event 2: The completion of a real estate development project in the People's Republic of China which will comprise of both residential and commercial units for use by China.com Inc. and CDC Corporation and for rental to third parties. For Event 2, the vesting date shall be the date of the completion of the real estate development project, such date to be determined by the Board of China.com Inc. in their absolute discretion.
2. Save as disclosed herein, all the above options may be exercised in accordance with the terms of the relevant share option schemes at any time during the period commencing from one year after the date of grant and ending 10 years after the date of grant of the options. These options vest over a period of four years commencing on the first anniversary at the date of grant.
 3. No share option has been granted to the directors and none of the above options have been exercised or lapsed during the quarter ended 31st March, 2007.

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	Approximate percentage of interests
Chen Xiaowei	–	300,000	Personal/ beneficiary	0.26%
Chia Kok Onn	–	42,293	Personal/ beneficiary	0.04%
Ch'ien Kuo Fung, Raymond	813,773	744,167	Personal/ beneficiary	1.36%
Fang Xin	–	70,000	Personal/ beneficiary	0.06%
Lam Lee G.	–	10,000	Personal/ beneficiary	0.01%
Wang Cheung Yue, Fred	–	90,000	Personal/ beneficiary	0.08%
Wong Sin Just	–	20,000	Personal/ beneficiary	0.02%
Yip Hak Yung, Peter	15,519,589	6,044,999	Interest of children or spouse*	18.76%
Yip Hak Yung, Peter	–	90,000	Personal/ beneficiary	0.08%

* 11,927,653 Class A common shares and 6,044,999 stock appreciation rights/ options to subscribe for Class A common shares were held under the name of Asia Pacific Online Limited ("APOL"). APOL, a company 50% owned by the spouse of Mr. Yip Hak Yung, Peter and 50% owned by a trust established for the benefit of Mr. Yip's spouse and his children. 3,591,936 Class A common shares were held by the spouse of Mr. Yip.

Options/ stock appreciation rights to subscribe for Class A common shares in CDC Corporation

Name of Directors	Date of grant	Exercise period	Exercise price US\$	Number of share options/ stock appreciation rights outstanding as at 31st March, 2007
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 <i>Note (1)</i>
	25th August, 2006	25th November, 2006 to 24th August, 2013	5.2500	100,000 <i>Note (1)</i>
Chia Kok Onn	1st September, 2005	1st September, 2005 to 31st August, 2015	2.9760	21,875
	1st September, 2005	1st September, 2006 to 31st August, 2015	2.9760	20,418
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	40,000 <i>Note (2)</i>
	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
Fang Xin	16th November, 2005	16th November, 2006 to 15th November, 2015	3.3000	70,000

Name of Directors	Date of grant	Exercise period	Exercise price US\$	Number of share options/ stock appreciation rights outstanding as at 31st March, 2007
Lam Lee G.	22nd December, 2006	22nd March, 2007 to 21st December, 2013	8.5100	10,000 <i>Note (1)</i>
Wang Cheung Yue, Fred	24th October, 2005	24th October, 2006 to 23rd October, 2015	3.2100	90,000
Wong Sin Just	22nd December, 2006	22nd March, 2007 to 21st December, 2013	8.5100	20,000 <i>Note (1)</i>
Yip Hak Yung, Peter	22nd June, 1999	22nd June, 2000 to 21st June, 2009	3.3750	60,000
	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 <i>Note (3)</i>
	3rd June, 2003	30th June, 2003 to 2nd June, 2013	4.9500	200,000 <i>Note (3)</i>
	16th June, 2003	16th September, 2003 to 15th June, 2013	5.1600	100,000 <i>Note (3)</i>
	15th September, 2005	15th September, 2005 to 14th September, 2015	2.9940	50,000 <i>Note (3)</i>
	15th September, 2005	15th December, 2005 to 14th September, 2015	2.9940	50,000 <i>Note (3)</i>
	24th October, 2005	24th October, 2006 to 23rd October, 2015	3.2100	45,000 <i>Note (3)</i>
	3rd January, 2006	3rd April, 2006 to 2nd January, 2013	3.2200	600,000 <i>Notes (1) & (3)</i>
	12th April, 2006	12th July, 2006 to 11th April, 2013	3.9900	2,400,000 <i>Note (3)</i>
	12th April, 2006	As per Executive Services (CEO) Agreement	3.9900	2,399,999 <i>Note (3)</i>

Notes:

- (1) This represents stock appreciation rights to subscribe for Class A common shares in CDC Corporation granted under the 2005 Stock Incentive Plan.
- (2) Dr. Ch'ien Kuo Fung, Raymond exercised an aggregate of 180,000 options to subscribe for Class A common shares at an exercise price of US\$2.7400 during the quarter ended 31st March, 2007. Such shares were sold on the respective days of exercise of options.
- (3) These options/ stock appreciation rights to subscribe for Class A common shares in CDC Corporation were granted to Asia Pacific Online 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 Mr. Yip's spouse and his children.

Except as disclosed above, as at 31st March, 2007, 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 31st March, 2007, 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 ordinary shares

Name	Number of shares	Number of underlying shares	Capacity and nature of interest	Approximate percentage of interests
China M Interactive (BVI) Limited	3,361,828,000	-	Direct beneficial owner	76.78%
Yip Hak Yung, Peter	10,254,000	-	Corporate	0.23%
	2,400,000	17,000,000	Direct beneficial owner	0.44%
	-	239,356,507	Interest of children or spouse	5.47%
				<u>Total: 6.14%</u>
Asia Pacific Online Limited	-	239,356,507	Direct beneficial owner	5.47%

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 taken to be interested in the 3,361,828,000 ordinary shares in the Company under the SFO.

During the quarter ended 31st March, 2007, CDC Corporation has acquired an aggregate of 4,950,000 ordinary shares representing 0.11% of the issued share capital of the Company.

Mr. Yip Hak Yung, Peter holds 10,254,000 ordinary shares via Asia Internet Holdings Limited, a company 100% owned by him. Mr. Yip beneficially holds 2,400,000 ordinary shares and 17,000,000 options to subscribe for ordinary shares in the Company. Mr. Yip is taken to be interested in 239,356,507 options to subscribe for ordinary shares in the Company which are held under the name of Asia Pacific Online Limited ("APOL"). APOL is a company 50% owned by the spouse of Mr. Yip and 50% owned by a trust established for the benefit of Mr. Yip's spouse and his children.

Except as disclosed above, as at 31st March, 2007, 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

The Company has repurchased a total of 1,100,000 ordinary shares of the Company on the Stock Exchange in February 2007 for an aggregate amount of HK\$534,980. The Directors believe that such repurchases will lead to an enhancement of the net asset value of the Company and/or its earnings per share and will benefit the Company and the Company's shareholders. Details of the share repurchase were as follows:-

Date of repurchase	Number of shares repurchased	Price per share repurchased	
		Highest (HK\$)	Lowest (HK\$)
2nd February, 2007	700,000	0.4850	0.4800
5th February, 2007	200,000	0.4950	–
6th February, 2007	200,000	0.4950	–
Total:	<u>1,100,000</u>		

The repurchased shares have been cancelled during the quarter ended 31st March, 2007.

Save as disclosed herein, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the quarter ended 31st March, 2007.

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 quarter ended 31st March, 2007, 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, 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 quarter ended 31st March, 2007.

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 four members comprising all the independent non-executive directors, Mr. Chia Kok Onn, Dr. Lam Lee G., Mr. Wang Cheung Yue, Fred and Mr. Wong Sin Just (Committee Chairman). 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

Dr. Lam Lee G.
Director

Hong Kong, 14th May, 2007

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 and the independent non-executive directors are Mr. Wong Sin Just, Mr. Wang Cheung Yue, Fred, Mr. Chia Kok Onn and Dr. Lam Lee G.