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 2012

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of China.com Inc. (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and no misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

CHAIRMAN'S STATEMENT

During 2012, our business operation delivered better results compared with the same period of last year.

- The Group's revenue increased 12% to HK$142.2 million in 2012 from HK$127.1 million in 2011.

- Gross profit increased 18% to HK$82.7 million in 2012 from HK$70.0 million in 2011.

- Other income, gains and losses increased 117% to HK$44.4 million in 2012 from HK$20.5 million in 2011.

- Profit attributable to owners of the Company amounted to HK$20.4 million in 2012, compared to HK$6.9 million in 2011.

- Basic and diluted earnings per share (EPS) was HK cent 19.04, compared to HK cents 6.45 in 2011.

- Financial position remains strong, with a total amount of HK$350.2 million of bank balances and cash and available-for-sale investments as of 31 December 2012.

Despite the fact that the travel industry is affected, to some extent, by current market sentiment in the global economy, our travel media business ("TTG") has performed well in 2012 with constant revenue improvement over last year. It is a challenging year for some of our core publications, special projects published throughout the year played a big role in making up for any revenue shortfall.

For events arm under TTG, it has successfully launched a new show in Delhi, India in 2012. It brings a total of six world class exhibitions and events organised by TTG in 2012. For publishing business group, it has won several special bids to publish the official daily at key industry events by external organisers. We are also proud to have been appointed the official media partner for almost all major travel trade events that took place in the Asia-Pacific region.

Our internet portal business ("Portal") experienced a difficult first half of 2012, as the news of our former controlling shareholder, CDC Corporation ("CDC"), being involved in a Chapter 11 case in the United States in late 2011 became widespread in China. It considerably affected client confidence, and subsequently some advertisers reduced their advertising support. Also, staff morale was affected due to the uncertainty over China.com Inc's future. Several key employees of our respective Portal departments and channels left the company. This halted the robust growth momentum built over 2011. In response, the management spent a tremendous effort during 2012 to retain our existing customers and stabilize the staff turnover rate. Also, Portal fine-tuned its marketing strategy to focus on small-and-medium enterprise ("SMEs") customers. SMEs form the most dynamic business component in the economy and generate an enormous demand for advertising to contend for market share. Portal managed to increase its revenue by 36% compared to 2011. However, SMEs are vulnerable to the fragile and uncertain economic conditions. We will closely monitor our client mix and diversify our client base to maintain sustainable growth for our Portal business.

The current tense of Sino-Japan relations poses a challenge to our Automobile channel, as the majority of its customers are Japanese auto manufacturers. Many of them decided to delay their marketing campaign, affecting our advertising revenue. We expect this situation to continue in the foreseeable future, but management is proactively taking all possible actions to minimize the impact.

Our investments in available-for-sale investments also generated impressive returns in this year. We have recognized approximately HK$39.3 million investment income in 2012 which is substantially higher than our investment income of approximately HK$9.2 million in 2011. We believed that our investments will continue generate good returns and cash flow for the Group in 2013.

As previously disclosed, the Second Amended Reorganization Plan for CDC in CDC's Chapter 11 Case became effective on 19 December 2012. On the same date, CDC established the CDC Liquidation Trust ("CDC Trust") whereby substantially all of CDC's assets, including the entire direct and indirect approximately 74.17% ownership interest in the Company, were transferred to CDC Trust.

As previously disclosed, on 13 January 2013, CDC Trust has entered into the Share Purchase Agreement with QiYi Holdings Limited ("QiYi" or the "Offeror") pursuant to which CDC Trust agreed to sell all its equity interest and controlling stake in the Company to QiYi and completion of the transaction took place on 31 January 2013.

Immediately following completion, QiYi has acquired approximately 74.17% of the shareholding of the Company and becomes the new controlling shareholder of the Company. Pursuant to the Takeovers Code, the Offeror is required to make mandatory unconditional cash offers (the "MGO") for all the issued shares (other than those already owned by the Offeror and parties acting in concert with it), and to cancel all the outstanding share options. Accordingly, the Offeror and the Company have despatched the composite document and forms in relation to the MGO to the independent shareholders and optionholders of the Company on 7 March 2013. The close date of the offer period will be 28 March 2013. After the close of the MGO, there may be proposed change of the board composition.

As indicated in the composite document, it is the intention of the Offeror that the Group will continue its existing principal business and the Offeror does not intend to introduce any major changes to the existing operation and business of the Company or re-deploy the employees. The Board is aware of the Offeror's intention in respect of the Group and is willing to cooperate with the Offeror further which is in the interests of the Company and the shareholders as a whole.

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 2013

The board of directors (the "Board") of the Company is pleased to announce the annual consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2012, together with the comparative figures for the year ended 31 December 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
Revenue	3	**142,236**	127,110
Cost of sales		**(59,534)**	(57,106)
Gross profit		**82,702**	70,004
Other income, gains and losses		**44,412**	20,470
Selling and distribution expenses		**(31,747)**	(27,629)
Administrative expenses		**(72,123)**	(47,464)
Impairment losses		**(335)**	(7,170)
Profit before tax		**22,909**	8,211
Income tax expense	5	**(2,146)**	(250)
Profit for the year	6	**20,763**	7,961
Other comprehensive income			
Exchange differences arising on translation		**2,274**	6,065
Fair value gain/(loss) on available-for-sale investments		**9,750**	(6,546)
Reclassification adjustment on translation difference upon deregistration of subsidiaries		**–**	(8,827)
Reclassification adjustment upon capital distribution from available-for-sale investments		**(6,248)**	–
Reclassification adjustment upon impairment of available-for-sale investments		**–**	6,136
Other comprehensive income/(expenses) for the year		**5,776**	(3,172)
Total comprehensive income for the year		**26,539**	4,789
Profit attributable to:			
Owners of the Company		**20,411**	6,910
Non-controlling interests		**352**	1,051
		20,763	7,961
Total comprehensive income attributable to:			
Owners of the Company		**26,187**	3,738
Non-controlling interests		**352**	1,051
		26,539	4,789
Earnings per share	7		
Basic and diluted (cents per share)		**19.04**	6.45

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	**2012** ***HK$'000***	2011 *HK$'000*
Non-current assets			
Property, plant and equipment		**1,625**	2,105
Available-for-sale investments		**63,641**	80,413
		65,266	82,518
Current assets			
Accounts receivable	9	**22,382**	19,594
Prepayments, deposits and other receivables		**17,293**	8,323
Amounts due from fellow subsidiaries		**2,526**	2,465
Amount due from ultimate holding company		**336**	339
Bank balances and cash		**286,542**	253,087
		329,079	283,808
Current liabilities			
Accounts payable	10	**9,899**	8,628
Other payables and accrued liabilities		**16,816**	16,959
Deferred revenue		**22,132**	21,406
Tax liabilities		**3,452**	3,964
Amounts due to fellow subsidiaries		**–**	112
		52,299	51,069
Net current assets		**276,780**	232,739
Total assets less current liabilities		**342,046**	315,257
Capital and reserves			
Share capital	11	**1,072**	1,072
Share premium and reserves		**338,901**	312,464
Equity attributable to owners of the Company		**339,973**	313,536
Non-controlling interests		**2,073**	1,721
Total equity		**342,046**	315,257

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Share capital HK$'000	Share premium HK$'000 (Note a)	Capital reserve HK$'000 (Note a)	Goodwill reserve HK$'000	Investment revaluation reserve HK$'000	Capital redemption reserve HK$'000	Reserve funds HK$'000 (Note b)	Translation reserve HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Subtotal HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1 January 2011	1,072	39,337	24,650	(31,193)	410	11,690	24,123	47,047	61,755	130,760	309,651	160	309,811
Profit for the year	–	–	–	–	–	–	–	–	–	6,910	6,910	1,051	7,961
Other comprehensive income for the year	–	–	–	–	(410)	–	–	(2,762)	–	–	(3,172)	–	(3,172)
Total comprehensive income for the year	–	–	–	–	(410)	–	–	(2,762)	–	6,910	3,738	1,051	4,789
Transfer of reserve upon deregistration of subsidiaries	–	–	–	–	–	–	(5,098)	–	–	4,588	(510)	510	–
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	657	–	657	–	657
At 31 December 2011	1,072	39,337	24,650	(31,193)	–	11,690	19,025	44,285	62,412	142,258	313,536	1,721	315,257
Profit for the year	–	–	–	–	–	–	–	–	–	20,411	20,411	352	20,763
Other comprehensive income for the year	–	–	–	–	3,502	–	–	2,274	–	–	5,776	–	5,776
Total comprehensive income for the year	–	–	–	–	3,502	–	–	2,274	–	20,411	26,187	352	26,539
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	250	–	250	–	250
At 31 December 2012	1,072	39,337	24,650	(31,193)	3,502	11,690	19,025	46,559	62,662	162,669	339,973	2,073	342,046

Note a: Under the Companies Law of the Cayman Islands (2010 Revision as amended from time to time), the share premium and capital reserve of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

Note b: Pursuant to the relevant laws and regulations for foreign investment enterprises ("FIEs") established in the People's Republic of China excluding Hong Kong (the "PRC"), a certain portion of the FIE's profits is required to be transferred to reserve funds which are not distributable. Transfers to this reserve are made out of the FIE's profits after taxation calculated in accordance with accounting principles and financial regulations applicable to PRC enterprises ("PRC GAAP") and shall not be less than 10% of profit after taxation calculated in accordance with PRC GAAP. No such transfer was made in either year as there was no such profit after tax from the FIEs in either year.

Notes

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared 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 Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited.

The consolidated results of the Group have been prepared under historical cost convention, except for certain financial instruments, which are measured at fair value.

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

(a) Adoption of new/revised HKFRSs – effective 1 January 2012

Amendments to HKFRS 1	Severe Hyper Inflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HKFRS 12	Deferred Tax – Recovery of Underlying Assets

These new/revised standards and interpretations has no material impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective:

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 19 (2011)	Employee Benefits[2]
HK(IFRIC) – Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKFRS 1	Government loans[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS27 (2011)	Investment entities[3]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

3. REVENUE

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

	2012	2011
	HK$'000	*HK$'000*
Travel media	**91,521**	89,755
Internet portal	**50,715**	37,355
	142,236	127,110

4. SEGMENT INFORMATION

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

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

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

1. Travel media

2. Internet portal

Segment revenues and results

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

	Travel media		Internet portal		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue	**91,521**	89,755	**50,715**	37,355	**142,236**	127,110
Reportable segment profit/(loss)	**14,879**	17,325	**(687)**	(9,398)	**14,192**	7,927
Bank interest income	**25**	4	**309**	407	**334**	411
Depreciation	**(286)**	(653)	**(854)**	(981)	**(1,140)**	(1,634)
Reversal of impairment loss/ (impairment loss) on accounts receivable	**498**	(212)	**(833)**	(822)	**(335)**	(1,034)
Income tax (expense)/credit	**(2,146)**	(2,944)	**–**	2,694	**(2,146)**	(250)
Reportable segment assets	**73,125**	50,993	**27,898**	29,986	**101,023**	80,979
Additions to non-current assets	**147**	281	**486**	1,334	**633**	1,615
Reportable segment liabilities	**29,262**	25,452	**19,703**	21,310	**48,965**	46,762

Reconciliation of segment results to profit before tax:

	2012	2011
	HK$'000	*HK$'000*
Segment profit	**14,192**	7,927
Gain on deregistration of subsidiaries	**–**	8,846
Investment and other income	**43,489**	11,396
Impairment loss on available-for-sale investments	**–**	(6,136)
Central administration costs	**(34,772)**	(13,822)
Profit before tax	**22,909**	8,211

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

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned by/loss from each segment without allocation of gain on deregistration of subsidiaries, investment and other income, impairment loss on available-for-sale investments and central administration costs. Included in investment and other income consists of investment income and interest income from unallocated bank balances. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

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

	2012	2011
	HK$'000	*HK$'000*
Segment assets		
Travel media	**73,125**	50,993
Internet portal	**27,898**	29,986
Total segment assets	**101,023**	80,979
Unallocated bank balances and cash	**217,586**	199,649
Available-for-sale investments	**63,641**	80,413
Others	**12,095**	5,285
Consolidated assets	**394,345**	366,326
Segment liabilities		
Travel media	**29,262**	25,452
Internet portal	**19,703**	21,310
Total segment liabilities	**48,965**	46,762
Others	**3,334**	4,307
Consolidated liabilities	**52,299**	51,069

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments other than unallocated bank balances and cash, available-for-sale investments and unallocated other assets.

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

Geographical information

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue Year ended 31 December		Non-current assets As at 31 December	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Singapore	**91,521**	89,755	**319**	437
The PRC	**50,715**	37,355	**1,306**	1,668
	142,236	127,110	**1,625**	2,105

Note: Non-current assets excluded financial instruments.

No customer attributed more than 10% of the Group's total revenue (2011: Nil).

5. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
Current tax – Singapore	**2,146**	2,944
Current tax – PRC	**–**	–
Over provision in prior years	**–**	(2,694)
	2,146	250

Hong Kong profits tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits for the year. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit arising in Hong Kong for the year ended 31 December 2012 (2011: HK$Nil).

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2011:25%).

For subsidiaries in Singapore, they are subject to the flat corporate tax rate of 17% (2011:17%).

6. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging/(crediting):

	2012	2011
	HK$'000	*HK$'000*
Operating leases		
– in respect of office premises	**8,022**	5,578
– in respect of office equipment	**144**	154
Depreciation of property, plant and equipment	**1,140**	1,634
Staff costs (including directors' emoluments and share-based payments)	**58,941**	55,226
Retirement benefits scheme contributions	**5,063**	4,259
Total staff costs	**64,004**	59,485
Net foreign exchange loss/(gain)	**1,893**	(2,071)
Auditor's remuneration	**925**	880
Gain on disposal of property, plant and equipment	**(49)**	(6)
Loss on held-for-trading investments	**–**	191
Investment income on available-for-sale investments	**(39,313)**	(9,155)
Bank interest income	**(3,686)**	(2,652)
Gain on deregistration of subsidiaries	**–**	(8,846)

7. EARNINGS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**20,411**	6,910

	2012	2011
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**107,174**	107,174

The calculation of diluted earnings per share does not assume the exercise of share options as the exercise prices of share options are higher than the average market price of the Company's shares over the reporting period.

8. DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 December 2012 and 31 December 2011.

9. ACCOUNTS RECEIVABLE

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

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

	2012	2011
	HK$'000	*HK$'000*
Within 90 days	**21,181**	17,805
91-120 days	**579**	1,182
121-180 days	**236**	468
Over 180 days	**386**	139
	22,382	19,594

10. ACCOUNTS PAYABLE

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

	2012	2011
	HK$'000	*HK$'000*
Within 90 days	**7,950**	8,220
91-120 days	**25**	52
121-180 days	**13**	17
Over 180 days	**1,911**	339
	9,899	8,628

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.

11. SHARE CAPITAL

	Number of shares	Share capital
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised as at 1 January 2011, 31 December 2011 and 31 December 2012	250,000,000	2,500
Issued and fully paid:		
As at 1 January 2011, 31 December 2011 and 31 December 2012	107,173,641	1,072

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and gross profit

Revenue for the year ended 31 December 2012 was HK$142,236,000 representing a HK$15,126,000, or 12% increase compared to last year. The net increase was primarily attributable to (1) an increase in revenue from travel media segment of HK$1,766,000, as a result of two successful trade shows, Incentive Travel & Conventions, Meeting in China ("IT&CM China") and Incentive Travel & Conventions, Meeting in India ("IT&CM India") in April and August 2012 respectively; and (2) an increase in revenue from internet portal segment of HK$13,360,000 due to contracts from new customers such as Citibank, Standard Chartered Bank, PingAn Insurance and Pepsi Cola, following with some existing customers had sustained increase in the amount of advertising contract.

Gross profit margin was 58% in 2012, compared to 55% in 2011.

Other income, gains and losses

Other income, gains and losses increased by 117% to HK$44,412,000 in 2012, compared to HK$20,470,000 in 2011. The increase was primarily due to (1) a HK$30,158,000 increase in investment income from our private equity funds investment; (2) a HK$1,362,000 increase from a long-aged bad debts recovery; and (3) a HK$1,034,000 increase in bank interest income by investing our bank balances into short-term fixed deposit to earn higher yield. Also, there was a gain on deregistration of subsidiaries of HK$8,846,000 recorded in 2011 but no such gain in 2012.

Selling and distribution expenses

Selling and distribution expenses increased by 15% to HK$31,747,000 in 2012, compared to HK$27,629,000 in 2011. The increase was due to (1) in line increase with revenue; and (2) additional marketing expenses for launching IT&CM India.

Administrative expenses

Administrative expenses increased by 52% to HK$72,123,000 in 2012, compared to HK$47,464,000 in 2011. The increase was primarily attributable to (1) an increase in legal and professional fee amounting to HK$15,289,000 incurred in connection with the proposed restructuring plan for the Controlling Shareholder's Chapter 11 Case; (2) an increase in personnel and premises expense amounting to HK$6,089,000; and (3) HK$1,893,000 exchange losses had been recognised in 2012, while there was HK$2,071,000 exchange gain recognised in 2011. Administrative expenses include share option expenses of HK$250,000 (2011: HK$658,000) recognised in accordance with HKFRS 2.

Impairment losses

Impairment losses decreased to HK$335,000 in 2012, compared to HK$7,170,000 in 2011. The decrease was mainly attributable to an impairment charge against our available-for-sale investment amounting to HK$6,136,000 had been recorded in 2011.

Income tax expense

The Group recorded an income tax expense of HK$2,146,000 in 2012, compared to HK$250,000 in 2011. The increase of income tax expenses was due to a reversal of an over-provided income tax expenses in 2011.

Non-controlling interests

Profit shared by non-controlling interests was HK$352,000 in 2012, compared to HK$1,051,000 in 2011. The decrease was mainly due to non-controlling interests sharing parts of the gain on deregistration of subsidiaries in 2011. The Group's equity interest in this company is 90% as at 31 December 2012 (2011: 90%).

Profit for the year attributable to owners of the Company

Profit for the year attributable to owners of the Company was HK$20,411,000 in 2012, compared to HK$6,910,000 in 2011.

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 total equity of HK$339,973,000 as at 31 December 2012, compared to HK$313,536,000 as at 31 December 2011. Total assets amounted to HK$394,345,000 as at 31 December 2012, compared to HK$366,326,000 as at 31 December 2011, of which HK$286,542,000 (2011: HK$253,087,000) was bank balances and cash and HK$63,641,000 (2011: HK$80,413,000) was available-for-sale investments.

Capital structure

There was no change in the capital structure of the Group as at 31 December 2012 as compared to 31 December 2011.

Charges on the Group's assets

There was no charge on the Group's assets as at 31 December 2012 and 2011.

Gearing ratio

The Group has a zero gearing ratio as at 31 December 2012 and 2011 as calculated by net debts divided by shareholders' equity.

Exposure to fluctuations in exchange rates and any related hedges

The majority of the Group's assets and liabilities and business transactions were denominated in Renminbi, Singapore dollars, Hong Kong dollars and United States dollars. During the year ended 31 December 2012, the Group had not entered into any hedging arrangements. However the management will continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

Contingent liabilities

The Group had no significant contingent liability as at 31 December 2012 and 2011.

Material acquisitions, disposals and significant investments

There were no material acquisitions, disposals or significant investments during the year ended 31 December 2012 and 2011.

Employee information

As at 31 December 2012, the Group had 258 (2011: 275) full-time employees, of which 18 (2011: 18) were based in Hong Kong, 197 (2011: 211) in China, 42 (2011: 45) in Singapore, Nil (2011: 1) in Thailand and 1 (2011: nil) in Malaysia. The Group has introduced 2002 share option scheme to recognise the contributions of the employees to the growth of the Group, but this Scheme will be cancelled after the close of the offer period.

BUSINESS REVIEW

Internet Portal

Our internet portal business ("Portal") experienced a difficult first half of 2012, as the news of CDC Corporation, our former controlling shareholder, being involved in a Chapter 11 case in the United States in late 2011 became widespread in China. It considerably affected client confidence, and subsequently some advertisers reduced their advertising support. Also, staff morale was affected due to the uncertainty over China.com Inc's future. Several key employees of our respective Portal departments and channels left the company. This halted the robust growth momentum built over 2011. In response, the management spent a tremendous effort during 2012 to retain our existing customers and stabilize the staff turnover rate. Also, Portal fine-tuned its marketing strategy to focus on small-and-medium enterprise ("SMEs") customers. SMEs form the most dynamic business component in the economy and generate an enormous demand for advertising to contend for market share. Portal managed to increase its revenue by 36% compared to 2011. However, SMEs are vulnerable to the fragile and uncertain economic conditions. We will closely monitor our client mix and diversify our client base to maintain sustainable growth for our Portal business.

The current tense of Sino-Japan relations poses a challenge to our Automobile channel, as the majority of its customers are Japanese auto manufacturers. Many of them decided to delay their marketing campaign, affecting our advertising revenue. We expect this situation to continue in the foreseeable future, but management is proactively taking all possible actions to minimize the impact.

Travel Media

Despite the fact that the travel industry is affected, to some extent, by current market sentiment in the global economy, our travel media business ("TTG") has performed well in 2012 with constant revenue improvement over last year. It is a challenging year for some of our core publications, special projects published throughout the year played a big role in making up for any revenue short fall.

For events arm under TTG, it has successfully launched a new show in Delhi, India in 2012. It brings a total of six world class exhibitions and events organised by TTG in 2012. For publishing business group, it has won several special bids to publish the official daily at key industry events by external organisers. We are also proud to have been appointed the official media partner for almost all major travel trade events that took place in the Asia-Pacific region.

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 2012.

COMPETING INTERESTS

Professor Li On-kwok, Victor, an independent non-executive Director, has been appointed as a director of Versitech Limited, a wholly-owned subsidiary of The University of Hong Kong serving as its technology transfer and commercial arm, and has also been serving as an independent non-executive director of SUNeVision Holdings Ltd, a company listed on the GEM board of the Stock Exchange (stock code: 8008). These institutions and business entities may be in potential 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 2012, 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 2012.

CORPORATE GOVERNANCE CODE COMPLIANCE

Save as disclosed below, The Company has fully complied the code provision (the "CG Code") throughout the year 2012 with the applicable code provisions in the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code and Corporate Governance Report during the period from 1 April 2012 to 31 December 2012 contained in Appendix 15 of the GEM Listing Rule of the Stock Exchange.

In respect A.6.7 and E 1.2 of the CG Code provision, the non-executive directors, Dr. Ch'ien Kuo Fung, Raymond, Mr. Mao Hongcheng and Mr. Chen Mouhua, and the independent non-executive directors Mr. Wang Cheung Yue, Mr. Anson Wang and Professor Li On-kwok, Victor were unable to attend the annual general meeting of the Company due to their other business commitment.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee was established on 25 February 2000 with written terms of reference as amended and restated. The terms of reference of the Audit Committee are available on the Company's website. 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 currently consists of three independent non-executive directors and chaired by Mr. Anson Wang. Other members of the committee are Professor Li On-kwok, Victor and Mr. Kenneth Blake Fowler.

The audit committee has reviewed the final draft report for this annual result and has provided advice and comments thereon before passing the same for approval by the Board of the Company.

DIVIDEND

The directors do not recommend the payment of final dividend for the year ended 31 December 2012.

Dr. Ch'ien Kuo Fung, Raymond
Chairman

Hong Kong, 22 March 2013

As at the date of this announcement, the directors of the Company are:

Executive Director:
Mr. Marcus Alexander Watson

Non-executive Directors:
Dr. Ch'ien Kuo Fung, Raymond, Mr. Mao Hongcheng (with Mr. Chen Mouhua as his alternate), Mr. Ding Chun, Mr. Carrick John Clough and Mr. Joseph David Stutz

Independent non-executive Directors:
Mr. Anson Wang, Mr. Kenneth Blake Fowler and Professor Li On-kwok, Victor

This announcement, for which the directors of the Company collectively and individually accept full 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 for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.

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.