



Pacific Online Limited
太平洋網絡有限公司

INTERIM REPORT 2022

Incorporated in the Cayman
Islands with limited liability

Stock Code : **543**





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Lam Wai Yan
(Chairman and Chief Executive Officer)
Mr. Ho Kam Wah
Mr. Wang Ta-Hsing

Independent Non-executive Directors

Mr. Tsui Yiu Wa, Alec
Mr. Thaddeus Thomas Beczak
Mr. Lam Wai Hon, Ambrose

COMPANY SECRETARY

Mr. Wong Huk Yung, Hudson

AUTHORISED REPRESENTATIVES

Mr. Wang Ta-Hsing
Mr. Wong Huk Yung, Hudson

AUDIT COMMITTEE

Mr. Tsui Yiu Wa, Alec *(Chairman)*
Mr. Thaddeus Thomas Beczak
Mr. Lam Wai Hon, Ambrose

REMUNERATION COMMITTEE

Mr. Tsui Yiu Wa, Alec *(Chairman)*
Mr. Thaddeus Thomas Beczak
Mr. Lam Wai Hon, Ambrose

NOMINATION COMMITTEE

Dr. Lam Wai Yan *(Chairman)*
Mr. Tsui Yiu Wa, Alec
Mr. Thaddeus Thomas Beczak

PRINCIPAL BANKERS

Bank of China
China Construction Bank
China Merchants Bank
OCBC Wing Hang Bank

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE

Second Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

115 Gaopu Road
Tianhe, Guangzhou
PRC
Postcode: 510663

PLACE OF BUSINESS IN HONG KONG

Portion of Unit 807, Tower 2
Lippo Centre, 89 Queensway
Hong Kong

GROUP'S PORTAL ADDRESSES

www.pconline.com.cn
www.pcauto.com.cn
www.pclady.com.cn
www.pcbaby.com.cn
www.pchouse.com.cn

WEBSITE ADDRESS

corp.pconline.com.cn

STOCK CODE

543

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2022



	Note	Unaudited Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Revenue	6	368,781	404,969
Cost of revenue		(212,178)	(175,140)
Gross profit		156,603	229,829
Selling and marketing costs		(96,208)	(84,595)
Administrative expenses		(30,785)	(44,028)
Product development expenses		(33,852)	(33,147)
Net reversal/(provision) of impairment losses on trade receivables	14(a)	8,543	(31,020)
Other income	7	9,922	6,417
Other losses	15	(26,174)	—
Operating (loss)/profit		(11,951)	43,456
Finance income		7,503	5,461
Finance cost		(13)	(27)
Finance income — net	8	7,490	5,434
(Loss)/profit before income tax		(4,461)	48,890
Income tax expense	9	(6,165)	(7,546)
(Loss)/profit for the period		(10,626)	41,344
Attributable to:			
— Equity holders of the Company		(10,212)	39,393
— Non-controlling interests		(414)	1,951
		(10,626)	41,344
(Losses)/earnings per share for (loss)/profit attributable to equity holders of the Company for the period	10		
— Basic (RMB)		(0.90) cents	3.48 cents
— Diluted (RMB)		(0.90) cents	3.46 cents

The above condensed consolidated interim income statement should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Unaudited Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
(Loss)/profit for the period		(10,626)	41,344
<i>Items that will not be reclassified to profit or loss</i>			
Changes in value of investment in financial assets	15	—	22,820
Other comprehensive income for the period, net of tax		—	22,820
Total comprehensive income for the period		(10,626)	64,164
Attributable to:			
— Equity holders of the Company		(10,212)	62,213
— Non-controlling interests		(414)	1,951
		(10,626)	64,164

The above condensed consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2022

	Note	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
ASSETS			
Non-current assets			
Right-of-use assets	12	15,100	15,261
Property and equipment	12	177,286	180,342
Investment property	12	52,784	53,563
Intangible assets	12	7,797	7,802
Deferred income tax assets	13	62,643	60,289
Investment in financial assets	15	41,372	67,546
		356,982	384,803
Current assets			
Trade and notes receivables, other receivables and prepayments	14	439,237	429,406
Prepayments for current income tax		—	14,650
Short-term bank deposits with original terms of over three months		—	90,740
Cash and cash equivalents		392,203	391,010
		831,440	925,806
Total assets		1,188,422	1,310,609
EQUITY			
Equity attributable to equity holders of the Company			
Ordinary shares	16	10,504	10,491
Reserves		828,122	947,811
		838,626	958,302
Non-controlling interests		4,576	4,990
Total equity		843,202	963,292

The above condensed consolidated interim balance sheet should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2022

	Note	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		108	31
		108	31
Current liabilities			
Accruals and other payables	17	261,055	266,345
Contract liabilities		42,019	43,102
Current income tax liabilities		41,559	37,321
Lease liabilities		479	518
		345,112	347,286
Total liabilities		345,220	347,317
Total equity and liabilities		1,188,422	1,310,609

Lam Wai Yan
Director

Wang Ta-Hsing
Director

The above condensed consolidated interim balance sheet should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Unaudited				
		Attributable to equity holders of the Company			Non- controlling interests	Total equity
Note	Ordinary shares RMB'000	Reserves RMB'000	Subtotal RMB'000	RMB'000	RMB'000	
Six months ended 30 June 2022						
Balance at 1 January 2022		10,491	947,811	958,302	4,990	963,292
Comprehensive income						
Loss for the period		—	(10,212)	(10,212)	(414)	(10,626)
Total comprehensive income		—	(10,212)	(10,212)	(414)	(10,626)
Transactions with shareholders						
Cash dividends relating to 2021		11	—	(113,164)	(113,164)	—
Share Award Scheme						
— shares issued		16	13	(13)	—	—
— value of employee services		18	—	3,700	3,700	—
Balance at 30 June 2022		10,504	828,122	838,626	4,576	843,202
Six months ended 30 June 2021						
Balance at 1 January 2021		10,491	1,049,655	1,060,146	5,309	1,065,455
Comprehensive income						
Profit for the period		—	39,393	39,393	1,951	41,344
Other comprehensive income						
— Change in fair value of investment in financial assets		—	22,820	22,820	—	22,820
Total comprehensive income		—	62,213	62,213	1,951	64,164
Transactions with shareholders						
Cash dividends relating to 2020		11	—	(147,120)	(147,120)	(2,250)
Share Award Scheme						
— purchase of shares held for share award scheme		—	—	(7,873)	(7,873)	—
— value of employee services		18	—	6,604	6,604	—
Balance at 30 June 2021		10,491	963,479	973,970	5,010	978,980

The above condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	Unaudited	
		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations		7,641	93,824
Income tax refund received/(paid)		10,369	(23,763)
Net cash generated from operating activities		18,010	70,061
Cash flows from investing activities			
Purchase of property and equipment		(1,760)	(2,553)
Disposals of property and equipment		167	115
Placement of short-term bank deposits with original terms of over three months		(1,095)	(301)
Receipt from maturity of short-term bank deposits with original terms of over three months		91,835	117,550
Interest received		4,479	4,219
Net cash generated from investing activities		93,626	119,030
Cash flows from financing activities			
Purchase of shares held for share award scheme		—	(7,873)
Cash dividends paid	11	(113,164)	(149,370)
Lease payments		(303)	(305)
Net cash used in financing activities		(113,467)	(157,548)
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of period		391,010	356,807
Exchange gain on cash and cash equivalents		3,024	1,242
Cash and cash equivalents at end of period		392,203	389,592

The above condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Pacific Online Limited (the “Company”) was incorporated on 27 August 2007 as an exempted company with limited liability under the Company Law, Cap.22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The address of its registered office is Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman KY1-1103, Cayman Islands.

The Company and its subsidiaries (together, the “Group”) are principally engaged in the provision of internet advertising services in the People’s Republic of China (the “PRC”).

The Company has its shares listed on The Stock Exchange of Hong Kong Limited since 18 December 2007.

This condensed consolidated interim financial information (the “Interim Financial Information”) is presented in Renminbi (“RMB”), unless otherwise stated.

The Interim Financial Information has been approved for issue by the board of directors (the “Board”) of the Company on 29 August 2022.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim financial reporting”. The Interim Financial Information does not include all the notes of the type normally included in an annual financial report. Accordingly, the Interim Financial Information is to be read in conjunction with the annual report for the year ended 31 December 2021 and any public announcements made by the Company during the interim reporting period.

3. ACCOUNTING POLICIES

This accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to Hong Kong Financial Reporting Standards (“HKFRS”) effective for the financial year ending 31 December 2022.

New standards, amendments to existing standards and interpretations effective for the financial year beginning on 1 January 2022 do not have a material impact on the Group’s financial statements.



NOTES TO THE INTERIM FINANCIAL INFORMATION

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, price risk, liquidity risk and credit risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

There have been no changes in the risk management policies since year end.

5.2 Foreign exchange risk

The Group mainly operates in the PRC and most of the Group's transactions, assets and liabilities are denominated in RMB. To maintain the flexibility in the Company and Hong Kong subsidiaries' payment of daily operation, the Group holds certain monetary assets denominated in Hong Kong dollar ("HKD") or US dollar ("USD") subject to certain thresholds stated in its treasury mandate. This exposes the Group to foreign exchange risk.

There is no other written policy to manage the foreign exchange risk in relation to HKD and USD as management considers that such risk could not be effectively reduced in a low-cost way. Accordingly, the Group did not purchase any forward contract to hedge the foreign exchange risk for the six months ended 30 June 2022 (six months ended 30 June 2021: same).

At 30 June 2022, the exchange rate of RMB to HKD and USD were 0.8552 and 6.7114 respectively. If RMB had strengthened/weakened by 0.5% against the HKD/USD with all other variables held constant, total comprehensive income for the period would have been RMB337,000 (31 December 2021: RMB592,000) lower/higher, mainly as a result of net foreign exchange losses/gains in HKD/USD denominated cash at bank.



NOTES TO THE INTERIM FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.3 Price risk

The Group is exposed to price risk because of investments held by the Group and classified on the condensed consolidated interim balance sheet as investment in financial assets. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments made by the Group are either for the purpose of improving investment yield and maintaining high liquidity level simultaneously, or for strategic purpose. Each investment is managed by senior management on a case by case basis.

Investment in financial assets is held for strategic rather than trading purposes. The Group does not actively trade these investments.

The sensitivity analysis is determined based on the exposure to price risks of underlying investments related to investment in financial assets at the end of the reporting period. If equity prices of the respective underlying investments held by the Group had been 5% higher/lower as at 30 June 2022, total comprehensive income would have been approximately RMB2,069,000 (31 December 2021: RMB3,337,000) higher/lower.

5.4 Liquidity risk

The Group aims to finance its operations with its own capital and earnings. It did not have any borrowings or credit facilities committed/utilised during the six months ended 30 June 2022 (six months ended 30 June 2021: same). Management considers that the Group does not have significant liquidity risk.

5.5 Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, as well as trade and notes receivables, other receivables.

To manage this risk, deposits are mainly placed with state-owned financial institutions in the PRC and international financial institutions outside the PRC of high credit quality. There was no recent history of default of cash and cash equivalents and deposits from these financial institutions.

For trade receivables, the Group assesses the credit quality of the customers and debtors, taking into account their financial position, past experience and other factors. Individual credit terms are granted based on internal assessment results in accordance with guidance set by top management and are reviewed by sales department manager.

Notes receivables and other receivables are normally bank acceptance notes, advance to employees and deposits, the directors are of the opinion that no significant credit risk exists.

NOTES TO THE INTERIM FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.6 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Investment in financial assets 30 June 2022	—	—	41,372	41,372
Investment in financial assets 31 December 2021	—	—	67,546	67,546

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and investment in financial assets) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.



NOTES TO THE INTERIM FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.6 Fair value estimation (continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

The changes in level 3 instruments for the six months ended 30 June 2022 are presented in Note 15.

The directors determine the fair value of the Group's financial instruments carried at fair value in level 3 at each of the reporting dates.

For the six months ended 30 June 2022, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities (six months ended 30 June 2021: same).

The carrying amounts of the Group's trade and notes receivables and other receivables and accruals and other payables approximate their fair value due to their short maturities.

NOTES TO THE INTERIM FINANCIAL INFORMATION

6. SEGMENT INFORMATION

The chief operating decision-makers have been identified as the executive directors who make strategic decisions.

The Group is principally engaged in the provision of internet advertising services for different commodities. The chief operating decision-makers review the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on these internal reports.

The chief operating decision-makers consider the advertising business from the perspective of the different internet portals which it operates. As all revenues of the Group are generated from customers in the PRC, they are not further evaluated on a geographic basis.

The chief operating decision-makers assess the performance of the operating segments based on revenues generated. The reportable operating segments are grouped into PCauto, PConline and others. The Company currently does not allocate cost of revenue, operating costs or assets to its segments, as its chief operating decision-makers do not use this information to allocate resources to or evaluate the performance of the operating segments. Therefore, the Company does not report a measure of profit or total assets for each reportable segment.

Revenues of other segments relate to those generated from other portals, including baby and home products and other services.

There were no inter-segment sales for the six months ended 30 June 2022 (six months ended 30 June 2021: same). The revenue from external parties reported to the chief operating decision-makers is measured in a manner consistent with that in the condensed consolidated interim income statement.

	PCauto RMB'000 (Unaudited)	PConline RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Group RMB'000 (Unaudited)
For the six months ended 30 June 2022				
Timing of revenue recognition				
— Over time	236,599	39,648	14,223	290,470
— At a point in time	73,753	2,715	1,843	78,311
Revenue	310,352	42,363	16,066	368,781
For the six months ended 30 June 2021				
Timing of revenue recognition				
— Over time	291,180	39,735	19,547	350,462
— At a point in time	48,122	2,929	3,456	54,507
Revenue	339,302	42,664	23,003	404,969

NOTES TO THE INTERIM FINANCIAL INFORMATION

6. SEGMENT INFORMATION (CONTINUED)

Though the Company is domiciled in the Cayman Islands. For the six months ended 30 June 2022, all revenues of the Group were derived from external customers and they were all generated from the PRC (six months ended 30 June 2021: same).

As at 30 June 2022, other than club membership included in the intangible assets and investment in financial assets, majority of the other non-current assets of the Group were located in the PRC (31 December 2021: same).

During the six months ended 30 June 2021 and 2022, revenue derived from customers who accounted for more than 10% of total revenue were set out below.

	Unaudited	
	Six months ended 30 June	
	2022	2021
Customer A	15.90%	*

* This customer contributed less than 10% of total revenue for the corresponding period.

7. OTHER INCOME

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Rental income	2,799	3,136
Additional deduction of input value-added tax	4,920	2,550
Government grants	2,203	731
	9,922	6,417

NOTES TO THE INTERIM FINANCIAL INFORMATION

8. FINANCE INCOME — NET

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Finance income		
— Interest income	4,479	4,219
— Net foreign exchange gains	3,024	1,242
	7,503	5,461
Finance cost		
— Interest expense on lease liabilities	(13)	(27)
	7,490	5,434

9. INCOME TAX EXPENSE

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
PRC current tax	8,519	6,617
Deferred taxation	(2,354)	929
	6,165	7,546

Income tax expense is recognised based on management's best estimate of the projected full year annual effective income tax rate.



NOTES TO THE INTERIM FINANCIAL INFORMATION

9. INCOME TAX EXPENSE (CONTINUED)

The Company, which is a Cayman Islands corporation, is not subject to any profits tax. The subsidiaries of the Group incorporated in Hong Kong were not subject to Hong Kong profits tax as they had no assessable income arising in or derived from Hong Kong during the six months ended 30 June 2022 (six months ended 30 June 2021: same).

Current taxation primarily represented the provision for the PRC Corporate Income Tax ("CIT") for subsidiaries operating in the PRC. These subsidiaries are subject to CIT on their taxable income as reported in their respective statutory financial statements adjusted in accordance with the relevant tax laws and regulations in the PRC.

Pursuant to the PRC Corporate Income Tax Law ("CIT Law"), the CIT rate for domestic enterprises and foreign invested enterprises is 25%. In addition, the CIT Law provides for, among others, a preferential tax rate of 15% for enterprises qualified as High and New Technology Enterprises ("HNTE"). Guangzhou Pacific Computer Information Consulting Co., Ltd. and Guangdong Pacific Internet Information Service Co., Ltd., the principal operating subsidiaries of the Company, successfully renewed the certificate of HNTE in 2020. Therefore, the applicable income tax rate is 15% for the three years from 2020 to 2022. Guangzhou Kuche Information Technology Co., Ltd., a PRC operating subsidiary of the Company, was formally designated as HNTE in 2020 and the applicable income tax rate is 15% for the three years from 2020 to 2022. Guangzhou Yurui Information Technology Co., Ltd., a PRC operating subsidiary of the Company, was in the process of application for renewal of the certificate. Assuming that there is no change to the relevant laws and regulations, the directors consider that these four subsidiaries will be granted the preferential tax treatment through an application of renewal, and accordingly, tax rate of 15% has been applied when considering the deferred income tax. All the other PRC entities of the Group are subject to CIT at a rate of 25% in accordance with the CIT Law.

According to CIT Law, a withholding income tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividends out of profits earned after 1 January 2008. A lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty agreements between the relevant authorities of the PRC and Hong Kong. Hence, the Group used 5% as its withholding tax rate for certain Hong Kong intermediate holding companies which are expected to fulfill the aforesaid conditions.

NOTES TO THE INTERIM FINANCIAL INFORMATION

10. (LOSSES)/EARNINGS PER SHARE

(a) Basic

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period (excluding the ordinary shares purchased by the Group and held for the share award scheme (Note 18)).

	Unaudited Six months ended 30 June	
	2022	2021
(Loss)/profit attributable to equity holders of the Company (RMB'000)	(10,212)	39,393
Weighted average number of ordinary shares for basic (losses)/earnings per share (thousand shares)	1,129,390	1,132,844
Basic (losses)/earnings per share (RMB)	(0.90) cents	3.48 cents

(b) Diluted

Diluted (losses)/earnings per share adjusts the figures used in the determination of basic (losses)/earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Diluted losses per share equals to basic losses per share as there were no potential diluted shares outstanding for the six months ended 30 June 2022.

NOTES TO THE INTERIM FINANCIAL INFORMATION

10. (LOSSES)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted (continued)

Diluted earnings per share for the six months ended 30 June 2021:

	Unaudited Six months ended 30 June 2021
Profit attributable to equity holders of the Company (RMB'000)	39,393
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	1,140,157
— Weighted average number of ordinary shares for basic earnings per share (thousand shares)	1,132,844
— Adjustment for share awarded shares (thousand shares)	7,313
Diluted earnings per share (RMB)	3.46 cents

11. DIVIDENDS

A final dividend in respect of the year ended 31 December 2021 of RMB10.00 cents per ordinary share (2020: RMB13.00 cents per ordinary share) was approved by the shareholders at the annual general meeting on 30 May 2022. Such final dividend for 2021 totalling RMB113,164,000 was paid in 2022, which has already excluded the dividend related to the ordinary shares held for the share award scheme of RMB396,000 (final dividend for 2020 of RMB149,370,000 excluding the dividend related to the ordinary shares held for the share award scheme of RMB307,000 (Note 18)).

The directors did not recommend any interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: same).

NOTES TO THE INTERIM FINANCIAL INFORMATION

12. PROPERTY AND EQUIPMENT, INVESTMENT PROPERTY, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

	Right-of-use assets — land use rights and properties RMB'000 (Unaudited)	Property and equipment RMB'000 (Unaudited)	Investment property RMB'000 (Unaudited)	Intangible assets RMB'000 (Unaudited)
Six months ended 30 June 2022				
Net book amount as at 1 January 2022	15,261	180,342	53,563	7,802
Additions	328	1,760	—	—
Disposals	—	(167)	—	—
Depreciation and amortisation	(489)	(4,649)	(779)	(5)
Net book amount as at 30 June 2022	15,100	177,286	52,784	7,797
Six months ended 30 June 2021				
Net book amount as at 1 January 2021	15,425	196,687	47,913	9,079
Additions	871	2,553	—	—
Disposals	—	(115)	—	—
Transfers	—	(6,754)	6,754	—
Depreciation and amortisation	(511)	(6,731)	(574)	(188)
Net book amount as at 30 June 2021	15,785	185,640	54,093	8,891

13. DEFERRED INCOME TAX ASSETS

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Deferred income tax assets:		
— to be recovered within 12 months	9,598	7,860
— to be recovered after more than 12 months	53,045	52,429
	62,643	60,289

NOTES TO THE INTERIM FINANCIAL INFORMATION

13. DEFERRED INCOME TAX ASSETS (CONTINUED)

The movement of deferred income tax assets during the period is as follows:

	Advertising expenses in excess of allowance RMB'000 (Unaudited)	Provision for impairment of trade receivables RMB'000 (Unaudited)	Accrued advertising and other expenses RMB'000 (Unaudited)	Tax losses RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2022	5,293	42,267	6,801	5,928	60,289
Credited/(charged) to the condensed consolidated interim income statement	1,006	(2,453)	1,537	2,264	2,354
At 30 June 2022	6,299	39,814	8,338	8,192	62,643
At 1 January 2021	5,662	33,075	8,614	7,930	55,281
(Charged)/credited to the condensed consolidated interim income statement	(2,606)	7,750	(4,146)	573	1,571
At 30 June 2021	3,056	40,825	4,468	8,503	56,852

The expiry date of tax losses carried forward in respect of which deferred tax assets have not been accounted for is as follows:

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Expire in 2022	—	5,122
Expire in 2023	9,001	9,001
Expire in 2024	8,190	8,190
Expire in 2025	10,966	10,966
Expire in 2026	2,132	2,131
Expire in 2027	19,072	—
Expire over 5 years	16,198	30,400
	65,559	65,810

For subsidiaries qualified as High and New Technology Enterprises, the tax losses are valid for deduction for an extended period of 10 years.

NOTES TO THE INTERIM FINANCIAL INFORMATION

14. TRADE AND NOTES RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Trade receivables, net of impairment provision (a)	393,074	387,376
Other receivables (b)	16,450	17,263
Prepaid value-added tax	12,785	12,419
Prepayments to suppliers	4,950	6,612
Notes receivables	11,978	5,736
	439,237	429,406

As at 30 June 2022, trade and notes receivables, other receivables and prepayments were all denominated in RMB (31 December 2021: same).

(a) Trade receivables, net of impairment provision

Credit terms granted by the Group are generally within a period of three months to one year. The ageing analysis of the trade receivables (net of impairment provision of RMB178,348,000 (31 December 2021: RMB187,727,000)) based on recognition date is as follows:

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Current to 6 months	312,077	281,620
6 months to 1 year	56,423	81,693
1 year to 2 years	24,574	8,939
Above 2 years	—	15,124
	393,074	387,376

NOTES TO THE INTERIM FINANCIAL INFORMATION

14. TRADE AND NOTES RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(a) Trade receivables, net of impairment provision (continued)

The ending loss allowances for trade receivables reconcile to the opening loss allowances as follows:

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
At beginning of the period/year	187,727	147,132
(Reversal)/provision of impairment charge of receivables	(8,543)	44,985
Receivables written off	(836)	(4,390)
At end of the period/year	178,348	187,727

(b) Other receivables

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Advance to employees	10,787	10,053
Rental receivable	624	886
Others	5,039	6,324
	16,450	17,263

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

NOTES TO THE INTERIM FINANCIAL INFORMATION

15. INVESTMENT IN FINANCIAL ASSETS

In June 2014, the Group made an equity investment with an amount of USD5,000,000 in a private fund (the "Fund") which invested in shares of companies principally engaged in Internet business ("Equity Investments"). During the six months ended 30 June 2022, the Fund made certain investment in cryptocurrencies ("Cryptocurrency Investments"). The Group neither have control nor significant influence over the Fund. As at 30 June 2022, the Group held around 33.8% (31 December 2021: 27.4%) interests of the Fund. As at 30 June 2022, the Group classified the investment in the Fund as financial assets at fair value through profit or loss.

Management assessed the fair value of the Group's investment in financial assets as at 30 June 2022 based on the net asset value of the Fund provided by the Fund's administrator and calculated the portion attributable to the Group.

The net asset value of the Fund provided by the Fund's administrator is based on the fair value of underlying investments held by the Fund, which are mainly influenced by the recent market price of its Equity Investments and Cryptocurrency Investments.

As at 30 June 2022, the Group's portion of net asset value of the Fund was attributable to the following:

	Unaudited As at 30 June 2022 RMB'000
Equity Investments	26,992
Cryptocurrency Investments	11,019
Other investments	3,361
At end of the period	41,372

During the six months ended 30 June 2022, movement on investment in financial assets is as follows:

	Unaudited 30 June 2022 RMB'000
At beginning of the period	67,546
Changes in fair value:	(26,174)
— Equity Investments	1,387
— Cryptocurrency Investments	(28,017)
— Other investments	456
At end of the period	41,372

NOTES TO THE INTERIM FINANCIAL INFORMATION

16. ORDINARY SHARES

	Authorised ordinary shares		
	Number of shares ('000)	HKD'000	RMB'000
At 31 December 2021 and 30 June 2022	100,000,000	1,000,000	969,200
	Issued and fully paid up		
	Number of shares ('000) (Unaudited)	HKD'000 (Unaudited)	RMB'000 (Unaudited)
At 1 January 2022	1,134,055	11,341	10,491
Employees share option schemes — issued shares (a)	1,542	15	13
At 30 June 2022	1,135,597	11,356	10,504
At 1 January 2021 and 30 June 2021	1,134,055	11,341	10,491

- (a) During the six months ended 30 June 2022, 1,542,000 shares were issued by the Company. A credit of RMB13,000 to ordinary shares was recorded in the Group's condensed consolidated interim balance sheet.
- (b) As at 30 June 2022, the total number of issued ordinary shares of the Company was 1,135,597,000 shares (31 December 2021: 1,134,055,000) which included 3,960,000 shares (31 December 2021: 5,112,000 shares) held under the share award scheme.

17. ACCRUALS AND OTHER PAYABLES

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Accrued expenses (a)	199,450	197,454
Salaries payable	40,522	50,194
Other tax payables	9,507	6,497
Other payables	11,576	12,200
	261,055	266,345

- (a) Accrued expenses of the Group mainly represented accrued service commission fees payable to advertising agencies and accrued advertising expenses.

NOTES TO THE INTERIM FINANCIAL INFORMATION

18. SHARE AWARD SCHEME

On 10 January 2011, the Board approved and adopted the Share Award Scheme for selected employees of the Group. The Group has set up a trust (the "Share Award Scheme Trust") for the purpose of administering the Share Award Scheme and holding shares awarded or to be awarded to the employees (the "Awarded Shares") before vesting. Unless early terminated by the Board, the Share Award Scheme shall be valid and effective for a term of ten years commencing on 10 January 2011.

Pursuant to the Board's resolution passed on 21 December 2020 (the "Adoption Date"), as the above-mentioned Shared Award Scheme will be expired on 9 January 2021, the Company has adopted a new scheme with a term of 10 years commencing from 21 December 2020 (the "New Scheme"). The New Scheme does not constitute a share option scheme and is a discretionary scheme of the Company.

The Board implements the scheme in accordance with the terms of the scheme rules including providing necessary funds to the trustee for the purchase of shares up to 5% of the issued share capital of the Company as of the Adoption Date.

Employees are not entitled to dividends on any awarded shares until these shares are transferred to them at the end of the vesting period.

The movements in the number of shares held for the Share Award Scheme are as follows:

	Awarded shares (thousands)	Shares to be awarded (thousands)	Shares to be purchased/ allotted (thousands)	Total (thousands)
At 1 January 2022	—	5,112	—	5,112
Issued	—	1,542	—	1,542
Granted	3,494	(3,494)	—	—
Vested and transferred	(2,694)	—	—	(2,694)
At 30 June 2022	800	3,160	—	3,960
At 1 January 2021	—	2,933	—	2,933
Purchased	—	5,112	—	5,112
Granted	19,803	(2,933)	(16,870)	—
Vested	(2,933)	—	—	(2,933)
At 30 June 2021	16,870	5,112	(16,870)	5,112

NOTES TO THE INTERIM FINANCIAL INFORMATION

18. SHARE AWARD SCHEME (CONTINUED)

For the Awarded Shares granted under the Share Award Scheme, the fair value is recognised as an expense over the period in which the vesting conditions are fulfilled. The total amount to be expensed over the vesting period is determined by reference to the fair value of the Awarded Shares granted.

During the six months ended 30 June 2022, 3,494,000 shares held by the trustee were unconditionally granted to certain employees, of which 2,694,000 shares were transferred before 30 June 2022. The remaining 800,000 shares were granted but not transferred before 30 June 2022 due to administrative issue. A credit of RMB3,700,000 to reserves was recorded in the Group's condensed consolidated interim balance sheet.

The fair value of the Awarded Shares granted during the period ended 30 June 2022 and their vesting period are as follows:

Dates of grant	Total value of shares at grant dates (RMB)	Number of shares granted (thousands)	Market price at grant dates (RMB)	Vesting period
25 February 2022	3,700,000	3,494	1.06	None

The fair value of the Awarded Shares was calculated based on market prices of the Company's shares as at the respective grant dates. A total expense of RMB3,700,000 was recognised for employee services received in respect of the Share Award Scheme for the period ended 30 June 2022 (six months ended 30 June 2021: RMB6,604,000).

During the period ended 30 June 2022, the Share Award Scheme Trust received cash dividend amounting to RMB396,000 (six months ended 30 June 2021: RMB307,000) which will be used to pay for the fees of trust or purchase a maximum number of shares as specified by the Board.

NOTES TO THE INTERIM FINANCIAL INFORMATION

19. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other parties or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

(a) Name and relationship with related parties

Name	Relationship
Kexim Company Limited ("Kexim")	Controlled by executive director Mr. Wang
Beijing Pacific Times Property Management Co., Ltd. ("Pacific Times")	Controlled by executive director Mr. Wang

(b) Related party transactions

The Group undertook the following related party transactions during the period:

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Rental expenses for office: Kexim	132	138
Property management service for office: Pacific Times	—	10

These transactions were conducted at terms pursuant to agreements entered into between the Group and the respective related parties.

(c) Balances with related parties

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Included in lease liabilities: Kexim	131	260

The balances with related parties and are unsecured, interest-free, repayable on demand and denominated in RMB.



CHAIRMAN'S STATEMENT

On behalf of the Board, I would like to present the interim results of the Group for the six months ended 30 June 2022 to our shareholders.

The total revenue for the first half of the year came out to about RMB368.8 million, a decrease of 8.9% from the year before. During the reporting period, the global semiconductor chip shortage continues to have a significant impact on the automobile and electronics industry leading to production delays and reduced marketing spend. While we expect these challenges to persist, we believe that supply chain constraints will continue to ease in the coming year and expect demand in these industries to remain robust.

PCauto's revenue decreased by 8.5% compared to the year before and accounted for 84.1% of the total revenue of the Group in the first half of 2022. During the reporting period, supply chain constraints continued to contribute to limited vehicle sales and marketing spend by manufacturers. However, despite passenger car sales declining, new-energy vehicle sales continue to gain significant market share and PCauto has continued to focus developing its offerings in the space. PCauto continues to develop its "smart automobiles" platform partnering with the industry to help consumers navigate the digitalization of the automobile. Additionally, PCauto has continue to expand its content offerings in new media products, provide industry-specific business tools, and drive seamless online-to-offline marketing capabilities. As central and local governments have taken steps to aid the auto industry recovery and, we are optimistic for the second half of the year as PCauto positions itself in the rapidly growing new-vehicles segment.

PConline's revenue decreased by 0.7% while other portals, including PClady, PCbaby and PChouse, decreased by a combined 30.0% compared to the period before. The semiconductor chip shortage and intermittent pandemic related disruptions continue to significantly impact the industry as the industry extends product life cycles and limit marketing expenses. In order to mitigate some of the impact, PConline has continued to improve its advertising and digital marketing service offerings, particularly in e-commerce advertising services. In the first half of 2022, the COVID-19 pandemic led to intermittent restrictions in cities throughout China, impacting marketing activities of PChouse. PChouse continues to expand as a leader in professionally generated content in the home design industry in China and as a provider for content marketing tools in the home design industry.

The Group had made an equity investment in an entity who invested in shares of companies principally engaged in internet-related industries since 2014, and blockchain-related technologies and cryptocurrencies since 2020. As of 30 June 2022, fair value of this investment is estimated at roughly RMB41.4 million (31 December 2021: RMB67.5 million), of which cryptocurrencies represent 26.6% (31 December 2021: 57.8%). The Group acknowledges the volatility involved with cryptocurrency investments and has been taking steps to manage the risks involved.

Looking forward, we remain cautiously optimistic as we continue to see supply chain constraints to ease in the automobile industry and globally. In the second half, we remain cautiously optimistic that the Group is positioned to continue building on first half developments.



MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

Revenue decreased 8.9% from RMB405.0 million for the six months ended 30 June 2021 to RMB368.8 million for the six months ended 30 June 2022.

Revenue for PCauto, the Group's automobile portal, decreased 8.5% from RMB339.3 million for the six months ended 30 June 2021 to RMB310.4 million during the six months ended 30 June 2022. The decrease in revenue for PCauto was mainly due to decreased advertising spending from automobile manufacturers. As a percentage of revenue, PCauto accounted for 83.8% during the six months ended 30 June 2021 and 84.1% during the six months ended 30 June 2022.

Revenue for PConline, the Group's IT and consumer electronics portal, decreased 0.7% from RMB42.7 million during the six months ended 30 June 2021 to RMB42.4 million during the six months ended 30 June 2022. The slight decrease was due to decline in demand from consumer electronics manufacturers. As a percentage of revenue, PConline accounted for 10.5% during the six months ended 30 June 2021 and 11.5% during the six months ended 30 June 2022.

Revenue from other operations, including the PClady, PCbaby and PChouse portals, decreased by 30.0% from RMB23.0 million during the six months ended 30 June 2021 to RMB16.1 million during the six months ended 30 June 2022. The decrease was mainly due to decrease in demand of general consumption from these sectors. As a percentage of revenue, revenue from other operations accounted for 5.7% during the six months ended 30 June 2021 and 4.4% during the six months ended 30 June 2022.

COST OF REVENUE

Cost of revenue increased 21.2% from RMB175.1 million during the six months ended 30 June 2021 to RMB212.2 million during the six months ended 30 June 2022. Gross profit margin was 56.8% during the six months ended 30 June 2021 and 42.5% during the six months ended 30 June 2022.

The increase in cost of revenue was mainly due to increase in outsourcing production cost, staff costs and technology service fees during the period.

SELLING AND MARKETING COSTS

Selling and marketing costs increased 13.7% from RMB84.6 million during the six months ended 30 June 2021 to RMB96.2 million during the six months ended 30 June 2022. The increase was mainly due to increase in advertising expenses during the period.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by 30.0% from RMB44.0 million during the six months ended 30 June 2021 to RMB30.8 million during the six months ended 30 June 2022, mainly due to decrease in staff costs and general office expenses during the period.



MANAGEMENT DISCUSSION AND ANALYSIS

PRODUCT DEVELOPMENT EXPENSES

Product development expenses increased by 2.4% from RMB33.1 million during the six months ended 30 June 2021 to RMB33.9 million during the six months ended 30 June 2022. The slight increase was primarily due to increase in personnel-related expenses in the Group's research and development team.

NET REVERSAL/PROVISION OF IMPAIRMENT LOSSES ON TRADE RECEIVABLES

Net reversal of impairment losses on trade receivables was RMB8.5 million during the six months ended 30 June 2022 and net provision of impairment losses on trade receivables was RMB31.0 million during the six months ended 30 June 2021. The net reversal of impairment losses on trade receivables was mainly due to recover of an receivable account and less provision was made during the period.

OTHER INCOME

Other income was RMB6.4 million during the six months ended 30 June 2021 and was RMB9.9 million during the six months ended 30 June 2022. The increase was due to more additional deduction of input value added tax and government grants received during the period.

OTHER LOSSES

Other losses was RMB26.2 million during the six months ended 30 June 2022 and it was the fair value loss of a passive equity investment of a fund.

FINANCE INCOME — NET

Net finance income was RMB5.4 million during the six months ended 30 June 2021 and was RMB7.5 million during the six months ended 30 June 2022. The increase was mainly due to more net foreign exchange gains during the period.

INCOME TAX EXPENSE

Income tax expenses decreased 17.3% from RMB7.5 million during the six months ended 30 June 2021 to RMB6.2 million during the six months ended 30 June 2022.

NET LOSS/PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

Net loss attributable to equity holders was RMB10.2 million during the six months ended 30 June 2022 and net profit attributable to equity holders was RMB39.4 million during the six months ended 30 June 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2022, the Group had short-term deposits and cash totaling RMB392.2 million, compared with RMB481.8 million as of 31 December 2021. The decline in cash was primarily due to the payment of a cash dividend totaling RMB113.2 million during the six months ended 30 June 2022.

The Company had no external debt as of 31 December 2021 and 30 June 2022.

BANK BORROWINGS

As of 30 June 2022, The Group did not have any bank borrowings and therefore, its gearing ratio, representing the ratio of total bank borrowings to shareholders' equity, was nil. The Group also did not have any bank borrowings as of 31 December 2021.

MATERIAL ACQUISITIONS AND DISPOSAL

During the six months ended 30 June 2022, the Group had no material acquisitions and disposals of subsidiaries and associates.

CHARGES ON ASSETS

As of 30 June 2022, the Group had no bank deposits or other assets pledge to secure its banking facilities.

FOREIGN EXCHANGE RISK

The Group's operating activities were principally carried out in Mainland China, with most of its transactions denominated and settled in Renminbi. Therefore, the overall foreign currency risk was not considered to be significant.

EMPLOYEES AND REMUNERATION INFORMATION

As of 30 June 2022, the Group had 1,058 employees (31 December 2021: 1,119), a decrease of 5.5% from the first half of 2022. This is the result of the Group's internal re-structuring and streamlining its support operations. The Group determines staff's remuneration based on factors such as performance and years of experience.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2022.

AUDIT COMMITTEE

The Audit Committee of the Company, which comprises all the three independent non-executive directors of the Company, namely, Mr. Tsui Yiu Wa, Alec (Chairman of the Audit Committee), Mr. Thaddeus Thomas Beczak and Mr. Lam Wai Hon, Ambrose, has reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal control and financial reporting matters, including the review of these interim results.

The Audit Committee has reviewed the audit qualified opinion of the Company for the year ended 31 December 2021 (the "Audit Qualification"), and is aware of the legacy consequences of the Audit Qualification on the Company's financial statements. The Company expects that this issue shall be resolved upon any significant reduction of disposal of the Cryptocurrency Investments, or when the relevant amount becoming immaterial to the Group's financial statement.

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the six months ended 30 June 2022, except that there is no separation of the role of chairman and chief executive as stipulated in the code provision C.2.1. Dr. Lam Wai Yan currently assumes the role of both the Chairman and the Chief Executive Officer of the Company. As Dr. Lam is a co-founder of the Group and has extensive experience in the internet industry, the Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies. As such, it is beneficial to the business prospects of the Group.

SHARE OPTION PLAN

The Company has adopted a Share Option Plan at the annual general meeting of the Company held on 19 May 2017. The purpose of the Share Option Plan of the Company is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations.

As at 30 June 2022, the Company has no outstanding share options under the Share Option Plan. No share options have been granted/exercised/cancelled/lapsed under the Share Option Plan during the six months ended 30 June 2022.

OTHER INFORMATION

DIRECTORS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, the interests of the directors of the Company in the shares and underlying shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Interests in shares of the Company

Name of director	Long/Short position	Capacity	Number of ordinary shares in the Company	Percentage of the Company's issued share capital [†]
Dr. Lam Wai Yan	Long	Beneficial owner	320,810,561	28.25%
Mr. Ho Kam Wah	Long	Interests held by a controlled corporation (Note)	99,348,480	8.75%
	Long	Beneficial owner	3,491,565	0.31%
			102,840,045	9.06%
Mr. Wang Ta-Hsing	Long	Beneficial owner	3,458,015	0.30%
Mr. Tsui Yiu Wa, Alec	Long	Beneficial owner	232,051	0.02%
Mr. Thaddeus Thomas Beczak	Long	Beneficial owner	232,051	0.02%

Note: These shares were held by Treasure Field Holdings Limited, a controlled corporation of Mr. Ho Kam Wah.

[†] The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, none of the directors or chief executive of the Company had any interests or short positions in the shares and underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2022, as far as the directors of the Company are aware, the following persons (other than the directors and chief executives of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Interests in shares of the Company

Name of substantial shareholder	Long/Short position	Capacity	Number of ordinary shares in the Company	Note	Percentage of the Company's issued share capital [†]
Ms. Ma Muk Lan	Long	Interests of spouse	320,810,561	(1)	28.25%
Gallop Assets Management Limited	Long	Beneficial owner	296,172,030	(2)	26.08%
J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Gallop Trust	Long	Trustee	296,172,030	(2)	26.08%
Treasure Field Holdings Limited	Long	Beneficial owner	99,348,480	(3)	8.75%

Notes:

- (1) Ms. Ma Muk Lan was deemed to be interested in 320,810,561 shares of the Company through the interests of her spouse, Dr. Lam Wai Yan.
- (2) These shares were held by Gallop Assets Management Limited, the entire issued share capital of which was owned by J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Gallop Trust. As such, J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Gallop Trust was deemed to be interested in 296,172,030 shares of the Company held by Gallop Assets Management Limited.
- (3) The interests of Treasure Field Holdings Limited was also disclosed as the interests of Mr. Ho Kam Wah in the above section headed "Directors' interests in the shares and underlying shares of the Company and its associated corporations".

[†] The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2022.



OTHER INFORMATION

Save as disclosed above, as at 30 June 2022, no person, other than the directors of the Company whose interests are set out in the above section headed “Directors’ interests in the shares and underlying shares of the Company and its associated corporations”, had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding directors’ dealings in the Company’s securities (the “Own Code”) on terms no less exacting than the Model Code.

Specific enquiry has been made of the Company’s directors and all of them have confirmed that they have complied with the Own Code and the Model Code throughout the accounting period covered by the interim report.

COMPLIANCE WITH WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES OF THE COMPANY

The Company has established written guidelines for the relevant employees of the Company (the “Relevant Employees”) in respect of their dealings in the securities of the Company (the “Written Guidelines”) on terms no less exacting than the required standards set out in the Model Code. For this purpose, Relevant Employees include any employee of the Company or a director or employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to possess inside information in relation to the Company or its securities. No incident of non-compliance of the Written Guidelines was noted by the Company throughout the accounting period covered by the interim report.

APPRECIATION

I would like to take this opportunity to express my gratitude, on behalf of the Board, to all our employees for their contribution and to all our shareholders for their continuous support of our Group.

On behalf of the Board
Pacific Online Limited
Lam Wai Yan
Chairman

Hong Kong, 29 August 2022