



Pacific Online Limited  
太平洋網絡有限公司

# INTERIM REPORT 2021

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  
Level 54, Hopewell Centre  
183 Queen's Road East  
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](http://www.pconline.com.cn)  
[www.pcauto.com.cn](http://www.pcauto.com.cn)  
[www.pclady.com.cn](http://www.pclady.com.cn)  
[www.pcbaby.com.cn](http://www.pcbaby.com.cn)  
[www.pchouse.com.cn](http://www.pchouse.com.cn)

### WEBSITE ADDRESS

[corp.pconline.com.cn](http://corp.pconline.com.cn)

### STOCK CODE

543

# CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Note	Unaudited Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
<b>Revenue</b>	6	<b>404,969</b>	391,910
Cost of revenue		<b>(175,140)</b>	(146,514)
<b>Gross profit</b>		<b>229,829</b>	245,396
Selling and marketing costs		<b>(84,595)</b>	(90,077)
Administrative expenses		<b>(44,028)</b>	(46,565)
Product development expenses		<b>(33,147)</b>	(32,673)
Net impairment losses on financial assets		<b>(31,020)</b>	(40,554)
Other income	7	<b>6,417</b>	7,730
<b>Operating profit</b>		<b>43,456</b>	43,257
Finance income		<b>5,461</b>	4,514
Finance cost		<b>(27)</b>	(511)
Finance income — net	8	<b>5,434</b>	4,003
<b>Profit before income tax</b>		<b>48,890</b>	47,260
Income tax expense	9	<b>(7,546)</b>	(8,901)
<b>Profit for the period</b>		<b>41,344</b>	38,359
<b>Attributable to:</b>			
— Equity holders of the Company		<b>39,393</b>	37,296
— Non-controlling interests		<b>1,951</b>	1,063
		<b>41,344</b>	38,359
<b>Earnings per share for profit attributable to equity holders of the Company for the period</b>	10		
— Basic (RMB)		<b>3.48 cents</b>	3.31 cents
— Diluted (RMB)		<b>3.46 cents</b>	3.31 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 2021

	Note	Unaudited Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
<b>Profit for the period</b>		<b>41,344</b>	38,359
<i>Items that will not be reclassified to profit or loss</i>			
Changes in value of investment in financial assets	15	<b>22,820</b>	(2,988)
<b>Other comprehensive income for the period, net of tax</b>		<b>22,820</b>	(2,988)
<b>Total comprehensive income for the period</b>		<b>64,164</b>	35,371
<b>Attributable to:</b>			
— Equity holders of the Company		<b>62,213</b>	34,308
— Non-controlling interests		<b>1,951</b>	1,063
		<b>64,164</b>	35,371

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 2021

	Note	<b>Unaudited 30 June 2021 RMB'000</b>	Audited 31 December 2020 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets	12	15,785	15,425
Property and equipment	12	185,640	196,687
Investment property	12	54,093	47,913
Intangible assets	12	8,891	9,079
Deferred income tax assets	13	56,852	55,281
Investment in financial assets	15	85,605	62,785
		<b>406,866</b>	387,170
<b>Current assets</b>			
Trade and notes receivables, other receivables and prepayments	14	513,100	652,443
Short-term bank deposits with original terms of over three months		—	117,249
Restricted cash		—	30
Cash and cash equivalents		389,592	356,807
		<b>902,692</b>	1,126,529
<b>Total assets</b>		<b>1,309,558</b>	1,513,699
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Ordinary shares	16	10,491	10,491
Reserves		963,479	1,049,655
		<b>973,970</b>	1,060,146
<b>Non-controlling interests</b>		<b>5,010</b>	5,309
<b>Total equity</b>		<b>978,980</b>	1,065,455

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 2021

	Note	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		256	74
		<b>256</b>	74
<b>Current liabilities</b>			
Accruals and other payables	17	251,997	348,350
Contract liabilities		40,952	48,118
Current income tax liabilities		34,248	51,394
Deferred income tax liabilities	13	2,500	—
Lease liabilities		625	308
		<b>330,322</b>	448,170
<b>Total liabilities</b>		<b>330,578</b>	448,244
<b>Total equity and liabilities</b>		<b>1,309,558</b>	1,513,699

**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 2021

Unaudited											
Attributable to equity holders of the Company											
Note	Ordinary shares RMB'000	Share premium RMB'000	Merger reserve RMB'000	Capital redemption reserve RMB'000	Shares held for Share Award Scheme RMB'000 Note 18	Statutory reserve funds RMB'000	Investment in financial assets RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
<b>Six months ended 30 June 2021</b>											
	10,491	399,201	4	306	(2,139)	43,418	31,588	577,277	1,060,146	5,309	1,065,455
<b>Balance at 1 January 2021</b>											
<b>Comprehensive income</b>											
	—	—	—	—	—	—	—	39,393	39,393	1,951	41,344
	—	—	—	—	—	—	—	—	—	—	—
15	—	—	—	—	—	—	22,820	—	22,820	—	22,820
<b>Total comprehensive income</b>											
	—	—	—	—	—	—	22,820	39,393	62,213	1,951	64,164
<b>Transactions with equity holders</b>											
Share Award Scheme											
	—	—	—	—	(7,873)	—	—	—	(7,873)	—	(7,873)
	—	—	—	—	6,604	—	—	—	6,604	—	6,604
11	—	—	—	—	—	—	—	(147,120)	(147,120)	(2,250)	(149,370)
<b>Balance at 30 June 2021</b>											
	10,491	399,201	4	306	(3,408)	43,418	54,408	469,550	973,970	5,010	978,980

Unaudited											
Attributable to equity holders of the Company											
Note	Ordinary shares RMB'000	Share premium RMB'000	Merger reserve RMB'000	Capital redemption reserve RMB'000	Shares held for Share Award Scheme RMB'000 Note 18	Statutory reserve funds RMB'000	Investment in financial assets RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
<b>Six months ended 30 June 2020</b>											
	10,491	399,201	4	306	(10,229)	43,418	21,679	537,552	1,002,422	3,622	1,006,044
<b>Balance at 1 January 2020</b>											
<b>Comprehensive income</b>											
	—	—	—	—	—	—	—	37,296	37,296	1,063	38,359
	—	—	—	—	—	—	—	—	—	—	—
15	—	—	—	—	—	—	(2,988)	—	(2,988)	—	(2,988)
<b>Total comprehensive income</b>											
	—	—	—	—	—	—	(2,988)	37,296	34,308	1,063	35,371
<b>Transactions with equity holders</b>											
Share Award Scheme											
	—	—	—	—	8,090	—	—	—	8,090	—	8,090
11	—	—	—	—	—	—	—	(122,162)	(122,162)	—	(122,162)
<b>Balance at 30 June 2020</b>											
	10,491	399,201	4	306	(2,139)	43,418	18,691	452,686	922,658	4,685	927,343

The above condensed consolidated 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 2021

	Note	Unaudited	
		Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		93,824	79,856
Income tax paid		(23,763)	(15,504)
Net cash generated from operating activities		70,061	64,352
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(2,553)	(41,474)
Disposals of property and equipment		115	196
Placement of short-term bank deposits with original terms of over three months		(301)	—
Receipt from maturity of short-term bank deposits with original terms of over three months		117,550	2,100
Interest received		4,219	3,286
Net cash generated from/(used in) investing activities		119,030	(35,892)
<b>Cash flows from financing activities</b>			
Purchase of shares held for Share Award Scheme		(7,873)	—
Cash dividends paid	11	(149,370)	(122,162)
Lease payments		(305)	(235)
Net cash used in financing activities		(157,548)	(122,397)
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		356,807	425,942
Exchange gain/(loss) on cash and cash equivalents		1,242	(502)
<b>Cash and cash equivalents at end of period</b>		<b>389,592</b>	<b>331,503</b>

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 30 August 2021.

## 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 2020 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 2020, 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 HKFRS effective for the financial year ending 31 December 2021.

Amendments to HKFRS effective for the financial year beginning on 1 January 2021 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 2020.

### 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 2020.

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") subject to certain thresholds stated in its treasury mandate. This exposes the Group to foreign exchange risk.

At 30 June 2021, the exchange rate of RMB to HKD and USD were 0.8321 and 6.4601 respectively. If RMB had strengthened/weakened by 0.5% against the HKD/USD with all other variables held constant, post tax profit for the period would have been RMB88,000 (31 December 2020: RMB73,000) lower/higher, mainly as a result of net foreign exchange losses/gains in HKD/USD denominated cash at bank. Similarly, the impact on equity would have been RMB428,000 (31 December 2020: RMB314,000) lower/higher due to the foreign exchange impact in USD denominated investment in financial assets as at 30 June 2021.



## 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 prices of the respective underlying investments held by the Group had been 5% higher/lower as at 30 June 2021, the other comprehensive income would have been approximately RMB4,280,000 (31 December 2020: approximately RMB3,139,000) 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 2021. Management considers that the Group does not have significant liquidity risk.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

#### 5.5 Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, short-term bank deposits with original terms of over three months, as well as trade and other receivables, note receivables. The carrying amount of these balances in the Interim Financial Information represents the Group's maximum exposure to credit risk in relation to its financial assets.

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 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.

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

#### 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
<b>Financial assets</b>				
Investment in financial assets 30 June 2021	—	—	85,605	85,605
Investment in financial assets 31 December 2020	—	—	62,785	62,785



## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

#### 5.6 Fair value estimation (continued)

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.

There were no changes in valuation techniques during the period.

The changes in level 3 instruments for the six months ended 30 June 2021 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 2021, 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.

The carrying amounts of the Group's trade and other receivables and note 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.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 6. SEGMENT INFORMATION (CONTINUED)

There were no inter-segment sales for the six months ended 30 June 2021 (six months ended 30 June 2020: 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)	POnline RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Group RMB'000 (Unaudited)
<b>For the six months ended 30 June 2021</b>				
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
<b>For the six months ended 30 June 2020</b>				
Timing of revenue recognition				
— Over time	313,487	43,950	13,607	371,044
— At a point in time	16,639	2,608	1,619	20,866
Revenue	330,126	46,558	15,226	391,910

The Company is domiciled in the Cayman Islands. For the six months ended 30 June 2021, all revenues of the Group were derived from external customers in the PRC (six months ended 30 June 2020: same).

As at 30 June 2021, 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 2020: same).

For the six months ended 30 June 2021, there was no revenue derived from a single external customer accounting for ten percentage or more of the Group's revenue (six months ended 30 June 2020: same).

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 7. OTHER INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Rental income	<b>3,136</b>	1,567
Additional deduction of input value-added tax	<b>2,550</b>	3,788
Government grants	<b>731</b>	2,375
	<b>6,417</b>	7,730

### 8. FINANCE INCOME — NET

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
Finance income		
— Interest income	<b>4,219</b>	4,514
— Net foreign exchange gains	<b>1,242</b>	—
	<b>5,461</b>	4,514
Finance cost		
— Interest expense on lease liabilities	<b>(27)</b>	(9)
— Net foreign exchange losses	<b>—</b>	(502)
	<b>5,434</b>	4,003

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 9. INCOME TAX EXPENSE

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>RMB'000</b>	RMB'000
PRC current tax	<b>6,617</b>	8,093
Deferred taxation	<b>929</b>	808
	<b>7,546</b>	8,901

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

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 2021 (six months ended 30 June 2020: 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"). GZP Computer and GDP Internet, 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. (廣州酷車信息科技有限公司, "GZ Kuche"), 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. (廣州裕睿信息科技有限公司, "GZ Yurui"), a PRC operating subsidiary of the Company, was formally designated as HNTE in 2019 and the applicable income tax rate is 15% for the three years from 2019 to 2021. 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.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 10. EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share is calculated by dividing the 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	
	2021	2020
Profit attributable to equity holders of the Company (RMB'000)	39,393	37,296
Weighted average number of ordinary shares for basic earnings per share (thousand shares)	1,132,844	1,127,685
Basic earnings per share (RMB)	3.48 cents	3.31 cents

#### (b) Diluted

Diluted earnings per share adjusts the figures used in the determination of basic 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.

	Unaudited Six months ended 30 June	
	2021	2020
Profit attributable to equity holders of the Company (RMB'000)	39,393	37,296
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	1,140,157	1,127,685
— Weighted average number of ordinary shares for basic earnings per share (thousand shares)	1,132,844	1,127,685
— Adjustment for share awarded shares (thousand shares)	7,313	—
Diluted earnings per share (RMB)	3.46 cents	3.31 cents

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 11. DIVIDENDS

A final dividend in respect of the year ended 31 December 2020 of RMB13.00 cents per ordinary share (final dividend in respect of the year ended 31 December 2019: RMB10.80 cents per ordinary share) was approved by the shareholders at the annual general meeting in 17 May 2021. Such final dividend for 2020 totalling RMB149,370,000 (including those paid by a subsidiary of the Company to the non-controlling interests amounting to RMB2,250,000) was paid in 2021, which has already excluded the dividend related to the ordinary shares held for the Share Award Scheme of RMB307,000 (final dividend for 2019 of RMB122,162,000 excluding the dividend related to the ordinary shares held for the Share Award Scheme of RMB316,000). (Note 18)

The directors did not recommend any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: same).

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

	<b>Right-of-use assets — land use rights and properties</b> RMB'000 (Unaudited)	<b>Property and equipment</b> RMB'000 (Unaudited)	<b>Investment property</b> RMB'000 (Unaudited)	<b>Intangible assets</b> RMB'000 (Unaudited)
<b>Six months ended 30 June 2021</b>				
Net book amount as at 1 January 2021	<b>15,425</b>	<b>196,687</b>	<b>47,913</b>	<b>9,079</b>
Additions	<b>871</b>	<b>2,553</b>	<b>—</b>	<b>—</b>
Disposals	<b>—</b>	<b>(115)</b>	<b>—</b>	<b>—</b>
Transfers	<b>—</b>	<b>(6,754)</b>	<b>6,754</b>	<b>—</b>
Depreciation and amortisation	<b>(511)</b>	<b>(6,731)</b>	<b>(574)</b>	<b>(188)</b>
Net book amount as at 30 June 2021	<b>15,785</b>	<b>185,640</b>	<b>54,093</b>	<b>8,891</b>
<b>Six months ended 30 June 2020</b>				
Net book amount as at 1 January 2020	15,774	173,383	43,282	9,477
Additions	157	41,474	—	—
Disposals	—	(196)	—	—
Transfers	—	(5,984)	5,984	—
Depreciation and amortisation	(383)	(7,002)	(616)	(215)
Net book amount as at 30 June 2020	15,548	201,675	48,650	9,262

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 13. DEFERRED INCOME TAX

#### Deferred income tax assets

	<b>Unaudited As at 30 June 2021 RMB'000</b>	Audited As at 31 December 2020 RMB'000
Deferred income tax assets:		
— to be recovered within 12 months	<b>5,079</b>	9,746
— to be recovered after more than 12 months	<b>51,773</b>	45,535
	<b>56,852</b>	55,281

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

	<b>Advertising expenses in excess of allowance RMB'000 (Unaudited)</b>	<b>Provision for impairment of trade receivables RMB'000 (Unaudited)</b>	<b>Accrued advertising and other expenses RMB'000 (Unaudited)</b>	<b>Tax losses RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
At 1 January 2021	<b>5,662</b>	<b>33,075</b>	<b>8,614</b>	<b>7,930</b>	<b>55,281</b>
Credited/(charged) to the condensed consolidated interim income statement	<b>(2,606)</b>	<b>7,750</b>	<b>(4,146)</b>	<b>573</b>	<b>1,571</b>
At 30 June 2021	<b>3,056</b>	<b>40,825</b>	<b>4,468</b>	<b>8,503</b>	<b>56,852</b>
At 1 January 2020	12,730	24,244	6,931	6,584	50,489
Credited/(charged) to the condensed consolidated interim income statement	(1,575)	9,542	309	(6,584)	1,692
At 30 June 2020	11,155	33,786	7,240	—	52,181

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 13. DEFERRED INCOME TAX (CONTINUED)

#### Deferred income tax assets (continued)

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

	<b>Unaudited As at 30 June 2021 RMB'000</b>	Audited As at 31 December 2020 RMB'000
Expire in 2022	5,122	5,122
Expire in 2023	9,001	9,001
Expire in 2024	8,190	8,190
Expire in 2025	9,786	11,920
Expire in 2026	10,956	—
Expire over 5 years	29,348	30,068
	<b>72,403</b>	64,301

For subsidiaries qualified as HNTE, the tax losses are valid for deduction for an extended period of 10 years.

#### Deferred income tax liabilities

	<b>Unaudited As at 30 June 2021 RMB'000</b>	Audited As at 31 December 2020 RMB'000
Deferred income tax liabilities:		
— to be recovered within 12 months	2,500	—

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 13. DEFERRED INCOME TAX (CONTINUED)

#### Deferred income tax liabilities (continued)

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

	<b>Withholding tax on the earnings anticipated to be remitted by PRC subsidiaries</b> RMB'000 (Unaudited)
At 1 January 2021	—
Charged to the condensed consolidated interim income statement	<b>2,500</b>
At 30 June 2021	<b>2,500</b>
At 1 January 2020	—
Charged to the condensed consolidated interim income statement	2,500
At 30 June 2020	2,500

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.

### 14. TRADE AND NOTES RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	<b>Unaudited As at 30 June 2021 RMB'000</b>	Audited As at 31 December 2020 RMB'000
Trade receivables, net of impairment provision (a)	<b>458,095</b>	610,629
Other receivables (b)	<b>34,831</b>	27,707
Prepayments	<b>20,174</b>	7,622
Notes receivables	—	6,485
	<b>513,100</b>	652,443

As at 30 June 2021, trade and notes receivables, other receivables and prepayments were all denominated in RMB (31 December 2020: same).

## NOTES TO THE INTERIM FINANCIAL INFORMATION

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

#### (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 RMB178,152,000 (31 December 2020: RMB147,132,000)) based on recognition date is as follows:

	<b>Unaudited As at 30 June 2021 RMB'000</b>	Audited As at 31 December 2020 RMB'000
Current to 6 months	<b>321,897</b>	410,063
6 months to 1 year	<b>92,359</b>	98,937
1 year to 2 years	<b>43,839</b>	90,629
Above 2 years	<b>—</b>	11,000
	<b>458,095</b>	610,629

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

	<b>Unaudited As at 30 June 2021 RMB'000</b>	Audited As at 31 December 2020 RMB'000
At beginning of the period/year	<b>147,132</b>	108,427
Impairment charge of receivables	<b>31,020</b>	57,018
Receivables written off	<b>—</b>	(18,313)
At end of the period/year	<b>178,152</b>	147,132

## NOTES TO THE INTERIM FINANCIAL INFORMATION

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

#### (b) Other receivables

	<b>Unaudited As at 30 June 2021 RMB'000</b>	Audited As at 31 December 2020 RMB'000
Input value added tax deductible	<b>15,562</b>	9,925
Advance to employees	<b>8,287</b>	6,404
Rental receivable	<b>1,043</b>	1,051
Others	<b>9,939</b>	10,327
	<b>34,831</b>	27,707

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.

### 15. INVESTMENT IN FINANCIAL ASSETS

Movement in investment in financial assets during the period is as follows:

	<b>Unaudited Six months ended 30 June 2021 RMB'000</b>	2020 RMB'000
At beginning of the period	<b>62,785</b>	52,876
Changes in fair value	<b>22,820</b>	(2,988)
At end of the period	<b>85,605</b>	49,888

In June 2014, the Group made an equity investment with an amount of USD5,000,000 in an entity who invested in shares of companies principally engaged in Internet business, in which the Group does not have control or significant influence. During this period, the entity has changed its investment strategy and started investing more in cryptocurrencies. At the end of the period, the balance of the investment in financial assets included 54.7% of investment in cryptocurrencies.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 16. ORDINARY SHARES

	<b>Authorised ordinary shares</b>		
	Number of shares ('000)	HKD'000	RMB'000
At 31 December 2020 and 30 June 2021	100,000,000	1,000,000	969,200

  

	<b>Issued and fully paid up</b>		
	Number of shares ('000) (Unaudited)	HKD'000 (Unaudited)	RMB'000 (Unaudited)
At 31 December 2020 and 30 June 2021	1,134,055	11,341	10,491

As at 30 June 2021, the total number of issued ordinary shares of the Company was 1,134,055,000 shares (31 December 2020: same) which included 5,112,000 shares (31 December 2020: 2,933,000 shares) held under the Share Award Scheme (Note 18).

### 17. ACCRUALS AND OTHER PAYABLES

	<b>Unaudited As at 30 June 2021 RMB'000</b>	Audited As at 31 December 2020 RMB'000
Accrued expenses (a)	<b>196,313</b>	280,621
Salaries payable	<b>39,416</b>	47,874
Other tax payables	<b>4,035</b>	7,654
Other payables (b)	<b>12,233</b>	12,201
	<b>251,997</b>	348,350

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

(b) Other payables of the Group mainly represented deposits due to third parties.



## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 18. SHARE-BASED COMPENSATION COSTS (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 2021, 5,112,000 shares were purchased by the trustee. A debit of RMB7,873,000 to equity was recorded in the Group's condensed consolidated interim balance sheet.

During the six months ended 30 June 2021, 2,933,000 shares originally held by the trustee were granted and transferred to certain employees upon the grant of such Awarded Shares. A credit of RMB3,092,000 to equity was recorded in the Group's condensed consolidated interim balance sheet.

During the six months ended 30 June 2021, 16,870,000 shares were granted but not transferred to certain employees upon the grant of such Awarded Shares. A credit of RMB3,512,000 to equity was recorded in the Group's condensed consolidated interim balance sheet.

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 RMB6,604,000 was recognised for employee services received in respect of the Share Award Scheme for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB5,166,000).

The fair value of the Awarded Shares and their vesting period are as follows:

<b>Dates of grant</b>	<b>Total value of shares at grant dates (RMB)</b>	<b>Number of shares granted (thousands)</b>	<b>Market price at grant dates (RMB)</b>	<b>Vesting period</b>
4 January 2021	3,092,000	2,933	1.05	None
12 April 2021	10,456,000	7,750	1.35	3 years
13 April 2021	12,440,000	9,120	1.36	3 years

During the six months ended 30 June 2021, the Share Award Scheme Trust received cash dividend amounting to RMB307,000 (six months ended 30 June 2020: RMB316,000) 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
Mr. Wang	Key management personnel of the Group
Kexim Company Limited ("Kexim")	Controlled by Mr. Wang
Beijing Pacific Times Property Management Co., Ltd. ("Pacific Times")	Controlled by Mr. Wang
Guangdong EAuto Information Technology Co., Ltd. ("EAuto")	Associate

### (b) Related party transactions

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

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Rental expenses for office and advertising billboards: Kexim	138	180
Property management service for office: Pacific Times	10	19

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 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Included in other payables: EAuto	—	5,388



## 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 2021 to our shareholders.

The total revenue for the first half of the year came out to about RMB405.0 million, an increase of 3.3% from the year before. During the reporting period, the global semiconductor chip shortage has had a significant impact on a number of related industries, particularly automobiles and electronics. As a consequences of the shortage, many companies have experienced production delays and limited new product launches based on availability. However, despite these challenges, demand in these industries continues to remain robust and the Group is well positioned to continue building on our new product offerings.

PCauto's revenue increased by 2.8% compared to the year before and accounted for 83.8% of the total revenue of the Group in the first half of 2021. During the reporting period, uncertainties in the short term surrounding the global automotive chip shortage contributed to limited marketing spent by companies. PCauto has been expanding its services for advertisers to include more offline marketing capabilities as well as deliver new content in live online broadcasting, short videos, and other sales channels to expand the Company's offerings. Looking forward to the second half of 2021 and beyond, PCauto has positioned itself in the nascent "smart automobiles" industry by creating a new platform with industry partners to help consumers navigate the digitalization of the automobile.

PConline's revenue decreased by 8.4% while other portals, including PClady, PCbaby and PChouse, increased by a combined 51.1% compared to the year before. The global chip shortage has similarly disrupted the market for PC and mobile phone manufacturers, with the industry responding by extending product life cycles and reducing marketing spend. To mitigate some of this impact, PConline has expanded with new partnerships in related industries such as home appliance manufacturers and focused on refining advertising and service offerings. In the first half of 2021, PChouse has successfully continued to expand its network of designers and strengthen the brand positioning through various marketing initiatives and accreditation programs.

The Group had made an equity investment in an entity who invested in shares of companies principally engaged in internet-related industries and blockchain-related technologies since 2014. As of 30 June 2021, fair value of this investment is estimated at roughly RMB85.6 million, of which cryptocurrencies represent 54.7%. The Group acknowledges the volatility involved with cryptocurrency investments and has been taking steps to manage the risks involved.

Looking forward, the Company will continue to closely observe the impact of global supply chain developments on our related industries as well as the global uncertainty regarding COVID-19. In the second half, we remain cautiously optimistic that the Group is positioned to continue building on our first half developments.



## MANAGEMENT DISCUSSION AND ANALYSIS

### REVENUE

Revenue increased 3.3% from RMB391.9 million for the six months ended 30 June 2020 to RMB405.0 million for the six months ended 30 June 2021.

Revenue for PCauto, the Group's automobile portal, increased 2.8% from RMB330.1 million for the six months ended 30 June 2020 to RMB339.3 million during the six months ended 30 June 2021. The increase in revenue for PCauto was mainly due to increased advertising spending from automobile manufacturers. As a percentage of revenue, PCauto accounted for 84.2% during the six months ended 30 June 2020 and 83.8% during the six months ended 30 June 2021.

Revenue for PConline, the Group's IT and consumer electronics portal, decreased 8.4% from RMB46.6 million during the six months ended 30 June 2020 to RMB42.7 million during the six months ended 30 June 2021. The decrease was due to decline in demand from consumer electronics manufacturers. As a percentage of revenue, PConline accounted for 11.9% during the six months ended 30 June 2020 and 10.5% during the six months ended 30 June 2021.

Revenue from other operations, including the PClady, PCbaby and PChouse portals, increased by 51.1% from RMB15.2 million during the six months ended 30 June 2020 to RMB23.0 million during the six months ended 30 June 2021. The increase was mainly due to increase in demand of general consumption from these sectors. As a percentage of revenue, revenue from other operations accounted for 3.9% during the six months ended 30 June 2020 and 5.7% during the six months ended 30 June 2021.

### COST OF REVENUE

Cost of revenue increased 19.5% from RMB146.5 million during the six months ended 30 June 2020 to RMB175.1 million during the six months ended 30 June 2021. Gross profit margin was 62.6% during the six months ended 30 June 2020 and 56.8% during the six months ended 30 June 2021.

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

### SELLING AND MARKETING COSTS

Selling and marketing costs decreased 6.1% from RMB90.1 million during the six months ended 30 June 2020 to RMB84.6 million during the six months ended 30 June 2021. The decrease was mainly due to decrease in advertising expenses during the period.

### ADMINISTRATIVE EXPENSES

Administrative expenses decreased by 5.4% from RMB46.6 million during the six months ended 30 June 2020 to RMB44.0 million during the six months ended 30 June 2021, mainly due to decrease in general office expenses during the period.



## MANAGEMENT DISCUSSION AND ANALYSIS

### NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Net impairment losses on financial assets was RMB40.6 million during the six months ended 30 June 2020 and was RMB31.0 million during the six months ended 30 June 2021. The decrease was mainly due to recover of an receivable account during the period.

### PRODUCT DEVELOPMENT EXPENSES

Product development expenses increased by 1.5% from RMB32.7 million during the period ended 30 June 2020 to RMB33.1 million during the period ended 30 June 2021. The slight increase was primarily due to increase in personnel-related expenses in the Group's research and development team.

### OTHER INCOME

Other income was RMB7.7 million during the six months ended 30 June 2020 and was RMB6.4 million during the six months ended 30 June 2021. The decrease was due to less government grants received during the period.

### FINANCE INCOME — NET

Net finance income was RMB4.0 million during the six months ended 30 June 2020 and was RMB5.4 million during the six months ended 30 June 2021. The increase was mainly due to net foreign exchange gains during the period ended 30 June 2021 and net foreign exchange losses during the period ended 30 June 2020.

### INCOME TAX EXPENSE

Income tax expenses decreased 15.2% from RMB8.9 million during the six months ended 30 June 2020 to RMB7.5 million during the six months ended 30 June 2021.

### NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

Net profit attributable to equity holders increased 5.6% from RMB37.3 million during the six months ended 30 June 2020 to RMB39.4 million during the six months ended 30 June 2021.

### LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2021, the Group had short-term deposits and cash totaling RMB389.6 million, compared with RMB474.1 million as of 31 December 2020. The decline in cash was primarily due to the payment of a cash dividend totaling RMB149.4 million during the six months ended 30 June 2021.

The Company had no external debt as of 31 December 2020 and 30 June 2021.



## MANAGEMENT DISCUSSION AND ANALYSIS

### **BANK BORROWINGS**

As of 30 June 2021, 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 2020.

### **MATERIAL ACQUISITIONS AND DISPOSAL**

During the six months ended 30 June 2021, the Group had no material acquisitions and disposals of subsidiaries and associates.

### **CHARGES ON ASSETS**

As of 30 June 2021, 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 2021, the Group had 1,002 employees (31 December 2020: 1,106), a decrease of 9.4% from the first half of 2021. 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 2021.

### **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.

### **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 2021, except that there is no separation of the role of chairman and chief executive as stipulated in the code provision A.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 2021, 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 2021.

## OTHER INFORMATION

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

As at 30 June 2021, 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 <sup>†</sup>
Dr. Lam Wai Yan	Long	Beneficial owner	320,810,561	28.29%
Mr. Ho Kam Wah	Long	Interests held by a controlled corporation (Note)	99,348,480	8.76%
	Long	Beneficial owner	3,491,565	0.31%
			102,840,045	9.07%
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.

<sup>†</sup> The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, 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 2021, 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 <sup>†</sup>
Ms. Ma Muk Lan	Long	Interests of spouse	320,810,561	(1)	28.29%
Gallop Assets Management Limited	Long	Beneficial owner	296,172,030	(2)	26.12%
J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Gallop Trust	Long	Trustee	296,172,030	(2)	26.12%
Treasure Field Holdings Limited	Long	Beneficial owner	99,348,480	(3)	8.76%

#### 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".

<sup>†</sup> The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2021.



## OTHER INFORMATION

Save as disclosed above, as at 30 June 2021, 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.

### CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of directors of the Company are set out below:

- Mr. Wang Ta-Hsing, an executive director of the Company, has resigned as a director of Kwong Fong Industries Corporation (a company listed on the Taiwan Stock Exchange) in July 2021.
- Mr. Tsui Yiu Wa, Alec, an independent non-executive director of the Company, has been appointed as an independent non-executive director of Brij Biosciences Limited (a company listed on the main board of the Stock Exchange, stock code: 2137) in July 2021.

### 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, 30 August 2021