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**PACIFIC ONLINE LIMITED**

**太平洋網絡有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 543)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

The board of directors (the “Board”) of Pacific Online Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding period of last year, as follows:

**CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT**

*For the six months ended 30 June 2024*

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	4	<b>276,378</b>	320,782
Cost of revenue		<u>(170,936)</u>	<u>(238,505)</u>
<b>Gross profit</b>		<b>105,442</b>	82,277
Selling and marketing costs		<b>(53,657)</b>	(80,435)
Administrative expenses		<b>(27,900)</b>	(21,675)
Product development expenses		<b>(16,186)</b>	(32,187)
Net (charges)/reversal of impairment losses on trade and other receivables		<b>(4,539)</b>	283
Other income	5	<b>9,463</b>	6,390
Other (losses)/gains — net		<u>(2,195)</u>	<u>4,047</u>
<b>Operating gain/(loss)</b>		<b>10,428</b>	(41,300)
Finance income		<b>2,225</b>	4,537
Finance cost		<u>(947)</u>	<u>(1,355)</u>
Finance income — net	6	<u><b>1,278</b></u>	<u>3,182</u>

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit/(loss) before income tax</b>		<b>11,706</b>	(38,118)
Income tax expense	7	<u>(1,576)</u>	<u>(2,534)</u>
<b>Profit/(loss) for the period</b>		<b><u>10,130</u></b>	<b><u>(40,652)</u></b>
<b>Attributable to:</b>			
— Equity holders of the Company		<b>10,130</b>	(38,087)
— Non-controlling interests		<u>—</u>	<u>(2,565)</u>
		<b><u>10,130</u></b>	<b><u>(40,652)</u></b>
<b>Earnings/(losses) per share for profit/(loss)</b>			
<b>attributable to equity holders of the Company for</b>			
<b>the period</b>	8		
— Basic and diluted ( <i>RMB</i> )		<b><u>0.89 cents</u></b>	<b><u>(3.36) cents</u></b>

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2024*

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Profit/(loss) for the period</b>	<u><b>10,130</b></u>	<u><b>(40,652)</b></u>
<b>Other comprehensive income</b>	<u><b>—</b></u>	<u><b>—</b></u>
<b>Total comprehensive income/(loss) for the period</b>	<u><b>10,130</b></u>	<u><b>(40,652)</b></u>
<b>Attributable to:</b>		
— Equity holders of the Company	<b>10,130</b>	<b>(38,087)</b>
— Non-controlling interests	<u><b>—</b></u>	<u><b>(2,565)</b></u>
	<u><b>10,130</b></u>	<u><b>(40,652)</b></u>

## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2024

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets	10	<b>10,358</b>	10,611
Property and equipment	10	<b>163,844</b>	167,654
Investment property	10	<b>53,482</b>	54,412
Intangible assets	10	<b>7,806</b>	8,121
Deferred income tax assets	11	<b>32,308</b>	33,914
Investment in financial assets	13	<b>25,552</b>	31,106
		<u><b>293,350</b></u>	<u>305,818</u>
<b>Current assets</b>			
Trade and notes receivables, other receivables and prepayments	12	<b>381,182</b>	468,505
Cash and cash equivalents		<b>252,142</b>	271,819
		<u><b>633,324</b></u>	<u>740,324</u>
<b>Total assets</b>		<u><b>926,674</b></u>	<u>1,046,142</u>

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Ordinary shares	14	<b>10,504</b>	10,504
Reserves		<b>652,524</b>	687,252
		<b>663,028</b>	697,756
<b>Non-controlling interests</b>		—	5,023
		<b>663,028</b>	702,779
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>216</b>	271
		<b>216</b>	271
<b>Current liabilities</b>			
Accruals and other payables	15	<b>223,093</b>	302,688
Contract liabilities		<b>12,198</b>	12,110
Current income tax liabilities		<b>27,576</b>	27,643
Lease liabilities		<b>563</b>	651
		<b>263,430</b>	343,092
<b>Total liabilities</b>		<b>263,646</b>	343,363
<b>Total equity and liabilities</b>		<b>926,674</b>	1,046,142

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Unaudited					
	Attributable to equity holders of the Company			Non- controlling interests	Total equity	
	Ordinary shares	Reserves	Subtotal			
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Six months ended 30 June 2024</b>						
Balance at 1 January 2024		10,504	687,252	697,756	5,023	702,779
<b>Comprehensive income</b>						
Profit for the period		—	10,130	10,130	—	10,130
<b>Total comprehensive income</b>		<b>10,504</b>	<b>697,382</b>	<b>707,886</b>	<b>5,023</b>	<b>712,909</b>
<b>Transactions with equity holders</b>						
Cash dividends relating to 2023 Share Award Scheme	9	—	(45,414)	(45,414)	—	(45,414)
— value of employee services		—	1,182	1,182	—	1,182
— purchase of shares held for share award scheme		—	(661)	(661)	—	(661)
Dividends paid to non-controlling interest in a subsidiary		—	—	—	(2,046)	(2,046)
Disposal of a subsidiary		—	35	35	(2,977)	(2,942)
<b>Balance at 30 June 2024</b>		<b>10,504</b>	<b>652,524</b>	<b>663,028</b>	<b>—</b>	<b>663,028</b>
<b>Six months ended 30 June 2023</b>						
Balance at 1 January 2023		10,504	831,680	842,184	4,634	846,818
<b>Comprehensive loss</b>						
Loss for the period		—	(38,087)	(38,087)	(2,565)	(40,652)
<b>Total comprehensive loss</b>		<b>—</b>	<b>(38,087)</b>	<b>(38,087)</b>	<b>(2,565)</b>	<b>(40,652)</b>
<b>Transactions with equity holders</b>						
Cash dividends relating to 2022 Share Award Scheme	9	—	(113,231)	(113,231)	—	(113,231)
— value of employee services		—	1,056	1,056	—	1,056
<b>Balance at 30 June 2023</b>		<b>10,504</b>	<b>681,418</b>	<b>691,922</b>	<b>2,069</b>	<b>693,991</b>

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 2024

		Unaudited	
		Six months ended 30 June	
		2024	2023
	Note	RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		11,506	8,691
Income tax paid		(37)	(18,766)
		<u>11,469</u>	<u>(10,075)</u>
Net cash generated from/(used in) operating activities		<u>11,469</u>	<u>(10,075)</u>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(696)	(1,020)
Disposals of property and equipment		209	116
Net cash inflow from disposal of subsidiary, net of cash disposed of		1,371	—
Receipt from redemption of investment		15,252	—
Interest received		2,126	4,537
		<u>18,262</u>	<u>3,633</u>
Net cash generated from investing activities		<u>18,262</u>	<u>3,633</u>
<b>Cash flows from financing activities</b>			
Cash dividends paid	9	(45,414)	(113,231)
Lease payments		(341)	(478)
Purchase of shares held for share award scheme		(661)	—
Dividends paid to non-controlling interest in a subsidiary		(2,046)	—
		<u>(48,462)</u>	<u>(113,709)</u>
Net cash used in financing activities		<u>(48,462)</u>	<u>(113,709)</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(18,731)</b>	<b>(120,151)</b>
Cash and cash equivalents at beginning of period		271,819	399,985
Exchange loss on cash and cash equivalents		(946)	(1,328)
		<u>252,142</u>	<u>278,506</u>
<b>Cash and cash equivalents at end of period</b>		<b><u>252,142</u></b>	<b><u>278,506</u></b>

## **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 Third 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 2024.

### **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 2023 and any public announcements made by the Company during the interim reporting period.

### **3. ACCOUNTING POLICIES**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, 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 2024.

New standards, amendments to existing standards and interpretations effective for the financial year beginning on 1 January 2024 do not have a material impact on the Group’s financial statements.

### **4. 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 2024 (six months ended 30 June 2023: 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.

	<b>PCauto</b> <i>RMB'000</i> (Unaudited)	<b>PConline</b> <i>RMB'000</i> (Unaudited)	<b>Others</b> <i>RMB'000</i> (Unaudited)	<b>Group</b> <i>RMB'000</i> (Unaudited)
<b>For the six months ended 30 June 2024</b>				
Timing of revenue recognition				
— Over time	165,162	22,189	11,291	198,642
— At a point in time	<u>71,657</u>	<u>5,946</u>	<u>133</u>	<u>77,736</u>
Revenue	<u><u>236,819</u></u>	<u><u>28,135</u></u>	<u><u>11,424</u></u>	<u><u>276,378</u></u>
<b>For the six months ended 30 June 2023</b>				
Timing of revenue recognition				
— Over time	177,115	31,753	5,474	214,342
— At a point in time	<u>98,195</u>	<u>6,475</u>	<u>1,770</u>	<u>106,440</u>
Revenue	<u><u>275,310</u></u>	<u><u>38,228</u></u>	<u><u>7,244</u></u>	<u><u>320,782</u></u>

Though the Company is domiciled in the Cayman Islands, for the six months ended 30 June 2024, all revenues of the Group were derived from external customers and they were all generated from the PRC (six months ended 30 June 2023: same).

As at 30 June 2024, 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 2023: same).

During the six months ended 30 June 2023 and 2024, revenue derived from customers who accounted for more than 10% of total revenue were set out below.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
Customer A	21%	*
Customer B	10%	*
Customer C	*	12%
	<u>31%</u>	<u>12%</u>

*Note\*:* The revenue of the customer was less than 10% of the Group's revenue for the respective period.

## 5. OTHER INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Rental income	3,870	3,317
Government grants	1,997	2,494
Additional deduction of input value-added tax	3,596	579
	<u>9,463</u>	<u>6,390</u>

## 6. FINANCE INCOME — NET

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Finance income		
— Interest income	<u>2,225</u>	<u>4,537</u>
	<u>2,225</u>	<u>4,537</u>
Finance cost		
— Interest expense related to lease liabilities	(1)	(27)
— Net foreign exchange losses	<u>(946)</u>	<u>(1,328)</u>
	<u>(947)</u>	<u>(1,355)</u>
	<u>1,278</u>	<u>3,182</u>

## 7. INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
PRC current tax	56	1,009
Deferred taxation	1,520	1,525
	<u>1,576</u>	<u>2,534</u>

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 2024 (six months ended 30 June 2023: 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, a PRC operating subsidiary of the Company, was successfully renewed as HNTE in 2023 and the applicable income tax rate is 15% for the three years from 2023 to 2025 (2023:15%). 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 successfully renewed as HNTE in 2022 and the applicable income tax rate is 15% for the three years from 2022 to 2024. Guangzhou Fengwang Information Technology Co., Ltd. (廣州鋒網信息科技有限公司, "GZ Fengwang"), a PRC operating subsidiary of the Company, was formally designated as HNTE in 2022 and the applicable income tax rate is 15% for the three years from 2022 to 2024. All the other PRC entities of the Group are subject to CIT at a rate of 25% in accordance with CIT Law.

Assuming that there is no change to the relevant laws and regulations, the directors consider three subsidiaries, including GZP Computer, GZ Yurui and GZ Fengwang, will be granted the preferential tax treatment through an application of renewal. Accordingly, tax rate of 15% has been applied when considering the deferred income tax of GZP Computer, GZ Yurui and GZ Fengwang.

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.

## 8. PROFITS/(LOSSES) PER SHARE

### (a) Basic

Basic profits/(losses) per share is calculated by dividing the profit/(loss) 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).

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
Profit/(loss) attributable to equity holders of the Company (RMB'000)	<b>10,130</b>	(38,087)
Weighted average number of ordinary shares for basic profits/(losses) per share ( <i>thousand shares</i> )	<b>1,134,030</b>	1,132,601
Basic profits/(losses) per share ( <i>RMB</i> )	<b>0.89 cents</b>	(3.36) cents

### (b) Diluted

Diluted profits/(losses) per share adjusts the figures used in the determination of basic profits/(losses) 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 profits/(losses) per share equals to basic profits/(losses) per share as there were no potential diluted shares outstanding for the six months ended 30 June 2024 and 2023.

## 9. DIVIDENDS

A final dividend in respect of the year ended 31 December 2023 of RMB4.00 cents per ordinary share (2022: RMB10.00 cents per ordinary share) was approved by the shareholders at the annual general meeting on 3 May 2024. Such final dividend for 2023 totalling RMB45,414,000 was paid in 2024(2022: RMB113,231,000 was paid in 2023), which has already excluded the dividend related to the ordinary shares held for the Share Award Scheme of RMB10,000 (2022: RMB329,000).

The directors did not recommend any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: same).

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

	<b>Right-of-use assets — land use rights and properties RMB'000 (Unaudited)</b>	<b>Property and equipment RMB'000 (Unaudited)</b>	<b>Investment property RMB'000 (Unaudited)</b>	<b>Intangible assets RMB'000 (Unaudited)</b>
<b>Six months ended 30 June 2024</b>				
Net book amount as at 1 January 2024	10,611	167,654	54,412	8,121
Additions	257	683	—	—
Disposals	(22)	(404)	—	—
Depreciation and amortisation	<u>(488)</u>	<u>(4,089)</u>	<u>(930)</u>	<u>(315)</u>
Net book amount as at 30 June 2024	<u><u>10,358</u></u>	<u><u>163,844</u></u>	<u><u>53,482</u></u>	<u><u>7,806</u></u>
<b>Six months ended 30 June 2023</b>				
Net book amount as at 1 January 2023	14,774	174,540	51,803	7,841
Additions	1,271	1,018	—	2
Disposals	—	(116)	—	—
Depreciation and amortisation	<u>(633)</u>	<u>(4,560)</u>	<u>(879)</u>	<u>(15)</u>
Net book amount as at 30 June 2023	<u><u>15,412</u></u>	<u><u>170,882</u></u>	<u><u>50,924</u></u>	<u><u>7,828</u></u>

**11. DEFERRED INCOME TAX ASSETS**

	<b>Unaudited As at 30 June 2024 RMB'000</b>	<b>Audited As at 31 December 2023 RMB'000</b>
Deferred income tax assets:		
— to be recovered within 12 months	3,451	6,087
— to be recovered after more than 12 months	<u>28,857</u>	<u>27,827</u>
	<u><u>32,308</u></u>	<u><u>33,914</u></u>

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

	Advertising expenses in excess of allowance <i>RMB'000</i> (Unaudited)	Provision for impairment of trade receivables <i>RMB'000</i> (Unaudited)	Accrued advertising and other expenses <i>RMB'000</i> (Unaudited)	Tax losses <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
At 1 January 2024	—	20,716	6,087	7,111	33,914
Credited/(charged) to the condensed consolidated interim income statement	—	1,052	(2,572)	—	(1,520)
Disposal of a subsidiary	—	(22)	(64)	—	(86)
At 30 June 2024	<u>—</u>	<u>21,746</u>	<u>3,451</u>	<u>7,111</u>	<u>32,308</u>
At 1 January 2023	8,848	42,256	11,061	6,337	68,502
Credited/(charged) to the condensed consolidated interim income statement	(1,448)	(43)	1,566	(1,600)	(1,525)
At 30 June 2023	<u>7,400</u>	<u>42,213</u>	<u>12,627</u>	<u>4,737</u>	<u>66,977</u>

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

	Unaudited As at 30 June 2024 <i>RMB'000</i>	Audited As at 31 December 2023 <i>RMB'000</i>
Trade receivables, net of impairment provision (a)	343,869	407,168
Other receivables (b)	10,986	28,103
Prepaid value-added tax	11,575	11,479
Prepayments to suppliers	1,494	2,042
Notes receivables	13,258	19,713
	<u>381,182</u>	<u>468,505</u>

As at 30 June 2024, trade and notes receivables, other receivables and prepayments were all denominated in RMB (31 December 2023: 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 RMB102,667,000 (31 December 2023: RMB98,171,000)) based on recognition date is as follows:

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2024</b> <b>RMB'000</b>	<b>Audited</b> <b>As at</b> <b>31 December</b> <b>2023</b> <b>RMB'000</b>
Current to 6 months	264,957	326,831
6 months to 1 year	67,374	69,437
1 year to 2 years	10,954	10,319
Above 2 years	584	581
	<u>343,869</u>	<u>407,168</u>

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

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2024</b> <b>RMB'000</b>	<b>Audited</b> <b>As at</b> <b>31 December</b> <b>2023</b> <b>RMB'000</b>
At beginning of the period	98,171	200,563
Impairment charge	4,554	1,610
Receivables written off	<u>(58)</u>	<u>(104,002)</u>
At end of the period	<u>102,667</u>	<u>98,171</u>

(b) Other receivables

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Redemption receivables	2,966	16,894
Advance to employees	3,689	6,611
Rental receivable	134	268
Others	4,197	4,330
	<u>10,986</u>	<u>28,103</u>

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.

13. 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”). The Group neither have control nor significant influence over the Fund. As at 30 June 2024, the Group held around 18.26% (31 December 2023: 24.35%) interests of the Fund.

Management assessed the fair value of the Group’s investment in financial assets as at 30 June 2024 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 underlying investments.

As at 30 June 2024 and 31 December 2023, the Group’s portion of net asset value of the Fund was attributable to the following:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Equity Investments and other investments	25,552	31,106



During the six months ended 30 June 2024 and 2023, movement on investment in financial assets is as follows:

	<b>Unaudited 30 June 2024 RMB'000</b>	Unaudited 30 June 2023 RMB'000
At beginning of the period	31,106	40,600
Changes in fair value:	(4,182)	4,047
— Equity Investments and other Investments	(4,182)	257
— Cryptocurrency Investments (a)	—	3,790
Redemption	(1,372)	—
At end of the period	<u>25,552</u>	<u>44,647</u>

- (a) In accordance with an letter agreement dated 18 December 2023, the Group redeemed the entire amount of its cryptocurrency investments effective on 31 December 2023. During the six months ended 30 June 2024, redeemed value of RMB15,252,000 had been collected and as at 30 June 2024, the Group had no any cryptocurrency investments.

#### 14. ORDINARY SHARES

	<b>Authorised ordinary shares</b>		
	<i>Number of shares ('000)</i>	<i>HKD'000</i>	<i>RMB'000</i>
At 31 December 2023 and 30 June 2024	<u>100,000,000</u>	<u>1,000,000</u>	<u>969,200</u>
	<b>Issued and fully paid up</b>		
	<i>Number of shares ('000) (Unaudited)</i>	<i>HKD'000 (Unaudited)</i>	<i>RMB'000 (Unaudited)</i>
At 1 January 2024 and 30 June 2024	<u>1,135,597</u>	<u>11,356</u>	<u>10,504</u>
At 1 January 2023 and 30 June 2023	<u>1,135,597</u>	<u>11,356</u>	<u>10,504</u>

- (a) As at 30 June 2024, the total number of issued ordinary shares of the Company was 1,135,597,000 shares (31 December 2023: same) which included 240,000 shares (31 December 2023: 1,615,000 shares) held under the Share Award Scheme.

## 15. ACCRUALS AND OTHER PAYABLES

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Accrued expenses (a)	<b>180,429</b>	226,785
Salaries payable	<b>26,427</b>	51,238
Other payables	<b>8,343</b>	10,492
Other tax payables	<b>7,894</b>	14,173
	<hr/> <b>223,093</b> <hr/>	<hr/> 302,688 <hr/>

- (a) Accrued expenses of the Group mainly represented accruals of service commission fees payable to advertising agencies, outsourcing production costs and advertising expenses.

## 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 2024 to our shareholders.

The total revenue for the first half of the year came out to about RMB276.4 million, a decrease of 13.8% from the year before. However, the net profit attributable to equity holders was RMB10.1 million, and the net loss attributable to equity holders was RMB38.1 million in the first half of 2023.

In the first half of 2024, the Company was focused on developing new marketing channels, improving our content offerings and identifying new business opportunities. Among the new products developed in the first half were artificial intelligence (AI) driven Software-as-a-Service tools (SAAS) that were marketed to PCauto and PConline clients.

PCauto’s revenue decreased by 14.0% compared to the year before and accounted for 85.7% of the total revenue of the Group in the first half of 2024. During the reporting period, profit margins for automobile manufacturers have generally remained low due to their ongoing domestic EV price competition; this has led to continued limitations on marketing and advertising spending from manufacturers. For that reason, among our new products offered the AI-SAAS tools have been most warmly received as they allow advertisers to reduce costs, streamline operations, and react quicker to trends. We believe that we can continue to make an impact with both manufacturers and consumers and continue to grow our brand recognition. As consumer tastes continue to rapidly evolve, PCauto has also continued to focus on organizing online-to-offline marketing events and greater localization to better suit consumer tastes.

PConline’s revenue decreased by 26.4% compared to the year before and accounted for 10.2% of the total revenue of the Group. In the first half of the year manufacturers took a conservative approach to product development and advertising, and looking ahead to the second half the Group continues to remain cautious. As a result, PConline continued to drive online-to-offline marketing experiences to better reach consumers through key industry exhibitions and promotional events. Additionally, PConline and PChouse has continued to leverage each other’s expertise in expanding content related to the “smart home” segment and in better providing solutions to consumers.

Looking ahead, we will continue to be cautious as we expect the coming months to remain uncertain and difficult to predict in the near term. In the second half of the year, we will continue to explore new business model opportunities and build our platform influence while seizing on the momentum of the domestic New Energy Vehicle industry transition to domestic manufacturers. We believe that there are more opportunities that we can integrate AI in exploring ways for the Group in improving our brand value and developing our digital content platform across all our relevant industries.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

Revenue decreased 13.8% from RMB320.8 million for the six months ended 30 June 2023 to RMB276.4 million for the six months ended 30 June 2024.

Revenue for PCauto, the Group's automobile portal, decreased 14.0% from RMB275.3 million for the six months ended 30 June 2023 to RMB236.8 million during the six months ended 30 June 2024. The decrease in revenue for PCauto was mainly due to decreased advertising spending from automobile manufacturers. As a percentage of revenue, PCauto accounted for 85.8% during the six months ended 30 June 2023 and 85.7% during the six months ended 30 June 2024.

Revenue for PConline, the Group's IT and consumer electronics portal, decreased 26.4% from RMB38.2 million during the six months ended 30 June 2023 to RMB28.1 million during the six months ended 30 June 2024. 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 2023 and 10.2% during the six months ended 30 June 2024.

Revenue from other operations, including the PCbaby and PChouse portals, increased by 57.7% from RMB7.3 million during the six months ended 30 June 2023 to RMB11.4 million during the six months ended 30 June 2024. The increase was mainly from the home decoration market. As a percentage of revenue, revenue from other operations accounted for 2.3% during the six months ended 30 June 2023 and 4.1% during the six months ended 30 June 2024.

### Cost of Revenue

Cost of revenue decreased 28.3% from RMB238.5 million during the six months ended 30 June 2023 to RMB170.9 million during the six months ended 30 June 2024. Gross profit margin was 25.6% during the six months ended 30 June 2023 and 38.2% during the six months ended 30 June 2024. The decrease in cost of revenue was mainly due to decrease in outsourcing production cost and service commission to advertising agencies during the period.

### Selling and Marketing Costs

Selling and marketing costs decreased 33.3% from RMB80.4 million during the six months ended 30 June 2023 to RMB53.7 million during the six months ended 30 June 2024. The decrease was mainly due to decrease in advertising expenses and staff costs during the period.

### **Administrative Expenses**

Administrative expenses increased by 28.7% from RMB21.7 million during the six months ended 30 June 2023 to RMB27.9 million during the six months ended 30 June 2024, mainly due to increase in staff costs during the period.

### **Product Development Expenses**

Product development expenses decreased by 49.7% from RMB32.2 million during the six months ended 30 June 2023 to RMB16.2 million during the six months ended 30 June 2024. The decrease was primarily due to decrease in staff costs and general expenses in the Group's research and development team.

### **Net (Charges)/Reversal of Impairment Losses on Trade and Other Receivables**

Net reversal of impairment losses on trade and other receivables was RMB283,000 during the six months ended 30 June 2023 and net charges of impairment losses on trade and other receivables was RMB4.5 million during the six months ended 30 June 2024. The net charges of impairment losses on trade and other receivables was mainly due to longer account receivables outstanding during the period.

### **Other Income**

Other income was RMB6.4 million during the six months ended 30 June 2023 and was RMB9.5 million during the six months ended 30 June 2024. The increase was due to more additional deduction of input value added tax during the period.

### **Other (losses)/Gains — net**

Other losses was RMB2.2 million during the six months ended 30 June 2024 and other gains was RMB4.0 million during the six months ended 30 June 2023. The losses was mainly due to the change in fair value of a passive equity investment of a fund.

### **Finance Income — net**

Net finance income was RMB3.2 million during the six months ended 30 June 2023 and was RMB1.3 million during the six months ended 30 June 2024. The decrease was mainly due to less interest income during the period.

### **Income Tax Expense**

Income tax expense decreased 37.8% from RMB2.5 million during the six months ended 30 June 2023 to RMB1.6 million during the six months ended 30 June 2024.

## **Net Profit/(Loss) Attributable to Equity Holders**

Net profit attributable to equity holders was RMB10.1 million during the six months ended 30 June 2024 and net loss attributable to equity holders was RMB38.1 million during the six months ended 30 June 2023.

## **Liquidity and Financial Resources**

As of 30 June 2024, the Group had short-term deposits and cash totaling RMB252.1 million, compared with RMB271.8 million as of 31 December 2023. The decline in cash was primarily due to the payment of a cash dividend totalling RMB45.4 million during the six months ended 30 June 2024. The Company had no external debt as of 31 December 2023 and 30 June 2024.

## **Bank Borrowings**

As of 30 June 2024, 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 2023.

## **Material Acquisitions and Disposal**

During the six months ended 30 June 2024, the Group had no material acquisitions and disposals of subsidiaries and associates.

## **Charges on Assets**

As of 30 June 2024, 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 2024, the Group had 736 employees (31 December 2023: 771), a decrease of 4.5% from the first half of 2024. This is the result of the Group's internal restructuring 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 (including sale of treasury shares) during the six months ended 30 June 2024.

As of 30 June 2024, there were no treasury shares held by the Company.

## **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 2023 (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 audit issue shall be resolved following our disposal of the Group's cryptocurrency investments in 2023.

## **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 C1 of the Rules Governing the Listing of Securities on the Stock Exchange during the six months ended 30 June 2024, 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.

## **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 2024

*As at the date of this announcement, the Board comprises 3 executive directors, namely, Dr. Lam Wai Yan, Mr. Ho Kam Wah and Mr. Wang Ta-Hsing; and 3 independent non-executive directors, namely, Mr. Tsui Yiu Wa, Alec, Mr. Thaddeus Thomas Beczak and Mr. Lam Wai Hon, Ambrose.*