



Pacific Online Limited  
太平洋網絡有限公司

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

(Stock Code: 543)

# INTERIM REPORT 2010



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Lam Wai Yan  
*(Chairman and Chief Executive Officer)*  
Mr. Ho Kam Wah  
Mr. Wang Ta-Hsing  
Ms. Zhang Cong Min  
Mr. Tsung Shih Kin, Samuel

#### Independent Non-executive Directors

Mr. Tsui Yiu Wa, Alec  
Mr. Thaddeus Thomas Beczak  
Mr. Louie Ming

### 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. Louie Ming

### REMUNERATION COMMITTEE

Mr. Tsui Yiu Wa, Alec *(Chairman)*  
Mr. Thaddeus Thomas Beczak  
Mr. Louie Ming

### PRINCIPAL BANKERS

Wing Hang Bank  
China Merchants Bank  
China Construction Bank  
BNP Paribas

### AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 609  
Grand Cayman KY1-1107  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
26/F, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

### REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### PRINCIPAL PLACE OF BUSINESS

11/F, Pacific Electronics & Technology Plaza  
1-7 Shipai West Road  
Tianhe  
Guangzhou, 510630  
PRC

### 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.pcgames.com.cn](http://www.pcgames.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 RESULTS

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 2010 together with the comparative figures for the corresponding period of last year, as follows. These interim results have been reviewed by PricewaterhouseCoopers, the auditors of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and by the Audit Committee of the Company.

### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	Note	<b>2010</b>	2009
		<b>RMB'000</b>	RMB'000
<b>Revenue</b>	4	<b>202,598</b>	141,834
Cost of revenue		<b>(61,591)</b>	(43,158)
<b>Gross profit</b>		<b>141,007</b>	98,676
Selling and marketing costs		<b>(30,969)</b>	(20,614)
Administrative expenses		<b>(21,297)</b>	(18,450)
Product development expenses		<b>(10,201)</b>	(8,353)
<b>Operating profit</b>		<b>78,540</b>	51,259
Finance income	5	<b>1,981</b>	4,386
Finance costs	5	<b>(641)</b>	(585)
Finance income — net	5	<b>1,340</b>	3,801
<b>Profit before income tax</b>		<b>79,880</b>	55,060
Income tax expense	6	<b>(6,942)</b>	(10,689)
<b>Profit for the period</b>		<b>72,938</b>	44,371
<b>Attributable to:</b>			
Equity holders of the Company		<b>72,938</b>	44,371
<b>Earnings per share for profit attributable to equity holders of the Company</b>			Restated
— basic (RMB)	7	<b>7.50 cents</b>	4.57 cents
— diluted (RMB)	7	<b>7.41 cents</b>	4.57 cents

The notes on pages 9 to 25 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2010

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Profit for the period	<b>72,938</b>	44,371
Other comprehensive income for the period, net of tax	<b>—</b>	—
<b>Total comprehensive income for the period</b>	<b>72,938</b>	44,371
<b>Attributable to:</b>		
Equity holders of the Company	<b>72,938</b>	44,371

The notes on pages 9 to 25 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2010

	Note	<b>Unaudited 30 June 2010 RMB'000</b>	Audited 31 December 2009 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	12,659	12,534
Intangible assets	9	9,262	9,321
Deferred income tax assets	10	6,258	4,843
		<b>28,179</b>	26,698
<b>Current assets</b>			
Trade and other receivables	11	170,913	135,772
Short-term bank deposits with original terms of over three months		143,850	34,680
Cash and cash equivalents		228,282	409,330
		<b>543,045</b>	579,782
<b>Total assets</b>		<b>571,224</b>	606,480
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Ordinary shares	12	9,186	8,737
Reserves		462,881	474,561
<b>Total equity</b>		<b>472,067</b>	483,298

## CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

AS AT 30 JUNE 2010

	Note	Unaudited 30 June 2010 RMB'000	Audited 31 December 2009 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	10	4,149	—
<b>Current liabilities</b>			
Accruals and other payables	13	61,573	61,445
Prepaid advertising subscriptions from customers		22,925	21,271
Current income tax liabilities		10,510	40,466
		95,008	123,182
<b>Total liabilities</b>		<b>99,157</b>	123,182
<b>Total equity and liabilities</b>		<b>571,224</b>	606,480
<b>Net current assets</b>		<b>448,037</b>	456,600
<b>Total assets less current liabilities</b>		<b>476,216</b>	483,298

Lam Wai Yan  
Director

Wang Ta-Hsing  
Director

The notes on pages 9 to 25 form an integral part of this condensed consolidated interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2010

<b>Unaudited</b>			
<b>Attributable to equity holders of the Company</b>			
Note	<b>Ordinary shares RMB'000</b>	<b>Reserves RMB'000</b>	<b>Total equity RMB'000</b>
<b>Balance at 1 January 2009</b>	8,737	646,744	655,481
<b>Comprehensive income</b>			
Profit for the period	—	44,371	44,371
Other comprehensive income	—	—	—
<b>Total comprehensive income</b>	—	44,371	44,371
Cash dividends relating to 2008, paid in May 2009	—	(314,062)	(314,062)
Employees share option scheme: — value of employee services	—	3,054	3,054
<b>Balance at 30 June 2009</b>	8,737	380,107	388,844
<b>Balance at 1 January 2010</b>	8,737	474,561	483,298
<b>Comprehensive income</b>			
Profit for the period	—	72,938	72,938
Other comprehensive income	—	—	—
<b>Total comprehensive income</b>	—	72,938	72,938
Cash dividends relating to 2009, paid in May 2010	8	—	(94,993)
Bonus shares	12	407	(407)
Employees share option scheme: — value of employee services		—	4,458
— proceeds from shares issued	12	42	6,324
<b>Balance at 30 June 2010</b>		9,186	462,881
		462,881	472,067

The notes on pages 9 to 25 form an integral part of this condensed consolidated interim financial information.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Note	Unaudited	
		Six months ended 30 June	
		2010	2009
		RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		51,816	47,424
Income tax paid		(34,164)	(19,146)
Net cash generated from operating activities		17,652	28,278
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(2,144)	(1,190)
Purchase of intangible assets		(197)	(296)
Increase in short-term bank deposits with original terms of over three months		(109,170)	(53,992)
Interest received		1,981	1,567
Net cash used in investing activities		(109,530)	(53,911)
<b>Cash flows from financing activities</b>			
Cash dividends paid	8	(94,993)	(314,062)
Proceeds from issuance of ordinary shares	12	6,366	—
Net cash used in financing activities		(88,627)	(314,062)
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		409,330	582,854
Exchange losses on cash and cash equivalents		(543)	(47)
<b>Cash and cash equivalents</b>		<b>228,282</b>	<b>243,112</b>

The notes on pages 9 to 25 form an integral part of this condensed consolidated interim financial information.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

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 Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Group is 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 (the "Stock Exchange").

This condensed consolidated interim financial information was approved for issue by the Board on 23 August 2010.

This condensed consolidated interim financial information has not been audited.

### 2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

### 3. ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3. ACCOUNTING POLICIES (Continued)

- (a) The following amendments to standards and interpretations are effective for the financial year beginning 1 January 2010:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKAS 39 (Amendment)	Financial Instruments: Recognition and measurement — Eligible Hedge Items
HKFRS 1 (Revised)	First-time adoption of HKFRSs
HK(IFRIC) — Int 17	Distributions of non-cash assets to owners
HKFRSs (Amendments)	Improvements to HKFRSs
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transaction
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 17 (Amendment)	Leases
HKAS 36 (Amendment)	Impairment of Assets

The adoption of the above amended standards and interpretations did not have any material impact on the Group's interim financial information except for disclosure and has not led to any changes in the accounting policies except disclosed elsewhere.

- (b) The following new standards, amendments and interpretations to existing standards have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

		<b>Effective for annual periods beginning on or after</b>
Amendment to HKAS 32	Classification of rights issues	1 February 2010
HK(IFRIC) — Int 19	Extinguishing financial liabilities with equity instruments	1 July 2010
Amendment to HKFRS 1	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters	1 July 2010
HKAS 24 (Revised)	Related party disclosures	1 January 2011
Amendments to HK(IFRIC) — Int 14	Prepayments of a minimum funding requirement	1 January 2011
HKFRSs (Amendments)	Third improvements to HKFRSs (2010)	1 January 2011
HKFRS 9	Financial instruments	1 January 2013

Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 4. SEGMENT INFORMATION

The chief operating decision maker has been identified as the executive directors that make strategic decisions.

The Group is principally engaged in the provision of internet advertising services for different commodities. The chief operating decision maker reviews 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 maker considers the business from the performance of the internet advertising generated from different internet portals which it operates. As all revenues of the Group are generated from customers in the PRC, it is not further evaluated on a geographic basis.

The chief operating decision maker assesses the performance of the operating segments based on revenue derived from its different internet portals. The reportable operating segments derive their revenue primarily from the two major portals, namely PConline and PCauto. The Company currently does not allocate cost of revenue, operating costs or assets to its segments, as its chief operating decision maker does 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 for each reportable segment and total assets.

Other segments relate to revenues generated from other portals, including on-line game, lady and kids products, e-commerce and other services.

There were no inter-segment sales for the six months ended 30 June 2010 (six months ended 30 June 2009: same). The revenue from external parties reported to the chief operating decision maker is measured in a manner consistent with that in the condensed consolidated income statement.

	<b>PConline</b> <b>RMB'000</b>	<b>PCauto</b> <b>RMB'000</b>	<b>Other</b> <b>RMB'000</b>	<b>Group</b> <b>RMB'000</b>
<b>For the six months ended 30 June 2010</b>				
Revenue	90,019	93,085	19,494	202,598
<b>For the six months ended 30 June 2009</b>				
Revenue	75,192	57,248	9,394	141,834

Though the Company is domiciled in the Cayman Islands, for the six months ended 30 June 2010, all revenues of the Group were derived from external customers and they were all generated from the PRC (six months ended 30 June 2009: same).

As at 30 June 2010, the total non-current assets of the Group were all located in the PRC (31 December 2009: same).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**4. SEGMENT INFORMATION (Continued)**

For the six months ended 30 June 2010, there was no revenue derived from a single external customer accounting for ten per cent or more of the Group's revenues (six months ended 30 June 2009: same).

**5. FINANCE INCOME — NET**

	<b>Six months ended 30 June</b>	
	<b>2010</b> <b>RMB'000</b>	2009 RMB'000
Finance income		
— Interest income on short-term bank deposits	<b>1,981</b>	1,567
— Change in fair values of forward foreign exchange contracts	—	2,819
	<b>1,981</b>	4,386
Finance costs		
— Net foreign exchange losses	<b>(641)</b>	(585)
Finance income — net	<b>1,340</b>	3,801

**6. INCOME TAX EXPENSE**

	<b>Six months ended 30 June</b>	
	<b>2010</b> <b>RMB'000</b>	2009 RMB'000
PRC current income tax	<b>17,246</b>	8,008
Deferred income tax	<b>2,734</b>	2,681
Reversal of the over-provided withholding tax resulted from the different tax rates	<b>(13,038)</b>	—
	<b>6,942</b>	10,689

Income tax expense is recognized 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 profit tax. The subsidiaries of the Group incorporated in Hong Kong were not subject to Hong Kong profit tax as they had no assessable income arising in or derived from Hong Kong during the six months ended 30 June 2010 (six months ended 30 June 2009: same).

Current taxation primarily represents the provision for 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.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6. INCOME TAX EXPENSE (Continued)

Pursuant to the PRC Corporate Income Tax Law ("CIT Law"), the CIT rate for domestic enterprises and foreign invested enterprises is 25%. In addition, the CIT Law provides for, among others, a preferential tax rate of 15% for enterprises qualified as High and New Technology Enterprises ("HNTE"). Guangzhou Pacific Computer Information Consulting Co., Ltd. (廣州太平洋電腦信息諮詢有限公司, "GZP Computer") and Guangdong Pacific Internet Information Service Co., Ltd. (廣東太平洋互聯網信息服務有限公司, "GDP Internet"), the principal operating subsidiaries of the Company, were formally designated as HNTE under the CIT Law. As a result, GZP Computer and GDP Internet are subject to CIT at a rate of 15% in both 2009 and 2010. All the other PRC entities of the Group are subject to CIT at a rate of 25% (six months ended 30 June 2009: same) in accordance with the CIT Law.

Pursuant to the Detailed Implementation Regulations for implementation of the CIT Law, a 10% withholding tax rate will be levied on the dividends declared by the companies established in the PRC to their foreign investors starting from 1 January 2008. In 2010, based on the tax treaty entered into between the PRC and Hong Kong, the local tax bureau of GZP Computer formally approved that 5% beneficial withholding tax rate is applicable to the dividends declared by GZP Computer to its immediate holding company incorporated in Hong Kong from its retained profits since 2008. Dividends coming from the profit generated by GZP Computer after 1 January 2011 shall be subject to next application for the 5% beneficial withholding tax rate. As a result, the over-provided withholding tax of RMB13,038,000 resulted from the different tax rates (between 10% withholding tax rate previously used by GZP Computer on its 2008 and 2009 retained profits and the 5% beneficial withholding tax rate) has been reversed in the six months ended 30 June 2010.

### 7. 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. In determining the weighted average number of ordinary shares in issue for the six months ended 30 June 2009 and 2010, the 46,420,000 bonus shares (Note 12(b)) issued in 2010 were treated as if it had occurred prior to 1 January 2009, the earliest period presented.

	Six months ended 30 June	
	2010	2009 Restated
Profit attributable to equity holders of the Company (RMB'000)	72,938	44,371
Weighted average number of ordinary shares in issue (thousand shares)	925,479	923,710
Impact of bonus issue of shares (thousand shares)	46,420	46,186
Weighted average number of ordinary shares for basic earnings per share (thousand shares)	971,899	969,896
Basic earnings per share (RMB)	7.50 cents	4.57 cents

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**7. EARNINGS PER SHARE (Continued)****(b) Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Due to the fact that the exercise price for certain options granted are higher than the average market price, the impact had not been included in the calculation of diluted earnings per share.

	<b>Six months ended 30 June</b>	
	<b>2010</b>	2009 Restated
Profit attributable to equity holders of the Company (RMB'000)	<b>72,938</b>	44,371
Weighted average number of ordinary shares for basic earnings per share (thousand shares)	<b>971,899</b>	969,896
Adjustments for — share options (thousand shares)	<b>12,411</b>	—
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	<b>984,310</b>	969,896
Diluted earnings per share (RMB)	<b>7.41 cents</b>	4.57 cents

The weighted average number of ordinary shares used in the calculation of diluted earnings per share has taken into account the impact of bonus issue of shares as disclosed above.

**8. DIVIDENDS**

The directors did not recommend the payment of interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: nil).

Final cash dividend relates to the year ended 31 December 2009 amounting to RMB94,993,000 was paid in May 2010.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 9. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	<b>Property, plant and equipment RMB'000</b>	<b>Intangible assets RMB'000</b>
<b>Six months ended 30 June 2009</b>		
Opening net book amount as at 1 January 2009	13,540	947
Additions	1,190	296
Disposals	(11)	—
Depreciation and amortization	(2,029)	(463)
Closing net book amount as at 30 June 2009	12,690	780
<b>Six months ended 30 June 2010</b>		
Opening net book amount as at 1 January 2010	12,534	9,321
Additions	2,144	197
Disposals	(8)	—
Depreciation and amortization	(2,011)	(256)
Closing net book amount as at 30 June 2010	12,659	9,262



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 10. DEFERRED INCOME TAX

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates of 15% or 25% (31 December 2009: same) which are expected to apply to the period when the assets are realised.

**Deferred income tax assets**

	<b>As at 30 June 2010 RMB'000</b>	As at 31 December 2009 RMB'000
Deferred income tax assets:		
— to be recovered after more than 12 months	5,887	4,330
— to be recovered within 12 months	371	513
	<b>6,258</b>	<b>4,843</b>

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

	<b>Intra-group software sales RMB'000</b>	<b>Provision for impairment of trade receivables RMB'000</b>	<b>Provision for tax losses RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2009	860	1,593	332	2,785
(Charged)/credited to the income statement	(13)	696	1,375	2,058
At 31 December 2009	847	2,289	1,707	4,843
(Charged)/credited to the income statement	(327)	285	1,457	1,415
At 30 June 2010	520	2,574	3,164	6,258

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 10. DEFERRED INCOME TAX (Continued)

#### Deferred income tax liabilities

	<b>As at 30 June 2010 RMB'000</b>	As at 31 December 2009 RMB'000
Deferred income tax liabilities: — to be recovered within 12 months	4,149	—
	4,149	—

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

	<b>Deferred income tax liabilities — withholding tax RMB'000</b>
At 31 December 2009	—
Charged to the income statement	4,149
At 30 June 2010	4,149

As at 30 June 2010, the deferred income tax liabilities represented the withholding tax provided for the earnings anticipated to be remitted abroad from a PRC subsidiary of the Group.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 11. TRADE AND OTHER RECEIVABLES

	<b>As at 30 June 2010 RMB'000</b>	As at 31 December 2009 RMB'000
Trade receivables, net of impairment provision	<b>168,173</b>	133,164
Receivables from related parties	<b>423</b>	423
Other receivables	<b>2,317</b>	2,185
	<b>170,913</b>	135,772

**Trade receivables**

Credit terms granted to customers by the Group are generally within six months. As at 30 June 2010, the ageing analysis of the trade receivables was as follows:

	<b>As at 30 June 2010 RMB'000</b>	As at 31 December 2009 RMB'000
Current to 6 months	<b>148,002</b>	113,477
6 months to 1 year	<b>18,491</b>	17,946
1 year to 2 years	<b>1,680</b>	1,741
	<b>168,173</b>	133,164

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 12. ORDINARY SHARES

	<b>Authorised ordinary shares</b>		
	<b>Number of shares (‘000)</b>	<b>HK\$’000</b>	<b>RMB’000</b>
At 31 December 2009 and 30 June 2010	100,000,000	1,000,000	969,200
	<b>Issued and fully paid up</b>		
	<b>Number of shares (‘000)</b>	<b>HK\$’000</b>	<b>RMB’000</b>
<b>At 1 January 2010</b>	923,710	9,237	8,737
Employees share option scheme			
— issued shares (a)	4,784	48	42
Bonus issue of shares (b)	46,420	464	407
<b>At 30 June 2010</b>	974,914	9,749	9,186

- (a) Share options exercised during the six months ended 30 June 2010 resulted in 4,784,000 shares being issued (six months ended 30 June 2009: nil), with exercise proceeds of HK\$7,272,000 (equivalent to RMB6,366,000). The nominal value of these shares of HK\$48,000 (equivalent to RMB42,000) and the premium of HK\$7,224,000 (equivalent to RMB6,324,000) had been credited to ordinary shares and share premium, respectively. The related weighted average price at the time of exercise was HK\$2.45 per share.
- (b) At the Annual General Meeting held on 24 May 2010, shareholders of the Company approved a bonus issue of shares on the basis of one new share for every twenty existing issued shares held. As a result, the ordinary shares in issue increased by 46,420,000 shares, representing an increase in share capital of the Company by HK\$464,000 (equivalent to RMB407,000) with a corresponding amount of reduction in retained earnings.

All the ordinary shares issued during the six months ended 30 June 2010 rank pari passu with the then existing ordinary shares in all respects.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 13. ACCRUALS AND OTHER PAYABLES

	<b>As at 30 June 2010 RMB'000</b>	As at 31 December 2009 RMB'000
Salaries payable	17,471	20,374
Accrued expenses (a)	28,192	19,254
Other payables (b)	15,910	21,817
	<b>61,573</b>	61,445

- (a) Accrued expenses mainly represented accrued sales commission fees payable to advertising agencies.
- (b) Other payables mainly represented business tax and other levies payable.

## 14. SHARE OPTION PLAN

Options were granted to directors and selected employees according to their contribution to the Group. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

**(a) Pre-IPO Share Option Plan**

On 23 November 2007, the Company granted share options to directors and selected employees under a Pre-IPO Share Option Plan, under which the option holders are entitled to acquire an aggregate of 49,929,000 shares of the Company. All options under the Pre-IPO Share Option Plan had been granted.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 14. SHARE OPTION PLAN (Continued)

#### (b) Post-IPO Share Option Plan

Pursuant to a shareholders' resolution passed on 23 November 2007, the Company also adopted a Post-IPO Share Option Plan for the primary purpose of providing incentives and/or reward to directors, employees, consultants and advisers of the Group (collectively referred as "Eligible Person"). Under the Post-IPO Share Option Plan, the Board of the Company may grant options to Eligible Person to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Post-IPO Share Option Plan is not permitted to exceed, in aggregate, 95,000,000 shares of the Company, without prior approval obtained from the Company's shareholders. The number of shares issued and to be issued in respect of these options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval obtained from the Company's shareholders. Options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's share capital and with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up by the Eligible Person within 28 days of the date of offer, upon payment of HK\$1 per grant. Options may be exercised at any time during the option period, which should not be more than 10 years from the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the share for the five business dates immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

On 12 April, 14 April and 18 May 2010, the Company granted share options to selected directors and employees under the Post-IPO Share Option Plan. The grantees are entitled to acquire an aggregate of 15,633,000 (note 14(c)) shares of the Company.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 14. SHARE OPTION PLAN (Continued)

## (c) Movements in share options

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Pre-IPO Share Option Plan		Post-IPO Share Option Plan		Total No. of options (thousands)
	Average exercise price (HK\$)	No. of options (thousands)	Average exercise price (HK\$)	No. of options (thousands)	
At 1 January 2010	1.92	40,792	1.57	14,963	55,755
Granted	—	—	3.09	15,633	15,633
Exercised	1.52	(4,784)	—	—	(4,784)
Forfeited	1.92	(36)	1.51	(270)	(306)
Adjustment for bonus issue of shares	—	1,771	—	1,520	3,291
At 30 June 2010	1.88	37,743	2.24	31,846	69,589
Currently exercisable as at 30 June 2010	1.45	9,232	—	—	9,232

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 14. SHARE OPTION PLAN (Continued)

#### (d) Outstanding share options

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Expiry date	Exercise price in HK\$ per share	Options (thousands)	
		As at 30 June 2010	As at 31 December 2009
Pre-IPO Share Option Plan			
— 22 November 2017	1.45	9,232	13,598
— 22 November 2017	1.88	14,237	13,598
— 22 November 2017	2.16	14,274	13,596
Post-IPO Share Option Plan			
— 11 April 2014	2.95	13,241	—
— 13 April 2014	2.89	797	—
— 17 May 2014	1.44	12,027	11,740
— 17 May 2014	2.92	2,390	—
— 5 July 2014	1.72	3,391	3,223
		<b>69,589</b>	<b>55,755</b>



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**14. SHARE OPTION PLAN (Continued)****(e) Fair values of options**

The fair value of options granted on 23 November 2007 under Pre-IPO Share Option Plan determined using the Binomial valuation model was approximately RMB19.8 million.

The fair values of options granted under Post-IPO Share Option Plan determined using the Trinomial valuation model was approximately RMB16.6 million.

**15. CAPITAL COMMITMENTS**

Capital expenditure authorised but not contracted for and not yet incurred at the end of the period is as follows:

	<b>As at 30 June 2010 RMB'000</b>	As at 31 December 2009 RMB'000
Purchase of property	<b>148,650</b>	148,650

On 28 January 2010, GZP Computer (the "Purchaser") and Administrative Committee of Tianhe Software Park (the "Vendor") entered into a sale and purchase agreement, pursuant to which the Vendor shall sell and the purchaser shall acquire the property in No. 115, Gaopu Road, Gaotang Software Station, Tianhe District, Guangzhou, the PRC with a total gross floor area of approximately 29,730 square meters at a total consideration of RMB148,650,000. Subsequent to 30 June 2010, the Group has paid the consideration of RMB104,055,000 to the Vendor.

**16. RELATED PARTY TRANSACTIONS**

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 16. RELATED PARTY TRANSACTIONS (Continued)

#### (a) Name and relationship with related parties

Name	Relationship
Mr. Wang Ko Chiang ("Mr. Wang")	Substantial shareholder
Kexim Company Limited ("Kexim")	Controlled by Mr. Wang
Guangdong Pacific Electronic Technology Mall Company Limited (廣東太平洋電子科技廣場有限公司, "GPET Mall")	Controlled by Mr. Wang
Shanghai Huanyu Pacific Digital Consulting Co., Ltd. (上海環宇太平洋數碼諮詢有限公司, "SHPD Consulting")	Controlled by Mr. Wang
Shanghai Huanyu Pacific Digital Technology Company Limited (上海環宇太平洋數碼科技有限公司, "SHPD Technology")	Controlled by Mr. Wang
Beijing University Pacific Electronic Technology Company Limited (北京北大太平洋電子科技有限公司, "BUPE Technology")	Controlled by Mr. Wang

#### (b) Related party transactions

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

	<b>Six months ended 30 June</b>	
	<b>2010</b>	2009
	<b>RMB'000</b>	RMB'000
Rental expenses for office and advertising billboards paid/payable:		
GPET Mall	<b>1,495</b>	1,871
SHPD Consulting	<b>387</b>	387
BUPE Technology	<b>113</b>	113
Kexim	<b>99</b>	104
SHPD Technology	<b>36</b>	36
	<b>2,130</b>	2,511

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

### 17. EVENTS AFTER THE BALANCE SHEET DATE

Save as disclosed in note 15, there were no significant post balance sheet events up to the date of approval of the financial information.

## MANAGEMENT DISCUSSION AND ANALYSIS

### REVENUE

Revenue increased by 43% from RMB141.8 million for the six months ended 30 June 2009 to RMB202.6 million for the six months ended 30 June 2010. Revenue for POnline, the Group's information technology ("IT") and consumer electronics portal, increased by 20% from RMB75.2 million for the six months ended 30 June 2009 to RMB90.0 million for the six months ended 30 June 2010. The increase in revenue from POnline was due to higher advertising spending from IT manufacturers. Revenue for PCauto, the Group's automobile portal, increased by 63% from RMB57.2 million for the six months ended 30 June 2009 to RMB93.1 million for the six months ended 30 June 2010. The increase in revenue from PCauto was due to the strong growth of the automobile industry in China. Revenue for the Group's other operations, such as games, lady, baby portals and others, increased by 108%. Revenues from these other segments are increasing significantly as consumer goods companies start to experiment with and direct a greater share of their advertising budgets to internet advertising. POnline and PCauto still accounted for the majority of the Group's total revenue, at 90%; however, Pacific Online's diversification strategy is proving beneficial as new revenue sources start to supplement and offset risks from the Group's main verticals.

### COST OF REVENUE

Cost of revenue increased by 43% from RMB43.2 million for the six months ended 30 June 2009 to RMB61.6 million for the six months ended 30 June 2010. Gross profit margin for the first half of 2010 was 70%, which was stable compared to the first half of 2009. The increase in cost of revenue was proportional to the revenue growth.

### SELLING AND MARKETING COSTS

Selling and marketing costs increased by 50% from RMB20.6 million for the six months ended 30 June 2009 to RMB31.0 million for the six months ended 30 June 2010. The increase was primarily due to an increase of marketing expenses to strengthen brand awareness of the Group's portals.

### ADMINISTRATIVE EXPENSES

Administrative expenses increased by 15% from RMB18.5 million for the six months ended 30 June 2009 to RMB21.3 million for the six months ended 30 June 2010. The increase was mainly due to an increase in professional fees and share-based compensation expenses.

### PRODUCT DEVELOPMENT EXPENSES

Product development expenses increased by 22% from RMB8.4 million for the six months ended 30 June 2009 to RMB10.2 million for the six months ended 30 June 2010. The increase was primarily due to an increase in staff costs as the Group expanded its research and development team.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATING PROFIT BEFORE SHARE-BASED COMPENSATION EXPENSES (NON-GAAP)

Operating profit before share-based compensation expenses (non-GAAP) was RMB83.0 million in the first half of 2010, representing 53% increase from RMB54.3 million over the same period in 2009.

### NET FINANCE INCOME

The Group realized a net finance income of RMB1.3 million for the six months ended 30 June 2010, compared with a net finance income of RMB3.8 million for the six months ended 30 June 2009. The net finance income was primarily attributed to interest income on short-term bank deposits.

### INCOME TAX EXPENSE

Income tax expense decreased by 35% from RMB10.7 million for the six months ended 30 June 2009 to RMB6.9 million for the six months ended 30 June 2010. The decrease was mainly due to a reversal of the over-provided withholding tax resulted from different tax rates.

### NET PROFIT

Net profit increased by 64% from RMB44.4 million for the six months ended 30 June 2009 to RMB72.9 million for the six months ended 30 June 2010.

### LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2010, the Group had financial resources in the form of short-term bank deposits and cash totalling RMB372.1 million, compared to RMB444.0 million in short-term bank deposits and cash as at 31 December 2009.

### BANK BORROWINGS

As at 30 June 2010, the Group did not have any bank borrowings and therefore, its gearing ratio, representing ratio of total bank borrowings to shareholders' equity, was nil (30 June 2009: same).

### ACQUISITION OF PROPERTY

In light of the development plan of the Group, the Board decided to establish its headquarters, research and development center, e-business platform operation center, as well as software and services contracting center in Guangzhou. In order to meet such development needs of the Group, in January 2010, GZP Computer acquired a property located at No. 115, Gaopu Road, Gaotang Software Station, Tianhe District, Guangzhou, the PRC at a total consideration of RMB148,650,000. Further details of the said acquisition are disclosed in the Company's announcement dated 28 January 2010.

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL ACQUISITION AND DISPOSALS

During the six months ended 30 June 2010, the Group had no material acquisitions and disposals of subsidiaries and associates.

### CHARGES ON ASSETS

As at 30 June 2010, the Group had no bank deposits or other assets pledged to secure its banking facilities.

### FOREIGN EXCHANGE RISK

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

### EMPLOYEE AND REMUNERATION INFORMATION

As at 30 June 2010, the Group had 860 employees (31 December 2009: 754). The Group determines staff remuneration based on factors such as qualifications and years of experience.

### BUSINESS OUTLOOK

The Group's outlook for the second half of 2010 continues to be promising. Growth in the first half of 2010 was driven by higher spending from both new and existing clients.

As the global economy continues to recover from the depths of the financial crisis, electronics manufacturers and other related IT companies are steadily increasing their online marketing spending to support new applications and products. This, in particular, is helping to drive growth of the Group's core PConline portal.

Auto sales in China are expected to show modest growth this year, down from 45 percent growth recorded for 2009. However, this modest slowdown benefits our industry leading automotive portal, PCauto, as greater competition among major auto brands and an increase in inventory pressures caused advertisers to increase spending to reach consumers. Our leading position in the automotive vertical will allow us to capture the strong demand from auto advertisers.

Looking ahead, management intends to continue to enhance the Group's research and development capabilities, invest in new technology and expand the content offering. Growth in the internet advertising industry remains robust, and the Group's management team is fully committed to driving sustainable growth by effectively executing its growth strategies.

## OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2010.

### 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. Louie Ming, has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of these interim results.

### CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices with a view to enhancing the management efficiency of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except that there is no separation of the role of Chairman and Chief Executive Officer. Mr. Lam Wai Yan currently assumes the role of both the Chairman and the Chief Executive Officer of the Company. As Mr. Lam is a co-founder of the Group and has extensive experiences 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

Pursuant to the shareholders' resolutions of the Company passed on 23 November 2007, the Company has adopted a Pre-IPO Share Option Plan and a Post-IPO Share Option Plan for the purpose of providing incentives and rewards to Eligible Person who contribute to the success of the Group's operations.

As a result of the bonus issue of shares of the Company ("Bonus Issue") as approved by the shareholders at the Annual General Meeting of the Company held on 24 May 2010, adjustments have been made to the exercise price and the number of shares to be allotted and issued upon exercise of the subscription rights attaching to the outstanding share options of the Company granted under the two share option plans of the Company.

## OTHER INFORMATION

During the six months ended 30 June 2010, movements of the two share option plans of the Company are as follows:

### (a) Pre-IPO Share Option Plan

Category	Date of grant	Exercise period	Adjusted exercise price per share	Number of share options				
				As at 1 January 2010	Exercised during the period	Lapsed during the period	Adjustment for Bonus Issue	As at 30 June 2010
Director								
Ms. Zhang Cong Min	23 November 2007	A	I	5,292,000	(1,500,000)	—	183,062	3,975,062
	23 November 2007	B	II	5,292,000	—	—	253,340	5,545,340
	23 November 2007	C	III	5,292,000	—	—	269,500	5,561,500
				15,876,000	(1,500,000)	—	705,902	15,081,902
Mr. Tsung Shih Kin, Samuel								
Mr. Tsung Shih Kin, Samuel	23 November 2007	A	I	1,004,333	(1,000,000)	—	209	4,542
	23 November 2007	B	II	1,004,333	—	—	48,080	1,052,413
	23 November 2007	C	III	1,004,334	—	—	51,147	1,055,481
				3,013,000	(1,000,000)	—	99,436	2,112,436
				18,889,000	(2,500,000)	—	805,338	17,194,338
Employees in aggregate								
Employees in aggregate	23 November 2007	A	I	7,302,000	(2,284,138)	(12,000)	246,159	5,252,021
	23 November 2007	B	II	7,302,000	—	(12,000)	348,990	7,638,990
	23 November 2007	C	III	7,299,000	—	(12,000)	371,097	7,658,097
				21,903,000	(2,284,138)	(36,000)	966,246	20,549,108
				40,792,000	(4,784,138)	(36,000)	1,771,584	37,743,446
Total								

Notes:

Exercise period	Adjusted exercise price
A: from 23 November 2009 to 22 November 2017	I: HK\$1.45
B: from 23 November 2010 to 22 November 2017	II: HK\$1.88
C: from 23 November 2011 to 22 November 2017	III: HK\$2.16

The vesting period of the share options is from the date of grant until the commencement of the exercise period.

No share options have been granted/cancelled under the Pre-IPO Share Option Plan during the six months ended 30 June 2010.

## OTHER INFORMATION

**(b) Post-IPO Share Option Plan**

Category	Date of grant	Exercise period	Adjusted exercise price per share	Number of share options					As at 30 June 2010
				As at 1 January 2010	Granted during the period	Exercised/ cancelled during the period	Lapsed during the period	Adjustment for Bonus Issue	
Director									
Mr. Lam Wai Yan	18 May 2009	A	I	1,100,000	—	—	—	53,472	1,153,472
	18 May 2009	B	I	1,100,000	—	—	—	53,472	1,153,472
	18 May 2009	C	I	1,100,000	—	—	—	53,472	1,153,472
				3,300,000	—	—	—	160,416	3,460,416
Mr. Wang Ta-Hsing	18 May 2009	A	I	1,000,000	—	—	—	48,611	1,048,611
	18 May 2009	B	I	1,000,000	—	—	—	48,611	1,048,611
	18 May 2009	C	I	1,000,000	—	—	—	48,611	1,048,611
				3,000,000	—	—	—	145,833	3,145,833
Ms. Zhang Cong Min	18 May 2009	A	I	1,660,000	—	—	—	80,694	1,740,694
	18 May 2009	B	I	1,660,000	—	—	—	80,695	1,740,695
	18 May 2009	C	I	1,680,000	—	—	—	81,667	1,761,667
	12 April 2010	G	III	—	600,000	—	—	30,508	630,508
	12 April 2010	H	III	—	600,000	—	—	30,508	630,508
	12 April 2010	I	III	—	600,000	—	—	30,509	630,509
				5,000,000	1,800,000	—	—	334,581	7,134,581
Mr. Tsung Shih Kin, Samuel	6 July 2009	D	II	500,000	—	—	—	26,162	526,162
	6 July 2009	E	II	500,000	—	—	—	26,163	526,163
	6 July 2009	F	II	500,000	—	—	—	26,163	526,163
	12 April 2010	G	III	—	400,000	—	—	20,339	420,339
	12 April 2010	H	III	—	400,000	—	—	20,339	420,339
	12 April 2010	I	III	—	400,000	—	—	20,339	420,339
				1,500,000	1,200,000	—	—	139,505	2,839,505
Mr. Tsui Yiu Wa, Alec	6 July 2009	D	II	66,000	—	—	—	3,453	69,453
	6 July 2009	E	II	67,000	—	—	—	3,506	70,506
	6 July 2009	F	II	67,000	—	—	—	3,506	70,506
				200,000	—	—	—	10,465	210,465
Mr. Thaddeus Thomas Beczak	6 July 2009	D	II	66,000	—	—	—	3,453	69,453
	6 July 2009	E	II	67,000	—	—	—	3,506	70,506
	6 July 2009	F	II	67,000	—	—	—	3,506	70,506
				200,000	—	—	—	10,465	210,465
Mr. Louie Ming	6 July 2009	D	II	66,000	—	—	—	3,453	69,453
	6 July 2009	E	II	67,000	—	—	—	3,506	70,506
	6 July 2009	F	II	67,000	—	—	—	3,506	70,506
				200,000	—	—	—	10,465	210,465
				13,400,000	3,000,000	—	—	811,730	17,211,730



## OTHER INFORMATION

## (b) Post-IPO Share Option Plan (Continued)

Category	Date of grant	Exercise period	Adjusted exercise price per share	Number of share options					
				As at 1 January 2010	Granted during the period	Exercised/ cancelled during the period	Lapsed during the period	Adjustment for Bonus Issue	As at 30 June 2010
Employees in aggregate	18 May 2009	A	I	440,000	—	—	(270,000)	8,264	178,264
	6 July 2009	D	II	1,123,000	—	—	—	58,762	1,181,762
	12 April 2010	G	III	—	3,200,000	—	—	162,710	3,362,710
	12 April 2010	H	III	—	3,200,000	—	—	162,713	3,362,713
	12 April 2010	I	III	—	3,200,000	—	—	162,713	3,362,713
	14 April 2010	J	IV	—	250,000	—	—	12,110	262,110
	14 April 2010	K	IV	—	250,000	—	—	12,111	262,111
	14 April 2010	L	IV	—	260,000	—	—	12,596	272,596
	18 May 2010	M	V	—	752,000	—	—	38,625	790,625
	18 May 2010	N	V	—	752,000	—	—	38,631	790,631
18 May 2010	O	V	—	769,000	—	—	39,508	808,508	
				1,563,000	12,633,000	—	(270,000)	708,743	14,634,743
Total				14,963,000	15,633,000	—	(270,000)	1,520,473	31,846,473

## Notes:

## Exercise period

A:	from 18 May 2011 to 17 May 2014
B:	from 18 May 2012 to 17 May 2014
C:	from 18 May 2013 to 17 May 2014
D:	from 6 July 2011 to 5 July 2014
E:	from 6 July 2012 to 5 July 2014
F:	from 6 July 2013 to 5 July 2014
G:	from 12 April 2011 to 11 April 2014
H:	from 12 April 2012 to 11 April 2014
I:	from 12 April 2013 to 11 April 2014
J:	from 14 April 2011 to 13 April 2014
K:	from 14 April 2012 to 13 April 2014
L:	from 14 April 2013 to 13 April 2014
M:	from 18 May 2011 to 17 May 2014
N:	from 18 May 2012 to 17 May 2014
O:	from 18 May 2013 to 17 May 2014

## Adjusted exercise price

I:	HK\$1.44
II:	HK\$1.72
III:	HK\$2.95
IV:	HK\$2.89
V:	HK\$2.92

The vesting period of the share options is from the date of grant until the commencement of the exercise period.

The adjusted closing prices of the shares of the Company immediately before the dates of grant on 12 April 2010, 14 April 2010 and 18 May 2010 were HK\$2.752, HK\$2.905 and HK\$2.880 respectively.

Further details of the two share option plans of the Company are set out in note 14 to the condensed consolidated interim financial information.

## OTHER INFORMATION

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

As at 30 June 2010, the interests of the directors of the Company in the shares and underlying shares of the Company and its associated corporation (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:

**(1) Interests in shares of the Company**

<b>Name of director</b>	<b>Long/Short position</b>	<b>Capacity</b>	<b>Number of ordinary shares in the Company</b>	<b>Note</b>	<b>Percentage of the Company's issued share capital<sup>†</sup></b>
Mr. Lam Wai Yan	Long	Interests held by a controlled corporation	269,404,800	(1)	27.63%
	Long	Interests held jointly with spouse	6,139,350	(2)	0.63%
			275,544,150	—	28.26%
Mr. Ho Kam Wah	Long	Interests held by a controlled corporation	90,316,800	(3)	9.26%
	Long	Beneficial owner	1,869,000	—	0.19%
	Long	Interests of spouse	1,409,100	(4)	0.15%
			93,594,900	—	9.60%
Ms. Zhang Cong Min	Long	Beneficial owner	3,360,000	—	0.34%
Mr. Tsung Shih Kin, Samuel	Long	Interests held jointly with spouse	1,260,000	(5)	0.13%

## Notes:

- (1) These shares were held by Pac Tech Investment Co. Ltd., a controlled corporation of Mr. Lam Wai Yan.
- (2) These shares were held jointly by Mr. Lam Wai Yan and his spouse, Ms. Ma Muk Lan.
- (3) These shares were held by Treasure Field Holdings Limited, a controlled corporation of Mr. Ho Kam Wah.
- (4) Mr. Ho Kam Wah was deemed to be interested in 1,409,100 shares of the Company through the interests of his spouse, Ms. Yeung Yuk Chun.
- (5) These shares were held jointly by Mr. Tsung Shih Kin, Samuel and his spouse, Mrs. Tsung Lam Suk Yee, Fina.

<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 2010.



## OTHER INFORMATION

### (2) Interests in shares of associated corporation — GZ Yingxin Computer Technology Exchange Co., Ltd. ("GZ Yingxin")

Name of director	Long/Short position	Capacity	Number of shares in GZ Yingxin	Percentage of GZ Yingxin's issued share capital <sup>†</sup>
Ms. Zhang Cong Min	Long	Beneficial owner	2,280,000	40%

<sup>†</sup> The percentage represents the number of shares interested divided by the number of GZ Yingxin's issued shares as at 30 June 2010.

### (3) Interests in underlying shares of the Company — physically settled unlisted equity derivatives

Name of director	Long/Short position	Capacity	Number of underlying shares in respect of the share options granted	Percentage of the underlying shares over the Company's issued share capital <sup>†</sup>
Mr. Lam Wai Yan	Long	Beneficial owner	3,460,416	0.36%
Mr. Wang Ta-Hsing	Long	Beneficial owner	3,145,833	0.32%
Ms. Zhang Cong Min	Long	Beneficial owner	22,216,483	2.28%
Mr. Tsung Shih Kin, Samuel	Long	Beneficial owner	4,951,941	0.50%
Mr. Tsui Yiu Wa, Alec	Long	Beneficial owner	210,465	0.02%
Mr. Thaddeus Thomas Beczak	Long	Beneficial owner	210,465	0.02%
Mr. Louie Ming	Long	Beneficial owner	210,465	0.02%

Note: Details of the above share options as required by the Listing Rules have been disclosed in above section headed "Share Option Plan" and note 14 to the condensed consolidated interim financial information.

<sup>†</sup> The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 June 2010.

Save as disclosed above and in the above section headed "Share Option Plan", as at 30 June 2010, none of the directors or chief executives of the Company had any interests or short positions in the shares, 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.

## OTHER INFORMATION

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

As at 30 June 2010, 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:

**(1) Interests in shares of the Company**

<b>Name of substantial shareholder</b>	<b>Long/Short position</b>	<b>Capacity</b>	<b>Number of ordinary shares in the Company</b>	<b>Note</b>	<b>Percentage of the Company's issued share capital<sup>†</sup></b>
Pac Tech Investment Co. Ltd.	Long	Beneficial owner	269,404,800	(1)	27.63%
Ms. Ma Muk Lan	Long	Interests of spouse	269,404,800	(2)	27.63%
	Long	Interests held jointly with another person	6,139,350	(3)	0.63%
			275,544,150	—	28.26%
Gallop Assets Management Limited	Long	Beneficial owner	269,247,300	(4)	27.61%
J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Gallop Trust	Long	Trustee	269,247,300	(4)	27.61%
Mr. Wang Ko Chiang	Long	Founder of a discretionary trust	269,247,300	(4)	27.61%
Mrs. Wang Tang Shi Ming	Long	Interests of spouse	269,247,300	(5)	27.61%
Treasure Field Holdings Limited	Long	Beneficial owner	90,316,800	(6)	9.26%
Ms. Yeung Yuk Chun	Long	Interests of spouse	92,185,800	(7)	9.45%
	Long	Beneficial owner	1,409,100	—	0.15%
			93,594,900	—	9.60%

## OTHER INFORMATION

### Notes:

- (1) The interests of Pac Tech Investment Co. Ltd. was also disclosed as the interests of Mr. Lam Wai Yan in the above section headed "Directors' interests in the shares and underlying shares of the Company and its associated corporation".
- (2) Ms. Ma Muk Lan was deemed to be interested in 269,404,800 shares of the Company through the interests of her spouse, Mr. Lam Wai Yan.
- (3) These shares were held jointly by Ms. Ma Muk Lan and her spouse, Mr. Lam Wai Yan.
- (4) 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, a discretionary trust founded by Mr. Wang Ko Chiang. As such, J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Gallop Trust was deemed to be interested in 269,247,300 shares of the Company held by Gallop Assets Management Limited.

Accordingly, Mr. Wang Ko Chiang, as the founder of The Gallop Trust was deemed to be interested in 269,247,300 shares of the Company held by Gallop Assets Management Limited.

- (5) Mrs. Wang Tang Shi Ming was deemed to be interested in 269,247,300 shares of the Company through the interests of her spouse, Mr. Wang Ko Chiang.
  - (6) 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 corporation".
  - (7) Ms. Yeung Yuk Chun was deemed to be interested in 92,185,800 shares of the Company through the interests of her spouse, 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 2010.

## OTHER INFORMATION

### (2) Interests in underlying shares of the Company — physically settled unlisted equity derivatives

<b>Name of Substantial Shareholder</b>	<b>Long/Short position</b>	<b>Capacity</b>	<b>Number of underlying shares in respect of the share options granted</b>	<b>Percentage of the underlying shares over the Company's issued share capital<sup>†</sup></b>
Ms. Ma Muk Lan	Long	Interests of spouse	3,460,416	0.36%

Note: Ms. Ma Muk Lan was deemed to be interested in 3,460,416 share options of the Company through the interests of her spouse, Mr. Lam Wai Yan. Details of the above share options as required by the Listing Rules have been disclosed in above section headed "Share Option Plan" and note 14 to the condensed consolidated interim financial information.

<sup>†</sup> The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 June 2010.

Save as disclosed above, as at 30 June 2010, no person, other than the directors of the Company who interests are set out in the above section headed "Directors' interests in the shares and underlying shares of the Company and its associated corporation", 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.

### UPDATE ON DIRECTOR'S INFORMATION UNDER RULE 13.51(B)(1) OF THE LISTING RULES

Mr. Tsui Yiu Wa, Alec, an independent non-executive director of the Company, has retired as an independent non-executive director of Greentown China Holdings Limited on 3 June 2010 and has resigned as an independent non-executive director of China Huiyuan Juice Group Limited on 13 July 2010 (both companies are listed on the Stock Exchange).

### 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.



## OTHER INFORMATION

### 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 be in possession of unpublished price sensitive information in relation to the Company or its securities. No incident of non-compliance of the Written Guidelines was noted by the Company throughout the accounting period covered by the interim report.

### APPRECIATION

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

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

Hong Kong, 23 August 2010