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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 REPORT 2013





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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

Independent Non-executive Directors

Mr. Tsui Yiu Wa, Alec
Mr. Thaddeus Thomas Beczak
Mr. Chan Chi Mong, Hopkins

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. Chan Chi Mong, Hopkins

REMUNERATION COMMITTEE

Mr. Tsui Yiu Wa, Alec *(Chairman)*
Mr. Thaddeus Thomas Beczak
Mr. Chan Chi Mong, Hopkins

NOMINATION COMMITTEE

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

PRINCIPAL BANKERS

Bank of China
China Construction Bank

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
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

115 Gaopu Road
Tianhe, Guangzhou
PRC
Postcode: 510663

PLACE OF BUSINESS IN HONG KONG

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

GROUP'S PORTAL ADDRESSES

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

WEBSITE ADDRESS

corp.pconline.com.cn

STOCK CODE

543

CONDENSED CONSOLIDATED INTERIM 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 2013 together with the comparative figures for the corresponding period of last year, as follows. These interim results have been reviewed by PricewaterhouseCoopers, the auditor 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 2013

	Note	Unaudited Six months ended 30 June	
		2013 RMB'000	2012 RMB'000
Revenue	6	340,971	298,174
Cost of revenue		(102,312)	(97,663)
Gross profit		238,659	200,511
Selling and marketing costs		(74,844)	(45,088)
Administrative expenses		(33,643)	(35,317)
Product development expenses		(22,547)	(17,200)
Other income		—	1,925
Operating profit		107,625	104,831
Finance income		6,278	3,070
Finance costs		—	(358)
Finance income — net	7	6,278	2,712
Profit before income tax		113,903	107,543
Income tax expense	8(a)	(24,538)	(22,514)
Profit for the period		89,365	85,029
Attributable to:			
Equity holders of the Company		89,365	85,029
Earnings per share for profit attributable to equity holders of the Company			
— basic (RMB)	9(a)	8.24 cents	7.83 cents
— diluted (RMB)	9(b)	8.07 cents	7.63 cents

The notes on pages 9 to 28 form an integral part of this condensed consolidated interim financial information.



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Profit for the period	89,365	85,029
Other comprehensive income for the period, net of tax	—	—
Total comprehensive income for the period	89,365	85,029
Attributable to:		
Equity holders of the Company	89,365	85,029

The notes on pages 9 to 28 form an integral part of this condensed consolidated interim financial information.



CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2013

	Note	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
ASSETS			
Non-current assets			
Lease prepayment		17,427	17,640
Property and equipment	11	204,313	209,042
Intangible assets	11	14,063	14,677
Deferred income tax assets	12	6,903	7,074
		242,706	248,433
Current assets			
Trade and other receivables and prepayments	13	361,855	260,434
Short-term bank deposits with original terms of over three months		117,486	2,583
Cash and cash equivalents		157,065	437,316
		636,406	700,333
Total assets		879,112	948,766
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	14	10,142	10,100
Reserves		706,074	772,447
Total equity		716,216	782,547

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

AS AT 30 JUNE 2013

	Note	Unaudited 30 June 2013 RMB'000	Audited 31 December 2012 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	12	5,590	—
Current liabilities			
Accruals and other payables	15	113,720	115,668
Prepaid advertising subscriptions from customers		16,878	18,261
Current income tax liabilities		26,708	32,290
		157,306	166,219
Total liabilities		162,896	166,219
Total equity and liabilities		879,112	948,766
Net current assets		479,100	534,114
Total assets less current liabilities		721,806	782,547

Lam Wai Yan
Director

Wang Ta-Hsing
Director

The notes on pages 9 to 28 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 2013

Unaudited										
Attributable to equity holders of the Company										
		Shares held								
	Note	Ordinary shares RMB'000	Share premium RMB'000	Merger reserve RMB'000	Capital redemption reserve RMB'000	Share-based compensation reserve RMB'000	for Share Award Scheme RMB'000	Statutory reserve funds RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2012		10,093	299,843	4	249	30,083	(8,605)	43,250	332,962	707,879
Comprehensive income										
Profit for the period		—	—	—	—	—	—	—	85,029	85,029
Other comprehensive income		—	—	—	—	—	—	—	—	—
Total comprehensive income		—	—	—	—	—	—	—	85,029	85,029
Cash dividends relating to 2011, paid in 2012	10	—	—	—	—	—	—	—	(160,572)	(160,572)
Repurchase of shares of the Company		(35)	(9,291)	—	35	—	—	—	(35)	(9,326)
Share Award Scheme										
— purchase of shares		—	—	—	—	—	(3,839)	—	—	(3,839)
— value of employee services	16(b)	—	—	—	—	2,219	—	—	—	2,219
— vesting of Awarded Shares		—	(944)	—	—	—	944	—	—	—
Employees share option schemes:										
— exercise of share options	14(a)	57	9,719	—	—	—	—	—	—	9,776
— value of employee services	16(a)	—	—	—	—	1,115	—	—	—	1,115
Balance at 30 June 2012		10,115	299,327	4	284	33,417	(11,500)	43,250	257,384	632,281
Balance at 1 January 2013		10,100	293,604	4	306	36,298	(9,819)	43,250	408,804	782,547
Comprehensive income										
Profit for the period		—	—	—	—	—	—	—	89,365	89,365
Other comprehensive income		—	—	—	—	—	—	—	—	—
Total comprehensive income		—	—	—	—	—	—	—	89,365	89,365
Cash dividends relating to 2012, paid in 2013	10	—	—	—	—	—	—	—	(165,858)	(165,858)
Share Award Scheme										
— value of employee services	16(b)	—	—	—	—	1,440	—	—	—	1,440
— vesting of Awarded Shares		—	(2,310)	—	—	—	2,310	—	—	—
Employees share option schemes:										
— exercise of share options	14(a)	42	8,208	—	—	—	—	—	—	8,250
— value of employee services	16(a)	—	—	—	—	472	—	—	—	472
Balance at 30 June 2013		10,142	299,502	4	306	38,210	(7,509)	43,250	332,311	716,216

The notes on pages 9 to 28 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Note	Unaudited	
		Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations		16,440	10,316
Income tax paid		(24,359)	(24,673)
Net cash used in operating activities		(7,919)	(14,357)
Cash flows from investing activities			
Purchase of property and equipment		(2,739)	(12,378)
Purchase of intangible assets		(1,170)	(91)
Increase in short-term bank deposits with original terms of over three months		(114,903)	(41)
Interest received		3,218	2,307
Net cash used in investing activities		(115,594)	(10,203)
Cash flows from financing activities			
Purchase of shares held for Share Award Scheme		—	(3,839)
Cash dividends paid	10	(165,858)	(160,572)
Proceeds from issuance of ordinary shares	14(a)	8,250	9,776
Repurchase of shares of the Company		—	(9,326)
Net cash used in financing activities		(157,608)	(163,961)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of period		437,316	429,658
Exchange gains/(losses) on cash and cash equivalents		870	(228)
Cash and cash equivalents at end of period		157,065	240,909

The notes on pages 9 to 28 form an integral part of this condensed consolidated interim financial information.



NOTES TO THE 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, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

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 (the "Stock Exchange") 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 by the Board on 27 August 2013.

The Interim Financial Information has been reviewed, but not audited.

2. BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard 34, 'Interim financial reporting'. The Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements of the Group for the year ended 31 December 2012, as described in those annual consolidated financial statements.

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

3. ACCOUNTING POLICIES (CONTINUED)

- (a) The following new standards, amendments to standards and interpretations are effective for the financial year beginning 1 January 2013:

HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurements
HKAS 1 (Amendment)	Presentation of financial statements
HKAS 19 (Amendment)	Employee benefits
HKAS 27 (Revised 2011)	Separate financial statements
HKAS 28 (Revised 2011)	Associates and joint ventures
HKFRS 1 (Amendment)	Government loans
HKFRS 7 (Amendment)	Disclosures — Offsetting financial assets and financial liabilities
HKFRSs (Amendments)	Fourth improvements to HKFRSs
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine

The adoption of the above new standards, amendments to standards and interpretations did not have any material impact on the Interim Financial Information of the Group except for disclosure and has not led to any changes in the accounting policies except disclosed elsewhere.

- (b) The following new standards, amendments to existing standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 32 (Amendment)	Financial instruments: Presentation — Offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non- financial assets	1 January 2014
HKAS 39 (Amendment)	Novation of derivatives	1 January 2014
HKFRS 10, HKFRS 12 (Amendment) and HKFRS 27 (revised 2011)	Investment entities	1 January 2014
HK(IFRIC)-Int 21	Levies	1 January 2014
HKFRS 9	Financial instruments	1 January 2015
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015

Management of the Group 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 INTERIM FINANCIAL INFORMATION

4. ESTIMATES

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

In preparing the Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

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

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of 31 December 2012.

For the six months ended 30 June 2013, there were no changes in any risk management policies.

5.2 Foreign exchange risk

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

At 30 June 2013, if RMB had strengthened by 0.5% against the HKD/USD with all other variables held constant, post tax profit for the period would have been RMB76,000 (six months ended 30 June 2012: RMB93,000) lower, mainly as a result of net foreign exchange losses in HKD/USD denominated cash at bank and other receivables as at 30 June 2013.

5.3 Liquidity risk

The Group aims to finance its operations with its own capital and earnings. It did not have any borrowings or credit facilities committed/utilised during the six months ended 30 June 2013. Management considers that the Group does not have significant liquidity risk.



NOTES TO THE INTERIM FINANCIAL INFORMATION

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

5.4 Fair value estimation

For the six months ended 30 June 2013, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

For the six months ended 30 June 2013, there were no reclassifications of financial assets.

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

6. SEGMENT INFORMATION

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

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

The chief operating decision makers consider the business from the performance of the internet advertising generated from different internet portals the Group 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 revenue derived from its different internet portals. The reportable operating segments derive their revenue primarily from the three major portals, namely PCauto, PConline and PClady. 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 for each reportable segment and total assets.

Revenue of other segment relates to those generated from other portals, including online game, baby and home products, and other services.

NOTES TO THE INTERIM FINANCIAL INFORMATION

6. SEGMENT INFORMATION (CONTINUED)

There were no inter-segment sales for the six months ended 30 June 2013 (six months ended 30 June 2012: nil). The revenue from external parties reported to the chief operating decision makers is measured in a manner consistent with that in the condensed consolidated income statement.

	PCauto RMB'000 (Unaudited)	POnline RMB'000 (Unaudited)	PClady RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Group RMB'000 (Unaudited)
For the six months ended 30 June 2013					
Revenue	175,753	110,854	32,990	21,374	340,971
For the six months ended 30 June 2012					
Revenue	145,463	112,914	24,342	15,455	298,174

Though the Company is domiciled in the Cayman Islands, for the six months ended 30 June 2013, all revenues of the Group were derived from external customers and they were all generated from the PRC (six months ended 30 June 2012: same).

As at 30 June 2013, majority of non-current assets of the Group other than the club membership included in the intangible assets were located in the PRC (31 December 2012: same).

For the six months ended 30 June 2013, there was no revenue derived from a single external customer accounting for ten percent or more of the Group's revenues (six months ended 30 June 2012: same).

NOTES TO THE INTERIM FINANCIAL INFORMATION

7. FINANCE INCOME — NET

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Finance income		
— Interest income	4,942	3,070
— Net foreign exchange gains	1,336	—
	6,278	3,070
Finance costs		
— Net foreign exchange losses	—	(358)
Finance income — net	6,278	2,712

8. TAX EXPENSE

(a) Income tax expense

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
PRC current tax	18,777	16,936
Deferred taxation	5,761	5,578
	24,538	22,514

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 2013 (six months ended 30 June 2012: same).

Current taxation primarily represented 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 INTERIM FINANCIAL INFORMATION

8. TAX EXPENSE (CONTINUED)

(a) Income tax expense (Continued)

Pursuant to the 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 designated as HNTE for the three years ending 31 December 2013 under the CIT Law. As a result, GZP Computer and GDP Internet are subject to CIT at a rate of 15% from 2011 to 2013. Consequently, GZP Computer and GDP Internet used 15% in the computation of deferred taxes as of 30 June 2013 and the current income tax charge for the six months then ended.

All other PRC entities of the Group are subject to CIT at a rate of 25% (six months ended 30 June 2012: same) in accordance with the CIT Law.

(b) Value-added tax and related taxes

The operations of the Group are also subject to the following taxes in the PRC:

Category	Tax rate	Basis of levy
Value-added tax ("VAT")	6%	Advertising income, offsetting by VAT on purchases
City construction tax	7%	Net VAT and Business Tax ("BT") payable amount
Educational surcharge	5%	Net VAT and BT payable amount

Pursuant to the pilot program for the transition from BT to VAT launched in the year of 2012, the advertising income of the Group in Shanghai, Beijing and Guangzhou is subject to VAT instead of BT for the six months ended 30 June 2013 (six months ended 30 June 2012: the advertising income in Shanghai is subject to VAT since 1 January 2012, all the other income of the Group in the PRC was subject to BT).

NOTES TO THE INTERIM FINANCIAL INFORMATION

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period (excluding the ordinary shares purchased by the Group and held for the Share Award Scheme (Note 16(b))).

	Unaudited Six months ended 30 June	
	2013	2012
Profit attributable to equity holders of the Company (RMB'000)	89,365	85,029
Weighted average number of ordinary shares for basic earnings per share (thousand shares)	1,084,040	1,086,321
Basic earnings per share (RMB)	8.24 cents	7.83 cents

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options and awarded shares granted by the Company (collectively forming the denominator for computing diluted earnings per share). No adjustment is made to earnings (numerator).

	Unaudited Six months ended 30 June	
	2013	2012
Profit attributable to equity holders of the Company (RMB'000)	89,365	85,029
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	1,106,947	1,114,425
— Weighted average number of ordinary shares for basic earnings per share (thousand shares)	1,084,040	1,086,321
— Adjustment for share options and awarded shares (thousand shares)	22,907	28,104
Diluted earnings per share (RMB)	8.07 cents	7.63 cents

NOTES TO THE INTERIM FINANCIAL INFORMATION

10. DIVIDENDS

The directors did not recommend the payment of interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

The dividend paid in the six months ended 30 June 2013 included the 2012 final cash dividend of RMB15.26 cents (six months ended 30 June 2012: RMB14.78 cents) per ordinary share out of the retained earnings, totalling RMB165,858,000 (six months ended 30 June 2012: RMB160,572,000), which has already excluded the dividend related to the ordinary shares held under the Share Award Scheme of RMB464,000 (six months ended 30 June 2012: RMB486,000).

11. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

	Property and equipment	Intangible assets
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Six months ended 30 June 2012		
Net book amount as at 1 January 2012	207,299	9,034
Additions	3,070	91
Disposals	(30)	—
Depreciation and amortisation	(6,511)	(169)
Net book amount as at 30 June 2012	203,828	8,956
Six months ended 30 June 2013		
Net book amount as at 1 January 2013	209,042	14,677
Additions	2,739	1,170
Disposals	(181)	—
Depreciation and amortisation	(7,287)	(1,784)
Net book amount as at 30 June 2013	204,313	14,063

NOTES TO THE INTERIM FINANCIAL INFORMATION

12. DEFERRED INCOME TAX

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates, which are enacted or substantively enacted and expected to apply to the period when the assets are realised.

Deferred income tax assets

	Unaudited As at 30 June 2013 RMB'000	Audited As at 31 December 2012 RMB'000
Deferred income tax assets:		
— to be recovered after more than 12 months	3,438	3,251
— to be recovered within 12 months	3,465	3,823
	6,903	7,074

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

	Advertising expenses in excess of allowance RMB'000 (Unaudited)	Provision for impairment of trade receivables RMB'000 (Unaudited)	Accrued salary expense RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2012	—	3,213	4,247	7,460
Credited/(Charged) to the income statement	—	1,206	(1,784)	(578)
At 30 June 2012	—	4,419	2,463	6,882
At 1 January 2013	—	3,251	3,823	7,074
Credited/(Charged) to the income statement	422	187	(780)	(171)
At 30 June 2013	422	3,438	3,043	6,903

NOTES TO THE INTERIM FINANCIAL INFORMATION

12. DEFERRED INCOME TAX (CONTINUED)

Deferred income tax liabilities

	Unaudited As at 30 June 2013 RMB'000	Audited As at 31 December 2012 RMB'000
Deferred income tax liabilities:		
— to be recovered within 12 months	5,590	—

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

	Deferred income tax liabilities- withholding tax RMB'000 (Unaudited)
At 1 January 2012	—
Charged to the income statement	5,000
At 30 June 2012	5,000
At 1 January 2013	—
Charged to the income statement	5,590
At 30 June 2013	5,590

As at 30 June 2013, 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.

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. If a foreign investor is incorporated in Hong Kong and meets the conditions or requirements under the double taxation arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

NOTES TO THE INTERIM FINANCIAL INFORMATION

13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade receivables, net of impairment provision

Credit terms granted to customers by the Group are generally within six months. As at 30 June 2013, the ageing analysis of the trade receivables (net of impairment provision of RMB13,752,000 (31 December 2012: RMB13,003,000)) was as follows:

	Unaudited As at 30 June 2013 RMB'000	Audited As at 31 December 2012 RMB'000
Current to 6 months	294,665	213,276
6 months to 1 year	46,916	33,394
1 year to 2 years	2,818	4,024
Above 2 years	19	88
	344,418	250,782

(b) Other receivables and prepayments

	Unaudited As at 30 June 2013 RMB'000	Audited As at 31 December 2012 RMB'000
Other receivables	12,047	5,904
Advance to employees	4,108	3,590
Prepayments	1,282	158
	17,437	9,652

NOTES TO THE INTERIM FINANCIAL INFORMATION

14. ORDINARY SHARES

	Authorised ordinary shares		
	Number of shares ('000)	HKD'000	RMB'000
At 31 December 2012 and 30 June 2013	100,000,000	1,000,000	969,200
	Issued and fully paid up		
	Number of shares ('000) (Unaudited)	HKD'000 (Unaudited)	RMB'000 (Unaudited)
At 1 January 2012	1,084,019	10,840	10,093
Employees share option schemes			
— issued shares (a)	6,504	65	57
Repurchase of shares of the Company	(3,672)	(37)	(35)
At 30 June 2012	1,086,851	10,868	10,115
At 1 January 2013	1,084,966	10,850	10,100
Employees share option schemes			
— issued shares (a)	5,261	53	42
At 30 June 2013	1,090,227	10,903	10,142

- (a) Share options exercised during the six months ended 30 June 2013 resulted in 5,261,000 shares being issued (six months ended 30 June 2012: 6,504,000 shares) with exercise proceeds of RMB8,250,000 (six months ended 30 June 2012: RMB9,776,000). The nominal value of these shares of RMB42,000 (six months ended 30 June 2012: RMB57,000) and the premium of RMB8,208,000 (six months ended 30 June 2012: RMB9,719,000) had been credited to ordinary shares and share premium accounts, respectively. The related weighted average price at the time of exercise was HKD3.12 per share (six months ended 30 June 2012: HKD3.41).

All the ordinary shares issued during the six months ended 30 June 2013 rank pari passu with the then existing ordinary shares in all respects.

NOTES TO THE INTERIM FINANCIAL INFORMATION

15. ACCRUALS AND OTHER PAYABLES

	Unaudited As at 30 June 2013 RMB'000	Audited As at 31 December 2012 RMB'000
Salaries payable	21,117	25,955
Accrued expenses (a)	67,262	51,890
Other payables (b)	25,341	37,823
	113,720	115,668

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

16. SHARE-BASED COMPENSATION COSTS

(a) 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.

(i) 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.

(ii) Post-IPO Share Option Plan

On 23 November 2007, the Company also adopted a Post-IPO Share Option Plan pursuant to which a total of 95,000,000 unissued shares of the Company were reserved and made available for grant of share options. In 2011, the Company refreshed the limit of the Post-IPO Share Option Plan to 98,130,880 ordinary shares. These shares, reserved for future grant of share options, represented 9% of the issued share capital of the Company as of 30 June 2013. 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 HKD5 million must be approved in advance by the Company's shareholders.

NOTES TO THE INTERIM FINANCIAL INFORMATION

16. SHARE-BASED COMPENSATION COSTS (CONTINUED)

(a) Share Option Plan (Continued)

(ii) Post-IPO Share Option Plan (Continued)

Options granted must be taken up by the option holders within 28 days of the date of offer, upon payment of HKD1 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 shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

(iii) Movements in share options

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

	Pre-IPO Share Option Plan		Post-IPO Share Option Plan		Total number of options (thousands) (Unaudited)
	Average exercise price (HKD) (Unaudited)	Number of options (thousands) (Unaudited)	Average exercise price (HKD) (Unaudited)	Number of options (thousands) (Unaudited)	
At 1 January 2012	1.73	33,812	2.01	29,233	63,045
Granted	—	—	—	—	—
Exercised	1.76	(2,893)	1.92	(3,611)	(6,504)
Forfeited	—	—	—	—	—
At 30 June 2012	1.72	30,919	1.92	25,622	56,541
Currently exercisable as at 30 June 2012	1.72	30,919	2.04	14,001	44,920
At 1 January 2013	1.72	30,523	2.03	25,466	55,989
Granted	—	—	—	—	—
Exercised	1.92	(1,743)	1.97	(3,518)	(5,261)
Forfeited	—	—	2.00	(774)	(774)
At 30 June 2013	1.71	28,780	2.02	21,174	49,954
Currently exercisable as at 30 June 2013	1.71	28,780	2.03	20,439	49,219

NOTES TO THE INTERIM FINANCIAL INFORMATION

16. SHARE-BASED COMPENSATION COSTS (CONTINUED)

(a) Share Option Plan (Continued)

(iv) Outstanding share options

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

Expiry date	30 June 2013		31 December 2012	
	Exercise price in HKD per share (Unaudited)	Number of options (thousands) (Unaudited)	Exercise price in HKD per share (Audited)	Number of options (thousands) (Audited)
Pre-IPO Share Option Plan				
— 22 November 2017	1.32	7,164	1.32	7,169
— 22 November 2017	1.71	10,297	1.71	10,553
— 22 November 2017	1.96	11,319	1.96	12,801
Post-IPO Share Option Plan				
— 11 April 2014	2.68	8,672	2.68	10,316
— 13 April 2014	2.63	872	2.63	873
— 17 May 2014	1.31	9,221	1.31	10,489
— 17 May 2014	2.65	1,191	2.65	1,909
— 5 July 2014	1.56	1,218	1.56	1,879
		49,954		55,989

(v) 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.

The total expenses recognised for employee services received in respect of the Pre-IPO Share Option Plan and Post-IPO Share Option Plan for the six months ended 30 June 2013 was RMB472,000 (six months ended 30 June 2012: RMB1,115,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION

16. SHARE-BASED COMPENSATION COSTS (CONTINUED)

(b) Share Award Scheme

On 10 January 2011 (the "Adoption Date"), the Board approved and adopted a restricted share award scheme (the "Share Award Scheme") in which selected employees of the Group are entitled to participate. The Group has set up a trust (the "Share Award Scheme Trust") for the purpose of administering the Share Award Scheme and holding shares awarded to the employees (the "Awarded Shares") before they vest. Unless early terminated by the Board, the Share Award Scheme shall be valid and effective for a term of ten years commencing on the Adoption Date.

The Board will implement the scheme in accordance with the terms of the scheme rules including providing necessary funds to the trustee for the purchase of shares up to 2.5% of the issued share capital of the Company as of the Adoption Date.

Employees are not entitled to dividends on any Awarded Shares that are not yet transferred to them.

Movements in the number of shares held for the Share Award Scheme for the six months ended 30 June 2013 were as follows:

	Shares held for the Share Award Scheme (thousands) (Unaudited)	Awarded Shares held by Trustee (thousands) (Unaudited)
At 1 January 2012	2,098	752
Purchased	1,500	—
Granted to employees	(907)	907
Forfeited	5	(5)
Vested	—	(313)
At 30 June 2012	2,696	1,341
At 1 January 2013	1,908	1,637
Granted to employees	(603)	603
Forfeited	65	(65)
Vested	—	(785)
At 30 June 2013	1,370	1,390

NOTES TO THE INTERIM FINANCIAL INFORMATION

16. SHARE-BASED COMPENSATION COSTS (CONTINUED)

(b) Share Award Scheme (Continued)

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

The fair value of the Awarded Shares was calculated based on market prices of the Company's shares as at the respective grant dates. The expected dividends during the vesting periods have been taken into account when assessing the fair value of the Awarded Shares.

The fair value of the Awarded Shares granted during the six months ended 30 June 2013 and their vesting period are as follows:

Date of grant	Total value of shares at grant date (HKD)	No. of shares granted (thousands)	Market price at grant date (HKD)	Vesting period
31 January 2013	1,857,240	603	3.08	1 year

The total expense recognised for employee services received in respect of the Share Award Scheme for the six months ended 30 June 2013 was RMB1,440,000 (six months ended 30 June 2012: RMB2,219,000).

During the six months ended 30 June 2013, the Share Award Scheme Trust received cash dividend amounting to RMB464,000 (six months ended 30 June 2012: RMB486,000) which will be used to pay for the fees of trust or purchase a maximum number of shares as specified by the Board.

NOTES TO THE INTERIM FINANCIAL INFORMATION

17. CAPITAL COMMITMENTS

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

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000
Purchase of property	60,853	—

On 24 June 2013, GZP Computer (the "Purchaser") and Shanghai Huatian Property Purchase Co., Ltd. (the "Vendor") entered into a pre-sale agreement, pursuant to which the Vendor shall sell and the Purchaser shall acquire a property in Shanghai, the PRC with a total consideration of RMB60,853,000. As up to 30 June 2013, the Group paid a deposit of RMB1,000,000 to the Vendor.

18. 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.

(a) Name and relationship with related parties

Name	Relationship
Mr. Wang Ko Chiang ("Mr. Wang")	Substantial shareholder
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 Technology Company Limited (上海環宇太平洋數碼科技有限公司, "SHPD Technology")	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
Kexim Company Limited ("Kexim")	Controlled by Mr. Wang
Beijing Pacific Times Property Management Co., Ltd (北京太平洋時代物業管理有限公司)	Controlled by Mr. Wang

NOTES TO THE INTERIM FINANCIAL INFORMATION

18. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Related party transactions

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

	Unaudited	
	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Rental expenses for office and advertising billboards paid:		
GPET Mall	875	995
SHPD Consulting	655	741
SHPD Technology	239	256
Kexim	108	107
	1,877	2,099
Property management for office paid:		
Beijing Pacific Times Property Management Co., Ltd	169	—

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



MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

Revenue increased by 14.4% from RMB298.2 million for the six months ended 30 June 2012 to RMB341.0 million for the six months ended 30 June 2013. In 2012, the Ministry of Finance in China launched a pilot program to gradually transition the taxation system from a business tax to a value-added tax. For the purpose of comparison, our reported revenue growth for the six months ended 30 June 2013 would have been 19.0% had the business tax remained applicable to our business during the six months ended 30 June 2013.

Revenue for PCauto increased by 20.8% from RMB145.5 million for the six months ended 30 June 2012 to RMB175.8 million for the six months ended 30 June 2013. The rise was primarily because demand for new cars in China remains robust and automobile manufacturers, dealers and other auto-related players continued to allocate more of their marketing budgets to digital media.

Revenue for PConline decreased by 1.8% from RMB112.9 million for the six months ended 30 June 2012 to RMB110.9 million for the six months ended 30 June 2013. The slight decline was primarily due to ongoing changes in the IT industry in China. While the Company saw a strong increase in demand for advertisements among smartphone and tablet manufacturers, laptop and desktop computer manufactures reduced their advertising budgets due to declining production and sales.

Revenue for PClady increased by 35.5% from RMB24.3 million for the six months ended 30 June 2012 to RMB33.0 million for the six months ended 30 June 2013. The rise was primarily due to the Company's success at attracting more advertisers, especially in the up-market and luxury segments, following improvements to the site's design and interface, and the addition of new content and subcategories, which attracted new users, especially from more mature audiences.

Revenue for the Company's other operations, PCgames, PCbaby, and PChouse increased by 38.3% from RMB15.5 million for the six months ended 30 June 2012 to RMB21.4 million for the six months ended 30 June 2013. The Company saw strong demand from advertisers for baby formula and diapers in the PCbaby portal, and it worked to upgrade the content and platforms of all of its up-and-coming portals.

As a percentage of total revenue, for the six month period ended 30 June 2012 compared with the six month period ended 30 June 2013, PCauto accounted for 48.8% versus 51.5%, respectively; PConline accounted for 37.8% versus 32.5% respectively; PClady accounted for 8.2% versus 9.7% respectively; and other operations accounted for 5.2% versus 6.3% respectively. The Group continued to diversify its revenue base across different industry segments.

COST OF REVENUE

Cost of revenue increased 4.8% from RMB97.7 million during the six months ended 30 June 2012 to RMB102.3 million during the same period in 2013. Gross profit margin increased from 67.2% during the six months ended 30 June 2012 to 70.0% during the same period in 2013. The increase in cost of revenue was due to an increase in staff costs and sales related expenses. This was partially offset by lower business tax following the implementation of the business tax/value-added tax reform policy.



MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING EXPENSES

Selling and Marketing Costs

Selling and marketing costs increased by 66.0% from RMB45.1 million for the six months ended 30 June 2012 to RMB74.8 million for the six months ended 30 June 2013. The increase was primarily due to increases in staff costs, as well as marketing expenses for brand development.

Administrative Expenses

Administrative expenses decreased by 4.7% from RMB35.3 million for the six months ended 30 June 2012 to RMB33.6 million for the six months ended 30 June 2013. The decrease was mainly due to a lower provision for impairment of receivables.

Product Development Expenses

Product development expenses increased by 31.1% from RMB17.2 million for the six months ended 30 June 2012 to RMB22.5 million for the six months ended 30 June 2013. The increase was primarily due to an increase in staff costs as the Group expanded its research and development team.

Operating Profit before Share-based Compensation Expenses (non-GAAP)

Operating profit before share-based compensation expenses (non-GAAP) was RMB109.5 million in the first half of 2013, representing a 1.3% increase from RMB108.2 million over the same period in 2012.

Finance Income and Costs

Net finance income was RMB6.3 million for the six months ended 30 June 2013, compared with RMB2.7 million for the six months ended 30 June 2012. Net finance income was mainly the result of interest income on short-term bank deposits.

Income Tax Expense

Income tax expense increased by 9.0% from RMB22.5 million for the six months ended 30 June 2012 to RMB24.5 million for the six months ended 30 June 2013.

Net Profit

Net profit increased by 5.1% from RMB85.0 million for the six months ended 30 June 2012, to RMB89.4 million for the six months ended 30 June 2013.

Liquidity, Financial Resources and Dividend

As of 30 June 2013, the Company had short-term bank deposits and cash totaling RMB274.6 million, compared with RMB439.9 million as of 31 December 2012. The decline in cash was primarily due to the payment of a cash dividend totaling RMB165.9 million during the six months ended 30 June 2013.

The Company had no external debt as of 31 December 2012 and 30 June 2013.



MANAGEMENT DISCUSSION AND ANALYSIS

BANK BORROWINGS

As of 30 June 2013, 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 2012.

ACQUISITION OF PROPERTY

The Group is currently leasing office premises in Shanghai. The Board believed that it is in the Group's long term interest to acquire its own office space. In June 2013, GZP Computer acquired a property located at 10th Floor, Block 2 of Huaxin Center, No. 711 Yishan Road, Xuhui District, Shanghai City, the PRC for a total consideration of RMB60,853,200. Further details about the acquisition were disclosed in the Company's announcement dated 24 June 2013.

MATERIAL ACQUISITIONS AND DISPOSALS

During the period ended 30 June 2013, the Group had no material acquisitions and disposals of subsidiaries and associates.

CHARGES ON ASSETS

As of 30 June 2013, 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 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 2013, the Group had 1,399 employees (31 December 2012: 1,268), an increase of 10.3% during the first half of 2013. The Group increased headcount to support its expansion in 2013. The Group determines staff's remuneration based on factors such as performance and years of experience.

BUSINESS OUTLOOK

Looking ahead, while it is expected that consumer spending in China will continue to grow and online advertising will keep becoming an ever more important outlet for brand promotion, the Group will continue adjust to intensifying competition in order to stay relevant and useful to online consumers in China. The Group will continue to add both content and functionality to its portals to ensure that consumers find the information they need while keeping them engaged for longer. The Group will also continue to invest in the development of mobile technology in order to capture the rapid growth of mobile users in China. However, with rising labour costs and increased promotional expenses that are needed to draw users to Group's portals, margins are expected to compress in the near term. None-the-less, with a debt-free balance sheet and strong ability to both grow revenues and generate cash, the Group will continue to enhance value for its shareholders over time.



OTHER INFORMATION

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

Neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2013.

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. Chan Chi Mong, Hopkins, 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 Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six months ended 30 June 2013, except that there is no separation of the role of chairman and chief executive as stipulated in the code provision A.2.1. 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

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 participants who contribute to the success of the Group's operations.

OTHER INFORMATION

During the six months ended 30 June 2013, 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 ⁽¹⁾	Exercise price per share	Number of share options			As at 30 June 2013
				As at 1 January 2013	Exercised during the period	Lapsed during the period	
Director							
Ms. Zhang Cong Min	23 November 2007	A	I	4,366,545	—	—	4,366,545
	23 November 2007	B	II	6,096,631	—	—	6,096,631
	23 November 2007	C	III	6,129,000	—	—	6,129,000
				16,592,176	—	—	16,592,176
Employees in aggregate							
	23 November 2007	A	I	2,802,821	(4,989)	—	2,797,832
	23 November 2007	B	II	4,456,236	(256,203)	—	4,200,033
	23 November 2007	C	III	6,672,060	(1,481,958)	—	5,190,102
				13,931,117	(1,743,150)	—	12,187,967
Total				30,523,293	(1,743,150)	—	28,780,143

Exercise period

- A: from 23 November 2009 to 22 November 2017
 B: from 23 November 2010 to 22 November 2017
 C: from 23 November 2011 to 22 November 2017

Exercise price

- I: HKD1.32
 II: HKD1.71
 III: HKD1.96

Notes:

- (1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (2) No share options have been granted/cancelled under the Pre-IPO Share Option Plan during the six months ended 30 June 2013.

OTHER INFORMATION

(b) Post-IPO Share Option Plan

Category	Date of grant	Exercise period ⁽¹⁾	Exercise price per share	Number of share options			As at 30 June 2013
				As at 1 January 2013	Exercised during the period	Lapsed during the period	
Director							
Mr. Lam Wai Yan	18 May 2009	C	I	1,267,939	(1,267,939)	—	—
				1,267,939	(1,267,939)	—	—
Mr. Wang Ta-Hsing	18 May 2009	A	I	1,152,671	—	—	1,152,671
	18 May 2009	B	I	1,152,672	—	—	1,152,672
	18 May 2009	C	I	1,152,672	—	—	1,152,672
				3,458,015	—	—	3,458,015
Ms. Zhang Cong Min	18 May 2009	A	I	1,913,434	—	—	1,913,434
	18 May 2009	B	I	1,913,436	—	—	1,913,436
	18 May 2009	C	I	1,936,489	—	—	1,936,489
	12 April 2010	G	III	694,029	—	—	694,029
	12 April 2010	H	III	694,030	—	—	694,030
	12 April 2010	I	III	694,030	—	—	694,030
				7,845,448	—	—	7,845,448
Mr. Tsui Yiu Wa, Alec	6 July 2009	D	II	76,576	—	—	76,576
	6 July 2009	E	II	77,737	—	—	77,737
	6 July 2009	F	II	77,738	—	—	77,738
				232,051	—	—	232,051
Mr. Thaddeus Thomas Beczak	6 July 2009	D	II	76,576	—	—	76,576
	6 July 2009	E	II	77,737	—	—	77,737
	6 July 2009	F	II	77,738	—	—	77,738
				232,051	—	—	232,051
				13,035,504	(1,267,939)	—	11,767,565
Employees in aggregate	6 July 2009	D	II	254,167	(80,128)	—	174,039
	6 July 2009	E	II	580,128	(580,128)	—	—
	6 July 2009	F	II	580,128	—	—	580,128
	12 April 2010	G	III	1,413,729	(268,103)	—	1,145,626
	12 April 2010	H	III	3,068,063	(569,849)	(153,844)	2,344,370
	12 April 2010	I	III	3,752,389	(342,941)	(309,998)	3,099,450
	14 April 2010	J	IV	286,871	—	—	286,871
	14 April 2010	K	IV	286,871	—	—	286,871
	14 April 2010	L	IV	299,544	—	(1,153)	298,391
	18 May 2010	M	V	284,779	(35,704)	—	249,075
	18 May 2010	N	V	733,325	(161,642)	(154,079)	417,604
	18 May 2010	O	V	890,885	(211,477)	(155,239)	524,169
				12,430,879	(2,249,972)	(774,313)	9,406,594
Total				25,466,383	(3,517,911)	(774,313)	21,174,159



OTHER INFORMATION

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

Exercise price

- I: HKD1.31
- II: HKD1.56
- III: HKD2.68
- IV: HKD2.63
- V: HKD2.65

Notes:

- (1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- (2) No share options have been granted/cancelled under the Post-IPO Share Option Plan during the six months ended 30 June 2013.

Further details of the two share option plans of the Company are set out in note 16(a) to the interim financial information.

OTHER INFORMATION

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

As at 30 June 2013, the interests of the directors of the Company in the shares and underlying shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(1) Interests in shares of the Company

Name of director	Long/Short position	Capacity	Number of ordinary shares in the Company	Note	Percentage of the Company's issued share capital [†]
Mr. Lam Wai Yan	Long	Interests held jointly with spouse	7,914,585	(1)	0.73%
	Long	Beneficial owner	300,149,976	—	27.53%
			308,064,561	—	28.26%
Mr. Ho Kam Wah	Long	Interests held by a controlled corporation	99,348,480	(2)	9.11%
	Long	Beneficial owner	2,055,900	—	0.19%
	Long	Interests of spouse	1,432,200	(3)	0.13%
			102,836,580	—	9.43%
Ms. Zhang Cong Min	Long	Beneficial owner	6,373,450	—	0.59%
Mr. Tsui Yiu Wa, Alec	Long	Beneficial owner	60,000	—	0.006%

Notes:

- (1) These shares were held jointly by Mr. Lam Wai Yan and his spouse, Ms. Ma Muk Lan.
- (2) These shares were held by Treasure Field Holdings Limited, a controlled corporation of Mr. Ho Kam Wah.
- (3) Mr. Ho Kam Wah was deemed to be interested in 1,432,200 shares of the Company through the interests of his spouse, Ms. Yeung Yuk Chun.

[†] The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2013.

(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[†]
Ms. Zhang Cong Min	Long	Beneficial owner	2,280,000	40%

[†] The percentage represents the number of shares interested divided by the number of GZ Yingxin's issued shares as at 30 June 2013.

(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[†]
Mr. Wang Ta-Hsing	Long	Beneficial owner	3,458,015	0.32%
Ms. Zhang Cong Min	Long	Beneficial owner	24,437,624	2.24%
Mr. Tsui Yiu Wa, Alec	Long	Beneficial owner	232,051	0.02%
Mr. Thaddeus Thomas Beczak	Long	Beneficial owner	232,051	0.02%

Note: Details of the above share options as required by the Listing Rules have been disclosed in the above section headed "Share Option Plan" and note 16(a) to the interim financial information.

[†] The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 30 June 2013.

Save as disclosed above and in the above section headed "Share Option Plan", as at 30 June 2013, none of the directors or chief executive 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 2013, the following persons (other than the directors and chief executives of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Interests in shares of the Company

Name of substantial shareholder	Long/ Short position	Capacity	Number of ordinary shares in the Company	Note	Percentage of the Company's issued share capital [†]
Ms. Ma Muk Lan	Long	Interests of spouse	300,149,976	(1)	27.53%
	Long	Interests held jointly with another person	7,914,585	(2)	0.73%
			308,064,561	—	28.26%
Gallop Assets Management Limited	Long	Beneficial owner	296,172,030	(3)	27.17%
J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Gallop Trust	Long	Trustee	296,172,030	(3)	27.17%
Mr. Wang Ko Chiang	Long	Founder of a discretionary trust	296,172,030	(3)	27.17%
	Long	Interests held by controlled corporations	540,000	(4)	0.05%
			296,712,030	—	27.22%
Mrs. Wang Tang Shi Ming	Long	Interests of spouse	296,612,030	(5)	27.21%
	Long	Interests held by a controlled corporation	100,000	(4)	0.01%
			296,712,030	—	27.22%
Treasure Field Holdings Limited	Long	Beneficial owner	99,348,480	(6)	9.11%
Ms. Yeung Yuk Chun	Long	Interests of spouse	101,404,380	(7)	9.30%
	Long	Beneficial owner	1,432,200	—	0.13%
			102,836,580	—	9.43%



OTHER INFORMATION

Notes:

- (1) Ms. Ma Muk Lan was deemed to be interested in 300,149,976 shares of the Company through the interests of her spouse, Mr. Lam Wai Yan.
- (2) These shares were held jointly by Ms. Ma Muk Lan and her spouse, Mr. Lam Wai Yan.
- (3) 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 296,172,030 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 296,172,030 shares of the Company held by Gallop Assets Management Limited.

- (4) 440,000 shares of the Company were held by South China Resources Development Consultants Limited, which was controlled by Cosmos Sky Investments Limited. Cosmos Sky Investments Limited was wholly owned by Mr. Wang Ko Chiang. Accordingly, Mr. Wang Ko Chiang was deemed to be interested in 440,000 shares of the Company held by South China Resources Development Consultants Limited.

The remaining 100,000 shares of the Company were held by Joy Way Co., Ltd., which was jointly owned by Mr. Wang Ko Chiang and Mrs. Wang Tang Shi Ming.

- (5) Mrs. Wang Tang Shi Ming was deemed to be interested in 296,612,030 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 101,404,380 shares of the Company through the interests of her spouse, Mr. Ho Kam Wah.

[†] The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2013.



OTHER INFORMATION

Save as disclosed above, as at 30 June 2013, no person, other than the directors of the Company whose interests are set out in the above section headed “Directors’ interests in the shares and underlying shares of the Company and its associated 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

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

APPRECIATION

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

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

Hong Kong, 27 August 2013