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Pacific Online Limited
太平洋網絡有限公司

ANNUAL REPORT 2024

Incorporated in the Cayman
Islands with limited liability

Stock Code : 543

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Mr. Tsui Yiu Wa, Alec
Mr. Thaddeus Thomas Beczak
Mr. Lam Wai Hon, Ambrose
Ms. Lee Kit Ying

COMPANY SECRETARY

Mr. Wong Huk Yung, Hudson

AUTHORISED REPRESENTATIVES

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

PRINCIPAL BANKERS

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road,
Grand Cayman KY1-1205
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road,
Grand Cayman
KY1-1205
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

115 Gaopu Road
Tianhe, Guangzhou
PRC
Postcode: 510663

PLACE OF BUSINESS IN HONG KONG

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

GROUP'S PORTAL ADDRESSES

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

WEBSITE ADDRESS

corp.pconline.com.cn

STOCK CODE

543

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of Pacific Online Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), I would like to present the performance of the Company for the 2024 fiscal year.

For the whole of 2024, the Company's revenue was RMB635.0 million, a decrease of 14.2% from last year and the profit attributable to equity holders was RMB43.7 million. During the reporting period, the increase in profit, despite a reduction in revenue, was in part attributable to cost-reducing measures, including eliminating underperforming lines of business, and lower staffing costs compared to prior years. Competition throughout 2024 has been significant, but we are encouraged by the progress we have made in the past year and believe that we are well positioned for the coming year.

Throughout 2024, artificial intelligence pushed the boundaries of our society and opened up new creative horizons for everyone. The Company has been diligent in finding new avenues to integrate AI into both the Company and the products and services we provide. Within the Company, we have seen the potential for AI to integrate into daily workflows to reduce costs, enable faster turnaround times, and increase our content generation quality and volume. Our products and services are also integrating AI to assist our clients to drive their customer relationship management and social media engagement, providing customers quantitative insights and data driven solutions to reach end users. In the coming year we believe that we are well positioned to continue to use AI to further reduce costs, develop new products and push the boundaries of our current business.

PCauto's revenue decreased by 14.4% compared to the year before and accounted for 87.1% of the total revenue of the Group. 2024 continued to be a difficult year for automobile manufacturers as profit margins remained low due to the continued domestic EV price competition; thereby limiting advertising and marketing spend. Throughout the year, PCauto has focused on increasing the production quality of content and investing in online-to-offline marketing events to drive increased engagement. New products delivered such as our Intelligent Driving Evaluation series and an increase in short video content broadcasts have been among the key growth drivers for engagement. Additionally, we have further developed our artificial intelligence driven products aimed at business customers to deliver greater value to our partners.

PConline's revenue decreased by 6.5% compared to the year before and accounted for 10.0% of the total revenue of the Group. Throughout 2024, consumer electronics manufacturers continued to limit advertising and take a cautious approach to product development. To compete in attracting and retaining consumers in different demographics, the Company has driven more online-to-offline marketing events in colleges and universities as well as coordinated large-scale offline events to attract users.

While we are aware of the significant challenges that lie ahead of us in 2025, we are encouraged by the positive results of the past year. We will continue to leverage AI both as a tool to make us more efficient and as a way forward to drive growth. We expect the coming year to be filled with uncertainty, but we are cautiously optimistic moving forward regarding our prospects.

Lam Wai Yan
Chairman

Hong Kong, 31 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

Revenue decreased 14.2% from RMB740.1 million for the year ended 31 December 2023 to RMB635.0 million for the year ended 31 December 2024.

Revenue for PCauto, the Group's automobile portal, decreased 14.4% from RMB646.4 million for the year ended 31 December 2023 to RMB553.1 million during the year ended 31 December 2024. The decrease in revenue for PCauto was due to decreased advertising spending from automobile manufacturers during the year. As a percentage of revenue, PCauto accounted for 87.3% during the year ended 31 December 2023 and 87.1% during the year ended 31 December 2024.

Revenue for PConline, the Group's IT and consumer electronics portal, decreased 6.5% from RMB67.8 million during the year ended 31 December 2023 to RMB63.4 million during the year ended 31 December 2024. The decrease was due to decline in demand from consumer electronics manufacturers. As a percentage of revenue, PConline accounted for 9.2% during the year ended 31 December 2023 and 10.0% during the year ended 31 December 2024.

Revenue from other operations, including PClady and PChouse portals, decreased by 28.5% from RMB25.9 million during the year ended 31 December 2023 to RMB18.5 million during the year ended 31 December 2024. The decrease was mainly due to the decrease in general consumption from these sectors. As a percentage of revenue, revenue from other operations accounted for 3.5% during the year ended 31 December 2023 and 2.9% during the year ended 31 December 2024.

COST OF REVENUE

Cost of revenue decreased 23.0% from RMB477.4 million during the year ended 31 December 2023 to RMB367.7 million during the year ended 31 December 2024. Gross profit margin was 35.5% during the year ended 31 December 2023 and 42.1% during the year ended 31 December 2024. The decrease in cost of revenue was mainly due to decrease in services commission to advertising agencies and outsourcing production costs.

SELLING AND MARKETING COSTS

Selling and marketing costs decreased 25.1% from RMB164.5 million during the year ended 31 December 2023 to RMB123.2 million during the year ended 31 December 2024. The decrease in selling and marketing expenses was mainly due to the decrease in advertising expenses and employee benefit expenses.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by 9.0% from RMB57.1 million during the year ended 31 December 2023 to RMB52.0 million during the year ended 31 December 2024, mainly due to decrease in staff costs and general office expenses during the year ended 31 December 2024.

PRODUCT DEVELOPMENT EXPENSES

Product development expenses decreased by 41.2% from RMB62.4 million during the year ended 31 December 2023 to RMB36.7 million during the year ended 31 December 2024. The decrease was primarily due to decrease in staff costs and general expenses in the Group's research and development team.

NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Net impairment losses on financial assets was RMB20.2 million during the year ended 31 December 2024 and RMB1.7 million during the year ended 31 December 2023. The increase in net impairment losses was mainly due to certain trade receivables identified with uncertainty in collection, which were individually assessed with provision recognised as well as there were longer account receivables outstanding during the period.

OTHER INCOME

Other income was RMB12.2 million during the year ended 31 December 2024 and RMB14.4 million during the year ended 31 December 2023. The decrease was mainly due to less rental income and government grants.

OTHER (LOSSES)/GAINS

Other losses was RMB2.2 million during the year ended 31 December 2024 and it mainly resulted from the fair value losses of a passive equity investment during the year, whereas other gains was RMB7.4 million during the year ended 31 December 2023.

FINANCE INCOME AND COST

Net finance income decreased 23.3% from RMB5.0 million during the year ended 31 December 2023 to RMB3.8 million during the year ended 31 December 2024. The decrease was mainly due to less bank interest income offsetting the decrease of net foreign exchange losses during the year ended 31 December 2024.

INCOME TAX EXPENSE

Income tax expenses was RMB5.3 million during the year ended 31 December 2024 and RMB35.7 million during the year ended 31 December 2023. The decrease was mainly due to the additional tax loss in the year ended 31 December 2023 not being recognized as deferred tax assets.

MANAGEMENT DISCUSSION AND ANALYSIS

NET PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS

Net profit attributable to equity holders was RMB43.7 million during the year ended 31 December 2024 and net loss attributable to equity holders was RMB32.3 million during the year ended 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 December 2024, the Group had short-term deposits and cash totaling RMB263.5 million, compared with RMB271.8 million as of 31 December 2023. In 2024, net cash generated from operating activities was RMB20.5 million, net cash generated from investing activities was RMB21.0 million, net cash used in financing activities was RMB49.6 million, with a net decrease in cash and cash equivalents of RMB8.1 million for year 2024. In 2023, net cash used in operating activities was RMB16.5 million, net cash generated from investing activities was RMB4.1 million, net cash used in financing activities was RMB114.2 million, with a net decrease in cash and cash equivalents of RMB126.6 million for year 2023. The Company had no external debt as of 31 December 2023 and 31 December 2024.

BANK BORROWINGS

As of both 31 December 2024 and 31 December 2023, 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 for both years.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2024, the Group disposed a subsidiary and recorded a net gain of RMB2.0 million.

CHARGES ON ASSETS

As at 31 December 2024, 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 currency risk was not considered to be significant.

EXECUTIVE DIRECTORS

Dr. Lam Wai Yan ("Dr. Lam"), aged 73, is an executive director, the Chairman of the Board and of the nomination committee and the Chief Executive Officer of the Company, a director of certain subsidiaries of the Company and a substantial shareholder of the Company. Dr. Lam obtained a bachelor's degree in Science from the University of Texas at EL PASO in 1975 and a doctor's degree in Professional Studies from Middlesex University in 2014. He has extensive local and overseas general management experience and has more than 20 years of experience in IT industry. He had been a vice president and director of Dean Witter Reynolds Inc. from 1979 to 1989 and a director of CLSA Limited (formerly known as "Credit Lyonnais Securities (Asia) Limited") from 1990 to 1991. Dr. Lam co-founded the Group and has played a key role in developing the businesses of the Group since 1997 and led the Group to become one of the leading specialized content portal in China.

Mr. Ho Kam Wah ("Mr. Ho"), aged 72, is an executive director of the Company and a director of certain subsidiaries of the Company. He is also a director and the controlling shareholder of Treasure Field Holdings Limited, a substantial shareholder of the Company. Mr. Ho obtained a bachelor's degree in Science from Illinois State University in 1976. He is principally involved in strategic planning and assisting in overall management and business development of the Group. Mr. Ho co-founded the Group and has played a major role in developing the businesses of the Group since 1997 and has an extensive management experience over 20 years in IT industry.

Mr. Wang Ta-Hsing ("Mr. Wang"), (alias: Wang Jeff Da-Shin), aged 50, is an executive director of the Company and a director of certain subsidiaries of the Company. He joined the Group in 2005. Mr. Wang obtained a bachelor's degree in Science from the University of California, Berkeley in 1998 and a master's degree in Business Administration from Columbia University in 2004. Mr. Wang is responsible for financing and accounting management of the Group.

DIRECTORS’ AND SENIOR MANAGEMENT’S PROFILES

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tsui Yiu Wa, Alec (“Mr. Tsui”), aged 75, is an independent non-executive director, the chairman of both the audit committee and remuneration committee and a member of the nomination committee of the Company. He joined the Group in November 2007. Mr. Tsui obtained a bachelor’s degree in Science (Industrial Engineering) and a master’s degree in Engineering (Industrial Engineering) from the University of Tennessee, Knoxville in 1975 and 1976, respectively. He attended the Programme for Senior Managers in Government at the John F. Kennedy School of Government, Harvard University in 1993. He has been a member of the Hong Kong Securities and Investment Institute (formerly known as “Hong Kong Securities Institute”) since 1998. Mr. Tsui has over 30 years’ extensive experience in finance and administration, corporate and strategic planning, information technology and human resources management, having served at various international companies. He held key positions at the Securities and Futures Commission of Hong Kong prior to joining the Hong Kong Stock Exchange in 1994 as an executive director of the finance and operations services division and becoming the chief executive in 1997. He was also the chairman of the Hong Kong Securities and Investment Institute from 2001 to 2004. He was an adviser and a council member of the Shenzhen Stock Exchange from July 2001 to June 2002.

Mr. Tsui was an independent non-executive director of DTXS Silk Road Investment Holdings Company Limited (a company listed on the Stock Exchange) and Melco Resorts and Entertainment (Philippines) Corporation (a company listed on Philippine Stock Exchange). Mr. Tsui acts as an independent non-executive director of the following listed companies:

Name of listed companies
COSCO SHIPPING International (Hong Kong) Co., Ltd.
ATA Creativity Global
Melco Resorts & Entertainment Limited
Hua Medicine
Brii Biosciences Limited

Mr. Thaddeus Thomas Beczak ("Mr. Beczak"), aged 74, is an independent non-executive director and a member of the audit committee, remuneration committee and nomination committee of the Company. He joined the Group in November 2007. Mr. Beczak graduated from Georgetown University (B.S.F.S.) and Columbia University (M.B.A.). He is a member of the board of advisers of the School of Foreign Service at Georgetown University.

Mr. Beczak was previously the vice chairman of China Renaissance Holdings Limited and chairman of China Renaissance Securities (Hong Kong) Limited until June 2014. Mr. Beczak was a senior advisor to Nomura International (Hong Kong) Limited and non-executive chairman of Nomura Asia Holding N.V. From September 1997 until December 2003, Mr. Beczak was a director of Kerry Holdings Limited. During this time he also held various board and operating positions within the group including deputy chairman of SCMP Holdings Limited and publisher of South China Morning Post Publishers Limited, deputy chairman of Shangri-La Asia Limited, deputy chairman of Kuok Philippines Properties (now known as "Shang Properties, Inc."), a director of China World Trade Center Limited and a director of Kerry Properties Limited. From November 1997 until December 2002, Mr. Beczak was the chairman of the Listing Committee of Hong Kong Stock Exchange and a member of board of directors of the Hong Kong Stock Exchange from 1998 until 2001. From June 2001 until May 2007, he was a member of the Advisory Committee of the Securities and Futures Commission in Hong Kong. Currently, he is a member of the international advisory committee of the China Securities Regulatory Commission (CSRC). Prior to joining the Kerry group, Mr. Beczak was a managing director of J.P. Morgan Inc. and president of J.P. Morgan Inc. and president of J.P. Morgan Securities Asia from 1990 until 1997. While at J.P. Morgan, Hong Kong, he was a director of the Bank of the Philippine Islands and a committee member of the Hong Kong Association of Banks.

Mr. Beczak was an independent non-executive director of Singapore Exchange Limited (a company listed on the Singapore Stock Exchange). Currently, Mr. Beczak is acting as non-executive director of a number of non-listed companies, including Arnhold Holdings Limited. Mr. Beczak also acts as an independent non-executive director of Phoenix Media Investment (Holdings) Limited (a listed company on the Hong Kong Stock Exchange) and Morgan Stanley Huaxin Asset Management Limited.

Mr. Lam Wai Hon, Ambrose ("**Mr. Lam**"), aged 71, is an independent non-executive director and a member of the audit committee and remuneration committee of the Company. He joined the Group in October 2018.

Mr. Lam is a fellow member of the Institute of Chartered Accountants in England and Wales and an associate member of the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor of Arts (Honours) degree in Economics & Accounting from University of Newcastle Upon Tyne in England. Mr. Lam has over 40 years of experience in professional accounting, merchant and investment banking, and financial services and has served in senior management roles in a number of major international banking and financial institutions.

Mr. Lam is currently a non-executive director of Sunac China Holdings Limited (Stock Code: 01918), an independent non-executive director of Far East Consortium International Limited (Stock Code: 035) and Playmates Toys Limited (Stock Code: 0869), which are listed on the Hong Kong Stock Exchange. Between June 2013 and January 2022, Mr. Lam served as an independent non-executive director of Genting Hong Kong Limited (Stock Code: 0678) which shares are listed on the Hong Kong Stock Exchange. Between May 2023 to January 2025, Mr. Lam served as an executive director of Quam Plus International Financial Limited (formerly known as China Tonghai International Financial Limited (Stock Code: 0952)).

Ms. Lee Kit Ying (“Ms. Lee”), aged 76, is an independent non-executive director and a member of audit committee of the Company. She joined the Group in October 2024. Ms. Lee obtained a Bachelor’s degree from City of London Polytechnic, U.K. (now known as London Metropolitan University) in 1979 majoring in accountancy and a Master’s degree from City University of Hong Kong in 1998 majoring in Financial Engineering. Ms. Lee is a fellow of the Institute of Chartered Accountants in England and Wales. Ms. Lee previously held a number of senior positions in Hong Kong Futures Exchange, the Hong Kong Stock Exchange and Hong Kong Exchanges and Clearing Limited. Ms. Lee has over 20 years’ experience in derivative products and the operation, supervision and risk management of securities markets.

Currently, she is the chairman of Virtus Foundation Limited. She was an independent non-executive director of Gemilang International Limited (stock code: 6163) from October 2016 to March 2024; an independent non-executive director of Shanghai MicroPort MedBot (Group) Co., Ltd. (stock code: 2252) from June 2021 to June 2022; and an independent non-executive director of Century Global Commodities Corporation, whose issued shares are listed on Toronto Stock Exchange, Canada (stock code: CNT), from September 2014 to September 2021.

SENIOR MANAGEMENT

Ms. Zhang Cong Min (“Ms. Zhang”), aged 57, is the Chief Operating Officer of the Company and a director of certain subsidiaries of the Company. Ms. Zhang had been an executive director of the Company from August 2007 to December 2018. Ms. Zhang graduated EMBA programme from China Europe International Business School (中歐國際工商學院) in 2011 and obtained a bachelor’s degree in Chemical Analysis from the University of Science and Technology of China (中國科學技術大學) in 1991. Ms. Zhang joined the Group in January 2003. Prior to joining the Group, Ms. Zhang worked as a marketing manager and assistant general manager of Guangdong Pacific Electronic Technology Mall Co., Ltd. (廣東太平洋電子科技廣場有限公司). Ms. Zhang has over 20 years of experience in operation management and IT industry. She has held various management positions in the Group.

Ms. Fan Zeng Chun ("Ms. Fan"), aged 54, is the vice president responsible for finance of the PRC operations in the Group. She joined the Group in 2003. Prior to joining the Group, Ms. Fan worked as a senior accounting manager at Guangdong Pacific Electronic Technology Mall Co., Ltd. (廣東太平洋電子科技廣場有限公司). Ms. Fan is a qualified accountant (enterprise) and certified internal auditor. Ms. Fan graduated from the Zhejiang Zhijin Economic Professional School (浙江治金經濟專科學校) with a Certificate of Industrial Economics (經濟系工業經濟專業專科).

Mr. Shen Li ("Mr. Shen"), aged 46, is the senior vice president of the Group responsible for the operation and management of PCauto. He joined the Group in 2008. Mr. Shen graduated from the Department of Automatic Control of South China University of Technology in 2000 with a bachelor's degree and graduated from the School of Business of Sun Yat-sen University with a master's degree in 2006. Mr. Shen is a member of the Chinese People's Political Consultative Conference in Tianhe District, Guangzhou, and has won honors such as Industrial Development and Innovation Talent in Guangzhou and Outstanding Talent of Tianhe District, Guangzhou. Mr. Shen has held various management positions in the Group in R&D, content and marketing.

Mr. Ye Jian Feng ("Mr. Ye"), aged 43, is the vice president of the Group responsible for the operation and management of the sales center of PCauto. He joined the Group in 2006. Mr. Ye graduated from Jinan University with a bachelor's degree in 2005, and graduated from the chief marketing officer (CMO) class of Sun Yat-Sen University in 2018. Mr. Ye has over 15 years of experience in network marketing.

Mr. Wong Huk Yung, Hudson ("Mr. Wong"), aged 59, is the company secretary and financial controller of the Group and joined the Group in 2005. He is a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group, Mr. Wong was a qualified accountant working for international accounting firms and a Hong Kong listed company. He obtained a bachelor's degree in Economics and Accounting from University of Reading.

CORPORATE GOVERNANCE REPORT

The Board presents this Corporate Governance Report in the Company's annual report for the year ended 31 December 2024.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the important roles of its Board in providing effective leadership and direction to the Group's business, and ensuring transparency and accountability of the Company's operations. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company has applied the principles set out in the Corporate Governance Code (the "CG Code") as contained in Appendix C1 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the Board, the Company has complied with the code provisions set out in the CG Code throughout the year ended 31 December 2024, save for the deviation from the code provision C.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Key corporate governance principles and practices of the Company as well as details relating to the foregoing deviation are summarized below.

The Board will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

THE BOARD

Responsibilities and Delegation

The Board is responsible for overall management and control of the Company. Its main roles are to provide leadership and to approve strategic policies and plans with a view to enhancing shareholder value. All directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its shareholders at all times.

The Board reserves for its decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

The Board has delegated a schedule of responsibilities to the executive directors and senior management of the Company. These responsibilities include implementing decisions of the Board and directing and co-ordinating day-to-day operation and management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

Board Composition

The following chart illustrated the structure and membership of the Board and the Board committees as at 31 December 2024:

Board of Directors

Executive Directors

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

Independent Non-executive Directors

Mr. Tsui Yiu Wa, Alec
Mr. Thaddeus Thomas Beczak
Mr. Lam Wai Hon, Ambrose
Ms. Lee Kit Ying

Executive Committee

Dr. Lam Wai Yan *(Chairman)*
Mr. Ho Kam Wah
Mr. Wang Ta-Hsing

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

The Board has at all times during the year ended 31 December 2024 met the requirements of the Listing Rules of having at least three independent non-executive directors (representing at least one-third of the Board) with at least one independent non-executive director possessing appropriate professional qualifications and accounting and related financial management expertise.

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement.

The biographical details of the directors of the Company are set out under the section headed "Directors' and Senior Management's Profiles" in this annual report. None of the members of the Board is related to one another.

The Company has received written annual confirmation from each independent non-executive director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The Company has implementable and effective mechanisms to ensure independent views and input are available to the Board, with the following key features: (i) all directors have timely access to all relevant information as well as the advice and services of the Company Secretary and senior management and any director may request independent professional advice in appropriate circumstances at the Company's expenses, upon reasonable request made to the Board; (ii) the Nomination Committee is established with clear terms of reference to identify suitable candidates, including independent non-executive directors, for appointment as directors; and (iii) the Nomination Committee will assess annually the independence of all independent non-executive directors. During the year ended 31 December 2024, the Board has reviewed the board independence mechanisms and considered that the implementation of the mechanisms was effective.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Dr. Lam Wai Yan currently assumes the role of both the Chairman and the Chief Executive Officer of the Company. As Dr. Lam is a co-founder of the Group and has extensive 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.

The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board shall review this structure from time to time to ensure appropriate and timely action to meet changing circumstances.

Appointment, Re-Election and Removal of Directors

Each of the executive directors of the Company is engaged on a service agreement with the Company for a term of three years. The Company has also issued a letter of appointment to each of the independent non-executive directors of the Company for a term of three years.

According to the Company's Articles of Association (the "Articles of Association"), all directors of the Company are subject to retirement by rotation at least once every three years and are eligible for re-election at annual general meetings of the Company. Any new director appointed by the Board to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the first annual general meeting of the Company after his/her appointment.

Pursuant to the above provisions in the Articles of Association, Mr. Wang Ta-Hsing and Mr. Lam Wai Hon, Ambrose shall retire by rotation at the forthcoming 2025 annual general meeting of the Company (the "2025 AGM"). In addition, Ms. Lee Kit Ying, who has been appointed as an independent non-executive director of the Company with effect from 1 October 2024, will hold office only until the 2025 AGM. It is noted that all the above three retiring directors will offer themselves for re-election at the 2025 AGM. The Company's circular, sent together with this annual report, contains detailed information of such retiring directors as required by the Listing Rules.

Training and Continuous Professional Development of Directors

Each newly appointed director of the Company receives induction on the first occasion of his/her appointment, so as to ensure he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for directors will be arranged and reading materials on relevant topics will be issued to directors where appropriate. All directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2024, the Company has (i) organized briefings conducted by the Company Secretary for all the directors, namely, Dr. Lam Wai Yan, Mr. Ho Kam Wah, Mr. Wang Ta-Hsing, Mr. Tsui Yiu Wa, Alec, Mr. Thaddeus Thomas Beczak, Mr. Lam Wai Hon, Ambrose and Ms. Lee Kit Ying, on corporate governance and update on the Listing Rules amendments; and (ii) provided reading materials on regulatory update to all the directors for their reference and studying.

Model Code for Securities Transactions

The Company has adopted its own code of conduct governing directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules. Specific enquiry has been made to all the Company's directors and they have confirmed that they have complied with the Own Code and the Model Code throughout the period from 1 January 2024 to the date of this report.

The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

In case the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

Attendance Records of Directors and Committee Members

The attendance records of each director at the Board and Board Committee meetings and the general meeting of the Company held during the year ended 31 December 2024 is set out in the table below:

	Attendance/Number of Meetings				
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Dr. Lam Wai Yan	4/4	—	—	1/1	1/1
Mr. Ho Kam Wah	4/4	—	—	—	0/1
Mr. Wang Ta-Hsing	4/4	—	—	—	1/1
Mr. Tsui Yiu Wa, Alec	4/4	2/2	1/1	1/1	1/1
Mr. Thaddeus Thomas Beczak	4/4	2/2	1/1	1/1	1/1
Mr. Lam Wai Hon, Ambrose	4/4	2/2	1/1	—	1/1
Ms. Lee Kit Ying (Note)	1/1	—	—	—	—

Note: Ms. Lee Kit Ying was appointed as an independent non-executive director of the Company on 1 October 2024. Subsequent to her appointment, 1 Board meeting was held during the year ended 31 December 2024.

Apart from regular Board meetings, the Chairman of the Board also held a meeting with the independent non-executive directors without the presence of executive directors during the year.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

The Board has established four Board committees, namely, the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Company's website (http://corp.pconline.com.cn) and on the Stock Exchange's website (www.hkexnews.hk) (except for the written terms of reference of the Executive Committee which is available to shareholders upon request). All the Board committees should report to the Board on their decisions or recommendations made.

Executive Committee

The Executive Committee comprises all the executive directors of the Company with the Chairman of the Board, Dr. Lam Wai Yan, acting as the Chairman of the Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Group.

Audit Committee

The Audit Committee comprises a total of four members, namely, Mr. Tsui Yiu Wa, Alec (Chairman), Mr. Thaddeus Thomas Beczak, Mr. Lam Wai Hon, Ambrose and Ms. Lee Kit Ying, all of whom are independent non-executive directors of the Company. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The principal duties of the Audit Committee are to (i) review the financial statements and reports and consider any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; (ii) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process; (iii) make recommendations to the Board on the appointment, re-appointment and removal of external auditor; and (iv) review the Company's financial controls, internal control, risk management systems and associated procedures and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2024, the Audit Committee has performed the following major tasks:

— Review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2023, the related accounting principles and practices adopted by the Group and the relevant audit findings; the report on the Company's risk management and internal control systems; the recommendation on the re-appointment of the external auditor; and the recommendation on the review of the internal audit function; and

— Review and discussion of the interim financial statements, results announcement and report for the six months ended 30 June 2024 and the related accounting principles and practices adopted by the Group; and the review of the arrangements for employees of the Company to raise concerns about possible improprieties.

The external auditor was invited to attend the Audit Committee meetings held during the year to discuss with the Audit Committee members on issues arising from the audit and financial reporting matters. The Audit Committee also met the external auditor twice without the presence of the executive directors. Besides, there is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditor.

Remuneration Committee

The Remuneration Committee comprises a total of three members, namely, Mr. Tsui Yiu Wa, Alec (Chairman), Mr. Thaddeus Thomas Beczak and Mr. Lam Wai Hon, Ambrose, all of whom are independent non-executive directors of the Company.

The principal duties of the Remuneration Committee are to (i) make recommendations to the Board on the Company's remuneration policy and structure for directors and members of senior management and the establishment of a formal and transparent procedure for developing such remuneration policy and structure; (ii) make recommendations on the remuneration packages of directors and senior management (i.e. the model described in the code provision E.1.2(c)(ii) of the CG Code was adopted); and (iii) review and approve performance-based remuneration by reference to corporate goals and objectives.

During the year ended 31 December 2024, the Remuneration Committee has reviewed and made recommendations on the payment of discretionary bonus to the executive directors of the Company and remuneration package of the directors and senior management of the Company.

Pursuant to code provision E.1.5 of the CG Code, the annual remuneration of the members of senior management by band for the year ended 31 December 2024 is set out below:

	Number of individuals
Emolument bands	
HKD0 to HKD2,000,000	4
HKD2,000,001 to HKD4,000,000	1
HKD4,000,001 to HKD5,000,000	—
	5

Details of the remuneration of each director of the Company for the year ended 31 December 2024 are set out in note 7 to the consolidated financial statements contained in this annual report.

Nomination Committee

The Nomination Committee comprises a total of three members, being one executive director, namely, Dr. Lam Wai Yan (Chairman), and two independent non-executive directors, namely, Mr. Tsui Yiu Wa, Alec and Mr. Thaddeus Thomas Beczak. Accordingly, a majority of the members are independent non-executive directors of the Company.

The principal duties of the Nomination Committee are to (i) review the Board composition, develop and formulate relevant procedures for the nomination and appointment of directors; (ii) make recommendations to the Board on the rotation, appointment and succession planning of directors; and (iii) assess the independence of independent non-executive directors of the Company.

Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Company has adopted the Board Diversity Policy, pursuant to which the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered. The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

As of 31 December 2024, 2 of 5 of the Company's senior management are female and 1 of 7 of the Company's directors are female. As of 31 December 2024, the Group achieved a gender-balanced workforce with a male-to-female ratio is approximately 1:1. Besides, the Group will continue to take opportunities to increase the proportion of female board members and workforce over time as and when suitable candidates are identified. Further details on the gender ratio of the Group's workforce together with relevant data can be found in the Environmental, Social and Governance Report of the Company.

The Board and the Nomination Committee have reviewed the implementation and effectiveness of the Board Diversity Policy and considered it to be effective for the year ended 31 December 2024.

Director Nomination Policy

The Company has adopted the Director Nomination Policy. Such policy sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following: character and integrity; qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; requirements of independent non-executive directors on the Board and independence of the proposed independent non-executive directors in accordance with the Listing Rules; and commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

During the year ended 31 December 2024, the Nomination Committee has performed the following major tasks:

— Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company;

— Recommendation of the re-appointment of those directors standing for re-election at the 2024 annual general meeting of the Company;

— Assessment of the independence of the independent non-executive directors of the Company; and

— Recommendation of appointment of Ms. Lee Kit Ying as an independent non-executive director.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During the year ended 31 December 2024, the Board has reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the Company's compliance of the Model Code and Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2024.

The Board is responsible for presenting a balanced, clear and understandable assessment of interim and annual reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is committed to complying with legal and regulatory requirements in relation to governance, risk management and internal control of operations of the Group. The Board acknowledges that it has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take to achieve the Company's strategic objectives, as well as establishing and maintaining an appropriate and effective risk management and internal control system.

The risk management and internal control system in place is largely top-down, involving the Board, the Audit Committee, the management and key business units head, all of them play important roles in the system to ensure that risks are properly managed. The system is designed to provide reasonable but not absolute assurance against material misstatement or loss, and to manage rather than eliminate risk of failure to meet the business objectives.

The Company identifies risks from a long-term perspective, as well as those on medium and short-term horizons. Regular reviews of the internet service industry were conducted to facilitate management and Board's decision making. Research on laws, regulations and industrial standards was also conducted to enable the Company to anticipate potential changes and to consult with relevant experts as necessary.

In setting up the risk management and internal control system, the Company's objectives are as follows:

- Identify risks that may potentially impact the Company's performance
- Introduce appropriate controls to manage identified risks
- Provide the Board and management of the Company with reasonable assurance that the Company's business objectives are achieved

The Board, supported by the Audit Committee as well as the management, has conducted a review of the Company's risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2024. The review covered financial, operational and compliance controls, as well as the adequacy of resources, staff qualifications and experiences, training programmes and budget of the Company's accounting, internal audit, financial reporting functions and the Company's ESG performance and reporting. Since the last annual review, the company showed greater ability to respond to the changes in the nature and extent of significant risks arising from the business operation and external environment. The review was also supplemented by an external review performed by an independent advisory firm during the year. This review has been conducted based on risk parameters such as the probability and hazard of the risks, critical points that may trigger the risk control measures, and the prioritization of risk control, among others. Relevant information has been collected through the management during the assessment period to classify and analyse the risk drivers identified and to make reasonable judgement about the probability of the risks as well as the losses they may generate.

The approach used in the risk assessment and internal control review was as follows:

- Review existing documentation and conduct interviews with management and key process owners to identify and document key risk areas
- Identify, aggregate and analyse existing and emerging risks
- Identify and formulate mitigating actions for identified risks
- Perform testing procedures to evaluate the existence and effectiveness of internal controls in relation to processes
- Perform walkthrough tests to determine if the key controls were in place and effective for monitoring the processes, as well as to identify any control weaknesses

During the independent review, key issues in relation to financial, information technology, operational and legal compliance controls and risk management functions have been examined and findings and recommendations for improvement have been provided to the Audit Committee.

The Company has carried out improvement measures in accordance with the findings of the review during the year, and it is expected that ongoing review of the same nature will be conducted in subsequent years.

The Company has developed its disclosure policy which provides a general guide to the directors, officers, senior management and relevant employees of the Company in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

Overall, the management has confirmed to the Board that the Company's risk management and internal control systems are adequate and effective. Based on the review results, coupled with the management's confirmation, the Board is of the opinion that the Company's risk management and internal control systems are adequate and effective for the year under review.

The Board would also like to draw the Shareholders' attention to the paragraph headed "Basis for qualified opinion" in the Independent Auditor's Report concerning the cause of the issuance of a qualified opinion by the Company's auditor resulting from audit scope limitations regarding the Cryptocurrencies Investments (the "Audit Issue"). The Board is of the view that the same was due to external circumstances that were beyond the control of the Group and was not related to any of the Group's internal control deficiencies. With an aim of avoiding issues similar to the Audit Issue in the future, the Company reviewed its internal control currently in place and plans to implement the following future additional internal control measures:

Continued review and assessment of the Fund's investment

To address the Audit Issue, the Company will continue to proactively review and assess its investment in the Fund at least once every quarter, to check whether the Fund's investment scope continues to align with the Fund's investment objectives as well as the Company's business strategy, and to consider whether it should continue to invest in the Fund in the future.

Investment procedures to be adopted to improve investment decisions

To better manage and minimize the audit risks associated with the Company's future investments, the Company has the following measures:

(i) Pre-investment stage due diligence and negotiation

A) For investment products that have a certain and limited investment scope:

— During pre-investment stage, the Company would study carefully the investment objectives and scope of investment as well as the audit risks associated. It will consult with auditors and internal control experts in advance as to any audit issue or implications that may arise in connection with the said investment product;

— The Company will negotiate with the investment target or the portfolio manager to ensure that rights are given to the Company and its auditors for assessing and obtaining all necessary audit evidence and information and that full cooperation will be provided by the target so that sufficient audit work can be carried out by the auditors;

— The Company would go ahead with the investment only when it is satisfied that there will be no or minimal audit risk involved; and

— After completion of investment, the Company will maintain close communication with the investment target and discuss with its auditors semi-annually to ensure that the investment do not deviate from the business strategy of the Company, and that there are no unforeseen hurdles in connection with the Company's annual audit work.

B) For investment products where the investment scope is open, i.e. the portfolio manager may exercise discretion over the categories and natures of underlying investment targets:

— The Company will conduct enhanced pre-investment due diligence in case the investment involves new and complex or unregulated financial products. It will ensure that investment objectives and scope of investment are communicated clearly to the Company, and that they do not deviate from the business strategy of the Company;

— The Company will assess the audit risks associated and consult with auditors and internal control experts in advance as to whether any audit issue or implications that may arise in connection with the said investment product;

— During pre-investment stage, the Company will negotiate with the investment target or the portfolio manager to (i) limit the investment scope to products that are familiar and easy to value; (ii) ensure that rights are given to the Company and its auditors for assessing and obtaining all necessary audit evidence and information and that full cooperation will be provided by the target; (iii) request that the Company is informed timely on investments on anything other than equity. The Company will consult and discuss with the auditors what information and audit procedures are necessary, then negotiate with the target to include expressly in the investment agreement the right by the Company to demand production of such documents and request cooperation from the target so that sufficient audit work can be carried out by the auditors; and

— Before signing the investment agreement, the Company will confirm again with the auditors whether the necessary right and power have been provided to the Company and will proceed with the investment only if it is satisfied of the foregoing.

(ii) Regular update from auditors

The Company will:

— Request the auditors to update the Board and provide knowledge training at least semi-annually on new audit procedure requirements under the applicable accounting standard in relation to new and complex financial products, industrial changes, etc.; and

— Check with the auditors at least semi-annually that no significant changes need to be made to the timetable for the Company's annual audit work, and/or additional audit procedures that need to be performed which could cause significant delay to the audit work.

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities on the Company's consolidated financial statements for the year ended 31 December 2024 is set out under the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to the Group's external auditors in respect of audit services and non-audit services for the year ended 31 December 2024 are analyzed below:

Type of services provided by the Group's external auditors	**Fees paid/payable** (RMB)
Audit services	3,108,000
Non-audit services*	448,000
TOTAL	3,556,000

* The non-audit services conducted by the external auditors include providing other professional services.

COMPANY SECRETARY

During the year ended 31 December 2024, Mr. Wong Huk Yung, Hudson, the Company Secretary, has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables shareholders and investors to make the best investment decision.

The Company maintains a website at "http://corp.pconline.com.cn", as a communication platform with shareholders and investors, where information of the Company's announcement, financial information and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company using the below contact details:

Address: Portion of Unit 807, Tower Two, Lippo Centre, 89 Queensway, Hong Kong
(For the attention of the Investor Relations Department)

Email: ir@pconline.com.cn

The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management directly. The Chairman of the Board, independent non-executive directors as well as the Chairman and/or other members of the Audit Committee, Remuneration Committee and Nomination Committee will normally attend the annual general meetings and other shareholders' meetings of the Company to respond to enquiries.

The Company continues to enhance communication and relationship with its shareholders and investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, the Company's shareholders may convene an extraordinary general meeting or put forward proposals at shareholders' meetings pursuant to the Company's Articles of Association as follows:

(i) Any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

(ii) If a shareholder wishes to propose a person other than a retiring director for election as a director of the Company at a general meeting, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's head office in Hong Kong or the Company's registration office (i.e. Tricor Investor Services Limited) at least 7 days prior to the date of the general meeting. If the notices are submitted after the dispatch of the notice of the general meeting appointed for such election, the period for lodgement of such notices shall commence on the day after the dispatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement (as the case may be) to the Company's head office in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange and the Company immediately after the relevant general meetings.

During the year under review, the Company has not made any changes to its Articles of Association. An up-to-date version of the Company's Articles of Association is available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://corp.pconline.com.cn).

POLICIES RELATING TO SHAREHOLDERS

The Company has in place a Shareholders' Communication Policy to ensure that shareholders' views and concerns are appropriately addressed. During the year ended 31 December 2024, the Company has reviewed the Shareholders' Communication Policy and considered that the policy was effectively implemented with the measures as disclosed under the paragraphs headed "Communications with Shareholders and Investors" and "Shareholders' Rights".

The Company has adopted a Dividend Policy on payment of dividends. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

About the report

The report ("**Report**") on Environmental, Social and Governance ("**ESG**") has been prepared under the Environmental, Social and Governance Reporting Guide ("**ESG Reporting Guide**") as set out in Appendix C2 to the Listing Rules issued by the Stock Exchange.

The ESG Report describes the Environmental, Social and Governance progress made by the Company during the year that ended 31 December 2024 (the "**Reporting Period**"). Pacific Online Limited ("**the Company**") and all its subsidiaries (collectively referred to as the "**Group**", and "**We**") employ a total of 760 employees, and the scope of the ESG Report covers business operations in offices located in Guangzhou, Beijing and Shanghai. The employees referred to in this ESG report represent all employees.

The Group adheres to the four fundamental reporting principles set out in the ESG Reporting Guide in the preparation of the ESG report. These reporting principles and the way the Group applies these in the ESG report are set out below:

Reporting Principles	How it is applied to this report
Materiality	The ESG Report covers the key environmental and social issues concerned by different stakeholders. These material environmental and social issues were identified through consideration by the Board of Directors ("**Board**"), and the Audit Committee, as well as through interactions with different stakeholders. This report discloses the process of identifying material issues and the matrix of material issues within both internal and external dimensions. Further details can be found in the section on "Stakeholder Engagement and Materiality Assessment."
Quantitative	Information on the standards, methodologies, assumptions and/or calculations used, as well as the source of key emission and conversion factors, applied to both quantitative environmental and social key performance indicators ("**KPIs**"), is disclosed in the ESG Report. Further details are provided in the notes section following relevant KPIs.
Balance	The ESG report provides an unbiased picture of Pacific Online's performance during the Reporting Period. Information was disclosed objectively, avoiding any biased selections, omissions, or presentation formats that may inappropriately influence the readers' judgment.

Consistency	To enhance and maintain the comparability of ESG performances over time, consistent reporting and calculation methodologies are applied by Pacific Online as far as practicable to enable meaningful comparison. Any changes that could affect a meaningful comparison of the KPIs have been disclosed accordingly.

The ESG Report was prepared in both Chinese and English. In case of any discrepancy or inconsistency between the two versions, the English version shall prevail.

About us

Pacific Online Limited was founded in 1997, committed to providing professional services for IT, automotive, fashion, and children's education industries and consumers in the People's Republic of China ("**PRC**").

The Group has five specialised websites, namely PConline (太平洋電腦網), PCauto (太平洋汽車網), PClady (太平洋時尚網), PCbaby (太平洋親子網) and PChouse (太平洋家居網), as well as an e-commerce portal and a media focus on new energy vehicle.

Statement of the Board

The Board of Directors recognises the importance of ESG in meeting the changing expectations of stakeholders while enhancing the value and performance of the Group. Hence the Board, working together with the management, has committed to environmental protection by taking on the overall responsibility of assessing and identifying risks associated with ESG matters of the Group, and also engaging in a mission to promote the environmental and socially sustainable culture among all our employees to maintain long-term growth of the Group.

The Group's Board of Directors is the ultimate responsible and decision-making body for ESG matters. It takes the ultimate responsibility for the company's ESG strategies and reports while monitoring ESG-related issues that may affect the company's business or operations, shareholders and other stakeholders. The Audit Committee under the Board of Directors, which comprises the internal audit function and external professional consultant, is responsible for identifying and evaluating ESG risks related to the Group, ensuring that the Group establishes appropriate and effective ESG risk management and internal control systems, and achieves relevant ESG goals. Progress will be reported to the Board for review.

The Group attaches great importance to the suggestions and opinions of various stakeholders and maintains sufficient channels with key stakeholders to discuss and determine significant ESG issues and potential risks. This ongoing engagement drives continuous improvement in ESG-related strategies and policy frameworks. The Board has reviewed the material ESG issues for this year and has adopted proposals to adjust the importance of each ESG issue, ensuring the timeliness and rationality of the material issue matrix. Further details are provided in the "Stakeholder engagement" and "Materiality assessment" sections of this annual report.

The Board holds regular meetings to approve the Group's sustainable development goals and assess and review our ESG-related goals to ensure alignment with our overall business strategies and development. Specific environmental targets are detailed in the "Environmental Protection" section later in this report.

The report provides a comprehensive disclosure of the Group's ESG implementation progress and achievements in 2024, having been reviewed and approved at the Board meeting held on March 31, 2025.

Contact Information

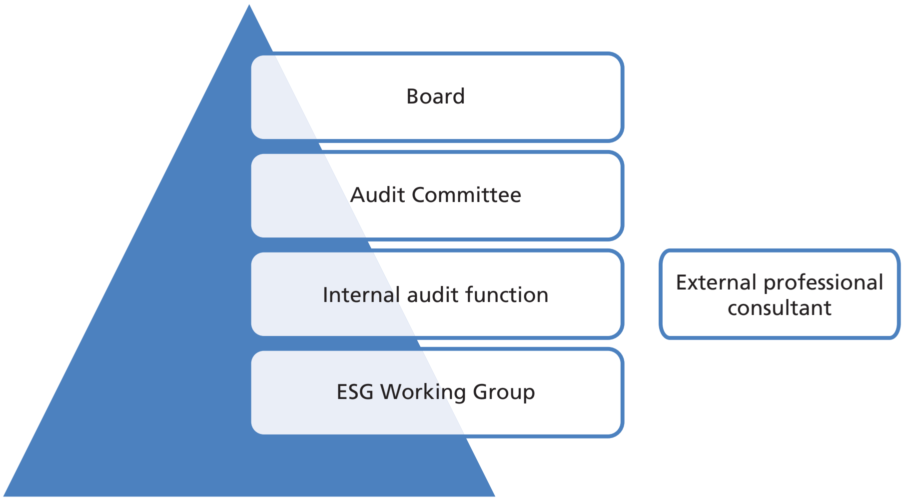
Should you have any queries or feedback on the Report, please contact us via the following methods:

a. **Address:** 115 Gaopu Road, Tianhe District, Guangzhou, China
b. **Tel:** (86–20) 38178288
c. **Email:** ir@pconline.com.cn
d. **Official website:** https://www.pconline.com.cn/

SUSTAINABILITY MANAGEMENT

ESG governance framework

The Group has established a top-down ESG governance framework led by the Board assuming responsibility, which formulates strategic objectives, conducts performance reviews, and makes material ESG decisions. Under this structure, the Audit Committee oversees integrated risk management systems, while the internal audit function and external professional consultants jointly conduct ESG risk assessments. The dedicated ESG working group drives operational execution, implementing Board-approved initiatives across business functions. It is tasked with collecting data, disclosing information, communicating Board decisions to employees, and providing timely updates to the Board.



Regulatory functions	**Regulatory content**
Board of Directors	• Take overall responsibility for assessing the key ESG risks faced by the Group (such as supplier management, understanding the sustainable needs of society, etc., and other major ESG issues related to the Group). • Take overall responsibility for assessing and determining the nature and extent of risks, including ESG risks. The Board is willing to make it the strategic objective to establish and maintain appropriate and effective risk management and internal control systems.
Audit Committee	• Assist the Board to lead the management in overseeing the design, implementation and monitoring of risk management and internal control systems.
Internal Audit function	• Provide recommendations to formulate or improve policies and procedures in addressing the major risks (including ESG risks in the business process). • Regularly review the adequacy and effectiveness of risk management and internal control systems and identify the risks arising from the business operation.

Regulatory functions	Regulatory content
External Professional Consultant	• Conduct annual independent reviews of risk management and internal control systems. • Ensure that the policy and procedures used to identify, assess and manage material ESG risks are designed and implemented properly.
ESG Working Group	• Consist of head of each business department. Perform ongoing identification and assessment of risks that may potentially affect the Group's business and various aspects, including ESG risks that are exposed to the operations. • Report any identified risks to the management.

The Board identifies the Group's ESG risks through industry comparisons and stakeholder engagement, appointing an external professional consultant team to evaluate the risks and monitor the latest regulatory requirements which include global economic risk, outflow of talent risk and customer information security, etc.

The Group assesses the materiality of identified ESG risks through key criteria such as likelihood of occurrence and potential impact severity. We estimate the frequency of future occurrence and the degree of impact of the risks based on historical and current data and information: such as financial, compensation, fines, new revenue stream or new opportunity that may be brought by the ESG matter.

By adopting a top-down approach, we integrate ESG concepts into our daily operations at the workplace through policies and guidelines, enabling each employee to become an ambassador of the sustainability efforts. This ensures that the scope of the ESG covers the significant parts of our businesses. Our employees are responsible for complying with different ESG-related policies, executing accordingly with the Group's ESG works and providing feedback to management on the applicability and potential improvements of ESG-related decisions. To ascertain that the decisions related to ESG matters can be better executed, the Group set up the ESG working group, responsible for the collection of data, and disclosure of information, convey the Board's decision to the employees and notify the Board in a timely manner.

Stakeholder engagement

The Group actively engages with its stakeholders, seeking to understand and address their ESG-related perspectives and interests through ongoing dialogue and relationship-building. By incorporating stakeholder expectations into the development of ESG strategies and initiatives, we simultaneously advance environmental and community value creation via collaborative partnerships with diverse stakeholders.

The stakeholder groups, their expectations and typical communication channels with the Group are shown below:

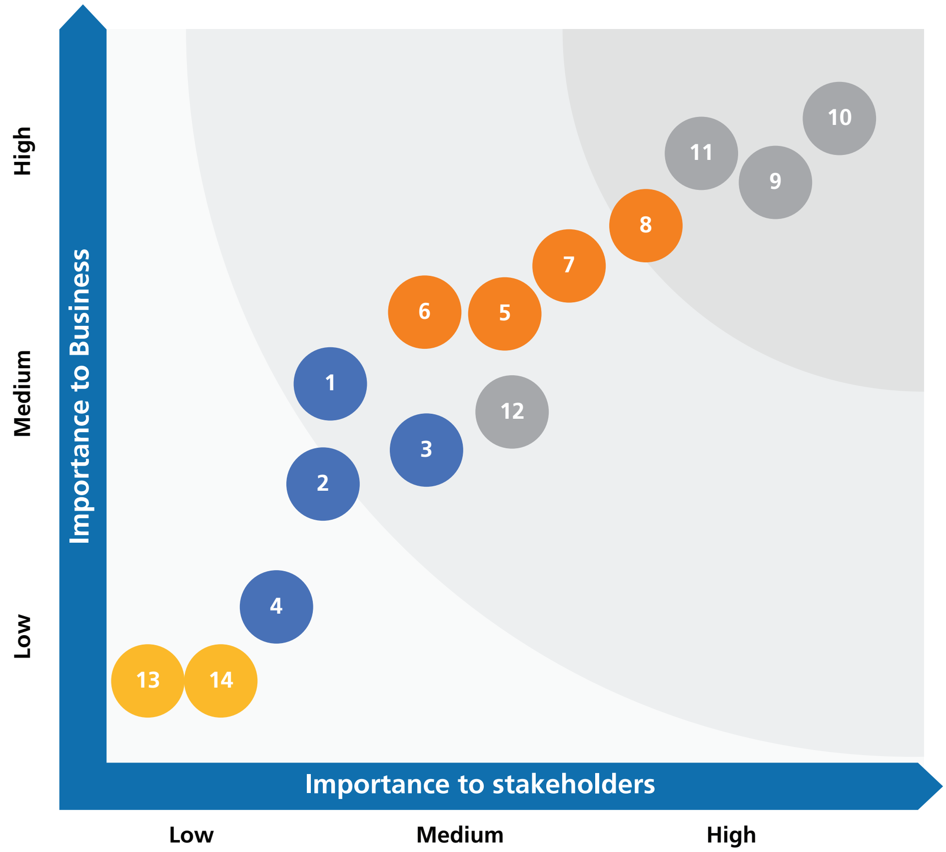
Types of Stakeholders	Focus	Typical communication channels	Response & Feedback
Online users/customers	• Information quality and update frequency • Advertisement quality • Collection of users' information and information protection • Intellectual property rights	• Company tours • Collection of complaints and feedback • Online survey • Regular communication via email or telephone • User's experience programmes • Product testing, reviews and feature reports • Online chat rooms or forums • Financial reports, announcements and circulars and other documents of the Group released to the public	• Providing high-quality information and advertisement • Setting up the privacy policy and collecting the user's information lawfully • Protecting intellectual property rights
Suppliers	• Good and long-term business relationship • Fair and honest dealing • Information sharing	• Regular communication via email or telephone • Regular progress meetings or reports	• Honoring contractual obligations as agreed • Maintaining long-term collaboration with excellent suppliers • Timely payment

Types of Stakeholders	Focus	Typical communication channels	Response & Feedback
Shareholders and investors	• Continuous and stable investment returns • Timely information disclosure and transparency • Protect the rights and interests of shareholders • Corporate operation is complied with laws and regulations • Combat corruption and the upholding of integrity	• The annual reports, interim reports and announcements • General meetings • Roadshows/telephone conferences/meet-and-greets • Media communication mechanism • Press conferences • Opinion monitoring • Consultation via telephone/email/website • Investor visits	• Publishing AGM notices and resolutions according to regulations • Timely disclosing corporate information • Publishing public announcements and reports according to regulator's requirements • Responding to email/ telephone inquiries and handling on-site visits from investors
Employees	• Training, career development and stay competitive • Salary and welfare • Working environment • Health and safety protection • Innovation and opportunities • Intellectual property rights	• Collection of feedback, through emails and face-to-face meetings • Performance appraisal • Mentoring by direct supervisor • Employee notice boards • Training, seminars and workshops	• Providing a healthy and safe work environment • Establishing a fair and Transparent performance appraisal mechanism for promotion • Organizing employee activities and team-building exercises

Types of Stakeholders	Focus	Typical communication channels	Response & Feedback
Local communities, non-government organizations and the general public	• Employment opportunities • Ecological environment protection and reduce emissions • Community development • Enthusiasm towards public welfare and charitable donations	• Charitable activities • Community investment and service • Environmental protection activities • Sponsorships and donations	• Strictly complying with laws and regulations • Enhancing safety management • Actively assuming corporate social responsibility
Media	• Transparency of information • Good media relations	• Information disclosure on HKEX and the Group website • Financial reports, announcements and circulars and other publicly available information • Interviews and press releases	• Maintaining good cooperative relations • Interact appropriately with the media and press
Agent distributor	• A robust customer service management and processes • An effective mechanism of information communication • Timely response to request	• Daily communication • Aftersales service • Customer satisfaction surveys • Customer records	• Adequate and effective communication • Providing agents and distributors with knowledge training and marketing support • Honoring contractual obligation as agreed • Continuous improvement in agent management

Materiality assessment

We have regular merchandise to manage a communicate with our stakeholders and discovered several potential material issues related to ESG which may affect the Group in the long term. We have further categorised these issues into various areas per the ESG Reporting Guide and collected relevant information from the affected stakeholders to estimate the impact of these ESG issues on the Group. After our analysis, the issues that are material to the Group are shown below:



Environment

1. Environmental compliance
2. Investment in environmental protection
3. Greenhouse gas emissions
4. Waste management

Employee

5. Salary and welfare
6. Health and safety protection
7. Employee diversification
8. Training and career development

Business

9. Personal data protection
10. Product quality
11. Intellectual property rights
12. Supply chain management

Community

13. Community development
14. Charitable donations and community service

Based on the above analysis, the Group will continuously enhance its ESG performance to address the diverse expectations of stakeholders, strengthen feedback mechanisms, and proactively address emerging risks. The following sections will detail our ESG initiatives during the Reporting Period across four thematic pillars: Environmental protection, People-oriented, Responsible operations and Giving back to society.

ENVIRONMENTAL PROTECTION

Strict emission management

The Group recognizes the critical importance of addressing environmental pollution, resource scarcity and climate change as well as the risks of possible environmental impact from its business. It has therefore been our mission to conduct business in an environmentally responsible manner, reducing the environmental impact of its operations in the most effective way.

As an internet service provider specializing in online advertising, our office-based operations (without industrial processes) inherently generate minimal direct environmental impact. Nevertheless, to further minimise the impact of our operations on the environment, direct or otherwise, the Group actively pursues environmental-friendly measures and has implemented various policies and measures. These initiatives are detailed in the section headed "Optimisation of resource use" under "Environmental protection".

During the Reporting Period, the Group is committed to complying with prevailing environmental laws and regulations in the PRC, which include but are not limited to the following:

- Environmental Protection Law of PRC;
  (中華人民共和國環境保護法)

- Environmental Protection Tax Law of PRC;
  (中華人民共和國環境保護稅法)

- Water Pollution Prevention and Control Law of PRC;
  (中華人民共和國水污染防治法)

- Prevention and Control of Atmospheric Pollution law of PRC;
  (中華人民共和國大氣污染防治法)

- Prevention and Control of Environmental Pollution by Solid Wastes Law of PRC;
  (中華人民共和國固體廢物污染環境防治法)

- Promotion of the Cleaner Production Law of PRC;
  (中華人民共和國清潔生產促進法)

- Prevention and Control of Pollution from Environmental Noise Law of PRC.
  (中華人民共和國噪音污染防治法)

The Group did not receive any report or complaint of any significant breaches of environmental laws and regulations during the Reporting Period (2023: nil).

Emission management measures

Air emissions

As no industrial process is involved in our business, the Group's production does not consume direct combustion fuel. Air emissions directly emitted were primarily attributed to the use of Company vehicles during the Reporting Period.

Facing the coming intelligent era, we are accelerating transformation, creating new energy labels, and fully embracing intelligence. For gasoline vehicles, the Group ensures that the fuel is purchased through regular gas stations and goes to regular 4S stores for maintenance and routine inspections as required.

(Units: kilograms) Direct air emissions (note 2)	Emission Sources	2024 Emission amounts	2024 Emission intensities (note 1)	2023 Emission amounts	2023 Emission intensities (note 1)
Nitrogen Oxides ("NO_X")		**2.03**	**0.23**	1.62	0.14
Sulphur Oxides ("SO_X")	Company vehicles	**0.04**	**0.005**	0.03	< 0.01
Particulate Matter ("PM")		**0.67**	**0.07**	0.49	0.04

Note 1: Intensity is measured by dividing the relevant emissions by the average number of vehicles owned by the Group during the year.

Note 2: Direct air emissions are calculated with reference to "Technical Guidelines for the Compilation of Air Pollutant Emission of Motor Vehicles (Trial)" (道路機動車大氣污染物排放清單編製技術指南(試行)) issued by the Ministry of Ecology and Environment of the People's Republic of China (中華人民共和國生態環境部).

Green House Gases ("GHG") emissions

The amount of different types of GHG emissions (note 1) in CO_2 equivalent emissions ("**CO_2e**") during the Reporting Period was as follows :

(Units: Tonnes of CO_2e) Scope of GHG emissions	Emission sources	**2024** Emission amounts (Tonnes of CO_2e)	**2024** Emission intensities (note 2)	2023 Emission amounts (Tonnes of CO_2e) (note 3)	2023 Emission intensities (note 2)
Scope 1					
Direct Emissions	Company vehicles	**7.58**	**0.01**	5.71	0.01
	Hydrofluorocarbons ("**HFC**")	**122.63**	**0.16**	121.28	0.16
	New trees	**–5.22**	**–0.01**	Not applicable	Not applicable
Scope 2					
Energy Indirect Emissions	Purchased electricity	**1,539.39**	**2.03**	2,067.11	2.76
Total		**1,664.38**	**2.19**	2,194.10	2.93

Note 1: GHG emissions are calculated with reference to the "How to prepare an ESG Report? — Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX and "Greenhouse Gas Accounting Tool for Chinese Cities" issued by the World Resources Institute.

Note 2: Intensity is measured by dividing the relevant emissions by the number of employees as at year end.

Note 3: Hydrofluorocarbons emission and intensities in 2023 have been restated using the same caliber.

During the Reporting Period, the direct GHG emissions were from company vehicles and HFC. The Group has a total of 227 trees which consult in a GHG removal. The energy indirect GHG emissions decreased compared to last year, mainly due to the policies and measures adopted by the Group to save electricity.

The Group has assessed that operational vehicle usage constitutes a minimal component of business activities, with associated air emissions and Scope 1 GHG emissions being immaterial relative to other ESG priorities. Consequently, formal emission reduction targets have not been established for these categories at present. Nevertheless, we are proactively optimising fleet utilisation and accelerating new energy vehicle adoption without compromising operational efficiency. Should operational scaling result in material increases in air emissions or Scope 1 GHG outputs, a formal target-setting process will be initiated in alignment with evolving business needs.

Operational HFC emissions from air conditioning systems primarily derive from maintaining employee workplace comfort, particularly during extreme weather events. The Group is committed to reducing GHG emissions from HFC as soon as possible by improving the policy on the use of air-conditioning.

The Scope 2 energy indirect emissions were a result of office electricity consumption, which is material to the Group's business operation. The Group has set a Scope 2 emission target in 2022, which is to maintain 2.32 tonnes of CO_2e per employee and we have achieved it this year with 2.03 tonnes of CO_2e per employee.

Looking forward, assuming there is no material change in the business model and taking 2022 as the base year, the emission target is to maintain the intensity of 2.32 tonnes of CO_2e per employee in 2025.

Despite a limited environmental footprint, the Group has institutionalised routine eco-management practices, details are explained in a later section titled "Optimisation of resource use".

Wastes

As we are primarily engaged in the provision of internet advertising services, we did not generate any hazardous waste during the Reporting Period and thus it is deemed unnecessary to set a target for the reduction of hazardous waste. If there is a subsequent change in the business model which involves the generation of hazardous waste, the Group will further evaluate the need to set a target.

As for non-hazardous wastes, we had only generated very minimal waste such as food wraps, drinking cans and bottles, disposal of stationery and office supplies for the four offices. Given the nature of our operations and that the significance of very limited non-hazardous waste is not material compared to other aspects. From a cost-benefit perspective, the Group has no plans to set reduction targets for non-hazardous waste at this stage.

		2024		2023	
	Units	**Consumption amounts**	**Consumption intensities (note 1)**	Consumption amounts	Consumption intensities (note 1)
Waste	Tonnes	**616.80**	**0.81**	609.60	0.81

Note 1: Intensity is measured by dividing the relevant emissions by the number of employees as at year end.

Despite the minimal quantities of waste generated, internal waste reduction measures were implemented to further minimise waste around the premises in the long term, with detailed descriptions provided in the section entitled "Optimisation of resource use". The Shanghai office adheres to the "Domestic Waste Management Law" (上海市生活垃圾管理條例), a municipal ordinance mandating domestic waste classification. Domestic waste is categorised into four types: recyclables, hazardous waste, wet waste, and dry waste. Employees at the Shanghai office are required to both reduce waste and comply with local regulations to enhance domestic waste management.

Optimisation of resource use

The Group's business operations do not involve the significant use of natural resources and hence have a minor adverse impact on the environment. Nonetheless, as outlined in this section, the Group is committed to environmental protection and has adopted and implemented several measures to reduce the negative impact on its environment and habitat.

The amount of consumption by types of energy or resources during the Reporting Period was as follows:

		2024		2023	
Energy/Resource consumption	**Units**	**Consumption amounts**	**Consumption intensities (note 1)**	Consumption amounts	Consumption intensities (note 1)
Electricity	kWh	**3,954,975.00**	**5,203.91**	3,900,912.00	5,208.16
Unleaded petrol	L	**2,849.02**	**3.75**	2,147.94	2.87
Water	Tonnes	**26,734.00**	**35.18**	23,752.00	31.71

Note 1: Intensity is measured by dividing the relevant emissions by the number of employees as at year end.

We do not have a huge demand for water and do not have an issue with sourcing water. Most of the water consumed in the Group's daily operations is primarily used for garden irrigation, thus generating insignificant volumes of sewage. Compared to last year, water consumption has increased this year due to the expansion of employee numbers. Taking 2021 as the base year, assuming there is no material change in the business model, the water efficiency target set by the Company is to maintain a water consumption intensity of 65.60 tonnes per employee in the next five years. To achieve this water efficiency target, the Group has implemented some measures for saving water, such as using water-saving taps, deploying automatic spraying systems for landscaping and on-premises pavement, coupled with reducing water consumption through daily water conservation practices.

Moreover, we do not use packaging materials for our business operations as we are primarily engaged in the provision of Internet advertising services.

As core components of the Group's ESG strategy, energy efficiency and resource conservation are prioritised. In alignment with national environmental protection policies, the Group continues to adopt new energy vehicles for travel while phasing out its existing gasoline-powered fleet. Energy consumption is closely monitored with corrective actions implemented to ensure alignment with the Group's environmental conservation objectives.

During the reporting year, the Group has established the Guidelines for Low-Carbon Green Office Practices to operationalise environmental stewardship, systematically integrating sustainable awareness into daily operations and translating eco-conscious principles into actionable workplace behaviours.

The following measures are carried out and reviewed regularly to achieve its ESG strategy, to reduce its environmental impact in the course of daily operations in the long run:

- Policies and procedures are regularly updated to incorporate rules and guidelines on environmental protection in order to raise employee awareness of the importance of protecting the environment and to integrate them into their daily workflows;

- Specifically, through these rules and guidelines, the Group encourages the management and employees to minimise the Group's environmental impact by performing the following in different areas:

Energy Use

i. Car sharing or carpooling wherever possible for regular commuting and to/from external meetings;

ii. Shortening the time it takes for the monitor to enter sleep mode when the computer is not in use tentatively, while choosing to turn off the computers instead of a standby mode when the computer is not in use for a long time. Turning off computers and office equipment when leaving the office;

iii. Monitoring temperature and humidity Server Room to ensure they are within the appropriate range. Inspecting our electricity and power equipment regularly to ensure safety as well as operating efficiency; Collecting energy consumption data of the current equipment monthly, doing summary and analysis on these data to show the operating condition of the equipment so that we can conserve energy and reduce consumption mindfully;

iv. Staying at the office after work hours only if necessary and working from home instead of the office should they need to work during the weekends;

v. Utilizing online meeting tools to the greatest extent for internal meetings and internal communications to reduce business travel and energy consumption;

vi. Maintaining workplace temperature at a comfortable level for energy conservation and reduction of emissions. Controlling the temperature of the work environment not lower than 25.0°C during the summer season. Be sure to close the doors and windows when the air conditioner is in use;

vii. Use of sunlight to reduce electricity usage in washrooms wherever possible. Water-efficient sensor taps are installed to avoid unnecessary water wastage. Check the water use situation or water pipe situation in each area, and adjust and repairs according to the situation to avoid wastage of water resources;

viii. Turning off some unnecessary lighting, replacing the light bulbs and tubes with LED lights gradually and installing the voice-activated light along the corridor and parking lots.

Paper Use

i. Reusing or recycling plastic packaging, paper bag, and paper cartons;

ii. Adopting office automation system and reducing excessive printing by going paperless as much as possible;

iii. Reusing printed paper wherever possible, subject to the personal data privacy requirements;

iv. Thinking twice before printing any email, and use the Green Email Signature template "Please consider the environment before printing this email";

v. Closely monitor the number of annual reports printed annually;

vi. Setting up recycle bins in the workplace to store the used paper. Once a certain amount is accumulated, it can be recycled and make full use of recyclable resources.

Waste management

i. Providing and promoting the use of green facilities such as waste separation bins and used battery collection bins wherever possible;

ii. Adopting appropriate disposal procedures for electronic waste, for instance using authorised e-waste collection and computer recycling service sites;

iii. Choosing alternative products to control the generation of hazardous waste, where relevant and applicable.

Others

i. Improving the existing "Green Procurement Practice Guide" by constantly taking into consideration environmental impact;

ii. Centralizing the purchases of office supplies from various departments to reduce the number of deliveries to be made by suppliers which will lead to a reduction in the indirect emissions from transportation;

iii. "The Initiative on Low-carbon Green Office" was issued to advocate the concept of "green office and low-carbon life" and strengthen employees' environmental awareness.

Response to climate change

The Group recognises the strategic implications of climate change, which present both risks and opportunities across operational dimensions. In compliance with the Task Force on Climate-Related Financial Disclosures (TCFD) framework, we categorise climate risks into transition risks (the adaptation challenges that companies may face in terms of policies, laws, technologies and markets) and physical risks (the impact that extreme weather events may have on companies).

Type	Analysis of Impact	Response
Physical Risks		
Immediate risk: Extreme weather accidents	— Employee safety issues caused by extreme weather. Such as extreme cold or high temperatures, heavy rain, snowstorms, typhoons and other bad weather hinder employees from commuting to work or getting injured on the way. — Extreme weather can disrupt business operations by damaging power grids and communications infrastructure.	— Take precautions for employees during rainstorms, blizzards, and typhoons, such as allowing them to work remotely from home; — Monitor weather forecasts, take safety measures in advance and alert employees if there is extreme weather; — Attach importance to server data storage, combined with cloud server storage and backup data, the company has developed a disaster recovery plan and has annual drills.

Type	Analysis of Impact	Response
Long-term risks: Global Warming	Rising global temperatures can cause equipment to overheat during severe heat waves, creating fire hazards.	— Pay attention to the temperature of the office and the equipment room. Engineers strictly control the temperature setting of the air conditioner to ensure that the temperature is within the normal range; — Conduct fire safety inspection every year and have fire drills to improve employees' fire awareness.
Transition Risks		
Policy and regulatory risks: Tighter climate-related policies	Due to the introduction of energy conservation and emission reduction related policies, stricter emission reporting obligations and compliance requirements, there is the possibility of legal issues and financial burdens arising from the company's failure to comply with the latest disclosure requirements.	— Monitor regulatory trends to ensure that the Group's daily operations comply with the latest legal requirements.
Reputational risk: Customer or community's perception and evaluation of low-carbon transition	Customers or communities have a poor impression and evaluation of companies that do not care about the low-carbon transition, and investors or customers will therefore not invest in the company's services, which will affect profitability and market share.	— Disclosure and promotion of the company's ESG contribution. — Closely monitor changes in market trends.

PEOPLE-ORIENTED

The Group values its employees and is committed to providing a fair and equitable work environment for all employees. In this section, we explained the various policies and practices adopted by the Group about employment, benefits, health and safety, development and training, as well as labour standards.

Standardised employment management

Employment and standards

The Group is committed to complying with laws and regulations relating to the employment of labour, which include but not limited to:

- The Labor Law of PRC
  (中華人民共和國勞動法)

- The Labor Contract Law of PRC
  (中華人民共和國勞動合同法)

- Tentative Provisions on Salary Payment
  (工資支付暫行規定)

- Regulations on the Management of Housing Provident Fund
  (住房公積金管理條例)

- Labor Dispute Mediation and Arbitration Law
  (勞動爭議調解仲裁法)

- Regulation on Work-related Injury Insurances
  (工傷保險條例)

During the Reporting Period, there was no significant breach of any laws and regulations related to the employment of labour (2023: nil).

The Group's Employee Handbook has clear standard policies and procedures to deal with recruitment, employee movement, performance review, salary adjustments, promotions, and termination of employment.

The Company maintains a zero-tolerance policy towards child and forced labor, having established comprehensive management protocols to effectively prohibit such practices. The management procedures stipulated that stringent examination of ID cards should be conducted during the recruitment process to verify the authenticity of the candidate's personal information. This control mechanism effectively prevents underage employment through systematic screening and due diligence processes. Moreover, employee work schedules are set up fairly to ensure that standard working hours (i.e. 40 hours per week) are not exceeded.

The Group is committed to complying with the Labor Law of PRC (中華人民共和國勞動法) in relation to child and forced labour, as well as other relevant laws and regulations in PRC relating to the protection of rights and interests of labour, and there was no (2023: nil) case of non-compliance with these laws and regulations during the Reporting Period.

Equal opportunity and diversity

The Group always adhered to the core concept of being "people-oriented" and protecting the rights and interests of employees. We are committed to building a broad development and growth platform for employees and creating an equal, open and harmonious working environment. The Group implemented an equal opportunity policy, and respected employees' basic rights conferred by laws. Through these policies and procedures, the Group is committed to ensuring employees are recruited, remunerated, and promoted based on their merit, qualifications, competency, capability, and contribution to the Group. The Group is an equal opportunities employer which is committed to maintaining a diverse workforce regardless of age, gender, family status, sexual orientation, disability, ethnicity, religion, and political beliefs. Discrimination is explicitly prohibited in the workplace.

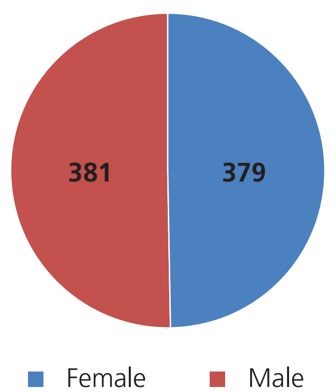
Employer brand building

With the extensive application of the Internet and social media, the Group actively carried out employer brand building, kept pace with the times and innovated the recruitment mode to attract talents in an all-around manner, thus continuously expanding the Group's talent team. During the Reporting Period, the Group recruited talents from universities through offline campus recruiting, online recruitment and talent recommendation, to strengthen our employer brand building. This comprehensive approach to candidate recruitment ensures the Group has maximised its reach to appropriate candidates with potential talents. The talents recommendation program enables current employees to recommend their friends, families or old colleagues who are suitable to join the Group. Employees at all levels of the Group are expected to conduct themselves appropriately, with integrity, impartiality, and honesty.

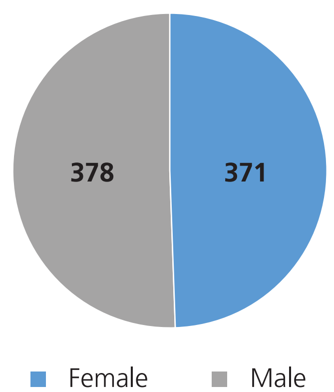
Campus Recruitment Open Day On-site Visit

As at the end of the Reporting Period, the Group had a total of 760 employees (2023: 749), and they were based in PRC. The part-time employees of the Group constitute 4% (2023:4%) of the total employees, which is optimum to support the Group in running the operation efficiently and effectively. The number and ratios between males and females and different age groups are depicted below:

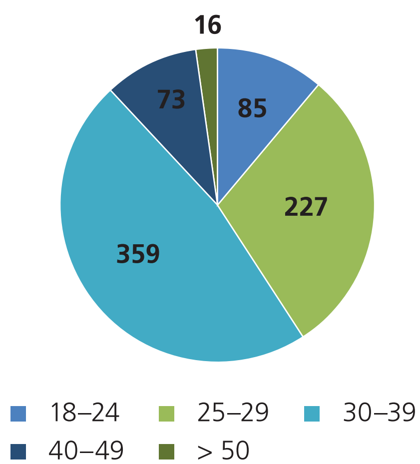
Employees by gender in 2024



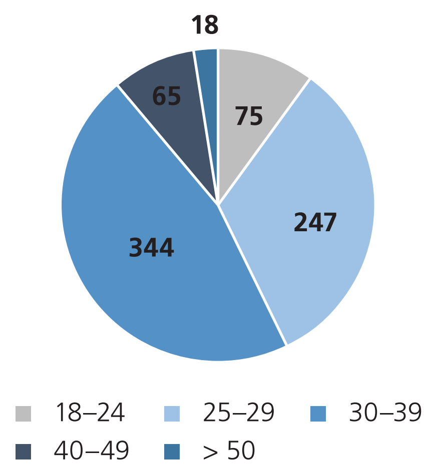
Employees by gender in 2023



Employees by age in 2024

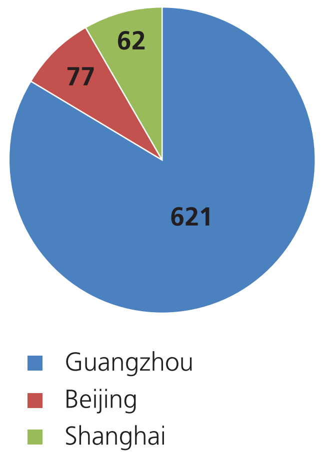


Employees by age in 2023

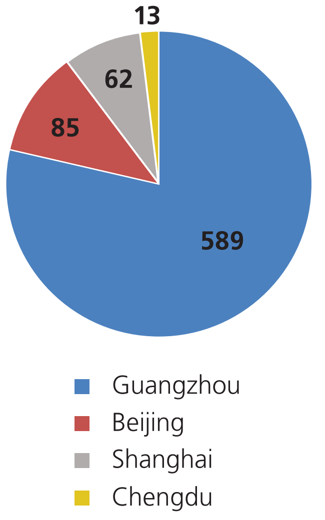


As at the end of the Reporting Period, we achieved a gender-balanced workforce with 381 male and 379 female staff, a male-to-female ratio is approximately 1:1. The majority of our employees were aged below their 40s, showing success in our commitment to attracting younger generations to join our dynamic workforce.

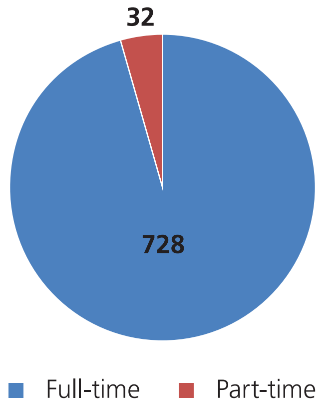
Employees by region in 2024



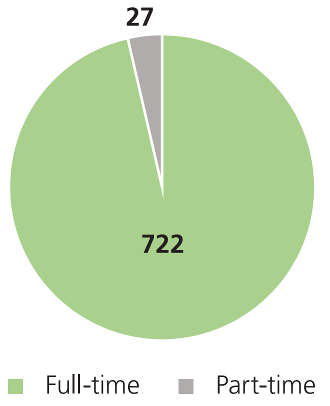
Employees by region in 2023



Employees by type in 2024



Employees by type in 2023



To protect the rights and interests of our employees, we develop employee separation (including resignation and dismissal) procedures in strict accordance with the labour contract and the relevant laws and regulations of the regions in which we operate. When an employee leaves the company, we interview them to understand the reasons for leaving and recommendations to the Group. All separation processes are executed with full compliance with contractual obligations and statutory requirements.

As at the end of the Reporting Period, the employees of different functions perform their duties, ensuring sustained organisational stability.

The employee turnover rate (note 1) categorised by gender and age groups were as follows:

Employee Turnover Indicator	**2024**	2023
Turnover rate by gender		
Female	**43.7%**	50.4%
Male	**48.7%**	60.2%
Turnover rate by age		
18–24	**168.8%**	128.6%
25–29	**47.3%**	59.8%
30–39	**25.0%**	36.2%
40–49	**14.5%**	24.2%
＞ 50	**23.5%**	35.3%
Turnover rate by type		
Full-time	**33.7%**	47.7%
Part-time	**350.0%**	281.5%
Turnover rate by type		
Guangzhou	**51.1%**	62.0%
Beijing	**29.6%**	34.1%
Shanghai	**25.8%**	75.8%
Chengdu	**0.0%**	123.1%

Note 1: The percentages are calculated regarding the "How to prepare an ESG Report? — Appendix III: Reporting Guidance on Social KPIs" issued by the HKEX.

Turnover rate = (Number of employees departed during the Reporting Period/Average number of employees in the Reporting Period) x 100%

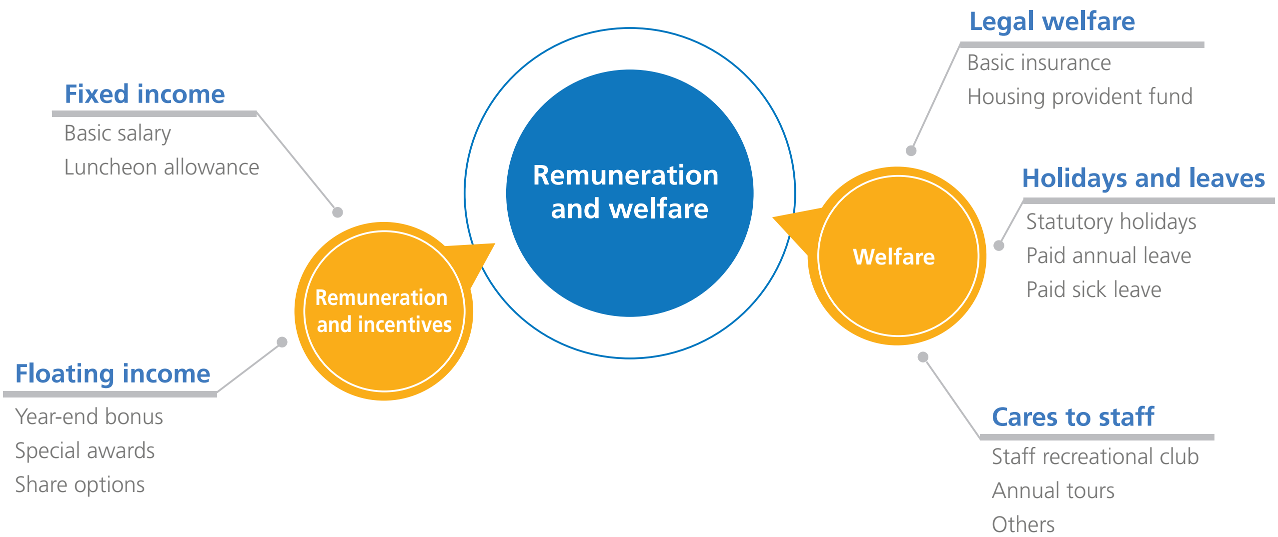
Average number of staff in the Reporting Period = (Number of employees at the beginning of the Reporting Period + Number of employees at the end of the Reporting Period)/2

Note 2: Part of the turnover rate is over 100% mainly because we have part-time employee turnover at the end of the Reporting Period.

During the Reporting Period, a total of 349 (2023: 457) employees left the Group, of these 185(2023:253) were male and 164(2023:204) were female resulting in an overall turnover rate of 46% (2023: 55%).

Protection of employee benefits

The Group is also committed to attracting, retaining, and motivating the best candidates and employees. The Group offers competitive remuneration packages to the right employees including year-end bonuses and share options offered based on individual performances, as well as standard entitlements and other allowances such as meal and trade allowance. All employees are provided with appropriate leave entitlements including annual leave, sick leave, marriage leave, maternity leave and compassionate leave.



Occupational health and care

Given the primarily office-based nature of our workforce, occupational health and safety risks are not material for the Company. Nevertheless, the Group recognises the importance of employee well-being and has implemented comprehensive measures to maintain a safe working environment, in line with its ESG framework, to mitigate potential risks.

During the Reporting Period, the Group has complied with all requirements of relevant regulations, which include but are not limited to the following:

- Prevention and Treatment of Occupational Diseases Law of PRC (中華人民共和國職業病防治法)
- Fire Prevention Law of PRC (中華人民共和國消防法)

- Occupational Health and Safety Management System
  (職業健康安全管理體系)

- Special Regulation on the Labour Protection of Female Staff
  (女職工勞動保護特別規定)

- Measures for the Ascertainment of Work-related Injuries
  (工傷認定辦法)

The Group's headquarters is situated within a well-designed campus comprising three five-story office buildings, offering a combined gross floor area of approximately 30,000 square meters. This facility is complemented by an expansive 5,000-square-meter landscaped garden that serves multiple functional and environmental purposes. The green space not only provides employees with a tranquil area for relaxation and stress relief but also contributes to improved air quality within the workplace environment, thereby enhancing overall employee well-being and productivity.

To ensure the physical safety of our assets and our employees, the Group has deployed security guards at the office and their surrounding area. Regular inspection and maintenance for the equipment of the building, such as elevators and fire protection equipment are conducted by professional companies.

Moreover, the Group has established comprehensive employee wellness facilities and programs designed to foster a healthy work-life balance and mitigate occupational health risks. The recreational facilities include a canteen, basketball court, café, leisure room, nursery room, table tennis tables, and yoga room for our employees to have a balanced work-leisure lifestyle, preventing potential long-term health risks related to long hours of desk work. A "staff recreational club" has been set up to develop a sense of belonging and build better bonding amongst our employees, where they can participate in many team building activities such as basketball games, badminton games, yoga class, company travel, and annual dinner, etc. This holistic approach not only promotes physical and mental well-being but also strengthens interpersonal relationships and cultivates a sense of community among employees, ultimately contributing to reduced workplace stress and enhanced organizational cohesion.

During the reporting period, an employee was injured because she slipped and fell at the stair landing due to standing water on the floor, resulting in a left knee sprain. She lost 2 (2023: 0) working days total due to the accidents. To prevent similar accidents from happening again, we will continue to be cautious about activities and work environments that may put personal safety at risk, check the on-site situation beforehand, and take relevant protective measures to minimise risks.

There was no significant work-related fatality recorded for the past three years, including the Reporting Period.

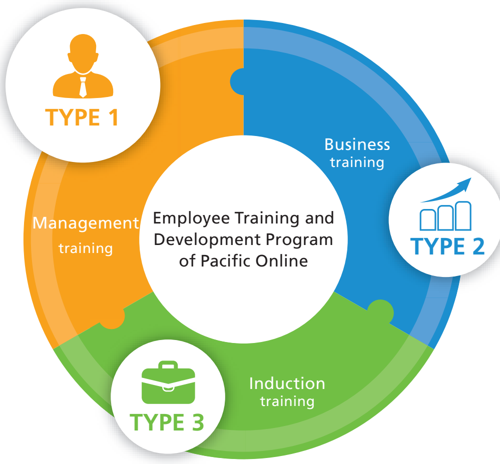
Talent development and training

The Group acknowledges that the ongoing professional development of our workforce is fundamental to the organisation's growth and long-term sustainability. In this regard, we have formalised comprehensive employee development policies within our official "Employee Handbook," establishing a structured framework for the implementation of training programmes. Our Administration Department, utilising data-driven insights derived from departmental training needs assessments, is responsible for formulating and executing the annual training strategy. A range of internal training opportunities for all levels of our employees is divided into three categories according to different targeted employees.

New employee training: New employees' orientation, induction training, "one-on-one" mentorship program, and exchange program.

Work-related training: Such as editing training and sales training to improve business skills and technical skills for the company's daily operation.

Management training: Improving professional capability and developing skills of newly promoted middle and senior management to coach their staff.



Training types

"Setting Sail" — Pacific Network New Employee Induction Training

Project Overview: This project is a monthly training program, focusing primarily on company regulations, corporate culture, internet industry knowledge, and professional development. The aim is to help new employees understand the company and cultivate basic professional qualities, allowing them to quickly integrate into the environment and smoothly begin their work.
Training Target: New Employees
Training Cycle: Once a month
Covered Courses: "Professional Development", "Regulations and Confidentiality Awareness", "The Developing Pacific Online"

Pacific Network New Editor Training Camp

Project Overview: This project is a quarterly training program, with training content covering basic business knowledge and skills for various website editorial positions, including copyright awareness, photography and PS common techniques, interview and event experience, SEO knowledge, etc. The aim is to help new employees in editing positions master basic work skills.
Training Target: New employees in each editorial department
Training Cycle: Once a quarter
Covered Courses: "Copyright Knowledge", "Photography Skills", "Common PS Functions Sharing", "Press Conference and Exhibition Experience Sharing", "Interview/Exclusive Training", "Forum Interaction Model and Management Experience Sharing", "Website Traffic Statistics and Basic SEO Knowledge"

Screencap of New employee training courses

The Group has set up a variety of trainings to meet the work requirements and self-development goals of the employees.

Training development

For the delivery of training, the Group has launched "cloud-learning" since 2019, an online training platform for employees to conduct training more efficiently. Employees can ask questions anytime on the platform even after the training session has ended. Apart from receiving internal training, employees may also be sponsored by the Group to receive external training for skill and knowledge enrichment. Employees receiving external training are responsible for conducting knowledge transfer internally to create a positive learning atmosphere among employees. Additionally, other forms of training are also available including seminars, self-learning by employees and online learning.

During the Reporting Period, there was a total of 538 (2023: 834) trained employees and the percentage of total employees who took part in training was 70.8% (2023: 111.3%) for the Reporting Period. A total of approximately 2,483 (2023: 2,946) training hours were completed by these trained employees which took place in PRC, average training hours per employee are 3.3 (2023:3.9) training hours. The details of these trainings are shown in the table below:

Employee Training Indicator	**2024**	2023
Percentage of employees trained (%)	**70.8** [note]	111.3 [note]
Percentage of employees trained by gender (%)		
Male	**52.4**	50.6
Female	**47.6**	49.4
Percentage of employees trained by position (%)		
Senior management	**5.4**	7.2
Middle management	**8.2**	9.7
Ordinary employee	**86.4**	83.1

Note 1: The percentage of employees trained = Employees trained during the Report Period/Number of employees at the end of the Reporting Period) x 100%

Note 2: The percentage of employees trained in 2023 has been restated using the same caliber. The percentage is over 100% because employees trained during the Reporting Period are more than employees at the end of the Reporting Period, due to full-time and part-time employee turnover.

The percentage is over 100% because employees trained during the Report Period are more than employees at the end of the Reporting Period due to employee turnover.

Employee Training Indicator	**2024**	2023
Training hours per capita (hour)	**3.3**	3.9
Average training hours completed per employee by gender (hour)		
Male	**3.3**	4.0
Female	**3.3**	3.9
Average training hours completed per employee by position (hour)		
Senior management	**2.4**	4.2
Middle management	**4.9**	4.1
Ordinary employee	**3.1**	3.9

RESPONSIBLE OPERATION

Efficient supply chain management

To better manage the supply chain, we have established a "Procurement Process" to standardise it and set criteria and requirements for selecting suppliers. This will enhance the efficiency of procurement.

The Group maintains an approved supplier list for purchasing IT services, office equipment, and office supplies. Suppliers on the approved suppliers' list are carefully assessed based on criteria such as the quality of goods and services provided, their reputation in the public and the industry, and whether or not they have complied with laws and regulations in the PRC. Before contractual engagement with suppliers, we conduct due diligence to have a better understanding of their background, for instance verifying the business license and other related business qualifications, identifying areas for further investigation and reducing risks associated with the decision before or upon engaging them. We work with qualified suppliers who have no bad business practices, and regularly review, supervise and update the approved suppliers' list to stabilise the quality of our procurements. We review those suppliers that have failed to fulfil our standards, which may then be subjected to removal from the approved list.

As at the end of the Reporting Period, we have a total of 976 (2023: 744) suppliers, all are from different provinces in PRC.

Responsible Product and Services Management

Quality assurance

As an online content provider, the Group regularly promotes different products and services of our clients. While ultimate responsibility for product quality resides with our clients, we have implemented a comprehensive "Advertisement Publication Compliance Guide" to strengthen the review and verification of all advertising materials. The Group is committed to complying with relevant laws and regulations in areas for advertising compliance, including but not limited to "Adverting Law of PRC (中華人民共和國廣告法)", "Regulation on control of advertisements of PRC (中華人民共和國廣告管理條例)", "Interim Measures for the Administration of Internet Advertising" (互聯網廣告管理暫行辦法)"and so on. We review the qualifications of business partners and ensure that we only promote products and services from reputable brands. Furthermore, as part of our content review process, we will perform our tests or trials internally before officially introducing these products and services to our users.

Moreover, the Group understands that improving its quality and meeting the needs and preferences of consumers are key elements for its sustainable development and thus it has launched a "User Experience Enhancement Program" which aims to listen to and understand consumers' requirements and needs. This program includes customer surveys, free downloads and new product trials, and collects feedback for further quality improvement. Through this program, we aim to deepen our understanding of consumer requirements while fostering innovation that directly addresses evolving market expectations, thereby strengthening our competitive position and ensuring long-term customer satisfaction.

Post-sales service and complaint handling

The Group maintains rigorous grievance resolution mechanisms, treating all stakeholder concerns as critical inputs for service quality enhancement.

During the Reporting Period, the Group has received and handled a total of 64 (2023:60) cases of complaint from third parties. These complaints include potential false information and content on our websites, suspected copyright infringement, etc. Our handling procedures include deletion of information and content on our websites, providing written commitment to the third-party and making compensation when necessary. The handling procedures and results are filed for our records. None of these complaints is significant in nature and may have a detrimental impact on the Group. We also constantly improving the existing "Content Responsible system for ecological governance" to avoid complaints. For content review we adopt the mechanism of first review and then release, through the Review platform automatic filtering (keyword matching), third-party platform audit (machine audit) and manual audit three audit processes.

In addition, as an online content provider, we recognize the potential risks associated with illegal and inappropriate content. We have established "Measures for the Acceptance and Handle of Reports on Illegal and Inappropriate Information" ("**Measures**") aiming at fulfilling the responsibility as a website and handling the reporting information in a timely manner. The Measures clarify the responsibilities of each unit for handling illegal and inappropriate content, set up the procedures for accepting reports on illegal and inappropriate information and provide recommendations to handle the reports on illegal and inappropriate information.

Our content review department serves as the primary unit responsible for managing reports of illegal and inappropriate content, with the website editorial department and technical department providing support in processing reported information. We have set up both telephone and mailbox for others to report illegal and bad information on the Pacific Online network. Employees on duty are responsible for answering calls and making relevant phone records; as for the reporting mailbox, staff on duty regularly check the mailbox and maintain the records.

Once the Group receives a report on illegal and inappropriate information, the following processes are being carried out:

The content review department classifies, screens and verifies the reported content in detail.

For legitimate reports and/or allegations, deal with them as soon as possible. After the report handling process is completed, promptly revert to the reporter and provide feedback where necessary and applicable.

Important reporting information involving content that endangers national security, disrupts social order, etc., should be reported to relevant competent authorities in a timely manner.

Information collected in the process of report acceptance and handling shall be sorted and archived timely and kept confidential at all times.

Intellectual property protection

The Group prioritises the protection of intellectual property (IP) rights as a core component of its competitive strategy. Our Legal Department oversees the formal registration of corporate trademarks and patents while guiding image usage rights. The installation of unauthorized software is strictly prohibited across all operations.

To strengthen internal governance, the Group organises regular business training on intellectual property rights to improve employees' awareness of intellectual property rights protection and educate them on how to identify the potential infringement of intellectual property rights. The training on intellectual property rights is suitable for newly joined editors, and the content of the training includes updates on the Advertising Law of PRC (中華人民共和國廣告法), knowledge for copyright and training for photography skills.

The Group has established "Rules for the use of outsourced copyrighted pictures" (外購版權圖片使用規則), "Rules for the use of outsourced copyrighted music" (外購版權音樂使用規則), and "Memo on copyright management" ("**Memo**") for the purpose to strengthen the management of copyright within the Group, standardise the content of each website, and ensure copyright is used legally. The application scope of the memo includes all websites of the Group, APP and third-party platform accounts such as Weibo and WeChat official accounts. The memo set out copyright usage rules for content including but not limited to articles, images, animation software etc. and procedures for handling infringement complaints.

In the event of a first-time infringement offence conducted by our employees, the editorial department would give a verbal warning. If losses are caused to the Group, the Group has the right to demand compensation from the responsible person. As for the second offence, a written warning would be given to the employees and filed by the Human Resources Department.

Externally, the Group has established whistle-blowing procedures for external parties to report any suspicious infringement and misuse of intellectual property rights for further investigation. The whistle-blowing procedures are explained on the Group's website and available to be viewed by external parties.

The Group is committed to complying with relevant laws and regulations for the protection of intellectual property, including but not limited to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Copyright Law of the People's Republic of China (中華人民共和國著作權法), the Trademark Law of the People's Republic of China (中華人民共和國商標法), the Computer Software Protection Regulations (《計算機軟件保護條例》) and the Protection of the Right to Network Dissemination of Information (信息網絡傳播權保護條例).

During the Reporting Period, the Group has not engaged in and has not been threatened with a significant claim for infringement of any IP rights, whether as a claimant or as a defendant (2023: nil). The Company has taken all reasonable measures to prevent infringement of IP rights.

Information security and personal data protection

The Group considers that privacy and security of information are critical operating principles and recognises the importance of keeping the personal information of the users in strict confidence. The Group is committed to complying with relevant laws and regulations including the Cybersecurity Law of PRC (中華人民共和國網絡安全法), the Group Law of PRC (中華人民共和國公司法), Civil Code of PRC (中華人民共和國民法典), E-Commerce Law of PRC (中華人民共和國電子商務法), Personal Information Protection Law of PRC (中華人民共和國個人信息保護法), Data Security Law of PRC (中華人民共和國數據安全法) and Advertising Law of PRC (中華人民共和國廣告法) relating to customer data protection and privacy.

The Group has implemented various information privacy and information security programmes to protect the security of corporate data as well as personal data privacy by adopting multiple means, for instance, password management, information output, dissemination, and backup. All employees have the responsibility to protect information security and for related parties of the Group, such as suppliers, and service providers, their responsibilities to safeguard the data security have also been communicated and clarified to them.

Under the information security policy, our employees' duties include the following:

- Learn and understand the Company's Information Security System and receive information security-related training;

- Protect the information he/she keeps and owns, and establish relevant information security policies, strategies and procedures;

- Obliged to explain all the conducts in handling the information; and

- In the event of suspected cases that information is not properly protected, he/she must promptly report to the security management representative.

In addition to adhering to the privacy and information security policy, all employees are subject to comprehensive confidentiality obligations under their employment contracts, the employee confidentiality regulations, and the code of conduct. These ensure that confidential information is properly protected and such information is kept in strict confidence, and that any information that has come into their possession as a result of their employment with us will not be disclosed to any person without the prior approval. Any unauthorised copying, dissemination or disclosure of confidential information, including identities and transaction records of customers, is strictly prohibited. The Group has disclosed its personal data protection policy on its website to enhance transparency on the above issue. As part of the information privacy and information security programmes, any external parties such as users, contractors and regulators, are welcome to report complaints, and provide suggestions and recommendations regarding our privacy policies through the dedicated channels on our website.

To better understand the user's needs, the Group may collect the personal information of users with their consent. The Group's practices regarding the collection, use, preservation, disclosure, transfer, protection and access of information are following the law. We explicitly inform users of the Group's data retention practices and how their data is used and obtain consent from online users and customers before we collect personal information, and use them only for their intended purpose, and destroy these data when they are no longer required.

Anti-corruption

The Group is committed to adhering to the highest ethical standards and maintaining a corporate culture of integrity and justice for preventing, detecting and reporting all types of fraud, including corruption.

The Employee Handbook explicitly prohibits the solicitation or acceptance of monetary benefits, gifts, or rebates constituting bribery, with such violations warranting immediate contract termination and further legal action. In case there are any reported cases regarding corruption, the human resources department together with the relevant functional departments are responsible for the investigation and those responsible will be disciplined where proven violation has occurred. Any non-compliance with the laws will be reported to law enforcement authorities for handling.

The Group also requires employees to sign a "Written Commitment on Integrity" to prevent any bribery, extortion, fraud and money laundering activities happening during the transactions with suppliers and clients. Under this written commitment, employees are committed to maintaining a healthy and good business relationship with customers, business partners, their colleagues and relatives and do not ask for or give away (including but not limited to transfer, lending, gifting, etc.) any material improper benefits.

As an integral component of our grievance resolution framework, external stakeholders including users, contractors, regulatory bodies, and internal staff may submit reports concerning actual or suspected corruption or fraud through our hotline and email listed at the bottom of the company websites.

Externally, the Group maintains standardised complaint resolution protocols across its digital service platforms, requiring immediate acknowledgement and systematic tracking of all received grievances until full resolution. Complaint records undergo weekly archival for audit purposes. Internally, the whistleblowing mechanism provides secure reporting mailboxes enabling employees to confidentially disclose misconduct incidents — including suspected corruption, fraud and other forms of criminality — directly to the chief executive officer and chief operating officer.

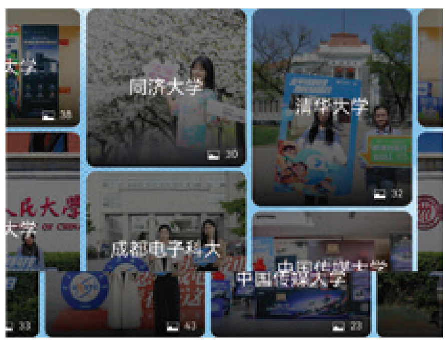
The Group fosters ethical governance through cross-departmental integrity initiatives. Mandatory anti-corruption training programs educate employees at all levels, from board members to operational staff, on interpreting and complying with the "Written Commitment on Integrity."

The Group is committed to complying with relevant laws and regulations in areas for anti-corruption, including but not limited to the Anti-Unfair Competition Law of PRC (中華人民共和國反不正當競爭法) and Anti-Money Laundering Law of PRC (中華人民共和國反洗錢法). There was no significant legal case or incident regarding fraud or corruption found by or reported to the Company during the Reporting Period (2023: nil).

GIVING BACK TO SOCIETY

The Group encourages employees to contribute their time and efforts in participating in various local community activities and events. The Group creates job opportunities for the community, and also takes part in youth development initiatives and any charitable efforts to help the victims who suffered from natural disasters.

In September, the Group partnered with collaborators to extend brand engagement into academic communities across 8 cities and 14 universities. This initiative provides students with streamlined access to premium products through value-optimized channels. Through the strategic implementation of our Campus Tech Empowerment Initiative, the company has successfully penetrated China's elite Project 985 and 211 universities to strengthen brand recognition in the technology sector. This program cultivates technological confidence among students via immersive product demonstrations while delivering curated value deals on premium devices through campus partnerships. By democratizing access to cutting-edge gadgets at student-optimized pricing tiers, we are redefining equitable technology adoption and an innovative tech-integrated lifestyle for the academic community.



Campus Prime Day

DIRECTORS' REPORT

The Board is pleased to present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

GROUP REORGANISATION

The Company was incorporated on 27 August 2007 as an exempted company with limited liability under the Companies Law, Cap. 22, (Law 3 of 1961, as combined and revised) of the Cayman Islands. The Company is an investment holding company of the companies now comprising the Group.

The Company's shares have been listed on main board of the Stock Exchange since 18 December 2007. After the completion of group reorganisation as set out in the prospectus of the Company dated 5 December 2007 (the "Prospectus"), pursuant to an agreement dated 12 November 2007, the Company acquired the entire issued capital of Takehigh Industry Limited through a share swap and became the holding company of the companies now comprising the Group.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of internet advertising services in the People's Republic of China. The activities of its subsidiaries are set out in note 18 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

A review of the Group's business during the year, which includes a discussion of the principal risks and uncertainties facing by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group, an indication of likely future developments in the Group's business and discussion on the Company's environmental policies and performances and the relationships with its stakeholders, can be found in the Chairman's Statement, Management Discussion and Analysis, Corporate Governance Report and Environmental, Social and Governance Report contained in this annual report. The review forms part contained in this directors' report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated income statement on page 86.

The Board has recommended the payment of a final cash dividend of RMB4.5 cents per ordinary share for the year ended 31 December 2024 (the "Proposed Final Dividend"), which compares with RMB4.0 cents for 2023. The final dividend is subject to the shareholders' approval at the Company's forthcoming annual general meeting to be held on Tuesday, 6 May 2025 (the "2025 AGM"). The Proposed Final Dividend will be paid in cash on Friday, 6 June 2025 to shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 14 May 2025.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Tuesday, 29 April 2025 to Tuesday, 6 May 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2025 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 28 April 2025.

For determining the entitlement to the Proposed Final Dividend, the register of members of the Company will also be closed from Tuesday, 13 May 2025 to Wednesday, 14 May 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to receive the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at the above address, for registration not later than 4:30 p.m. on Monday, 12 May 2025.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and assets less liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 162 of the annual report. This summary does not form part of the audited financial statements.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 24 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into by the Company are disclosed under the paragraphs headed "Share Option Plan" and "Share Award Scheme" in this directors' report.

SHARE OPTION PLAN

The Company has adopted a Share Option Plan at the annual general meeting of the Company held on 19 May 2017. Summary of the Share Option Plan is as follows:

1. Purpose	To advance the interests of the Company and its shareholders by enabling the Company to grant share options to attract, retain and reward the eligible persons, to provide to the eligible persons a performance incentive for continued and improved services with the Company and its subsidiaries, and to enhance such persons' contribution to increase the profits by encouraging capital accumulation and share ownership.
2. Participants	Any directors (whether executive or non-executive and whether independent or not), any employee (whether full-time or part-time), any consultant or adviser of or to the Company or the Group (whether on an employment, contractual or honorary basis and whether paid or unpaid), who, in the absolute opinion of the Board, have contributed to the Company or the Group.
3. Total number of ordinary shares available for issue	113,320,566 shares, being approximately 10% of the issued share capital (excluding treasury shares) as at the date of this annual report.
4. Maximum entitlement of each participant	Where any grant or further grant of options to a participant would result in the total number of shares issued and to be issued upon exercise of all the options already granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such grant or further grant representing in aggregate over 1% of the total number of shares in issue, such grant or further grant must be separately approved by the shareholders in a general meeting. Where any grant or further grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted (including exercised, cancelled and outstanding options) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the relevant class of shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HKD5,000,000, such grant or further grant of options must be approved by the shareholders in a general meeting.

5.	Period within which the securities must be taken up under an option	An option may be exercised at any time during a period to be determined and notified by the Board to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the Share Option Plan.
6.	Minimum period for which an option must be held before it can be exercised	There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors.
7.	Acceptance of offer	Options granted must be taken up within 28 days from the date of offer, upon payment of HKD1 per grant.
8.	Basis of determining the exercise price	Determined by the Board but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of the grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the grant of options; and (iii) the nominal value of an ordinary share of the Company.
9.	Remaining life of the scheme	It will remain in force for a period of 10 years, commencing on 19 May 2017. The remaining life of the Share Option Plan is approximately 2 years.

As at 31 December 2024, the Company has no outstanding share options under the Share Option Plan. No share options have been granted/exercised/cancelled/lapsed under the Share Option Plan during the year ended 31 December 2024.

The number of share options available for grant under the mandate of the Share Option Plan as at 1 January 2024 and 31 December 2024 were 113,320,566.

SHARE AWARD SCHEME

The Board adopted a restricted share award scheme (the "2011 Restricted Share Award Scheme") on 10 January 2011 (the "Adoption Date") as an incentive to retain and encourage the eligible participants for the continual operation and development of the Group. Eligible participants include any director, any employee, any consultant or adviser of or to the Company or the Group and who, in the absolute opinion of the Board, have contributed to the Company or the Group.

Pursuant to the 2011 Restricted Share Award Scheme, the Board may, from time to time, at its absolute discretion select eligible participants and determine the number of shares to be awarded. The aggregate number of shares to be awarded by the Board throughout the duration of the 2011 Restricted Share Award Scheme shall not exceed 2.5% of the issued share capital of the Company as at the Adoption Date. The term of the 2011 Restricted Share Award Scheme is 10 years commencing from the Adoption Date and it has expired on 9 January 2021.

Given that the 2011 Restricted Share Award Scheme has been expired on 9 January 2021 and among the threshold of up to 2.5% of the then issued share capital of the Company which the Board can award, the Board had already awarded nearly half of it, the Board has resolved on 21 December 2020 (the "New Adoption Date") to adopt a new restricted share award scheme (the "New Share Award Scheme") with a term of 10 years commencing from the New Adoption Date as an incentive to retain and encourage the eligible participants for the continual operation and development of the Group, pursuant to which the restricted shares are comprised of (i) new shares to be allotted and issued to selected participants under the general mandate or specific mandate sought from the shareholders of the Company in general meetings from time to time; and/or (ii) existing shares to be purchased by the trustee from the market out of cash contributed by the Group. The shares will be held in trust for the relevant selected participant until such shares are vested with the relevant selected participants in accordance with the provisions of the New Share Award Scheme.

The Board has implemented the New Share Award Scheme in accordance with the terms of the scheme rules including to provide necessary funds to the trustee for purchase of shares up to the scheme mandate.

The New Share Award Scheme shall be subject to the administration of the Board in accordance with the scheme rules.

Summary of the New Share Award Scheme is as follows:

- The purpose and objectives of the New Share Award Scheme are: (i) to recognise and motivate the contribution of certain eligible participants and (ii) to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

- The eligible participants include any directors (whether executive or non-executive and whether independent or not), any employees (whether full time or part-time), any consultants or advisers of or to the Company or the Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), who, in the opinion of the chief operating officer or the senior management of the Group, have contributed to the Company or the Group.

- The awarded shares to be granted are subject to acceptance of the selected participants within the time as stipulated in the grant letter. There are no amount payable on application or acceptable of the award and no purchase price of shares awarded.

- When the selected participant has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the shares forming the subject of the award, the trustee shall transfer the relevant vested shares to that eligible participant.

- The Board shall not make any further award of restricted shares which will result in the aggregate number of restricted shares awarded by the Board throughout the duration of the New Share Award Scheme to be in excess of 5% of the issued share capital of the Company as at the New Adoption Date. The maximum number of restricted shares which may be awarded to a selected participant under the New Share Award Scheme shall not exceed 0.5% of the issued share capital of the Company as at the New Adoption Date.

- The Board may from time to time while the New Share Award Scheme is in force and subject to all applicable laws, determine the vesting criteria and conditions or periods for the awarded shares to be vested/lapsed.

- The New Share Award Scheme will remain in force for a period of 10 years, commencing on 21 December 2020. The remaining life of the New Share Award Scheme is approximately 5 years.

- The trustee shall not exercise the voting rights in respect of any shares held under the trust (including but not limited to the awarded restricted shares, and further shares acquired out of the income derived therefrom).

The total number of shares available for grant under the New Share Award Scheme is 48,562,733 shares, representing approximately 4.3% of the issued share capital (excluding treasury shares) as at the date of this annual report.

Details of the New Share Award Scheme were disclosed in the Company's announcements dated 21 December 2020 and 29 December 2020.

Details of the share awards, involving existing shares of the Company, during the year ended 31 December 2024 are as follows:

				Number of awarded shares							
Participants	**Date of grant**	**Vesting date**	**Purchase price (HK$)**	**unvested as at 1 January 2024**	**granted during the year**	**vested during the year**	**lapsed/ cancelled during the year**	**unvested as at 31 December 2024**	**Closing price immediately before the date on which the awarded shares were granted (HK$ per share)**	**Weighted average closing price immediately before the dates on which the awarded shares were vested (HK$ per share)**	**Performance targets of the awarded shares granted**
Employees of the Group											
Five highest paid employees	12 April 2024	12 April 2024	Nil	—	2,500,000	(2,500,000)	—	—	0.45	0.45	N/A
Other employees	12 April 2024	12 April 2024	Nil	—	400,000	(400,000)	—	—	0.45	0.45	N/A
Total				—	2,900,000	(2,900,000)	—	—			

No share awards, involving issue of new shares of the Company, have been granted/vested/ lapsed/cancelled under the New Share Award Scheme during the year ended 31 December 2024.

The number of share awards available for grant under the mandate of the New Share Award Scheme as at 1 January 2024 and 31 December 2024 were 51,462,733 and 48,562,733 respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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 (including sale of treasury shares) during the year ended 31 December 2024.

As of 31 December 2024, there were no treasury shares held by the Company.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 30 and note 25 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2024, the Company had distributable reserves amounting to RMB673.3 million (2023: RMB725.7 million).

Under the Companies Act, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands, the share premium account and the retained earnings are distributable to the shareholders of the Company provided that immediately following the date on which any dividend is proposed to be distributed, the Company will be able to pay its debts as they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 41.29% of the total sales for the year and sales to the largest customer included therein amounted to 27.35%. Purchases from the Group's five largest suppliers accounted for 20.92% of the total purchases for the year and purchase from the largest supplier included therein amounted to 5.77%.

None of the directors or any of their close associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the number of issued shares of the Company) had any beneficial interest in the Group's five largest customers or five largest suppliers.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 733 employees (2023: 771). The Group determines its staff's remuneration based on factors such as qualifications and years of experience.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Company has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

DIRECTORS' REPORT

DIRECTORS

The directors of the Company during the year were as follows:

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

Independent Non-executive Directors:
Mr. Tsui Yiu Wa, Alec
Mr. Thaddeus Thomas Beczak
Mr. Lam Wai Hon, Ambrose
Ms. Lee Kit Ying (appointed on 1 October 2024)

Ms. Lee Kit Ying was appointed as an independent non-executive director of the Company with effect from 1 October 2024. She had obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 16 September 2024 and she has confirmed that she understood her obligations as a director of a listed issuer. In accordance with Article 86(3) of the Company's Articles of Association, Ms. Lee Kit Ying shall hold office until the 2025 AGM and, being eligible, will offer herself for re-election at the 2025 AGM.

In accordance with Article 87 of the Company's Articles of Association, Mr. Wang Ta-Hsing and Mr. Lam Wai Hon, Ambrose shall retire from office by rotation at the 2025 AGM and, be eligible, will offer themselves for re-election at the 2025 AGM.

The Company has received annual confirmations of independence from Mr. Tsui Yiu Wa, Alec, Mr. Thaddeus Thomas Beczak, Mr. Lam Wai Hon, Ambrose and Ms. Lee Kit Ying pursuant to Rule 3.13 of the Listing Rules. The Company considers the independent non-executive directors to be independent as at the date of this report.

DIRECTORS' SERVICE CONTRACTS

None of the directors being proposed for re-election at the 2025 AGM has a service agreement with the Company, which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No director nor a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the Group's businesses to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party during the year.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout the year.

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

As at 31 December 2024, 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 were as follows:

Interests in shares of the Company

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

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

[†] The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, none of the directors or chief executive of the Company had any interests or short positions in the shares and underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the above paragraphs headed "Share Option Plan" and "Share Award Scheme" in this directors' report and in note 25 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

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

As at 31 December 2024, as far as the directors of the Company are aware, the following persons (other than the directors and chief executives of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

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

Notes:

(1) Ms. Ma Muk Lan was deemed to be interested in 320,810,561 shares of the Company through the interests of her spouse, Dr. Lam Wai Yan.

(2) These shares were held by Gallop Assets Management Limited, the entire issued share capital of which was owned by J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Gallop Trust. As such, J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Gallop Trust was deemed to be interested in 296,172,030 shares of the Company held by Gallop Assets Management Limited.

(3) The interests of Treasure Field Holdings Limited was also disclosed as the interests of Mr. Ho Kam Wah in the above section headed "Directors' interests in the shares and underlying shares of the Company and its associated corporations".

† The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, no person, other than the directors of the Company whose interests are set out in the above section headed "Directors' interests in the shares and underlying shares of the Company and its associated corporations", had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2024, to the best knowledge of the directors, none of the directors and their respective associates was considered to have any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the directors were appointed as directors to represent the interests of the Company and/or the Group.

CORPORATE GOVERNANCE

Details of the corporate governance are set out in the section headed "Corporate Governance Report" in this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this annual report, the Company has maintained a sufficient public float.

CONNECTED TRANSACTIONS

A summary of the related party transactions entered into the Group during the year ended 31 December 2024 is contained in note 29 to the consolidated financial statements.

During the year ended 31 December 2024, save for the continuing connected transactions as disclosed below, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A of the Listing Rules.

Structure Contract Transactions

The Group had continuing connected transactions in the form of structure contracts (the "Structure Contract Transactions").

PConline Structure Contracts

The Group conducts its online advertising business through Guangzhou Yingxin Computer Technology Exchange Co., Ltd. ("GZ Yingxin"), Guangdong Pacific Internet Information Service Co., Ltd. ("GDP Internet") and the subsidiaries of GDP Internet under the structure contracts entered into with the Company's wholly-owned subsidiary, Guangzhou Pacific Computer Information Consulting Co., Ltd. ("GZP Computer") (the "Existing PConline Structure Contracts"). GZ Yingxin, a company incorporated in the PRC with limited liability that holds 100% of the equity interest of GDP Internet, was owned as to 40% by Ms. Zhang Cong Min ("Ms. Zhang"), 30% by Ms. Lu Wu Qing ("Ms. Lu") and 30% by Ms. Fan Zeng Chun ("Ms. Fan") (collectively known as "GZ Yingxin Shareholders"). On 10 September 2018, an equity transfer agreement was entered into between Ms. Lu and Ms. Zhang in relation to the transfer of Ms. Lu's equity interest in GZ Yingxin to Ms. Zhang. After the said transfer, as at 31 December 2018, GZ Yingxin was owned as to 70% by Ms. Zhang and 30% by Ms. Fan (collectively known as "Existing GZ Yingxin Shareholders"). On 15 October 2018, the amended and restated PConline structure contracts, entered by GZP Computer, GZ Yingxin, GDP Internet, Ms. Lu, Ms. Zhang and Ms. Fan (the "Amended and Restated PConline Structure Contracts"), had replaced the Existing PConline Structure Contracts. On 14 February 2019, an equity transfer agreement was entered into between Ms. Zhang and Ms. Yang Tian Ying ("Ms. Yang") in relation to the transfer of Ms. Zhang's equity interest in GZ Yingxin to Ms. Yang. After the said transfer, as at 31 December 2019, GZ Yingxin was owned as to 70% by Ms. Yang and 30% by Ms. Fan (collectively known as "New GZ Yingxin Shareholders"). On 15 February 2019, the further amended and restated PConline structure contracts, entered by GZP Computer, GZ Yingxin, GDP Internet and New GZ Yingxin Shareholders (the "Further Amended and Restated PConline Structure Contracts"), had replaced the Amended and Restated PConline Structure Contracts. Pursuant to the Further Amended and Restated PConline Structure Contracts, the Company will operate its online business relating to the portals of PConline, PCauto and PCbady through GZ Yingxin, GDP Internet, and the subsidiaries of GDP Internet.

As a result of the Further Amended and Restated PConline Structure Contracts, the Group can continue to recognize and receive the economic benefit of the business and operations of GZ Yingxin, GDP Internet and the subsidiaries of GDP Internet. The Further Amended and Restated PConline Structure Contracts are also designed to provide the Company with effective control over and (to the extent permitted by PRC law) the right to acquire the equity interests of GZ Yingxin Shareholders in GZ Yingxin and the equity interests of GZ Yingxin in, or assets of, GDP Internet and the subsidiaries of GDP Internet. Further details relating to the Existing PConline Structure Contracts/the Amended and Restated PConline Structure Contracts/the Further Amended and Restated PConline Structure Contracts are disclosed in the section headed "Structure Contracts" in the Prospectus and the Company's announcements dated 16 October 2018 and 18 February 2019.

PClady Structure Contracts

The Company envisaged that one of its existing portals, PClady (www.PClady.com.cn) which is specialized in women lifestyle-related topics, would be able to attract different and specific group of investors. Under the structure contracts entered into with the Company's wholly-owned subsidiary, Guangzhou Fengwang Information Technology Co., Ltd. ("GZFW Technology") on 30 June 2015, the Group conducts its online business relating to PClady portal through Guangzhou Yingyue Computer Technology Co., Ltd. ("GZ Yingyue"), Guangzhou Shangjin Internet Co., Ltd. ("GZS Internet") and Guangzhou Shangjin Advertising Co., Ltd. ("GZS Advertising") (the "PClady Structure Contracts"). GZ Yingyue, a company incorporated in the PRC with limited liability that holds 100% of the equity interest of GZS Internet and GZS Advertising (a wholly-owned subsidiary of GZS Internet), was owned as to 60% by Ms. Zhang and 40% by Ms. Lu, (collectively known as "GZ Yingyue Shareholders"). On 10 September 2018, an equity transfer agreement was entered into between Ms. Lu and Ms. Yang Tian Ying ("Ms. Yang") in relation to the transfer of Ms. Lu's equity interest in GZ Yingyue to Ms. Yang. After the said transfer, as at 31 December 2018, GZ Yingyue was owned as to 60% by Ms. Zhang and 40% by Ms. Yang (collectively known as "Existing GZ Yingyue Shareholders"). On 15 October 2018, the amended and restated PClady structure contracts, entered by GZFW Technology, GZ Yingyue, GZS Internet, Ms. Lu, Ms. Zhang and Ms. Yang (the "Amended and Restated PClady Structure Contracts"), had replaced the PClady Structure Contracts. On 14 February 2019, an equity transfer agreement was entered into between Ms. Zhang and Ms. Fan in relation to the transfer of Ms. Zhang's equity interest in GZ Yingyue to Ms. Fan. After the said transfer, as at 31 December 2019, GZ Yingyue was owned as to 60% by Ms. Fan and 40% by Ms. Yang (collectively known as "New GZ Yingyue Shareholders"). On 15 February 2019, the further amended and restated PClady structure contracts, entered by GZFW Technology, GZ Yingyue, GZS Internet and New GZ Yingyue Shareholders (the "Further Amended and Restated PClady Structure Contracts"), had replaced the Amended and Restated PClady Structure Contracts. Pursuant to the Further Amended and Restated PClady Structure Contracts, the Company will operate its online business relating to the portal of PClady through GZ Yingyue, GZS Internet and GZS Advertising.

As a result of the Further Amended and Restated PClady Structure Contracts, the Group can continue to recognize and receive the economic benefit of the business and operations of GZ Yingyue, GZS Internet and GZS Advertising. The Further Amended and Restated PClady Structure Contracts are also designed to provide the Company with effective control over and (to the extent permitted by PRC law) the right to acquire the equity interests of GZ Yingyue Shareholders in GZ Yingyue and the equity interests of GZ Yingyue in, or assets of, GZS Internet and GZS Advertising. Further details relating to the PClady Structure Contracts/the Amended and Restated PClady Structure Contracts/the Further Amended and Restated PClady Structure Contracts are disclosed in the Company's announcements dated 2 July 2015, 16 October 2018 and 18 February 2019.

PChouse Structure Contracts

The Company operates its online business through Guangzhou Yingyou Information Technology Co., Ltd. ("GZ Yingyou"), Guangzhou Shangcong Online Technology Co., Ltd. ("GZ Shangcong Online") and Guangzhou Shangcong Advertising Co., Ltd. ("GZ Shangcong Advertising") ("the "PChouse Structure Contracts"). GZ Yingyou, a company incorporated in the PRC with limited liability that holds 100% of the equity interest of GZ Shangcong Online, was owned as to 60% by Ms. Zhang and 40% by Ms. Yang (collectively known as "GZ Yingyou Shareholders") as at 31 December 2019. On 14 February 2019, an equity transfer agreement was entered into between Ms. Zhang and Ms. Fan in relation to the transfer of Ms. Zhang's equity interest in GZ Yingyou to Ms. Fan. After the said transfer, as at 31 December 2019, GZ Yingyou was owned as to 60% by Ms. Fan and 40% by Ms. Yang (collectively known as "New GZ Yingyou Shareholders"). On 15 February 2019, the amended and restated PChouse structure contracts, entered by Guangzhou Yurui Information Technology Co., Ltd. ("GZYR Technology"), GZ Yingyou, GZ Shangcong Online and New GZ Yingyou Shareholders (the "Amended and Restated PChouse Structure Contracts"), had replaced the Existing PChouse Structure Contracts. Pursuant to the Amended and Restated PChouse Structure Contracts, the Company will operate its online business relating to the portal of PChouse through GZ Yingyou, GZ Shangcong Online, and GZ Shangcong Advertising.

As a result of the Amended and Restated PChouse Structure Contracts, the Group is able to recognize and receive the economic benefit of the business and operations of GZ Yingyou, GZ Shangcong Internet and GZ Shangcong Advertising. The Amended and Restated PChouse Structure Contracts are also designed to provide the Company with effective control over and (to the extent permitted by PRC law) the right to acquire the equity interests of GZ Yingyou Shareholders in GZ Yingyou and the equity interests of GZ Yingyou in, or assets of, GZ Shangcong Online. Further details relating to the PChouse Structure Contracts/Amended and Restated PChouse Structure Contracts are disclosed in the Company's announcements dated 7 August 2018 and 18 February 2019.

During the year ended 31 December 2024, the revenue subject to the Amended and Restated PConline Structure Contracts/Further Amended and Restated PConline Structure Contracts, the Amended and Restated PClady Structure Contracts/Further Amended and Restated PClady Structure Contracts and PChouse Structure Contracts/Amended and Restated PChouse Structure Contracts (collectively the "Contracts") was RMB630 million. As at 31 December 2024, the total assets subject to the Contracts was RMB568 million.

Risk factors in relation to the Contracts

The risks associated with the Contracts were set out in the Prospectus and the Company's announcements dated 2 July 2015, 7 August 2018, 16 October 2018 and 18 February 2019 (the "Announcements") and are highlighted as follows:

- If the PRC government finds that the Contracts with the structure for operating the Group's businesses in China do not comply with the applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, the Group could be subject to severe consequences, including the nullification of the contractual arrangements and the relinquishment of the Group's interest in the domestic entities.

- The Company relies on the Contracts to control and obtain the economic benefits from the Group's domestic entities, which may not be as effective in providing operational control as direct ownership.

- Certain terms of the Contracts may not be enforceable under the PRC laws.

- The Existing GZ Yingxin Shareholders/New GZ Yingxin Shareholders, Existing GZ Yingyou Shareholders/New GZ Yingyou Shareholders and Existing GZ Yingyue Shareholders/New GZ Yingyue Shareholders may have conflicts of interest with the Group, which may materially and adversely affect the Group's business.

- GZP Computer, GZFW Technology and GZYR Technology's ability to acquire the respective entire equity interests in GZ Yingxin, GDP Internet, GZ Yingyue, GZS Internet, GZ Yingyou and GZS Shangcong Online may be subject to the limitations and substantial costs.

- The Contracts may be subject to the scrutiny of the PRC tax authorities and additional tax may be imposed.

In light of the above risks associated with the Contracts, the Group has adopted relevant procedures and internal control measures to ensure the effective operation of the Group and the implementation of the Contracts, including (i) discuss and make all necessary modification to the Contracts in order to maintain the economic interests; (ii) regular report by relevant divisions of the Group to the senior management of the Company in relation to the compliance of the Contracts; (iii) regular report by the senior management of the Group to the Board any non-compliance issues; (iv) retain legal adviser and/or other professional to assist the Group to deal with specific issues arising from the Contracts, if required; and (v) annual review by the independent non-executive directors of the Company the compliance of the Contracts.

As at the date of this annual report, there has been no material change in the Contracts and/or the circumstances under which they were adopted.

The independent non-executive directors of the Company have reviewed the continuing connected transactions for the year ended 31 December 2024 and confirmed the Structure Contract Transactions had been entered into in accordance with the relevant provisions of the structure contracts; the terms of the structure contracts remain unchanged and consistent with those disclosed in the Prospectus and the Announcements; and no dividends have been made by GZ Yingxin to Existing GZ Yingxin Shareholders/New GZ Yingxin Shareholders, by GZ Yingyou to Existing GZ Yingyou Shareholders/New GZ Yingyou Shareholders and by GZ Yingyue to Existing GZ Yingyue Shareholders/New GZ Yingyue Shareholders; and any new structural contractual arrangements entered into, renewed and/or "cloned" during the year ended 31 December 2022 are fair and reasonable so far as the Company is concerned and in the interests of the Company and its shareholders as a whole.

The auditor of the Company was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued its unqualified letter containing its findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Listing Rule 14A.56.

AUDITOR

A resolution will be proposed at the 2025 AGM to re-appoint Messrs. PricewaterhouseCoopers as auditor of the Company.

On behalf of the Board
Lam Wai Yan
Chairman

31 March 2025

To the Shareholders of Pacific Online Limited
(incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

What we have audited

The consolidated financial statements of Pacific Online Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 86 to 161, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As explained in Note 22 to the consolidated financial statements, the Group invested in a private fund (the “Fund”) which was classified as investment in financial assets measured at fair value in the consolidated balance sheet. The Fund invested in shares of companies principally engaged in internet-related industries and blockchain-related technologies, and other direct investments in cryptocurrencies (“Cryptocurrencies Investments”). We have previously qualified our auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2022 due to a limitation of scope as we were unable to obtain sufficient appropriate audit evidence on whether the existence and sole ownership of the Cryptocurrency Investments of the Fund as at 31 December 2022 and the changes in fair value of the Cryptocurrency Investments for the year ended 31 December 2022. During the year ended 31 December 2023, as further set out in Note 22 to the consolidated financial statements, the Group had redeemed all the Cryptocurrencies Investments and therefore had no Cryptocurrencies Investments as at 31 December 2023 and 31 December 2024. Our audit opinion on the consolidated financial statements for the year ended 31 December 2023 was qualified because of the limitation in scope on the opening balances of the Cryptocurrencies Investments as at 1 January 2023, which could have a consequential impact to the fair value change of the Group’s Cryptocurrency Investments for the year ended 31 December 2023.

Because of the possible effects of the fair value change of Cryptocurrencies Investments on the comparability of the current year’s figures and the corresponding figures for the year ended 31 December 2023 in the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity, our audit opinion on the Group’s consolidated financial statements for the year ended 31 December 2024 is therefore qualified.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in Basis for Qualified Opinion section, we have determined the matter described below to be the key audit matter to have communicated in our report.

Key audit matter identified in our audit relates to recoverability of trade receivables.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of Trade Receivables Refer to Note 4(a) (critical accounting estimates and judgments) and Note 21 (trade receivables) to the consolidated financial statements. As at 31 December 2024, the net book value of trade receivables amounted to RMB341,959,000 (after the provision of RMB109,778,000), which approximated to 35% of the Group's total assets. The Group applied the HKFRS 9 simplified approach to measure lifetime expected credit losses ("ECL") allowance for trade receivables. Management estimated the ECL rate, individually, for the trade receivables identified as significant to the Group or with objective evidence of impairment, by considering the market conditions, their knowledge about the customers (including their reputation, financial capability and payment history), the current and forward-looking information on macroeconomic factors, and the subsequent settlement of each customer.	Our audit procedures in relation to management's assessment on the impairment of trade receivables included: We understood, evaluated and validated, on a sampling basis, the key controls in place over management's assessment on ECL of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors; We obtained the documentation of management's assessment on ECL of trade receivables. We discussed with management to understand the ECL model and estimates used to assess the ECL rate. We evaluated the management's estimated ECL by considering the reputation and financial capability of the customers against the publicly available information, and the cash collection performance against the historical payment records. We also considered and evaluated the appropriateness of the impairment model adopted by management.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of Trade Receivables (continued) Management estimated the ECL rate, collectively, for trade receivables not subject to individual credit evaluation or individually assessed as not impaired, by considering the market conditions, the aging profile, and the current and forward-looking information on macroeconomic factors that relevant to determine the ability of customers to settle the receivables in the future. The judgements and estimations are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment of ECL of trade receivables is considered relatively higher due to uncertainty of significant assumptions used. We focused on this area because of the significance of the trade receivables balance and management's judgements involved in the impairment assessment.	We tested, on a sampling basis, the accuracy of the trade receivables aging report prepared by management. We compared the historical credit losses incurred with the historical ECL. We evaluated whether management's assessment on the current and forward-looking macroeconomic factors that impact the ability of customers to settle the trade receivables in the future was appropriate by considering the external market information. We checked the subsequent settlement of trade receivables on a sampling basis to the relevant bank receipts. We assessed the management's judgments and estimates used in the assessment of recoverability of trade receivables. We found that management's judgments and estimates used in the assessment of recoverability of trade receivables were supported by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Au Chi Ho.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2025

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	5	**635,039**	740,114
Cost of revenue	6	**(367,732)**	(477,415)
Gross profit		**267,307**	262,699
Selling and marketing costs	6	**(123,225)**	(164,496)
Administrative expenses	6	**(52,033)**	(57,148)
Product development expenses	6	**(36,666)**	(62,366)
Net impairment losses on financial assets	3.1(b)	**(20,249)**	(1,713)
Other income	8	**12,193**	14,385
Other (losses)/gains	9	**(2,154)**	7,400
Operating profit/(loss)		**45,173**	(1,239)
Finance income		**4,072**	6,587
Finance cost		**(234)**	(1,584)
Finance income — net	10	**3,838**	5,003
Profit before income tax		**49,011**	3,764
Income tax expense	11	**(5,276)**	(35,711)
Profit/(Loss) for the year		**43,735**	(31,947)
Attributable to:			
— Equity holders of the Company		**43,735**	(32,336)
— Non-controlling interests		**—**	389
		43,735	(31,947)
Profit/(Loss) attributable to equity holders of the Company arises from			
— Continuing operations		**43,735**	(32,336)
— Discontinued operations		**—**	—
		43,735	(32,336)
Earnings/(Losses) per share for profit/(loss) attributable to equity holders of the Company for the year			
— Basic and diluted (RMB)	12	**3.86 cents**	(2.85) cents

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit/(Loss) for the year	**43,735**	(31,947)
Other comprehensive income	**—**	—
Other comprehensive income for the year, net of tax	**—**	—
Total comprehensive income/(loss) for the year	**43,735**	(31,947)
Attributable to:		
— Equity holders of the Company	**43,735**	(32,336)
— Non-controlling interests	**—**	389
	43,735	(31,947)
Profit/(loss) attributable to equity holders of the Company arises from		
— Continuing operations	**43,735**	(32,336)
— Discontinued operations	**—**	—
	43,735	(32,336)

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

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Right-of-use assets	15	**9,875**	10,611
Property and equipment	14	**160,553**	167,654
Investment properties	16	**52,552**	54,412
Intangible assets	17	**9,004**	8,121
Deferred income tax assets	20	**30,398**	33,914
Investment in financial assets	22	**25,594**	31,106
		287,976	305,818
Current assets			
Trade and note receivables, other receivables and prepayments	21	**430,833**	468,505
Cash and cash equivalents	23	**263,488**	271,819
		694,321	740,324
Total assets		**982,297**	1,046,142
EQUITY			
Ordinary shares	24	**10,504**	10,504
Reserves	25	**685,328**	687,252
Equity attributable to equity holders of the Company		**695,832**	697,756
Non-controlling interests		**—**	5,023
Total equity		**695,832**	702,779

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	15	52	271
Current liabilities			
Accruals and other payables	26	250,258	302,688
Contract liabilities	5	9,001	12,110
Current income tax liabilities		26,791	27,643
Lease liabilities	15	363	651
		286,413	343,092
Total liabilities		286,465	343,363
Total equity and liabilities		982,297	1,046,142

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

The financial statements on pages 86 to 161 were approved by the board of directors on 31 March 2025 and were signed on its behalf.

Lam Wai Yan
Director

Wang Ta-Hsing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to equity holders of the Company			Non-controlling interests	Total equity
		Ordinary shares	**Reserves**	**Subtotal**		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2023		10,504	831,680	842,184	4,634	846,818
Comprehensive loss						
(Loss)/profit for the year		—	(32,336)	(32,336)	389	(31,947)
Total comprehensive loss		—	(32,336)	(32,336)	389	(31,947)
Transactions with shareholders						
Cash dividends relating to 2022	13	—	(113,231)	(113,231)	—	(113,231)
Share Award Scheme						
— value of employee services	25(a)	—	1,226	1,226	—	1,226
— purchase of shares held for share award scheme	25(a)	—	(87)	(87)	—	(87)
Balance as at 31 December 2023		10,504	687,252	697,756	5,023	702,779
Comprehensive income						
Profit for the year		—	43,735	43,735	—	43,735
Total comprehensive income		—	43,735	43,735	—	43,735
Transactions with shareholders						
Cash dividends relating to 2023	13	—	(45,414)	(45,414)	—	(45,414)
Share Award Scheme						
— value of employee services	25(a)	—	1,182	1,182	—	1,182
— purchase of shares held for share award scheme	25(a)	—	(1,462)	(1,462)	—	(1,462)
Dividends paid to non-controlling interest in a subsidiary		—	—	—	(2,046)	(2,046)
Disposal of a subsidiary		—	35	35	(2,977)	(2,942)
Balance as at 31 December 2024		**10,504**	**685,328**	**695,832**	**—**	**695,832**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	27(a)	**23,127**	2,249
Income tax paid		**(2,630)**	(18,767)
Net cash generated from/(used in) operating activities		**20,497**	(16,518)
Cash flows from investing activities			
Purchase of property and equipment	14	**(1,873)**	(2,948)
Disposals of property and equipment	14	**716**	790
Purchase of intangible assets	17	**(1,404)**	(608)
Net cash inflow from disposal of a subsidiary, net of cash disposed of		**1,371**	—
Receipt from redemption of investment		**18,265**	—
Interest received		**3,928**	6,861
Net cash generated from investing activities		**21,003**	4,095
Cash flows from financing activities			
Cash dividends paid	13	**(45,414)**	(113,231)
Lease payments	27(b)	**(684)**	(853)
Purchase of shares held for share award scheme		**(1,462)**	(87)
Dividends paid to non-controlling interest in a subsidiary		**(2,046)**	—
Net cash used in financing activities		**(49,606)**	(114,171)
Net decrease in cash and cash equivalents		**(8,106)**	(126,594)
Cash and cash equivalents at beginning of year		**271,819**	399,985
Exchange losses on cash and cash equivalents	10	**(225)**	(1,572)
Cash and cash equivalents at end of year	23	**263,488**	271,819

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

1. GENERAL INFORMATION

(a) General information

Pacific Online Limited (the "Company") was incorporated on 27 August 2007 as an exempted company with limited liability under the Company Law, Cap.22, (Law 3 of 1961, as combined and revised) of the Cayman Islands. The address of its registered office is Vistra (Cayman) Limited, P.O.Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

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

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

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

These consolidated financial statements have been approved for issue by the board of directors (the "Board") of the Company on 31 March 2025.

(b) Operations of the online advertising business of the Group

The PRC laws and regulations limit foreign ownership of companies providing value-added telecommunications services, which include online advertising through the internet. In order for the Group to provide such services in the PRC, the following arrangements have been made:

— ***Establishment of Guangzhou Yingxin Computer Technology Exchange Co., Ltd. (廣州英鑫計算機科技交流有限公司, "GZ Yingxin")***

GZ Yingxin, a PRC limited liability company, was established on 25 November 2003 by Ms. Zhang Cong Min, Ms. Fan Zeng Chun and Ms. Lu Wu Qing, employees of Takehigh Industrial Limited (裕向實業有限公司) ("Takehigh") and its subsidiaries (together, the "Takehigh Group"), who are PRC citizens as its legal owners (the "Registered Owners"). Takehigh also made loans to the Registered Owners for financing their initial working capital in establishing GZ Yingxin. Through the execution of various contracts and agreements (collectively defined as "Structure Contracts", see below for more details) among the Takehigh Group, GZ Yingxin and the Registered Owners, the Takehigh Group controls GZ Yingxin. GZ Yingxin has been accounted for as a subsidiary of the Takehigh Group.

1. GENERAL INFORMATION (CONTINUED)

(b) Operations of the online advertising business of the Group (Continued)

— ***Transfer/acquisition of equity ownership of certain PRC operating companies to GZ Yingxin***

Through various equity transfer arrangements commenced after the establishment of GZ Yingxin, all the equity interests of two operating companies in the PRC, Guangzhou Pacific Advertising Co., Ltd. (廣州市太平洋廣告有限公司, "GZP Advertising") 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") were transferred to GZ Yingxin in August 2007.

Thereafter, GZ Yingxin became the holding company of GDP Internet and GZP Advertising.

— ***Structure Contracts arrangements made between Takehigh Group and GZ Yingxin Group***

In addition to GZ Yingxin's arrangement, Structure Contracts have also been executed among Guangzhou Pacific Computer Information Consulting Co., Ltd. (廣州太平洋電腦信息諮詢有限公司, "GZP Computer"), a subsidiary of the Takehigh Group, the subsidiaries of GZ Yingxin, and the Registered Owners. Through these contractual arrangements, Takehigh can exercise effective financial and operational control over GZ Yingxin and its subsidiaries (collectively the "GZ Yingxin Group"). Takehigh and GZP Computer are also entitled to substantially all the operating profits and residual benefits generated by GZ Yingxin Group under these arrangements. In particular, the Registered Owners are required under the contractual arrangements made with the Takehigh Group to transfer their interests in GZ Yingxin to the Takehigh Group or its designee, upon the Takehigh Group's request at the lowest amount of consideration permitted by PRC law and upon the time when the relevant PRC law and regulations allow such to do so.

Further, the Takehigh Group owns the intellectual property developed by GDP Internet and it also receives the cash flows derived from the operations of GDP Internet and its subsidiaries through the levying of service and consultancy fees. The ownership interests in GZ Yingxin and GDP Internet have also been pledged by the Registered Owners to the Takehigh Group.

As a result of the contractual arrangements, Takehigh has rights to variable returns from its involvement with GZ Yingxin Group and has ability to affect those returns through its power over GZ Yingxin Group and is considered to control GZ Yingxin Group.

1. GENERAL INFORMATION (CONTINUED)

(b) Operations of the online advertising business of the Group (Continued)

— ***Similar Structure Contracts arrangements made subsequent to GZ Yingxin Group***

Similar Structure Contracts were also executed for other PRC operating companies established by the Group subsequently. All these PRC operating companies are treated as controlled structured entities of the Company and their financial statements have been consolidated by the Company.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(i) Compliance with Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Companies Ordinance (Cap. 622)

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for Investment in financial assets, which is measured at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following amendments or annual improvements for the first time for their annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants — Amendments to HKAS 1;
- Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause — Hong Kong Interpretation 5 (Revised);
- Lease Liability in a Sale and Leaseback — Amendments to HKAS 16; and
- Supplier Finance Arrangements — Amendments to HKAS 7 and HKFRS 7.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(iii) New and amended standards adopted by the Group (Continued)

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) New standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The directors of the Company have concluded that it is appropriate to include the PRC operating companies under Structure Contracts as stated in Note 18(a) in its consolidated financial statements, notwithstanding lack of the legal ownership, because as described in Note 1(b), the Company has rights to variable returns from its involvement with these companies and has the ability to affect those returns through its power over these companies and is considered to control these companies. Consequently, the Company regards these companies as consolidated structured entities under HKFRSs.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet, respectively.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (Note 2.2.3), after initially being recognised at cost.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

2.2.3 Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.9.

2.2.4 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

2.2.4 Changes in ownership interests (Continued)

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.2.5 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (Continued)

2.2.5 Business combinations (Continued)

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity.

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.3 Separate financial statements

Interests in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the interests in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors that make strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the functional and presentation currency of all the individual entities of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within finance income — net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss ("FVPL") are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as financial assets at fair value through other comprehensive income ("FVOCI") are recognised in other comprehensive income.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. On the disposal of a foreign operation, all of the currency translation differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

2.6 Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated income statement during the reporting period in which they are incurred.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Property and equipment (Continued)

Depreciation on property and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	39–47 years
Building improvements	10 years
Leasehold improvements	the shorter of their useful lives and the lease terms
Computers and servers	3–5 years
Motor vehicles	5 years
Furniture, fittings and equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within administrative expenses in the consolidated income statement.

2.7 Investment properties

Investment properties, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. The Group adopts the cost model for subsequent measurement for investment properties.

Depreciation on investment properties is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	39 years
Land use rights	40, 50 years

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets

(a) Computer software and technology

Acquired computer software and technology are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years.

(b) Club membership

Club membership is stated at cost less impairment losses, if any. No amortisation is charged as the club membership has an indefinite useful life because the Company has the contractual right to control over the asset and legal rights with no definite period.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example club membership, are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash generating units"). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Investments and other financial assets (Continued)

(a) Classification (Continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Trade and note receivables, other receivables that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) (if any), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Investments and other financial assets (Continued)

(c) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Impairment on note receivables and other receivables is measured as either 12-month expected losses or lifetime expected losses. If a significant increase in credit risk of a receivable occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.12 Trade and note receivables, other receivables

Trade and note receivables are amounts due from customers for services performed in the ordinary course of business and amounts due from issuing financial institutions in respect of note receivables received from customers to settle trade receivable, respectively. They are generally due for settlement within one year and therefore are all classified as current assets.

Trade and note receivables, other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and note receivables, other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.10 for further information about the Group's accounting for trade and note receivables, other receivables and for a description of the Group's impairment policies.

2.13 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

2.15 Accruals and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Accruals and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Accruals and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.17 Employee benefits

(a) Short-term obligation

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

(b) Pension obligations

The Group companies incorporated in the PRC contributes based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made.

The group companies incorporated in Hong Kong operate a defined contribution plan, the assets of which are generally held in a separate trustee-administered fund. These group companies pay fixed contribution into such defined contribution plan and have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods.

Contributions to these defined contributions plans are expensed as incurred.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Employee benefits (Continued)

(c) Housing benefits

Full-time PRC employees of the Group are entitled to participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds are expensed as incurred.

2.18 Share-based payment

The Group operates a number of share-based compensation plans (including share option schemes and share award schemes), under which the Group receives services from employees as consideration for equity instruments (including share options, restricted shares and awarded shares) of the Company. The fair value of the employee services received in exchange for the grant of equity instruments of the Company is recognised as an expense over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, and credited to share-based compensation reserve under equity.

For grant of share options, the total amount to be expensed is determined by reference to the fair value of the options granted:

— including any market performance conditions;

— excluding the impact of any service and non-market performance vesting conditions; and

— including the impact of any non-vesting conditions.

For grant of restricted shares and awarded shares, the total amount to be expensed is determined by reference to the market value of the Company's shares at the grant date for no cash consideration from employees. Where restricted shares and awarded shares are forfeited due to a failure by the employee to satisfy the service and non-market performance conditions, any expenses previously recognised in relation to such shares are reversed effective from the date of the forfeiture.

From the perspective of the Company, the Company grants its equity instruments to employees of its subsidiaries to exchange for their services related to the subsidiaries. Accordingly, the share-based compensation expenses, which are recognised in the consolidated financial statements, are treated as part of the "interests in subsidiaries" in the Company's balance sheet.

When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue recognition

The Group derives its advertising services revenues from placing online advertisements such as banners, links and logos on the Group's websites in the PRC as well as providing other online or offline marketing solutions.

The majority of the online advertisement are provided for a fixed period of time with no guaranteed minimum impression level. Therefore, revenue from providing online advertisements is recognised based on the actual service provided as at the end of the reporting period as proportion of the total services to be provided because the customer receives and use the benefits simultaneously. The proportion is determined based on the actual displaying hours of the advertisement relative to the total expected displaying hours. In respect of online marketing services, revenue is recognised over time on a straight-line basis when services are constantly provided over the service period or at a point in time upon the delivery of marketing solution when the relevant performance requirements stimulated in contracts are fulfilled. Revenue derived from offline activities services is recognised at a point in time when the activity is completed and accepted by the customer.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the relative stand-alone selling prices.

The recognition of revenue involves certain management judgments including identification of performance obligations, stand-alone selling price for each performance obligation. Estimates of revenues are revised if circumstances change. Any resulting increases or decreases in estimated revenues in the period in which the circumstances that give rise to the revision become known by management.

The Group collected fixed amount as agreed in contracts on a payment schedule. If the services rendered exceed the payments, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. The Group invoiced on a regular basis based on the services rendered and the consideration is recorded as receivables when invoiced.

2.20 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year,adjusted for bonus elements in ordinary shares issued during the year and excluding shares held for employee share scheme.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.20 Earnings per share (Continued)

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.21 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.22 Product development expenses

Expenditure on product development research is expensed as incurred.

Expenditure on development or from the development phase of an individual project is recognised as an internally generated intangible if, and only if, the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other development expenditures that do not meet these criteria are recognised as expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.23 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, for example, term, country, currency and security.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.23 Leases (Continued)

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 8). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

Lease prepayment for land use right is up-front payment to acquire long-term interest in land. Lease prepayment is carried at cost less accumulated depreciation and impairment losses. Depreciation is provided to write off the cost of lease prepayment on a straight-line basis over the remaining periods of the lease which are from 35 years to 45 years.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.24 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

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

There is no other written policy to manage the foreign exchange risk in relation to HKD and USD as management considers that such risk could not be effectively reduced in a low-cost way. Accordingly, the Group did not purchase any forward contract to hedge the foreign exchange risk during the year ended 31 December 2024 (2023: same).

As at 31 December 2024, the exchange rate of RMB to HKD and USD were 0.9260 and 7.1884 respectively. If RMB had strengthened/weakened by 0.5% against the HKD/USD with all other variables held constant, post-tax profit for the year would have been RMB258,000 (2023: RMB208,000) lower/higher, mainly as a result of net foreign exchange losses/gains in HKD/USD denominated cash at bank.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Price risk

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

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

The sensitivity analysis is determined based on the exposure to price risks of underlying investments related to investment in financial assets at the end of the reporting period. If equity prices of the respective underlying investments held by the Group had been 5% higher/lower as at 31 December 2024, post-tax profit for the year would have been approximately RMB1,280,000 (2023: RMB1,555,000) higher/lower.

(iii) Cash flow and fair value interest rate risk

Interest rate risk relates to the risk that fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk mainly arises from deposits held in banks which are interest bearing. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group.

For deposits held in banks which are interest bearing, as at 31 December 2024, if the market interest rates had been 0.5% higher/lower with all other variables held constant, post-tax profit for the year would have been RMB1,104,000 (2023: RMB1,205,000) higher/lower, mainly as a result of higher/lower interest income on bank deposits.

Other financial assets and liabilities do not have material interest rate risk.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents, trade and note receivables, and other receivables.

(i) Risk management

Credit risk is managed on a group basis.

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

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

Note receivables are normally bank acceptance note and commercial acceptance note. For bank acceptance note, the directors are of the opinion that no significant credit risk exists. For commercial acceptance note, the Group assesses expected credit losses based on historical loss data of issuers or similar portfolios.

For other receivables, the Group made periodic collective assessment as well as individual assessment on the recoverability based on past experience and forward-looking information and other factors.

None of the Group's trade receivables, note receivables and other receivables has any collateral. However, the Group has policies in place to ensure that sales are made to customers with appropriate credit history and the Group performs periodic credit evaluations of its customers.

The Group has three types of assets that are subject to the expected credit loss model:

- trade receivables;
- other receivables; and
- other financial assets at amortised costs.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets

Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses of trade receivables, individual credit evaluation on significant customers and debtors is performed by management. These evaluation focused on the customer and debtor's payment history and current and future ability for payment taking into account the information specific to the customer and debtor as well as pertaining to the current and future general economic environment in which the customer and debtor operated.

Trade receivables not subject to individual credit evaluation or individually assessed as not impaired, management collectively assessed the expected credit losses taking into account of the ageing analysis and the history of bad debt losses in respect of those groups of customers and debtors. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers and debtors to settle the trade receivables.

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
At beginning of the year	**98,171**	200,563
Impairment charge	**18,169**	1,610
Receivables written off	**(6,562)**	(104,002)
At end of the year	**109,778**	98,171

Trade receivables are written off when management considers there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

All of the above impairment charge relate to trade receivables arising from contracts with customers.

Other receivables

The Group's other receivables (excluding prepayments and prepaid value-added tax) were mainly advance to employee, third parties, refundable deposits and redemption receivables. Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. The Group considered there has been no significant increase in credit risk since the initial recognition of other receivables.

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

	Year ended31 December	
	2024	2023
	RMB'000	RMB'000
At beginning of the year	**150**	62
Impairment (reversal)/charge	**(136)**	88
Receivables written off	**(14)**	—
At end of the year	**—**	150

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Notes receivable

The loss allowance as at 31 December 2024 and 2023 was determined as follows for notes receivable:

	Year ended31 December	
	2024	2023
	RMB'000	RMB'000
At beginning of the year	**15**	—
Impairment charge	**2,216**	15
At end of the year	**2,231**	15

Cash and cash equivalents at amortised costs

While cash and cash equivalents are also subject to impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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 year ended 31 December 2024 (2023: same). Management considers that the Group does not have significant liquidity risk.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand or less than 1 year RMB'000	**Between 1 and 2 years** RMB'000	**Total** RMB'000
As at 31 December 2024			
Accruals and other payables (excluding other tax payable, and salaries payable)	**189,022**	**—**	**189,022**
Lease liabilities (including interest payables)	**374**	**53**	**427**
	189,396	**53**	**189,449**
As at 31 December 2023			
Accruals and other payables (excluding other tax payable, and salaries payable)	237,277	—	237,277
Lease liabilities (including interest payables)	684	274	958
	237,961	274	238,235

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is equal to total liabilities divided by total assets at the end of corresponding year. Besides, the Group's strategy, which was unchanged during year ended 31 December 2024 and 2023, was to maintain the gearing ratio within 40%.

The gearing ratio as at 31 December 2024 and 2023 were as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Total liabilities	**286,465**	343,363
Total assets	**982,297**	1,046,142
Gearing ratio	**29%**	33%

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Investment in financial assets				
As at 31 December 2024	—	—	25,594	25,594

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Investment in financial assets				
As at 31 December 2023	—	—	31,106	31,106

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and financial assets at fair value through profit or loss equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in level 1.

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (Continued)

Specific valuation techniques used to value financial instruments include:

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

The changes in level 3 instruments for the year ended 31 December 2024 are presented in Note 22.

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

3.4 Fair value of financial assets and liabilities measured at amortised cost

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(a) Impairment of trade receivables

The Group records impairment of receivables with an assessment made by management on the recoverability of trade receivables, which is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Where the expectation is different from the original estimate, such difference will impact both the carrying value of trade receivables and the impairment charge in the period in which such estimate has been changed.

(b) Income taxes and deferred taxation

The Group is mainly subject to income tax in the PRC. There are transactions (including entitlement to preferential tax treatment and deductibility of expenses) where the ultimate tax determination is uncertain until the final tax position is confirmed by relevant tax authorities. In addition, the Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available in the future against which the temporary differences, the carry forward of unused tax credits and unused tax losses could be utilised. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. The directors consider that there would be adequate taxable profits to be generated in the future in order to utilise these deferred tax assets recognised.

5. 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 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.

5. SEGMENT INFORMATION (CONTINUED)

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

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

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

There were no inter-segment sales for the year ended 31 December 2024 (2023: same). The revenue from external parties reported to the chief operating decision-makers is measured in a manner consistent with that in the consolidated income statement.

	PCauto RMB'000	**PConline** RMB'000	**Others** RMB'000	**Total** RMB'000
For the year ended 31 December 2024				
Timing of revenue recognition				
— Over time	**446,457**	**63,382**	**18,531**	**528,370**
— At a point in time	**106,669**	**—**	**—**	**106,669**
Revenue	**553,126**	**63,382**	**18,531**	**635,039**
For the year ended 31 December 2023				
Timing of revenue recognition				
— Over time	432,388	54,175	21,323	507,886
— At a point in time	213,993	13,624	4,611	232,228
Revenue	646,381	67,799	25,934	740,114

5. SEGMENT INFORMATION (CONTINUED)

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year	**12,110**	48,756

Though the Company is domiciled in the Cayman Islands, for the year ended 31 December 2024, all revenues of the Group were derived from external customers and they were all generated from the PRC (2023: same).

As at 31 December 2024, other than club membership included in the intangible assets and investment in financial assets, majority of other non-current assets of the Group were located in the PRC (31 December 2023: same).

For the year ended 31 December 2024, revenues of approximately RMB173,681,000 (2023: RMB105,495,000) are derived from a single external customer accounting for ten percent or more of the Group's revenues.

The Group does not disclose information about remaining unsatisfied performance obligations as permitted under the practical expedient in accordance with HKFRS 15 as their original expected duration is less than one year.

6. EXPENSES BY NATURE

Expenses included in cost of revenue, selling and marketing costs, administrative expenses and product development expenses are analysed as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Employee benefit expenses (Note 7)	**189,134**	244,327
Outsourcing production cost	**221,650**	271,355
Service commission to advertising agencies	**50,358**	78,548
Advertising expenses	**42,354**	71,370
Technology service fees	**10,520**	15,206
Depreciation and amortisation expenses		
— Depreciation of property and equipment (Note 14)	**8,050**	8,912
— Depreciation of investment properties (Note 16)	**1,860**	1,859
— Depreciation of right-of-use assets (Note 15)	**943**	1,078
— Amortisation of intangible assets (Note 17)	**521**	328
Travelling and entertainment expenses	**10,194**	12,066
Bandwidth and server custody fees	**16,703**	16,882
Other taxes and surcharge	**11,345**	11,657
Conference and office expenses	**4,078**	4,047
Auditors' remuneration		
— Audit services	**3,108**	3,670
— Non-audit services	**448**	438
Expenses related to short term leases	**696**	1,247
Professional fees	**2,043**	1,235
Other expenses	**5,651**	17,200
Total cost of revenue, selling and marketing costs, administrative expenses and product development expenses	**579,656**	761,425

Product development expenses are mainly included in employee benefit expenses and depreciation of property and equipment and amortisation of intangible assets. No product development expenses were capitalised for the year ended 31 December 2024 (2023: same).

7. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Wages, salaries and bonuses and other benefits	**153,317**	201,355
Social security contributions	**8,930**	11,656
Contributions to pension schemes (a)	**18,586**	19,755
Contributions to housing fund	**8,301**	11,561
	189,134	244,327

(a) Pension schemes — defined contribution plans

The PRC employees of the Group participate in defined contribution retirement schemes, which are administrated and operated by the local government authorities, based on laws and regulations in the PRC. Each employee covered by these schemes is entitled to, after their retirement from the Group, a monthly pension as determined by these schemes. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contribution under the scheme.

All the Hong Kong employees of the Group participate in a mandatory provident scheme (the "MPF Scheme"). Under the MPF Scheme, each company of the Group in Hong Kong (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The contributions from each of the employers and employees are subject to a cap of HKD1,500 per month and thereafter contributions are voluntary.

During the years ended 31 December 2024 and 2023, the Group has no forfeited contributions that were able to be utilised by the Group to reduce its contributions.

The Group has no other obligations for the payment of retirement and other post-retirement benefits of employees or retirees other than the payments mentioned above.

7. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2023: one) director whose emolument is reflected in the analysis shown in Note 7(c). The emoluments payable to the remaining four (2023: four) individuals during the year are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind	**7,760**	8,863
Contributions to pension schemes	**257**	210
	8,017	9,073

During the year ended 31 December 2024, the emoluments of the remaining four (2023: four) individuals fell within the following bands:

	Number of individuals Year ended 31 December	
	2024	2023
Emolument bands		
HKD1,000,000 to HKD2,000,000	**3**	2
HKD2,000,001 to HKD3,000,000	**—**	1
HKD3,000,001 to HKD4,000,000	**1**	—
HKD4,000,001 to HKD5,000,000	**—**	1
	4	4

7. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(c) Benefits and interests of directors

Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended 31 December 2024 is set out below:

Name of director	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Employer's contributions to a retirement benefit scheme RMB'000	Total RMB'000
Chairman and chief executive officer ("CEO")						
Dr. Lam Wai Yan	—	853	—	1,882	—	2,735
Executive directors						
Mr. Wang Ta-Hsing ("Mr. Wang")	—	389	—	—	17	406
Mr. Ho Kam Wah	—	5	—	—	—	5
Independent non-executive directors						
Mr. Tsui Yiu Wa, Alec	389	—	—	—	—	389
Mr. Thaddeus Thomas Beczak	389	—	—	—	—	389
Mr. Lam Wai Hon, Ambrose	389	—	—	—	—	389
Ms. Lee Kit Ying	97	—	—	—	—	97
Total	1,264	1,247	—	1,882	17	4,410

The remuneration of every director and the chief executive for the year ended 31 December 2023 is set out below:

Name of director	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Employer's contributions to a retirement benefit scheme RMB'000	Total RMB'000
Chairman and chief executive officer ("CEO")						
Dr. Lam Wai Yan	—	843	352	1,858	—	3,053
Executive directors						
Mr. Wang Ta-Hsing ("Mr. Wang")	—	381	—	—	16	397
Mr. Ho Kam Wah	—	5	—	—	—	5
Independent non-executive directors						
Mr. Tsui Yiu Wa, Alec	381	—	—	—	—	381
Mr. Thaddeus Thomas Beczak	381	—	—	—	—	381
Mr. Lam Wai Hon, Ambrose	381	—	—	—	—	381
Total	1,143	1,229	352	1,858	16	4,598

7. EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(c) Benefits and interests of directors (Continued)

Directors' and chief executive's emoluments (Continued)

During the year ended 31 December 2024, none (2023: none) of the directors waived or agreed to waive any emoluments and no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2023: same).

During the year, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2023: same). No consideration was provided to or receivable by third parties for making available directors' services (2023: same). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2023: same).

No director of the Company and their connected entities had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2023: same).

8. OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Rental income	**6,086**	7,132
Additional deduction of input value-added tax	**3,596**	2,836
Government grants (i)	**2,418**	4,417
Dividend income on investment in financial assets	**93**	—
	12,193	14,385

(i) There are no unfulfilled conditions or other contingencies relating to these grants.

9. OTHER (LOSSES)/GAINS

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Fair value (loss)/gain on investment in financial assets	**(4,141)**	7,400
Gain on disposal of a subsidiary	**1,987**	—
	(2,154)	7,400

10. FINANCE INCOME — NET

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Finance income		
— Interest income from bank deposits	**4,072**	6,587
	4,072	6,587
Finance cost		
— Interest expense on lease liabilities	**(9)**	(12)
— Net foreign exchange losses	**(225)**	(1,572)
	(234)	(1,584)
Finance income — net	**3,838**	5,003

11. INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
PRC current tax	**1,846**	1,123
Deferred taxation (Note 20)	**3,430**	34,588
	5,276	35,711

11. INCOME TAX EXPENSE (CONTINUED)

The Company, which is a Cayman Islands corporation, is not subject to any profits tax. The subsidiaries of the Group incorporated in Hong Kong were not subject to Hong Kong profits tax as they had no assessable income arising in or derived from Hong Kong during the year ended 31 December 2024 (2023: 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.

Pursuant to the PRC Corporate Income Tax Law ("CIT Law"), the CIT rate for domestic enterprises and foreign invested enterprises is 25%. In addition, the CIT Law provides for, among others, a preferential tax rate of 15% for enterprises qualified as High and New Technology Enterprises ("HNTE"). GZP Computer, a PRC operating subsidiary of the Company, was successfully renewed as HNTE in 2023 and the applicable income tax rate is 15% for the three years from 2023 to 2025 (2023: 15%). Guangzhou Yurui Information Technology Co., Ltd. (廣州裕睿信息科技有限公司, "GZ Yurui"), a PRC operating subsidiary of the Company, was successfully renewed as HNTE in 2022 and the applicable income tax rate is 15% for the three years from 2022 to 2024. Guangzhou Fengwang Information Technology Co., Ltd. (廣州鋒網信息科技有限公司, "GZ Fengwang"), a PRC operating subsidiary of the Company, was formally designated as HNTE in 2022 and the applicable income tax rate is 15% for the three years from 2022 to 2024. All the other PRC entities of the Group are subject to CIT at a rate of 25% in accordance with CIT Law.

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

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

11. INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit before income tax differed from the theoretical amount that would arise using the statutory tax rate applicable to profit/(loss) of all the consolidated PRC entities as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit before income tax expense	**49,011**	3,764
Tax calculated at the statutory tax rate of 25% (2023: 25%)	**12,253**	941
Tax effects of		
— Tax concessions available to certain PRC subsidiaries (a)	**(3,518)**	16,888
— Loss not subject to tax	**1,769**	1,404
— Expenses not deductible for tax purposes	**268**	339
— Utilisation of previously unrecognised tax losses	**(2,422)**	(3,732)
— Unrecognised tax losses	**84**	44,430
— Under provision of prior year	**23**	1,010
— Additional deduction on product development expenses	**(4,900)**	(9,790)
Withholding tax on the earnings to be remitted by PRC subsidiaries	**1,719**	—
The effect of changes in tax rates	**—**	(15,779)
Income tax expense	**5,276**	35,711

(a) It represented the preferential tax treatments relating to HNTE enjoyed by certain PRC subsidiaries of the Group.

12. EARNINGS/(LOSSES) PER SHARE

(a) Basic earnings/(losses) per share

Basic earnings/(losses) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year (excluding the ordinary shares purchased by the Group and held for the Share Award Scheme (Note 25(a)).

	Year ended 31 December	
	2024	2023
Earnings/(losses) attributable to equity holders of the Company (RMB'000)	**43,735**	(32,336)
Weighted average number of ordinary shares for basic earnings/(losses) per share (thousand shares)	**1,133,741**	1,133,666
Basic earnings/(losses) per share (RMB)	**3.86 cents**	(2.85) cents

(b) Diluted losses per share

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

Diluted earnings/(losses) per share equals to basic earnings/(losses) per share as there were no potential diluted shares outstanding for the year ended 31 December 2024 (2023: same).

13. DIVIDENDS

A final dividend in respect of the year ended 31 December 2023 of RMB4.00 cents per ordinary share (2022: RMB10.00 cents per ordinary share) was approved by the shareholders at the annual general meeting on 3 May 2024. Such final dividend for 2023 totalling RMB45,414,000 was paid in 2024 (2022: RMB113,231,000 was paid in 2023), which has already excluded the dividend related to the ordinary shares held for the share award scheme of RMB10,000 (2022: RMB329,000 (Note 25(a)).

The directors recommended the payment of a final dividend of RMB4.5 cents per ordinary share in cash for the year ended 31 December 2024, totalling RMB51,102,000 based on the ordinary shares in issue as of 31 December 2024. Such final dividend is to be approved by the shareholders at the annual general meeting of the Company to be held on 6 May 2025. These consolidated financial statements do not reflect this dividend payable.

14. PROPERTY AND EQUIPMENT

	Buildings RMB'000	Building improvements RMB'000	Computers and servers RMB'000	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Total RMB'000
As at 1 January 2023						
Cost	195,981	54,443	37,946	5,550	10,558	304,478
Accumulated depreciation	(39,484)	(48,129)	(31,206)	(3,923)	(7,196)	(129,938)
Net book amount	156,497	6,314	6,740	1,627	3,362	174,540
Year ended 31 December 2023						
Opening net book amount	156,497	6,314	6,740	1,627	3,362	174,540
Additions	—	18	1,462	334	1,142	2,956
Disposals	—	—	(366)	(429)	(135)	(930)
Depreciation charge (Note 6)	(4,095)	(1,814)	(1,547)	(541)	(915)	(8,912)
Closing net book amount	152,402	4,518	6,289	991	3,454	167,654
As at 31 December 2023						
Cost	195,981	54,461	34,808	4,305	10,806	300,361
Accumulated depreciation	(43,579)	(49,943)	(28,519)	(3,314)	(7,352)	(132,707)
Net book amount	152,402	4,518	6,289	991	3,454	167,654
Year ended 31 December 2024						
Opening net book amount	**152,402**	**4,518**	**6,289**	**991**	**3,454**	**167,654**
Additions	**—**	**—**	**322**	**—**	**1,532**	**1,854**
Disposals	**—**	**—**	**(348)**	**(248)**	**(309)**	**(905)**
Depreciation charge (Note 6)	**(4,095)**	**(1,604)**	**(1,212)**	**(205)**	**(934)**	**(8,050)**
Closing net book amount	**148,307**	**2,914**	**5,051**	**538**	**3,743**	**160,553**
As at 31 December 2024						
Cost	**195,981**	**54,461**	**30,058**	**3,406**	**11,066**	**294,972**
Accumulated depreciation	**(47,674)**	**(51,547)**	**(25,007)**	**(2,868)**	**(7,323)**	**(134,419)**
Net book amount	**148,307**	**2,914**	**5,051**	**538**	**3,743**	**160,553**

Depreciation expense has been charged to the consolidated income statement as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Cost of revenue	**3,474**	3,201
Selling and marketing costs	**2,464**	2,154
Administrative expenses	**682**	2,978
Product development expenses	**1,430**	579
	8,050	8,912

15. LEASES

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Land use rights RMB'000	**Properties** RMB'000	**Total** RMB'000
At 1 January 2023			
Cost	18,390	2,028	20,418
Accumulated depreciation	(3,990)	(1,654)	(5,644)
Net book amount	14,400	374	14,774
Year ended 31 December 2023			
Opening net book amount	14,400	374	14,774
Addition	—	1,383	1,383
Transfer to investment properties	(4,468)	—	(4,468)
Depreciation charges (Note 6)	(224)	(854)	(1,078)
Closing net book amount	9,708	903	10,611
At 31 December 2023			
Cost	13,922	3,411	17,333
Accumulated depreciation	(4,214)	(2,508)	(6,722)
Net book amount	9,708	903	10,611
Year ended 31 December 2024			
Opening net book amount	**9,708**	**903**	**10,611**
Addition	**—**	**245**	**245**
Depreciation charges (Note 6)	**(224)**	**(719)**	**(943)**
Early termination	**—**	**(38)**	**(38)**
Closing net book amount	**9,484**	**391**	**9,875**
At 31 December 2024			
Cost	**13,922**	**3,124**	**17,046**
Accumulated depreciation	**(4,438)**	**(2,733)**	**(7,171)**
Net book amount	**9,484**	**391**	**9,875**

15. LEASES (CONTINUED)

(a) Amounts recognised in the consolidated balance sheet (Continued)

Lease liabilities

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Current	**363**	651
Non-current	**52**	271
	415	922

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

Depreciation charge of right-of-use assets

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Land used rights	**224**	224
Properties	**719**	854
	943	1,078
Interest expenses included in finance cost (Note 10)	**9**	12
Expense relating to short-term leases (included in cost and administrative expenses) (Note 6)	**696**	1,247

The total cash outflow for leases for the year ended 31 December 2024 was RMB1,380,000 (2023: RMB2,101,000).

16. INVESTMENT PROPERTIES

	Buildings and land use rights RMB'000
As at 1 January 2023	
Cost	69,203
Accumulated depreciation	(17,400)
Net book amount	51,803
Year ended 31 December 2023	
Opening net book amount	51,803
Addition	4,468
Depreciation charge (Note 6)	(1,859)
Closing net book amount	54,412
As at 31 December 2023	
Cost	73,671
Accumulated depreciation	(19,259)
Net book amount	54,412
Year ended 31 December 2024	
Opening net book amount	**54,412**
Addition	**—**
Depreciation charge (Note 6)	**(1,860)**
Closing net book amount	**52,552**
As at 31 December 2024	
Cost	**73,671**
Accumulated depreciation	**(21,119)**
Net book amount	**52,552**

16. INVESTMENT PROPERTIES (CONTINUED)

Minimum lease payments receivable on leases of investment properties of the Group are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Not later than one year	**6,503**	6,834
Later than one year but not later than five years	**20,554**	27,223
	27,057	34,057

17. INTANGIBLE ASSETS

	Computer software and technology RMB'000	Club membership RMB'000	Total RMB'000
As at 1 January 2023			
Cost	15,663	8,793	24,456
Accumulated amortisation and impairment	(15,615)	(1,000)	(16,615)
Net book amount	48	7,793	7,841
Year ended 31 December 2023			
Opening net book amount	48	7,793	7,841
Additions	608	—	608
Amortisation charge (Note 6)	(328)	—	(328)
Closing net book amount	328	7,793	8,121
As at 31 December 2023			
Cost	16,271	8,793	25,064
Accumulated amortisation and impairment	(15,943)	(1,000)	(16,943)
Net book amount	328	7,793	8,121
Year ended 31 December 2024			
Opening net book amount	**328**	**7,793**	**8,121**
Additions	**1,404**	**—**	**1,404**
Amortisation charge (Note 6)	**(521)**	**—**	**(521)**
Closing net book amount	**1,211**	**7,793**	**9,004**
As at 31 December 2024			
Cost	**17,675**	**8,793**	**26,468**
Accumulated amortisation and impairment	**(16,464)**	**(1,000)**	**(17,464)**
Net book amount	**1,211**	**7,793**	**9,004**

17. INTANGIBLE ASSETS (CONTINUED)

Amortisation has been charged to the consolidated income statement as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Cost of revenue	**193**	318
Administrative expenses	**298**	10
Selling and marketing costs	**30**	—
	521	328

18. SUBSIDIARIES

The Group's subsidiaries at 31 December 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares, and the proportion of ownership interests held equals the voting rights held by the Group. The place of incorporation or registration is also their principal place of business.

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital or registered capital	Interest held	
				2024	2023
Pacific E-Commerce Limited (太平洋在線有限公司)	Hong Kong, limited liability company	Investment holding in Hong Kong	HKD2	**100%**	100%
New Forest Limited (新林有限公司)	Hong Kong, limited liability company	Investment holding in Hong Kong	HKD1	**100%**	100%
Takehigh	Hong Kong, limited liability company	Investment holding in Hong Kong	HKD11,875	**100%**	100%
Winsom Technology Limited (偉信科技有限公司)	Hong Kong, limited liability company	Investment holding in Hong Kong	HKD10,000	**100%**	100%
Smooth Choice Limited (輝淩有限公司)	Hong Kong, limited liability company	Investment holding in Hong Kong	HKD100	**100%**	100%
Fortune Asset Limited (福聲有限公司)	Hong Kong, limited liability company	Investment holding in Hong Kong	HKD1	**100%**	100%
Unique Fast Limited (快尊有限公司)	Hong Kong, limited liability company	Investment holding in Hong Kong	HKD100	**100%**	100%
GZP Computer	The PRC, wholly foreign owned enterprise	Information technology and software development and provision of computer information consultancy services in the PRC	RMB80,000,000	**100%**	100%
GZP Advertising (a)	The PRC, limited liability company	Provision of advertising services in the PRC	RMB500,000	**100%**	100%

18. SUBSIDIARIES (CONTINUED)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital or registered capital	Interest held 2024	Interest held 2023
GDP Internet (a)	The PRC, limited liability company	Provision of online advertising services in the PRC	RMB10,000,000	**100%**	100%
GZ Yingxin	The PRC, limited liability company	Provision of computer technology services in the PRC	RMB5,700,000	**100%**	100%
Shanghai Pan-Pacific Information Technology Co., Ltd. (上海環宇太平洋信息科技有限公司)	The PRC, wholly foreign owned enterprise	Not yet commenced formal operations	USD140,000	**100%**	100%
Guangzhou Fengwang Information Technology Co., Ltd. (廣州鋒網信息科技有限公司)	The PRC, wholly foreign owned enterprise	Information technology and software development and provision of computer information consultancy services in the PRC	RMB3,500,000	**100%**	100%
Guangzhou Pacific Online Technology Co., Ltd. (廣州太平洋網絡科技有限公司)	The PRC, limited liability company	Not yet commenced formal operations	RMB500,000	**100%**	100%
Guangzhou Chuangcheng Online Technology Co., Ltd. (廣州創程網絡科技有限公司)	The PRC, limited liability company	Not yet commenced formal operations	RMB500,000	**100%**	100%
Guangzhou Yingyue Computer Technology Co., Ltd. (廣州英悅計算機科技有限公司) (a)	The PRC, limited liability company	Information technology and software development and provision of computer information consultancy services in the PRC	RMB3,200,000	**100%**	100%
Guangzhou Shangjin Internet Co., Ltd. (廣州尚進網絡有限公司) (a)	The PRC, limited liability company	Provision of online advertising services in the PRC	RMB3,000,000	**100%**	100%
Guangzhou Shangjin Advertising Co., Ltd. (廣州市尚謹廣告有限公司) (a)	The PRC, limited liability company	Provision of advertising services in the PRC	RMB500,000	**100%**	100%
GZ Yurui	The PRC, wholly foreign owned enterprise	Information technology and software development and provision of computer information consultancy services in the PRC	RMB2,000,000	**100%**	100%
Guangzhou Yingyou Information Technology Co., Ltd. (廣州英佑信息科技有限公司) (a)	The PRC, limited liability company	Information technology and software development and provision of computer information consultancy services in the PRC	RMB2,000,000	**100%**	100%
Guangzhou Shangcong Online Technology Co., Ltd. (廣州尚聰網絡技術有限公司) (a)	The PRC, limited liability company	Provision of online advertising services in the PRC	RMB2,000,000	**100%**	100%

18. SUBSIDIARIES (CONTINUED)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital or registered capital	Interest held 2024	Interest held 2023
Guangzhou Shangcong Advertising Co., Ltd. (廣州市上聰廣告有限公司) (a)	The PRC, limited liability company	Provision of advertising services in the PRC	RMB500,000	**100%**	100%
Guangzhou Chuangren Software and Information Technology Service Co., Ltd. (廣州創仁軟件和信息技術服務有限公司)	The PRC, limited liability company	Information technology and software development and provision of computer information consultancy services in the PRC	RMB500,000	**100%**	100%

(a) The Company does not have legal ownership in the equity of these PRC operating companies. Nevertheless, as described in Note 1(b), through Structure Contracts entered into with the registered owners of these PRC operating companies, the Company and its legally owned subsidiaries control these PRC operating companies by way of controlling their voting rights. As a result, these PRC operating companies are presented as controlled structured entities of the Company.

(b) In connection with the implementation of the Share Award Scheme of the Group mentioned in Note 25(a), the Company has set up a structured entity, and its particulars are as follows:

Structured entity	Principal activities
Share Award Scheme Trust	Administering and holding the Company's shares acquired for a share award scheme which is set up for the benefits of eligible directors and employees of the Group

As the Company has rights to variable returns from the contributions of the employees who are awarded with the shares by the scheme through their continued employment with the Group and has ability to affect those returns through its power to govern the financial and operating policies of the Share Award Scheme Trust, the directors of the Company consider that it is appropriate to consolidate the Share Scheme Trust in accordance with the requirements of HKFRSs.

The Company had set up a consolidated trustee due to the renewal of the Share Award Scheme(Note 25(a)). The contract terms of the trustee have no material difference from those of the former.

18. SUBSIDIARIES (CONTINUED)

(c) Significant restrictions

Cash and short-term deposits held in the mainland China are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from the PRC, other than through normal dividends.

The carrying amount of the assets included within the consolidated financial statements to which these restrictions apply was RMB237,396,000 as at 31 December 2024 (31 December 2023: RMB206,018,000).

19. FINANCIAL INSTRUMENTS BY CATEGORY

(a) The Group holds the following financial instruments:

As at 31 December 2024	Financial assets at amortised cost RMB'000	Investment in financial assets RMB'000	Total RMB'000
Current assets			
Trade and note receivables, other receivables excluding prepayments (Note 21)	423,612	—	423,612
Cash and cash equivalents (Note 23)	263,488	—	263,488
Non-current assets			
Investment in financial assets (Note 22)	—	25,594	25,594
Total	687,100	25,594	712,694

19. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

(a) The Group holds the following financial instruments: (Continued)

As at 31 December 2023	Financial assets at amortised cost RMB'000	Investment in financial assets RMB'000	Total RMB'000
Current assets			
Trade and note receivables, other receivables excluding prepayments (Note 21)	454,984	—	454,984
Cash and cash equivalents (Note 23)	271,819	—	271,819
Non-current assets			
Investment in financial assets (Note 22)	—	31,106	31,106
Total	726,803	31,106	757,909

	Financial liabilities at amortised cost As at 31 December	
	2024 RMB'000	2023 RMB'000
Current liabilities		
Accruals and other payables excluding other tax payable and salaries payable (Note 26)	**189,022**	237,277
Lease liabilities (Note 15)	**363**	651
Non-current liabilities		
Lease liabilities (Note 15)	**52**	271
Total	**189,437**	238,199

The Group's exposure to various risks associated with the financial instruments is disclosed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

20. DEFERRED INCOME TAX

The analysis of deferred tax assets is as follows:

	At 31 December	
	2024	2023
	RMB'000	RMB'000
Deferred income tax assets:		
— to be recovered within 12 months	**3,530**	6,087
— to be recovered after more than 12 months	**26,868**	27,827
	30,398	33,914

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

	Provision for impairment of financial assets	**Accrued advertising and other expenses**	**Advertising expenses in excess of allowance**	**Tax losses**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	42,256	11,061	8,848	6,337	68,502
(Charged)/credited to the consolidated income statement (Note 11)	(21,540)	(4,974)	(8,848)	774	(34,588)
As at 31 December 2023	20,716	6,087	—	7,111	33,914
(Charged)/credited to the consolidated income statement (Note 11)	4,526	(2,493)	—	(5,463)	(3,430)
Disposal of a subsidiary	(22)	(64)	—	—	(86)
As at 31 December 2024	**25,220**	**3,530**	**—**	**1,648**	**30,398**

The Group only recognises deferred income tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilise those tax losses. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As at 31 December 2024, the Group did not recognise deferred income tax assets of RMB49,309,000 (2023: RMB54,202,000) in respect of cumulative tax losses amounting to RMB303,822,000 (2023: RMB338,780,000).

20. DEFERRED INCOME TAX (CONTINUED)

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Expire in 2024	**—**	215
Expire in 2025	**291**	4,584
Expire in 2026	**1,050**	1,732
Expire in 2027	**20,464**	25,167
Expire in 2028	**30,696**	65,618
Expire in 2029	**21**	—
Expire over 5 years	**251,300**	241,464
	303,822	338,780

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

21. TRADE AND NOTE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade receivables, net of impairment provision (a)	**341,959**	407,168
Other receivables, net of impairment provision (b)	**7,742**	28,103
Prepaid value-added tax	**5,890**	11,479
Prepayments to suppliers	**1,331**	2,042
Notes receivable, net of impairment provision	**73,911**	19,713
	430,833	468,505

As at 31 December 2024, trade and note receivables, other receivables and prepayments were all denominated in RMB (31 December 2023: same).

21. TRADE AND NOTE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(a) Trade receivables, net of impairment provision

Credit terms granted by the Group are generally within a period of three months to one year. The ageing analysis of the trade receivables (net of impairment provision of RMB109,778,000 (31 December 2023: RMB98,171,000)) based on recognition date is as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Current to 6 months	**288,597**	326,831
6 months to 1 year	**47,534**	69,437
1 year to 2 years	**5,785**	10,319
Above 2 years	**43**	581
	341,959	407,168

(b) Other receivables, net of impairment provision

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Redemption receivables (Note 22)	**—**	16,894
Advance to employees	**4,244**	6,611
Rental receivables	**268**	268
Others	**3,230**	4,330
	7,742	28,103

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

22. INVESTMENT IN FINANCIAL ASSETS

In June 2014, the Group made an equity investment with an amount of USD5,000,000 in a private fund (the "Fund") which invested in shares of companies principally engaged in internet-related industries and blockchain-related technologies ("Equity Investments"), and other direct investments in cryptocurrencies ("Cryptocurrencies Investments"). During the year ended 31 December 2023, the Group had redeemed all the Cryptocurrencies Investments and therefore had no Cryptocurrencies Investments as at 31 December 2023 and 31 December 2024.

The Group neither have control nor significant influence over the Fund. As at 31 December 2024, the Group held 15.72% (31 December 2023: 24.35%) interests of the Fund. As at 31 December 2024, the Group classified the investment in the Fund as financial assets at fair value through profit or loss (31 December 2023: same).

Management assessed the fair value of the Group's investment in financial assets as at 31 December 2024 based on the net asset value of the Fund provided by the Fund's administrator and calculated the portion attributable to the Group.

The net asset value of the Fund provided by the Fund's administrator is based on the fair value of underlying investments held by the Fund, which are mainly referenced to the market information of recent transactions, such as recent fundraising transactions undertaken by the investees.

The Group's portion of net asset value of the Fund was denominated in USD and attributable to the following:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Equity Investments	**25,594**	31,106

22. INVESTMENT IN FINANCIAL ASSETS (CONTINUED)

During the year ended 31 December 2024 and 2023, movement on investment in financial assets is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**31,106**	40,600
Changes in fair value:		
— Equity Investments and other investments	**(4,141)**	(741)
— Cryptocurrency Investments	**—**	8,141
Redemption (a)	**(1,371)**	(16,894)
At the end of the year	**25,594**	31,106

(a) Redemption

In accordance with an letter agreement dated 18 December 2023, the Group redeemed the entire amount of its Cryptocurrency Investments effective 31 December 2023. According to the letter agreement, total amount of the redemption receivables amounted USD 2,385,000 (equivalent to RMB16,894,000), which were all collected during the year ended 31 December 2024.

23. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Cash at bank and on hand	**149,488**	242,819
Short-term bank deposits	**114,000**	29,000
	263,488	271,819

As at 31 December 2024, except for the cash on hand, most of the cash and cash equivalents of the Group were placed in listed state-owned banks or listed commercial banks in mainland China or Hong Kong (31 December 2023: same). Management did not expect any losses from non-performance by these counterparties.

23. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents were denominated in the following currencies:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Denominated in HK$	**14,376**	9,810
Denominated in US$	**11,626**	650
	26,002	10,460

24. ORDINARY SHARES

	Authorised ordinary shares		
	Number of shares (in thousand)	HKD'000	RMB'000
As at 31 December 2024 and 2023	100,000,000	1,000,000	969,200

	Issued and fully paid up		
	Number of shares (in thousand)	HKD'000	RMB'000
As at 31 December 2024 and 2023	1,135,597	11,356	10,504

As at 31 December 2024, the total number of issued ordinary shares of the Company was 1,135,597,667 shares (31 December 2023: 1,135,597,667) which included 2,440,000 shares (31 December 2023: 1,615,000) held under the Share Award Scheme (Note 25(a)).

25. RESERVES

	Share premium RMB'000	Merger reserve RMB'000	Capital redemption reserve RMB'000	Shares held for Share Award Scheme RMB'000	Statutory reserve funds RMB'000	Retained earnings RMB'000	Total RMB'000
As at 1 January 2023	400,814	4	306	(4,709)	44,399	390,866	831,680
Share Award Scheme (a)							
— value of employee services	—	—	—	1,226	—	—	1,226
— purchase of shares held for share award scheme	—	—	—	(87)	—	—	(87)
Loss for the year	—	—	—	—	—	(32,336)	(32,336)
Cash dividends relating to 2022	—	—	—	—	—	(113,231)	(113,231)
As at 31 December 2023	400,814	4	306	(3,570)	44,399	245,299	687,252
Share Award Scheme (a)							
— value of employee services	**—**	**—**	**—**	**1,182**	**—**	**—**	**1,182**
— purchase of shares held for share award scheme	**—**	**—**	**—**	**(1,462)**	**—**	**—**	**(1,462)**
Disposal of a subsidiary	**—**	**—**	**—**	**—**	**(1,231)**	**1,266**	**35**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**43,735**	**43,735**
Cash dividends relating to 2023	**—**	**—**	**—**	**—**	**—**	**(45,414)**	**(45,414)**
As at 31 December 2024	**400,814**	**4**	**306**	**(3,850)**	**43,168**	**244,886**	**685,328**

(a) Share Award Scheme

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

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

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

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

25. RESERVES (CONTINUED)

(a) Share Award Scheme (Continued)

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

	Awarded shares (thousands)	Shares to be awarded (thousands)	Total (thousands)
As at 1 January 2024	**—**	**1,615**	**1,615**
Granted	**2,900**	**(2,900)**	**—**
Vested and transferred	**(2,900)**	**—**	**(2,900)**
Purchase	**—**	**3,725**	**3,725**
As at 31 December 2024	**—**	**2,440**	**2,440**
As at 1 January 2023	—	3,160	3,160
Granted	1,746	(1,746)	—
Vested and transferred	(1,746)	—	(1,746)
Purchase	—	201	201
As at 31 December 2023	—	1,615	1,615

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

During the year ended 31 December 2024, 2,900,000 shares originally held by the trustee were granted, which were vested and then transferred to certain employees upon the grant of such Awarded Shares.

The fair value of the Awarded Shares granted and vested during the year ended 31 December 2024 and their vesting period are as follows:

Total value of shares at grant dates (RMB)	Number of shares granted (thousands)	Market price at grant dates (RMB)	Vesting period
1,182,000	2,900	0.41	None

The fair value of the Awarded Shares was calculated based on market prices of the Company's shares as at the respective grant dates. A total expense of RMB1,182,000 was recognised for employee services received in respect of the Share Award Scheme for the year ended 31 December 2024 (2023: RMB1,226,000).

25. RESERVES (CONTINUED)

(a) Share Award Scheme (Continued)

If shares have been transferred to employees and the employees leave the Group before the vesting period stipulated in the agreement with the Group, the employees are required to pay back the Group in cash amounting to the fair value of the shares at grant date in proportion to the unserviced period. No asset (2023: nil) was recognised in other receivable in the consolidated balance sheet as at 31 December 2024 and no expenses was recognised in profit or loss during the year ended 31 December 2024 (2023: RMB149,000).

During the year ended 31 December 2024, the Share Award Scheme Trust received cash dividend amounting to RMB10,000 (2023: RMB329,000) which will be used to pay for the fees of trust or purchase a maximum number of shares as specified by the Board.

During the year ended 31 December 2024, the shares were acquired at an average price of HK$0.42 per share, with prices ranging from HK$0.37 to HK$0.49. The total amount of HK$1,577,000 (equivalent to RMB1,462,000) paid to acquire the shares has been deducted from reserves within shareholders' equity.

(b) Statutory reserve

In accordance with the PRC regulations and the articles of the association of the PRC companies comprising the Group, before distributing the net profit of each year, each of the companies registered in the PRC is required to set aside 10% of its statutory net profit for the year after offsetting any prior year's losses as determined under the PRC accounting regulations to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of each company's share capital, any further appropriation is optional. The statutory surplus reserve fund can be utilised to offset prior years' losses or to issue bonus shares, provided that the balance of such reserve is not less than 25% of the entity's registered capital after the bonus issue.

26. ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Accrued expenses (a)	**181,534**	226,785
Salaries payable	**43,744**	51,238
Other tax payable	**17,492**	14,173
Other payables	**7,488**	10,492
	250,258	302,688

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

As at 31 December 2024, the fair value of accruals and other payables approximated their carrying amounts (31 December 2023: same).

27. CASH FLOW INFORMATION

(a) Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit before income tax	**49,011**	3,764
Adjustments for:		
— Impairment charge of receivables	**20,249**	1,713
— Fair value change of investment in financial assets	**4,141**	(7,400)
— Finance income — net	**(3,838)**	(5,003)
— Depreciation of property and equipment (Note 14)	**8,050**	8,912
— Depreciation of investment property (Note 16)	**1,860**	1,859
— Gain on disposal of a subsidiary	**(1,987)**	—
— Depreciation of right-of-use asset (Note 15)	**943**	1,078
— Amortisation of intangible assets (Note 17)	**521**	328
— Losses from disposal of property, plant and equipment	**—**	140
— Non-cash employee benefit expenses — Share Award Scheme	**1,182**	1,226
	80,132	6,617
Changes in working capital:		
— Trade and note receivables, other receivables and prepayments	**(13,755)**	19,648
— Accruals and other payables	**(41,957)**	12,630
— Contract liabilities	**(1,293)**	(36,646)
Cash generated from operations	**23,127**	2,249

27. CASH FLOW INFORMATION (CONTINUED)

(b) This section sets out a reconciliation of liabilities arising from financing activities:

	Lease liabilities RMB'000
Net debt as at 1 January 2023	(380)
Cash flows	853
Addition of lease liabilities	(1,383)
Interest expenses	(12)
Net debt as at 31 December 2023	(922)
Cash flows	**684**
Addition of lease liabilities	**(245)**
Interest expenses	**(9)**
Early termination of lease liabilities	**77**
Net debt as at 31 December 2024	**(415)**

28. COMMITMENTS

(a) Operating lease commitments

The Group leases offices and buses under non-cancellable operating lease agreements. The Group has recognised right-of-use assets for these leases, except for short-term leases, see Note 15 for further information.

The future aggregate minimum lease payments under non-cancellable operating leases not recognised in the consolidated financial statements are as follows:

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Not later than one year	**62**	69

29. 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
Kexim Company Limited ("Kexim")	Controlled by executive director Mr. Wang
Beijing Pacific Times Property Management Co., Ltd.	Controlled by executive director Mr. Wang

(b) Related party transactions

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Rental expenses for office:		
Kexim	**293**	287

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

(c) Balances with related parties

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Included in lease liabilities:		
Kexim	**—**	279

29. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management personnel compensation

Key management includes the executive directors, the CEO and other senior executives. The aggregate compensation to key management for employee services excluding the executive directors and the CEO whose details have been reflected in Note 7 is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Basic salaries, housing allowances and benefits in kind	**8,193**	9,150
Contributions to pension schemes	**246**	283
	8,439	9,433

30. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Intangible assets		7,793	7,793
Interests in subsidiaries		297,481	296,299
Dividend due from subsidiaries		267,700	317,700
		572,974	621,792
Current assets			
Amounts due from subsidiaries		71,794	68,671
Dividend due from subsidiaries		50,000	50,000
Cash and cash equivalents		1,334	7,499
		123,128	126,170
Total assets		696,102	747,962
EQUITY AND LIABILITIES			
Equity			
Ordinary shares		10,504	10,504
Reserves	(a)	673,256	725,690
Total equity		683,760	736,194
Current liabilities			
Accruals and other payables		1,747	1,136
Amounts due to subsidiaries		10,595	10,632
Total current liabilities		12,342	11,768
Total equity and liabilities		696,102	747,962

30. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(a) Reserve movement of the Company

	Share premium RMB'000	Capital redemption reserve RMB'000	Contributed surplus RMB'000	Shares held for Share Award Scheme RMB'000	Retained earnings RMB'000	Total RMB'000
As at 1 January 2023	385,814	306	88,277	(4,709)	373,667	843,355
Share Award Scheme						
— value of employee services	—	—	—	1,226	—	1,226
— purchase of shares held for share award scheme	—	—	—	(87)	—	(87)
Loss for the year	—	—	—	—	(5,573)	(5,573)
Cash dividends relating to 2022	—	—	—	—	(113,231)	(113,231)
As at 31 December 2023	385,814	306	88,277	(3,570)	254,863	725,690
Share Award Scheme						
— value of employee services	**—**	**—**	**—**	**1,182**	**—**	**1,182**
— purchase of shares held for share award scheme	**—**	**—**	**—**	**(1,462)**	**—**	**(1,462)**
Loss for the year	**—**	**—**	**—**	**—**	**(6,740)**	**(6,740)**
Cash dividends relating to 2023	**—**	**—**	**—**	**—**	**(45,414)**	**(45,414)**
As at 31 December 2024	**385,814**	**306**	**88,277**	**(3,850)**	**202,709**	**673,256**

31. SUBSEQUENT EVENT

Save as disclosed in Note 13, there are no other material subsequent event that required additional disclosure in its financial statements for the year ended 31 December 2024.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated reclassified/represented as appropriate, is set out below.

	Year ended 31 December				
RESULTS	**2024**	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**635,039**	740,114	813,728	852,153	967,470
Profit/(loss) before income tax	**49,011**	3,764	(3,012)	53,237	191,287
Income tax expense	**(5,276)**	(35,711)	(3,998)	(1,386)	(27,713)
Profit/(loss) for the year	**43,735**	(31,947)	(7,010)	51,851	163,574
Attributable to:					
Equity holders of the Company	**43,735**	(32,336)	(6,654)	49,920	161,887
ASSETS, LIABILITIES AND ASSETS LESS LIABILITIES					
Total assets	**982,297**	1,046,142	1,231,299	1,310,609	1,513,699
Total liabilities	**286,465**	343,363	384,481	347,317	448,244
Total assets less liabilities	**695,832**	702,779	846,818	963,292	1,065,455