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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 543)

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF TENANCY AGREEMENTS
AND ADVERTISING AGREEMENT**

The Board announces that on 24 December 2009, the Company entered into the Renewed Tenancy Agreements and Renewed Advertising Agreement under the terms and conditions similar to the Existing Tenancy Agreements and Existing Advertising Agreement for a term of 36 months from 1 January 2010 to 31 December 2012.

As at the date of this announcement, Mr. Wang, holding approximately 27.76% of the total issued share capital of the Company, is a substantial shareholder of the Company and hence is considered as a connected person of the Group in accordance with Rule 14A.11 of the Listing Rules. Kexim, SHPD Consulting, SHPD Technology, BUPE Technology and GPET Mall are, directly or indirectly, owned as to more than 30% of their respective total issued shares by Mr. Wang and hence are considered as Mr. Wang's associates and the connected persons of the Group in accordance with Rule 14A.11 of the Listing Rules. Accordingly, all the transactions contemplated under the Renewed Continuing Connected Transaction Agreements constitute continuing connected transactions under Chapter 14A of the Listing Rules.

In respect of each of the Renewed Continuing Connected Transactions, each of the percentage ratios, where applicable, calculated by reference to Rule 14.07 of the Listing Rules, is on an annual basis expected to be more than 0.1% but less than 2.5%. Therefore, each of the transactions contemplated under the Renewed Continuing Connected Transaction Agreements is only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, and is exempt from the independent shareholders' approval requirement.

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTION AGREEMENTS

On 24 December 2009, the Company entered into the Renewed Tenancy Agreements and Renewed Advertising Agreement under the terms and conditions similar to the Existing Tenancy Agreements and Existing Advertising Agreement for a term of 36 months from 1 January 2010 to 31 December 2012.

In view of the continuous development of the Group and based on the internal forecasts of the forthcoming demand, the Board decides to enter into the Renewed Continuing Connected Transaction Agreements to renew the Existing Continuing Connected Transaction Agreements under the terms and conditions similar to the Existing Tenancy Agreements and Existing Advertising Agreement for a term of 36 months from 1 January 2010 to 31 December 2012.

The Board, including the independent non-executive Directors, considers that the terms of the Renewed Tenancy Agreements and Renewed Advertising Agreement, including the annual caps, are arrived on an arm's length basis, on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and its shareholders as a whole.

(1) Renewed Tenancy Agreements

Date: 24 December 2009

Parties: (1) Pacific E-Commerce, GZP Computer, GDP Internet, Shanghai Pan-Pacific, Shanghai Huanyu, GZP Advertising and GZ Yingxin (as tenants)

(2) Kexim, SHPD Consulting, SHPD Technology, BUPE Technology and GPET Mall (as landlords)

Details of the Renewed Tenancy Agreements

Pursuant to the Renewed Tenancy Agreements, Kexim, SHPD Consulting, SHPD Technology, BUPE Technology and GPET Mall (as landlords) will lease to the Group (as tenant) certain premises and properties respectively for general office uses, details of which are summarised below:

Landlord	Tenant	Address	Area & Usage	Rent & Term
Kexim	Pacific E-Commerce	Portion of Unit 807, Tower 2, Lippo Centre, 89 Queensway, Hong Kong	70 sq.m. for office use	Monthly rent of RMB17,595.58 (exclusive of other outgoings) for a term of 36 months from 1 January 2010 to 31 December 2012

Landlord	Tenant	Address	Area & Usage	Rent & Term
SHPD Consulting	GZP Computer	Unit 601, Pacific Digital Mall, 1117 Zhaojiabang Road, Xuhui District, Shanghai, PRC	570 sq.m. for office use	Monthly rent of RMB59,850.00 (exclusive of other outgoings) for a term of 36 months from 1 January 2010 to 31 December 2012
SHPD Consulting	GDP Internet	Unit 602, Pacific Digital Mall, 1117 Zhaojiabang Road, Xuhui District, Shanghai, PRC	30 sq.m. for office use	Monthly rent of RMB3,150.00 (exclusive of other outgoings) for a term of 36 months from 1 January 2010 to 31 December 2012
SHPD Technology	Shanghai Pan-Pacific	Unit 542, Phase III, Pacific Digital Mall, 721 Zhangyang Road, Pudong New Area, Shanghai, PRC	20 sq.m. for office use	Monthly rent of RMB3,000.00 (exclusive of other outgoings) for a term of 36 months from 1 January 2010 to 31 December 2012
SHPD Technology	Shanghai Huanyu	Unit 543, Phase III, Pacific Digital Mall, 721 Zhangyang Road, Pudong New Area, Shanghai, PRC	20 sq.m. for office use	Monthly rent of RMB3,000.00 (exclusive of other outgoings) for a term of 36 months from 1 January 2010 to 31 December 2012
SHPD Consulting	GZP Advertising	Unit 608, Pacific Digital Mall, 1117 Zhaojiabang Road, Xuhui District, Shanghai, PRC (new tenancy)	15 sq.m. for office use	Monthly rent of RMB1,500.00 (exclusive of other outgoings) for a term of 36 months from 1 January 2010 to 31 December 2012
BUPE Technology	GZP Computer	Unit 18-1, 18th Floor, Pacific Technology Development Centre, 52 Haidian Road, Haidian District, Beijing, PRC	150 sq.m. for office use	Monthly rent of RMB16,200.00 (exclusive of other outgoings) for a term of 36 months from 1 January 2010 to 31 December 2012

Landlord	Tenant	Address	Area & Usage	Rent & Term
BUPE Technology	GZP Advertising	Unit 18-2, 18th Floor, Pacific Technology Development Centre, 52 Haidian Road, Haidian District, Beijing, PRC	20 sq.m. for office use	Monthly rent of RMB2,700.00 (exclusive of other outgoings) for a term of 36 months from 1 January 2010 to 31 December 2012
GPET Mall	GDP Internet	Unit 1103, 1-7 Shipai West Road, Tianhe District, Guangzhou, PRC	150 sq.m. for office use	Monthly rent of RMB15,000.00 (exclusive of other outgoings) for a term of 36 months from 1 January 2010 to 31 December 2012
GPET Mall	GZP Advertising	Units 1104-1105, 1-7 Shipai West Road, Tianhe District, Guangzhou, PRC	73.9 sq.m. for office use	Monthly rent of RMB8,500.00 (exclusive of other outgoings) for a term of 36 months from 1 January 2010 to 31 December 2012
GPET Mall	GZP Computer	Units 1106-1107, 1-7 Shipai West Road, Tianhe District, Guangzhou, PRC	410 sq.m. for office use	Monthly rent of RMB32,800.00 (exclusive of other outgoings) for a term of 36 months from 1 January 2010 to 31 December 2012
GPET Mall	GZP Computer	Units G1009, G1010 and G1017, 1-7 Shipai West Road, Tianhe District, Guangzhou, PRC	971.63 sq.m. for office use	Monthly rent of RMB97,163.00 (exclusive of other outgoings) for a term of 36 months from 1 January 2010 to 31 December 2012
GPET Mall	GZ Yingxin	Unit G1108, 1-7 Shipai West Road, Tianhe District, Guangzhou, PRC	20 sq.m. for office use	Monthly rent of RMB2,700.00 (exclusive of other outgoings) for a term of 36 months from 1 January 2010 to 31 December 2012
		Monthly Total		<u>RMB263,158.58</u>
		Yearly Total		<u><u>RMB3,157,902.96</u></u>

Historical figures and proposed annual caps

Under the Existing Tenancy Agreements, the aggregate annual rentals paid by the Group to Kexim, SHPD Consulting, SHPD Technology, BUPE Technology and GPET Mall, all being connected persons of the Group, were approximately RMB1,900,000 and RMB2,900,000 for the two years ended 31 December 2007 and 2008 respectively, and such annual rental payable by the Group for the year ending 31 December 2009 is expected to be approximately RMB3,300,000.

The proposed aggregate annual rentals payable under the Renewed Tenancy Agreements by the Group to Kexim, SHPD Consulting, SHPD Technology, BUPE Technology and GPET Mall are expected not exceeding RMB3,700,000, RMB4,000,000 and RMB4,400,000 for the three years ending 31 December 2010, 2011 and 2012 respectively. The reason for the increase in such annual caps is that the Group is allowed to lease an aggregate additional space of up to 700 sq.m. for each year ending 31 December 2010, 2011 and 2012. In the event that an additional space is leased, the monthly rental will be the lower of (i) the then prevailing market rent or (ii) a rent of not exceeding 110% of the existing unit rent in the relevant agreements for such additional space. The Company considers that the rental area will be increased in order to satisfy its business development.

Pricing basis

The annual rentals payable under the Renewed Tenancy Agreements were determined by arm's length negotiations between the respective parties of the Renewed Tenancy Agreements with reference to the prevailing market rents for similar properties in the same region at or about the time when the Renewed Tenancy Agreements were signed and thus are fair and reasonable to the Group.

Reasons for and benefits of entering into the Renewed Tenancy Agreements

As the Group has occupied the premises and properties held by Kexim, SHPD Consulting, SHPD Technology, BUPE Technology and GPET Mall respectively for general office uses for over 5 years, and the rentals payable by the Group in respect of the Renewed Tenancy Agreements are comparable and in line with the prevailing market rents, the Group intends to continue to renew the Existing Tenancy Agreements for the same premises and properties under similar terms and conditions for a term of three years from 1 January 2010 to 31 December 2012. The Existing Tenancy Agreements will expire on 31 December 2009. In addition, in view of the continuous development and business expansion of the Group, the Group entered into a new tenancy with SHPD Consulting for renting Unit 608, Pacific Digital Mall, 1117 Zhaojiabang Road, Xuhui District, Shanghai, PRC.

(2) Renewed Advertising Agreement

Date: 24 December 2009

Parties: (1) GZP Advertising
(2) GPET Mall

Term: 36 months from 1 January 2010 to 31 December 2012

Details of the Renewed Advertising Agreement

Pursuant to the Renewed Advertising Agreement, GPET Mall authorises GZP Advertising to lease the advertising boards on the external walls of Guangzhou Computer Malls which were owned by GPET Mall as well as to receive and collect all revenue in connection with the leasing of such advertising boards, and GZP Advertising is also responsible for obtaining all necessary government approvals for placing such outdoor advertisements and for paying the associated costs thereof.

Historical figures and proposed annual caps

The aggregate annual advertising boards rentals paid by GZP Advertising to GPET Mall were approximately RMB1,700,000 and RMB2,400,000 for the two years ended 31 December 2007 and 2008 respectively, and such rental payable by GZP Advertising is expected to be approximately RMB2,000,000 for the year ending 31 December 2009.

The proposed aggregate annual advertising boards rentals payable by GZP Advertising to GPET Mall under the Renewed Advertising Agreement are expected not exceeding RMB3,500,000, RMB4,500,000 and RMB5,500,000 for the three years ending 31 December 2010, 2011 and 2012 respectively.

Pricing basis

Pursuant to the Renewed Advertising Agreement, GZP Advertising is entitled to retain 20% of the revenue received from the leasing of the advertising boards and all other related activities, and shall transfer the remaining 80% of such revenue to GPET Mall on a quarterly basis. The Directors believe that the decision to retain 20% of the revenue and thus make payment of 80% of such revenue to GPET Mall was made by arm's length negotiations between the parties with reference to the industry profit margin range in association with advertising services.

Reasons for and benefits of entering into the Renewed Advertising Agreement

Due to the established clientele and the advertisement business licence held by GZP Advertising, the Group expects to generate additional revenue under these arrangements set out in the Renewed Advertising Agreement.

DESCRIPTION OF THE CONNECTED RELATIONSHIPS

As at the date of this announcement, the following parties are connected persons of the Group pursuant to the Listing Rules:

Mr. Wang holds 27.76% of the issued share capital of the Company and hence he is a substantial shareholder of the Company and is also considered as a connected person of the Group under the Listing Rules.

Kexim is indirectly owned as to more than 30% by Mr. Wang and hence Kexim is considered as an associate of Mr. Wang and a connected person of the Group under the Listing Rules.

SHPD Consulting is indirectly wholly-owned by South China, which is owned as to more than 30% by Mr. Wang and hence SHPD Consulting is considered as an associate of Mr. Wang and a connected person of the Group under the Listing Rules.

SHPD Technology is owned as to 49% by South China and hence SHPD Technology is considered as an associate of Mr. Wang and a connected person of the Group under the Listing Rules.

BUPE Technology is owned as to 54% by Kexim Development Company Limited, which is in turn owned as to more than 30% by Mr. Wang and hence BUPE Technology is considered as an associate of Mr. Wang and a connected person of the Group under the Listing Rules.

GPET Mall is wholly-owned by Kexim and therefore GPET Mall is considered as an associate of Mr. Wang and a connected person of the Group under the Listing Rules.

LISTING RULES IMPLICATIONS

The transactions contemplated under the Renewed Tenancy Agreements and Renewed Advertising Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

In respect of each of the Renewed Continuing Connected Transactions, each of the percentage ratios, where applicable, calculated by reference to Rule 14.07 of the Listing Rules, is on an annual basis expected to be more than 0.1% but less than 2.5%. Accordingly, each of the transactions contemplated under the Renewed Continuing Connected Transaction Agreements is only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, and is exempt from the independent shareholders' approval requirement.

GENERAL

The Group is principally engaged in provision of internet advertising services in the PRC, which currently operates five vertically-integrated portals, including PConline, PCauto, PCgames, PClady and PCbaby that offer specialised content relating to key industries such as IT-related products, automobiles, PC games, women lifestyle-related topics and parenting related issues.

Kexim is an investment holding entity. SHPD Consulting and SHPD Technology are the property holding entities and their properties are mainly located in Shanghai. BUPE Technology is the operator of the shopping mall of Beijing Computer Mall. GPET Mall is principally engaged in the operation of the Guangzhou Computer Malls. SPE Consulting and SHPD Consulting are the registered owners of Shanghai Computer Malls, both of which are wholly-owned subsidiaries of South China. The principal businesses of the Computer Malls Companies are real estate development and property leasing which are independent from the businesses of the Group.

DEFINITIONS

In this announcement, unless the context required otherwise, the following expressions shall have the meaning set out below:

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Beijing Computer Mall”	located at 52 Haidian Road, Haidian District, Beijing, PRC
“Board”	the board of Directors
“BUPE Technology”	北京北大太平洋電子科技有限公司 (Beijing University Pacific Electronic Technology Co., Ltd.*), a limited liability company incorporated in the PRC on 14 January 1998 and a connected person of the Group under the Listing Rules
“Company”	Pacific Online Limited (太平洋網絡有限公司), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“Computer Malls”	include Guangzhou Computer Malls, Shanghai Computer Malls and Beijing Computer Mall
“Computer Malls Companies”	include SPE Consulting, SHPD Consulting, SHPD Technology, BUPE Technology and GPET Mall, which are principally engaged in real estate development and property leasing businesses that are independent from the businesses of the Group
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Directors”	the directors, including the independent non-executive directors, of the Company
“Existing Advertising Agreement”	the advertising agreement dated 28 September 2007 entered into between GZP Advertising and GPET Mall which will expire on 31 December 2009
“Existing Continuing Connected Transactions”	the transactions contemplated under the Existing Tenancy Agreements and Existing Advertising Agreement
“Existing Continuing Connected Transaction Agreements”	the Existing Tenancy Agreements and Existing Advertising Agreement
“Existing Tenancy Agreements”	the 12 tenancy agreements entered into immediately prior to the listing of the Company on the Stock Exchange between the Group (as tenant) and Kexim, SHPD Consulting, SHPD Technology, BUPE Technology and GPET Mall (as landlords) respectively, which will expire on 31 December 2009

“GDP Internet”	廣東太平洋互聯網信息服務有限公司 (Guangdong Pacific Internet Information Service Co., Ltd.*), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of GZ Yingxin
“GPET Mall”	廣東太平洋電子科技廣場有限公司 (Guangdong Pacific Electronic Technology Mall Co., Ltd.*), a limited liability company incorporated in the PRC on 25 December 1995 and a connected person of the Group under the Listing Rules
“Group”	the Company and its subsidiaries from time to time
“Guangzhou Computer Malls”	comprise two malls located at (i) 1–7 Shipai West Road, Tianhe District, Guangzhou, PRC and (ii) 560, 562, 564, 566 and 574, Tianhe Road, Tianhe District, Guangzhou, PRC
“GZ Yingxin”	廣州英鑫計算機科技交流有限公司 (Guangzhou Yingxin Computer Technology Exchange Co., Ltd.*), a limited liability company incorporated in the PRC on 25 November 2003, holding 100% of the equity interest of GDP Internet which is owned as to 40% by Zhang Cong Min, 30% by Lu Wu Qing and 30% by Fan Zeng Chun and is effectively controlled by the Company through the contractual arrangements of the Company dated 5 December 2007
“GZP Advertising”	廣州市太平洋廣告有限公司 (Guangzhou Pacific Advertising Co., Ltd.*), a limited liability company incorporated in the PRC on 24 March 1998 and a wholly-owned subsidiary of GDP Internet
“GZP Computer”	廣州太平洋電腦信息諮詢有限公司 (Guangzhou Pacific Computer Information Consulting Co., Ltd.*), a limited liability company incorporated in the PRC on 7 November 1997 and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Kexim”	Kexim Company Limited, a limited liability company incorporated in Hong Kong on 27 May 1993 and a connected person of the Group under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wang”	Mr. Wang Ko Chiang, a substantial shareholder of the Company holding approximately 27.76% of the total issued share capital of the Company as at the date of this announcement
“Pacific E-Commerce”	Pacific E-Commerce Limited (太平洋在線有限公司), a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan

“Renewed Advertising Agreement”	the advertising agreement dated 24 December 2009 entered into between GZP Advertising and GPET Mall on the terms and conditions similar to the Existing Advertising Agreement
“Renewed Continuing Connected Transactions”	the transactions contemplated under the Renewed Tenancy Agreements and Renewed Advertising Agreement
“Renewed Continuing Connected Transaction Agreements”	the Renewed Tenancy Agreements and Renewed Advertising Agreement
“Renewed Tenancy Agreements”	the 12 tenancy agreements dated 24 December 2009 entered into between (and renewed by) the Group (as tenant) and Kexim, SHPD Consulting, SHPD Technology, BUPE Technology and GPET Mall (as landlords) on the terms and conditions similar to the Existing Tenancy Agreements, and 1 new tenancy agreement dated 24 December 2009 entered into between SHPD Consulting and GZP Advertising
“RMB”	Renminbi, the lawful currency in the PRC
“Shanghai Computer Malls”	comprise three malls located at (i) 41 Caoxi North Road, Xuhui District, Shanghai, PRC (ii) 1117 Zhaojiabang Road, Xuhui District, Shanghai, PRC and (iii) 721 Zhangyang Road, Pudong New Area, Shanghai, PRC
“Shanghai Huanyu”	上海環宇太平洋網絡科技諮詢有限公司 (Shanghai Huanyu Pacific Network and Technology Consulting Co., Ltd.*), a limited liability company incorporated in the PRC on 18 January 2007 and a wholly-owned subsidiary of GDP Internet
“Shanghai Pan-Pacific”	上海環宇太平洋信息科技有限公司 (Shanghai Pan-Pacific Information Technology Co., Ltd.*), a limited liability company incorporated in the PRC on 29 December 2006 and a wholly-owned subsidiary of Pacific E-Commerce and an indirect wholly-owned subsidiary of the Company
“SHPD Consulting”	上海環宇太平洋數碼諮詢有限公司 (Shanghai Huanyu Pacific Digital Consulting Co., Ltd.*), a limited liability company incorporated in the PRC on 31 December 1992 and a connected person of the Group under the Listing Rules
“SHPD Technology”	上海環宇太平洋數碼科技有限公司 (Shanghai Huanyu Pacific Digital Technology Co., Ltd.*), a limited liability company incorporated in the PRC on 2 June 2003 and a connected person of the Group under the Listing Rules

“South China”	South China Resources Development Consultants Limited, which is owned as to more than 30% by Mr. Wang
“SPE Consulting”	上海太平洋電子諮詢有限公司 (Shanghai Pacific Electronic Consulting Co., Ltd.*), a limited liability company incorporated in the PRC on 3 September 1997 and a connected person of the Group under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

On behalf of the Board
Lam Wai Yan
Chairman

Hong Kong, 24 December 2009

As at the date of this announcement, the Directors of the Company are:

Executive Directors:

Mr. Lam Wai Yan (*Chairman and Chief Executive Officer*)

Mr. Ho Kam Wah

Mr. Wang Ta-Hsing (Alias: Wang Da-Shin, Jeff)

Ms. Zhang Cong Min

Mr. Tsung Shih Kin, Samuel

Independent Non-executive Directors:

Mr. Tsui Yiu Wa, Alec

Mr. Thaddeus Thomas Beczak

Mr. Louie Ming

* *for identification purposes only*