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**PACIFIC ONLINE LIMITED**

**太平洋網絡有限公司**

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

**(Stock Code: 543)**

**MAJOR TRANSACTION  
ACQUISITION OF PROPERTY**

The Board is pleased to announce that on 25 January 2010, GZP Computer, an indirect wholly-owned subsidiary of the Company, was successful in its bid for the Property at an open auction organised by Administrative Committee of Tianhe Software Park, as a governmental agency of People's Government of Tianhe District. On 28 January 2010, GZP Computer and Administrative Committee of Tianhe Software Park entered into the Agreement, by which the parties to the Agreement agreed that GZP Computer shall purchase the Property at a total consideration of RMB148,650,000.

In respect of the Acquisition, the applicable percentage ratios, where appropriate, calculated by reference to Rule 14.07 of the Listing Rules, are 25% or more but less than 100%. Accordingly, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since no Shareholders or any of their associates (within the meaning of the Listing Rules) are required to abstain from voting if a general meeting is to be convened for the approval of the Acquisition, written shareholders' approval may be accepted for the Acquisition in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. As at the date of this announcement, Mr. Lam Wai Yan (the Chairman of the Group and an executive Director), Mr. Wang Ko Chiang and Mr. Ho Kam Wah (an executive Director), who have no interest in the Acquisition other than their respective interests as Shareholders, directly or indirectly, hold 265,723,000 Shares, 256,426,000 Shares and 89,138,000 Shares respectively (representing approximately 28.76%, 27.76% and 9.64% of the issued share capital of the Company). Mr. Lam Wai Yan, Mr. Wang Ko Chiang and Mr. Ho Kam Wah are the founders of the Group and have formed the closely allied group of the Shareholders, who collectively hold an aggregate of 611,287,000 Shares (representing approximately 66.16% of the issued share capital of the Company), and have given their written approval of the Acquisition. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Acquisition.

A circular containing, among others, details of the Acquisition and a valuation report in relation to the Property will be despatched to the Shareholders as soon as possible.

## INFORMATION ON THE ACQUISITION

The Board is pleased to announce that on 25 January 2010, GZP Computer, an indirect wholly-owned subsidiary of the Company, was successful in its bid for the Property at an open auction organised by Administrative Committee of Tianhe Software Park, as a governmental agency of People's Government of Tianhe District. On 28 January 2010, GZP Computer and Administrative Committee of Tianhe Software Park entered into the Agreement, by which the parties to the Agreement agreed that GZP Computer shall purchase the Property at a total consideration of RMB148,650,000. Set out below is some of the principle terms of the Agreement.

### **Date**

28 January 2010

### **Parties**

Purchaser: GZP Computer

Vendor: Administrative Committee of Tianhe Software Park

Administrative Committee of Tianhe Software Park is a governmental agency of People's Government of Tianhe District. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, both Administrative Committee of Tianhe Software Park and People's Government of Tianhe District are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

There was no prior transaction and relationship between the Company and Administrative Committee of Tianhe Software Park and/or People's Government of Tianhe District during last 12 months which would otherwise require aggregation under Rule 14.22 of the Listing Rules.

### **Purchase Price of the Property**

The Purchase Price for the Acquisition in the amount of RMB148,650,000 shall be satisfied by GZP Computer in cash by three installments as follows:

- (1) the first installment in the amount of RMB44,595,000 (being 30% of Purchase Price) will be payable within 5 days upon the signing of the Agreement;
- (2) the second installment in the amount of RMB59,460,000 (being 40% of Purchase Price) will be payable within 10 days upon submission of application documents for transfer of title of the Property to GZP Computer at the relevant Administration of State Land, Resources and Housing; and
- (3) the final installment in the amount of RMB44,595,000 (being 30% of Purchase Price) will be payable upon collection of all property title certificates by GZP Computer and delivery of all relevant documents by Administrative Committee of Tianhe Software Park in relation to the planning, land use, construction, fire prevention, of the Property.

The Purchase Price was arrived at as a result of a successful bid by GZP Computer at an open auction after the Group went through the auction process and considered the location and potential value of the Property and the average market price or assessed value of similar properties in the proximity. Based on the information currently available, the Company believes that the Purchase Price will be lower than the current market value of the properties in comparable location. On the basis set out above, the Directors consider that the Purchase Price is fair and reasonable.

The Group intends to finance the Purchase Price by its internal resources, in particular, the fund raised in the initial public offering of the Company in 2007.

### **Details of the Property**

The Property is located at No. 115, Gaopu Road, Gaotang Software Park, Tianhe District, Guangzhou, the PRC, consisting of 3 commercial buildings with a maximum of four-storey in each building. The total gross floor area of the Property is approximately 29,730 sq. m. and the related land on which the Property is situated has an aggregate area of approximately 7,500 sq. m.

The Property is not subject to any tenancies and the Group intends to occupy the Property for its own business purposes. The Property is expected to be delivered to GZP Computer on 31 March 2010. After completion of the relevant procedures for transfer of title of the Property to GZP Computer, the Property will be used as the registered office and tax registration address of GZP Computer, Guangzhou Pacific Advertising Co., Ltd.\* (廣州市太平洋廣告有限公司) and Guangdong Pacific Internet Information Service Co., Ltd.\* (廣東太平洋互聯網信息服務有限公司).

A valuation report of the Property performed by an independent professional valuer to be appointed by the Company will be contained in the circular to be despatched to the Shareholders.

### **REASONS AND BENEFITS FOR THE ACQUISITION**

In light of the development plan of the Group, the Board has decided to establish its headquarters, research and development center, e-business platform operation center, as well as software and services contracting center in Guangzhou. In order to meet such development needs of the Group, it is expected to expand its operation scale of the Group with the office premises of approximately 30,000 sq. m. The Directors believe that the Acquisition, once completed, can suffice the aforesaid purposes which represents a good opportunity to expand its business for its development plan and therefore is beneficial to the Group.

The Directors, including the independent non-executive Directors, consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

### **INFORMATION ON THE GROUP**

The Group is principally engaged in provision of internet advertising services in the PRC. The Company is an investment holding company and its subsidiaries are principally engaged in provision of internet advertising services in the PRC. GZP Computer is the principal operating entity of the Group and is principally engaged in high-tech professional internet operation and content development, research and development of information technology, software development, and services contracting, etc.

### **INFORMATION ON ADMINISTRATIVE COMMITTEE OF TIANHE SOFTWARE PARK**

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Administrative Committee of Tianhe Software Park is a governmental agency of People's Government of Tianhe District to manage and operate state-owned assets in Gaotang Software Park, Tianhe District, Guangzhou, and both Administrative Committee of Tianhe Software Park and People's Government of Tianhe District are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

## LISTING RULES IMPLICATIONS

In respect of the Acquisition, the applicable percentage ratios, where appropriate, calculated by reference to Rule 14.07 of the Listing Rules, are 25% or more but less than 100%. Accordingly, the Acquisition constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules and is therefore subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since no Shareholders or any of their associates (within the meaning of the Listing Rules) are required to abstain from voting if a general meeting is to be convened for the approval of the Acquisition, written shareholders' approval may be accepted for the Acquisition in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. As at the date of this announcement, Mr. Lam Wai Yan (the Chairman of the Group and an executive Director), Mr. Wang Ko Chiang and Mr. Ho Kam Wah (an executive Director), who have no interest in the Acquisition other than their respective interests as Shareholders, directly or indirectly, hold 265,723,000 Shares, 256,426,000 Shares and 89,138,000 Shares respectively (representing approximately 28.76%, 27.76% and 9.64% of the issued share capital of the Company). Mr. Lam Wai Yan, Mr. Wang Ko Chiang and Mr. Ho Kam Wah are the founders of the Group and have formed the closely allied group of the Shareholders, who collectively hold an aggregate of 611,287,000 Shares (representing approximately 66.16% of the issued share capital of the Company), and have given their written approval of the Acquisition. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Acquisition.

A circular containing, among others, details of the Acquisition and a valuation report in relation to the Property will be despatched to the Shareholders as soon as possible.

## DEFINITIONS

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

“Acquisition”	the acquisition of the Property pursuant to the Agreement by GZP Computer from Administrative Committee of Tianhe Software Park as more particularly set out in the section headed “The information on the Acquisition” in this announcement
“Administrative Committee of Tianhe Software Park”	廣州天河軟件園管理委員會 (Guangzhou Tianhe Software Park Administrative Committee*) as a governmental agency of People's Government of Tianhe District
“Agreement”	the agreement dated 28 January 2010 between GZP Computer and Administrative Committee of Tianhe Software Park, by which GZP Computer as the purchaser and Administrative Committee of Tianhe Software Park as the vendor agreed the terms and conditions of the Acquisition as more particularly set out in the section headed “The information on the Acquisition” in this announcement
“Board”	the board of Directors
“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
“connected person(s)”	have the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“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 and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	the percentage ratios, other than the profits ratio, under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Property”	the property consisting of 3 buildings with a total gross floor area of 29,730 sq. m. located at No.115, Gaopu Road, Gaotang Software Station, Tianhe District, Guangzhou, the PRC to be acquired by GZP Computer from Administrative Committee of Tianhe Software Park pursuant to the terms and conditions of the Agreement
“Purchase Price”	the purchase price of the Property in the amount of RMB148,650,000
“RMB”	Renminbi, the lawful currency in the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s)
“sq. m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

On behalf of the Board  
**Lam Wai Yan**  
*Chairman*

Hong Kong, 28 January 2010

*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

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 purpose only*