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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Pacific Online Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)**

**PROPOSED BONUS ISSUE OF SHARES  
AND  
PROPOSED GRANTING OF GENERAL MANDATES  
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES  
AND  
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS  
AND  
NOTICE OF THE ANNUAL GENERAL MEETING**

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A notice convening an annual general meeting of Pacific Online Limited to be held at Vinson Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Monday, 24 May 2010 at 10:30 a.m. is set out on pages 19 to 23 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://corp.pconline.com.cn>).

Whether or not you are able to attend the annual general meeting, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

21 April 2010

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## EXPECTED TIMETABLE

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*Year 2010*

Last day of dealings in Shares cum entitlements to the Final Dividend and the Bonus Issue of Shares . . . . .	Friday, 14 May
First day of dealings in Shares ex-entitlements to the Final Dividend and the Bonus Issue of Shares . . . . .	Monday, 17 May
Latest time for lodging share transfer forms for entitlements to the Final Dividend and the Bonus Issue of Shares and rights to attend and vote at the Annual General Meeting . . . . .	4:30 p.m. on Tuesday, 18 May
Closure of Register of Members (both days inclusive) . . . . .	From Wednesday, 19 May to Monday, 24 May
Latest time for lodging forms of proxy for the Annual General Meeting . . . . .	10:30 a.m. on Saturday, 22 May
Record Date for determining of entitlements to the Final Dividend and the Bonus Issue of Shares and rights to attend and vote at the Annual General Meeting . . . . .	Monday, 24 May
Annual General Meeting . . . . .	10:30 a.m. on Monday, 24 May
Re-open of Register of Members . . . . .	Tuesday, 25 May
Despatch of dividend warrants . . . . .	Monday, 31 May
Despatch of certificates for Bonus Shares . . . . .	Monday, 7 June
First day of dealings in Bonus Shares . . . . .	Thursday, 10 June

*Note:* All times in this circular refer to Hong Kong time.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Annual General Meeting”	an annual general meeting of the Company to be held at Vinson Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Monday, 24 May 2010 at 10:30 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 19 to 23 of this circular, or any adjournment thereof;
“Board”	the board of Directors;
“Bonus Issue of Shares”	the proposed issue of the Bonus Shares by the Company on the basis of one Bonus Share for every twenty existing issued Shares held by the Shareholders on the Record Date upon and subject to the terms and conditions referred to in this circular;
“Bonus Shares”	the new Shares proposed to be issued under the Bonus Issue of Shares;
“Buyback Mandate”	as defined in paragraph 3(a) of the Letter from the Board;
“Company”	Pacific Online Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Current Articles of Association”	the articles of association of the Company currently in force;
“Director(s)”	the director(s) of the Company;
“Final Dividend”	the final dividend of the Company for the year ended 31 December 2009;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issuance Mandate”	as defined in paragraph 3(b) of the Letter from the Board;
“Latest Practicable Date”	15 April 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

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## DEFINITIONS

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“Overseas Shareholder(s)”	Shareholders whose addresses as shown in the Register of Members of the Company on the Record Date are outside Hong Kong;
“Record Date”	24 May 2010, being the date for determining of entitlements to the Final Dividend and the Bonus Issue of Shares and rights to attend and vote at the Annual General Meeting;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company or if there has been a subsequent subdivision, 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)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong;
“%”	per cent.



**PACIFIC ONLINE LIMITED**

**太平洋網絡有限公司**

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

**(Stock Code: 543)**

*Executive Directors:*

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

*Registered Office:*

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

*Independent Non-executive Directors:*

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

*Principal Place of Business in  
Hong Kong:*

Unit 807, Tower 2  
Lippo Centre  
89 Queensway  
Hong Kong

21 April 2010

*To the shareholders*

Dear Sir/Madam

**PROPOSED BONUS ISSUE OF SHARES  
AND  
PROPOSED GRANTING OF GENERAL MANDATES  
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES  
AND  
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS  
AND  
NOTICE OF THE ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for (i) the Bonus Issue of Shares; (ii) the granting of the Buyback Mandate to the Directors; (iii) the granting of the

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## LETTER FROM THE BOARD

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Issuance Mandate to the Directors; (iv) the extension of the Issuance Mandate by adding to it the aggregate nominal amount of issued Shares repurchased by the Company under the Buyback Mandate; and (v) the re-election of the retiring Directors.

### 2. BONUS ISSUE OF SHARES

#### **Background**

As announced on 29 March 2010 in conjunction with the announcement of the Group's results for the year ended 31 December 2009, the Board recommended to make the Bonus Issue of Shares on the basis of one Bonus Share for every twenty existing issued Shares held by the Shareholders whose names appear on the Register of Members of the Company on the Record Date.

Based on 925,417,500 Shares in issue at the Latest Practicable Date and assuming the issued share capital of the Company remains unchanged on the Record Date, a total of 46,270,875 Bonus Shares will be issued. It is proposed that the Directors be authorized to capitalize the sum of HK\$462,708.75, being part of the amount standing to the credit of the share premium account of the Company and apply such sum in paying up in full the 46,270,875 Bonus Shares.

#### **Status of Bonus Shares**

The Bonus Shares will, subject to the Memorandum and Articles of Association of the Company, rank *pari passu* in all respects with the Shares from their date of issue except that they will not rank for the Bonus Issue of Shares and the Final Dividend.

#### **Fractions of the Bonus Shares**

Fractional entitlements (if any) to the Bonus Shares will not be allotted to Shareholders and will be aggregated and sold for the benefit of the Company.

#### **Adjustment to the Outstanding Share Options**

As at the Latest Practicable Date, share options attaching the rights to subscribe for 67,407,500 Shares granted under the Pre-IPO Share Option Plan and Post-IPO Share Option Plan of the Company remained outstanding. In accordance with the said Pre-IPO Share Option Plan, the Post-IPO Share Option Plan and the Listing Rules, holders of outstanding share options who have not exercised their share options prior to the Record Date will be entitled to adjustment to the exercise price and/or the number of their outstanding share options. As at the Latest Practicable Date, adjustments to the outstanding share options are yet to be determined. An announcement will be made by the Company in this regard.

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## LETTER FROM THE BOARD

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### **Conditions of the Bonus Issue of Shares**

The Bonus Issue of Shares is conditional upon (i) the passing of the ordinary resolution to approve the Bonus Issue of Shares at the Annual General Meeting; and (ii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Bonus Shares.

### **Closure of Register of Members**

The Register of Members of the Company will be closed from Wednesday, 19 May 2010 to Monday, 24 May 2010 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlements to the Final Dividend and the Bonus Issue of Shares and for attending and voting at the Annual General Meeting, unregistered holders of shares of the Company should ensure that all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 18 May 2010.

### **Trading arrangements**

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Bonus Shares.

The Bonus Shares will be traded in board lots of 1,000 Shares. Each Shareholder will receive one share certificate for the Bonus Shares entitled. It is expected that certificates for the Bonus Shares will be posted to Shareholders on 7 June 2010 at their own risk and the first date of dealings in the Bonus Shares will be on 10 June 2010.

The Shares are not listed or dealt in on any stock exchange other than the Stock Exchange. The Directors do not intend to apply for listing of and permission to deal in the Bonus Shares on any stock exchange other than the Stock Exchange. Stamp Duty in Hong Kong will be payable in respect of dealings in the Bonus Shares.

### **Overseas Shareholders**

The Board will make enquiries as to whether the Bonus Issue of Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to allot the Bonus Shares to such Overseas Shareholders, no issue of the Bonus Shares will be made to such Overseas Shareholders. The Bonus Shares otherwise falling to be allotted to them will be sold in the market as soon as practicable after dealings in the Bonus Shares commence and the net proceeds of sale will be paid to the Shareholders affected. Where, however, if the amount of the net proceeds payable to

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## LETTER FROM THE BOARD

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any particular Shareholder is less than HK\$100, the net proceeds will be retained by the Company instead for its own benefit and will not be paid to the Shareholders affected.

### **Waiver from strict compliance with Rules 19.10(2) and 19.10(3) of the Listing Rules**

Rules 19.10(2) and 19.10(3) of the Listing Rules require the inclusion in this circular of summaries of (i) the provisions of the constitutive documents of the Company (the “**Constitutive Documents**”) in so far as they may affect Shareholders’ rights and protections and Directors’ powers; and (ii) the relevant regulatory provisions of the jurisdiction in which the Company is incorporated (the “**Regulatory Provisions**”).

Given that the relevant provisions of the Constitutive Documents and the Regulatory Provisions do not affect the rights of the Shareholders under the Bonus Issue of Shares, the Company considers that it will be unduly burdensome to prepare summaries of the Constitutive Documents and the Regulatory Provisions for inclusion in this circular. The Company has made an application to the Stock Exchange for a waiver from strict compliance with Rules 19.10(2) and 19.10(3) of the Listing Rules.

### **3. PROPOSED GRANTING OF THE BUYBACK AND ISSUANCE MANDATES**

At the annual general meeting of the Company held on 15 May 2009, general mandates were granted to the Directors to exercise the powers of the Company to repurchase Shares and to issue new Shares respectively. Up to the Latest Practicable Date, such mandates have not used and, if not used by the date of the Annual General Meeting, will lapse at the conclusion of the Annual General Meeting.

Ordinary resolutions will be proposed at the Annual General Meeting to approve the granting of new general mandates to the Directors:

- (a) to purchase Shares on the Stock Exchange of an aggregate nominal amount not exceeding 10% of the total nominal amount of the issued share capital of the Company as at the date of passing of such resolution (i.e. an aggregate nominal amount of Shares not exceeding HK\$925,417.50 (equivalent to 92,541,750 Shares) on the basis that the issued share capital of the Company remains unchanged as at the date of the Annual General Meeting) (the “**Buyback Mandate**”);
- (b) to allot, issue or deal with new Shares of an aggregate nominal amount not exceeding 20% of the total nominal amount of the issued share capital of the Company as at the date of passing of such resolution (i.e. an aggregate nominal amount of Shares not exceeding HK\$1,850,835 (equivalent to 185,083,500 Shares) on the basis that the issued share capital of the Company remains unchanged as at the date of the Annual General Meeting) (the “**Issuance Mandate**”); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of Shares repurchased by the Company pursuant to and in accordance with the Buyback Mandate.

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## LETTER FROM THE BOARD

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The Buyback Mandate and the Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the Annual General Meeting or any earlier date as referred to in the proposed ordinary resolutions contained in items 8 and 9 of the notice of the Annual General Meeting as set out on pages 19 to 23 of this circular. With reference to the Buyback Mandate and the Issuance Mandate, the Directors wish to state that they have no immediate plan to repurchase any Shares or issue any Shares pursuant thereto.

In accordance with the requirements of the Listing Rules, the Company is required send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Buyback Mandate. The explanatory statement as required by the Listing Rules in connection with the Buyback Mandate is set out in Appendix I to this circular.

#### **4. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS**

Pursuant to Article 87 of the Current Articles of Association, three of the existing Directors, namely, Mr Tsui Yiu Wa, Alec, Mr Thaddeus Thomas Beczak and Mr Louie Ming shall retire by rotation at the Annual General Meeting. All of the above retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

In accordance with Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director(s) proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting. The requisite details of the above three retiring Directors are set out in Appendix II to this circular.

#### **5. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT**

The notice of the Annual General Meeting is set out on pages 19 to 23 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the Bonus Issue of Shares, the granting of the Buyback Mandate and the Issuance Mandate, the extension of the Issuance Mandate by the addition thereto of the nominal amount of Shares repurchased pursuant to the Buyback Mandate and the re-election of the retiring Directors.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the Annual General Meeting. An announcement on the poll vote results will be made by the Company after the Annual General Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://corp.pconline.com.cn>). Whether or not you are able to attend the Annual General Meeting, please complete and sign the form of proxy

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## LETTER FROM THE BOARD

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in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, to the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish and in such event, the form of proxy shall be deemed to be revoked.

### 6. RECOMMENDATION

The Directors consider that the Bonus Issue of Shares, the granting of the Buyback Mandate, the granting/extension of the Issuance Mandate and the re-election of the retiring Directors are in the best interests of the Company, the Group and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

### 7. GENERAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I (Explanatory Statement on the Buyback Mandate) and Appendix II (Details of the Retiring Directors Proposed to be Re-elected at the Annual General Meeting) to this circular.

Yours faithfully,  
By order of the Board  
**Lam Wai Yan**  
*Chairman*

The following is an explanatory statement required by the Listing Rules to be sent to the Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Buyback Mandate.

### **1. REASONS FOR BUYBACK OF SHARES**

The Directors believe that the granting of the Buyback Mandate is in the interests of the Company and the Shareholders.

Repurchases of Shares may, depending on the market conditions and funding arrangements at the time, result in an enhancement of the net asset value per Share and/or earnings per Share. The Directors are seeking the granting of the Buyback Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

### **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 925,417,500 Shares.

Subject to the passing of the ordinary resolution set out in item 8 of the notice of the Annual General Meeting in respect of the granting of the Buyback Mandate and on the basis that the issued share capital of the Company remains unchanged as at the date of the Annual General Meeting, i.e. being 925,417,500 Shares, the Directors would be authorized under the Buyback Mandate to repurchase, during the period in which the Buyback Mandate remains in force, an aggregate nominal amount of Shares not exceeding HK\$925,417.50 (equivalent to 92,541,750 Shares), representing 10% of the aggregate nominal amount of the Shares in issue as at the date of the Annual General Meeting.

### **3. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association, the laws of the Cayman Islands and/or any other applicable laws, as the case may be.

The Company is empowered by its Memorandum and Articles of Association to repurchase Shares. The laws of the Cayman Islands provide that a purchase of shares may be made (to the extent of the par value of such shares) out of profits or the proceeds of a fresh issue of shares made for such purpose or, out of capital, provided that the Company is able to pay its debts as they fall due in the ordinary course of business and the purchase is authorized by its Articles of Association. Any premium payable on a purchase may be made out of profits, the Company's share premium account or out of capital, provided that the Company is able to pay its debts as they fall due in the ordinary course of business and the purchase is authorized by its Articles of Association.

#### 4. IMPACT OF REPURCHASES

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2009) in the event that the Buyback Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Buyback Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time befitting the Company.

#### 5. TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or a group of Shareholders.

The shareholding structure of the Company as at the Latest Practicable Date and the shareholding structure of the Company upon full exercise of the Buyback Mandate are set out below:

	As at the Latest Practicable Date		Immediately after full exercise of the Buyback Mandate	
	<i>Number of issued Shares held</i>	<i>Percentage of issued share capital of the Company</i>	<i>Number of issued Shares held (Note 5)</i>	<i>Percentage of issued share capital of the Company (Note 5)</i>
<b>Controlling Shareholders (Note 1):</b>				
Mr Lam Wai Yan (Note 2)	262,423,000	28.36%	262,423,000	31.51%
Mr Ho Kam Wah (Note 3)	89,138,000	9.63%	89,138,000	10.70%
Mr Wang Ko Chiang (Note 4)	<u>256,426,000</u>	<u>27.71%</u>	<u>256,426,000</u>	<u>30.79%</u>
	607,987,000	65.70%	607,987,000	73.00%
<b>Public Shareholders</b>	<u>317,430,500</u>	<u>34.30%</u>	<u>224,888,750</u>	<u>27.00%</u>
<b>Total</b>	<u><u>925,417,500</u></u>	<u><u>100.00%</u></u>	<u><u>832,875,750</u></u>	<u><u>100.00%</u></u>

Notes:

- (1) Mr Lam Wai Yan, Mr Ho Kam Wah and Mr Wang Ko Chiang, who in aggregate held 607,987,000 Shares, were the controlling Shareholders of the Company.
- (2) Mr Lam Wai Yan was deemed to be interested in the 256,576,000 Shares which were held by Pac Tech Investment Co. Ltd., a controlled corporation of Mr Lam. The remaining 5,847,000 Shares were jointly held by Mr Lam Wai Yan and his spouse, Ms Ma Muk Lan.

- (3) Mr Ho Kam Wah was deemed to be interested in the 86,016,000 Shares which were held by Treasure Field Holdings Limited, a controlled corporation of Mr Ho. Other than through Treasure Field Holdings Limited, Mr Ho was also interested in 3,122,000 Shares. Out of these Shares, 1,342,000 Shares were held by Mr Ho's spouse, Ms Yeung Yuk Chun. The remaining 1,780,000 Shares were held by Mr Ho personally.
- (4) Mr Wang Ko Chiang was deemed to be interested in 256,426,000 Shares which were held by Gallop Assets Management Limited, a controlled corporation of Mr Wang.
- (5) On Presumption that (i) the issued share capital of the Company remained at 925,417,500 Shares immediately before the full exercise of the Buyback Mandate; and (ii) the shareholding interests of the controlling Shareholders as set out in the above table remained unchanged immediately after the full exercise of the Buyback Mandate.

In the event that the Directors exercise in full the power to repurchase Shares under the Buyback Mandate, the shareholding interest of the above controlling shareholders would, based on their current shareholding, be increased to approximately 73% of the total issued share capital of the Company. The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any repurchases to be made under the Buyback Mandate. Moreover, the Directors will not make share repurchase on the Stock Exchange if such repurchase would result in the obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Code or would result in the requirements under Rule 8.08 of the Listing Rules not being complied with.

## **6. GENERAL**

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Buyback Mandate is approved by the Shareholders.

The Company has not been notified by any connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Buyback Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

**7. MARKET PRICES OF SHARES**

The highest and lowest prices per Share at which the Shares have traded on the Stock Exchange during each of the following months were as follows:

<b>Month</b>	<b>Highest <i>HK\$</i></b>	<b>Lowest <i>HK\$</i></b>
<b>2009</b>		
April	1.83	1.43
May	2.10	1.40
June	2.13	1.76
July	1.89	1.64
August	2.30	1.68
September	1.94	1.67
October	1.98	1.72
November	1.94	1.65
December	1.79	1.55
<b>2010</b>		
January	2.02	1.71
February	1.96	1.75
March	2.50	1.92
April (up to the Latest Practicable Date)	3.18	2.40

**8. REPURCHASES OF SHARES MADE BY THE COMPANY**

No repurchase of Shares has been made by the Company during the previous 6 months (whether on the Stock Exchange or otherwise).

Pursuant to the Listing Rules, the details of the Directors, who will retire and offer themselves for re-election at the Annual General Meeting according to the Current Articles of Association, are provided below.

**(1) Mr Tsui Yiu Wa, Alec**

*Position and Experience*

Mr Tsui Yiu Wa, Alec (“**Mr Tsui**”), aged 60, is an independent non-executive director and the chairman of both the audit committee and remuneration 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 Institute since 1998. Mr Tsui has over 20 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 Institute from 2001 to 2004. He was an adviser and a council member of the Shenzhen Stock Exchange from July 2001 to June 2002. Currently, Mr Tsui is acting as independent non-executive director of the following listed companies:

China BlueChemical Ltd.  
China Chengtong Development Group Limited  
China Huiyuan Juice Group Limited  
China Oilfield Services Limited  
China Power International Development Limited  
COSCO International Holdings Limited  
Greentown China Holdings Limited  
Industrial and Commercial Bank of China (Asia) Limited  
Melco Crown Entertainment Limited  
ATA Inc.

During the last three years, Mr Tsui was an independent non-executive director of Fortis Asia Holdings Limited, Synergis Holdings Limited and Vertex Group Limited. Save as disclosed above, Mr Tsui has not held other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

*Length of service*

The Company has issued a letter of appointment to Mr Tsui for a term of 3 years commencing from 23 November 2007. Mr Tsui's appointment is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Current Articles of Association.

*Interests in Shares*

As far as the Directors are aware, as at the Latest Practicable Date, Mr Tsui personally held 200,000 share options granted by the Company, which entitled him to subscribe for 200,000 Shares. Save as disclosed above, Mr Tsui was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

*Relationships*

As far as the Directors are aware, Mr Tsui does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling Shareholders (as defined in the Listing Rules) of the Company.

*Director's emoluments*

Pursuant to the letter of appointment issued to Mr Tsui by the Company, Mr Tsui is currently entitled to receive a director's fee of HK\$300,000 per annum payable on a 12-month basis, which is determined by the Board with reference to his experience and responsibilities as well as the prevailing market conditions. Mr Tsui is also eligible to participate in the share option scheme of the Company. However, Mr Tsui is not eligible to participate in any bonus schemes or other benefits of the kind available to executive Directors.

*Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders*

As far as the Directors are aware, there is no information of Mr Tsui to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning Mr Tsui that need to be brought to the attention of the Shareholders.

**(2) Mr Thaddeus Thomas Beczak***Position and Experience*

Mr Thaddeus Thomas Beczak ("**Mr Beczak**"), aged 59, is an independent non-executive director and a member of both the audit committee and remuneration 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 Services at Georgetown University. Mr Beczak is currently the chairman of Latitude Capital Group. Currently, Mr Beczak is acting as non-executive director of a number of non-listed companies and independent non-executive director of the following listed companies:

Advanced Semiconductor Manufacturing Corporation Limited  
Arnhold Holdings Limited  
Phoenix Satellite Television Holdings Limited

From June 2004 until March 2008, Mr Beczak was the senior advisor of Nomura International (Hong Kong) Limited and was also the chairman of Nomura Asia Holdings N.V. from April 2006 until March 2008. From November 1997 until December 2002, Mr Beczak was the chairman of the Listing Committee of the Hong Kong Stock Exchange and a member of Board of Directors of the Hong Kong Stock Exchange from 1998 until 2001. He was a member of the Advisory Committee of the Securities and Futures Commission in Hong Kong from 2001 until 2007 and was also a member of the Advisory Committee of the China Securities Regulatory Commission. 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 Group Limited and publisher of South China Morning Post Publishers Limited, deputy chairman of Shangri-La Asia Limited, deputy chairman of Kuok Philippines Properties, a director of China World Trade Center Limited and a director of Kerry Properties Limited. Prior to joining the Kerry Group, Mr Beczak was the managing director of J.P. Morgan Inc., and president of J.P. Morgan Securities Asia from 1990 until 1997. While at J.P. Morgan, Hong Kong, Mr Beczak was a director of the Bank of the Philippine Islands and a committee member of the Hong Kong Association of Banks. He was also an independent non-executive director of Nam Tai Electronic & Electrical Products Limited. Mr Beczak has over 20 years of experience in Asia.

Save as disclosed above, Mr Beczak has not held other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

*Length of service*

The Company has issued a letter of appointment to Mr Beczak for a term of 3 years commencing from 23 November 2007. Mr Beczak's appointment is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Current Articles of Association.

*Interests in Shares*

As far as the Directors are aware, as at the Latest Practicable Date, Mr Beczak personally held 200,000 share options granted by the Company, which entitled him to subscribe for 200,000 Shares. Save as disclosed above, Mr Beczak was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

*Relationships*

As far as the Directors are aware, Mr Beczak does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling Shareholders (as defined in the Listing Rules) of the Company.

*Director's emoluments*

Pursuant to the letter of appointment issued to Mr Beczak by the Company, Mr Beczak is currently entitled to receive a director's fee of HK\$300,000 per annum payable on a 12-month basis, which is determined by the Board with reference to his experience and responsibilities as well as the prevailing market conditions. Mr Beczak is also eligible to participate in the share option scheme of the Company. However, Mr Beczak is not eligible to participate in any bonus schemes or other benefits of the kind available to executive Directors.

*Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders*

As far as the Directors are aware, there is no information of Mr Beczak to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning Mr Beczak that need to be brought to the attention of the Shareholders.

**(3) Mr Louie Ming***Position and Experience*

Mr Louie Ming (“**Mr Louie**”), aged 63, is an independent non-executive director and a member of both the audit committee and remuneration committee of the Company. He joined the Group in November 2007. Mr Louie graduated from Polytechnic University of New York (BSEE) and obtained a master's degree from Princeton University and a master's degree in Business Administration from Drexel University. He has been the managing director of Dynasty Capital Services LLC (Consulting) since January 2002 and is currently a director of Mindspeed Technologies Inc., a world leader in communications integrated circuits listed on NASDAQ. He co-founded and has served as the managing director of Mobile Radius, Inc., since March 2002.

From October 2003 to May 2005, Mr Louie served as the China president of GSM Association, whose members include more than 650 wireless communication operators (including Vodafone, China Mobile, NTT DoCoMo and T-mobile) and more than 200 manufacturers (such as Nokia, Siemens, Ericsson, Microsoft and Intel). As president, Mr Louie reported to a global board of directors representing, among others, Hutchison Whampoa Group, T-Mobile and SingTel Mobile. During his presidency, Mr Louie established the strategic alliance between previously conflicting standards involving WCDMA/GSM and TD-SCDMA, successfully coordinating the interests of the Asian, European and U.S. members. Mr Louie also served as Qualcomm's president of Greater China (world's largest mobile communications market) from May 2000 to October 2001 and as vice president, business development of Globalstar Communications Limited from January 1989 to May 2000.

Save as disclosed above, Mr Louie has not held other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas.

*Length of service*

The Company has issued a letter of appointment to Mr Louie for a term of 3 years commencing from 23 November 2007. Mr Louie's appointment is also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Current Articles of Association.

*Interests in Shares*

As far as the Directors are aware, as at the Latest Practicable Date, Mr Louie personally held 200,000 share options granted by the Company, which entitled him to subscribe for 200,000 Shares. Save as disclosed above, Mr Louie was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

*Relationships*

As far as the Directors are aware, Mr Louie does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling Shareholders (as defined in the Listing Rules) of the Company.

*Director's emoluments*

Pursuant to the letter of appointment issued to Mr Louie by the Company, Mr Louie is currently entitled to receive a director's fee of HK\$300,000 per annum payable on a 12-month basis, which is determined by the Board with reference to his experience and responsibilities as well as the prevailing market conditions. Mr

Louie is also eligible to participate in the share option scheme of the Company. However, Mr Louie is not eligible to participate in any bonus schemes or other benefits of the kind available to executive Directors.

*Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders*

As far as the Directors are aware, there is no information of Mr Louie to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning Mr Louie that need to be brought to the attention of the Shareholders.



**PACIFIC ONLINE LIMITED**

**太平洋網絡有限公司**

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

**(Stock Code: 543)**

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of Pacific Online Limited (the “Company”) will be held at Vinson Room, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Monday, 24 May 2010 at 10:30 a.m. for the following purposes:

1. To consider and receive the audited consolidated financial statements of the Company and the reports of the directors and auditors for the year ended 31 December 2009;
2. To declare a final dividend of RMB10.23 cents per share for the year ended 31 December 2009;
3. To re-elect Mr Tsui Yiu Wa, Alec as an independent non-executive director of the Company;
4. To re-elect Mr Thaddeus Thomas Beczak as an independent non-executive director of the Company;
5. To re-elect Mr Louie Ming as an independent non-executive director of the Company;
6. To authorize the board of directors of the Company to fix the respective directors’ remuneration;
7. To re-appoint Messrs PricewaterhouseCoopers as auditors of the Company and to authorize the board of directors of the Company to fix auditors’ remuneration;
8. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;

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## NOTICE OF THE ANNUAL GENERAL MEETING

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- (b) the total nominal amount of shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and
  - (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
    - (i) the conclusion of the next annual general meeting of the Company;
    - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meetings; and
    - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held.”;
9. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with authorized and unissued shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the directors to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
  - (i) a Rights Issue (as defined below);
  - (ii) the exercise of options under a share option scheme of the Company; and

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## NOTICE OF THE ANNUAL GENERAL MEETING

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- (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company,

shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meetings; and
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; and

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”;

- 10. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of the resolutions set out in items 8 and 9 of the notice convening this meeting (the “Notice”), the general mandate referred to in the resolution set out in item 9 of the Notice be and is hereby extended by the addition to the aggregate nominal amount of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors pursuant to such general mandate of an amount representing the aggregate nominal amount of shares purchased by the Company pursuant to the general mandate referred to in the resolution set out in item 8 of the Notice, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution.”; and

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## NOTICE OF THE ANNUAL GENERAL MEETING

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11. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in the new shares of HK\$0.01 each in the capital of the Company (the “Shares”) to be issued pursuant to this resolution:

- (a) the amount standing to the credit of the share premium account of the Company as would be required to be applied in paying up in full at par new Shares (the “Bonus Shares”), such Bonus Shares, credited as fully paid, to be allotted and distributed (subject as referred to in paragraph (b) below) among shareholders of the Company whose names appear on the Register of Members of the Company at the close of business on 24 May 2010 (the “Record Date”) on the basis of one Bonus Share for every twenty existing issued Shares held by the shareholders of the Company on the Record Date, be capitalized and applied in such manner and the directors be and are hereby authorized to allot and issue such Bonus Shares;
- (b) no fractional Bonus Shares shall be allotted to shareholders of the Company and fractional entitlements (if any) will be aggregated and sold for the benefit of the Company;
- (c) the Bonus Shares to be issued pursuant to paragraph (a) above shall rank *pari passu* in all respects with the existing issued Shares as at the date of issuing such Bonus Shares except that they will not rank for the bonus issue of shares mentioned in this resolution and for any dividend declared or recommended by the Company in respect of the financial year ended 31 December 2009; and
- (d) the directors be and are hereby authorized to do all acts and things as may be necessary and expedient in connection with the issue of Bonus Shares referred to in paragraph (a) of this resolution.”.

By order of the Board  
**Lam Wai Yan**  
*Chairman*

Hong Kong, 21 April 2010

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## NOTICE OF THE ANNUAL GENERAL MEETING

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**Notes:**

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the form of proxy shall be deemed to be revoked.
3. The register of members of the Company will be closed from Wednesday, 19 May 2010 to Monday, 24 May 2010, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlements to the proposed final dividend for the year ended 31 December 2009 and the proposed bonus issue of shares of the Company and for attending and voting at the above meeting, unregistered holders of shares of the Company should ensure that all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 18 May 2010.
4. In relation to the ordinary resolutions set out in items 8, 9 and 10 of the above notice, the directors wish to state that they have no immediate plan to issue any new shares or repurchase any existing shares of the Company.