
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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**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**

A notice convening an annual general meeting of Pacific Online Limited to be held at Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 18 May 2012 at 2:30 p.m. is set out on pages 15 to 19 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) 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 holding 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.

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DEFINITIONS

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 Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 18 May 2012 at 2:30 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 15 to 19 of this circular, or any adjournment thereof;
“Articles of Association”	the articles of association of the Company currently in force;
“Board”	the board of Directors;
“Buyback Mandate”	as defined in paragraph 2(a) of the Letter from the Board;
“Company”	Pacific Online Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“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 2(b) of the Letter from the Board;
“Latest Practicable Date”	5 April 2012, 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;
“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);

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong; and
“%”	per cent.

LETTER FROM THE BOARD



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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)

Executive Directors:

Mr. Lam Wai Yan (*Chairman & Chief Executive Officer*)
Mr. Ho Kam Wah
Mr. Wang Ta-Hsing
Ms. Zhang Cong Min

Independent Non-executive Directors:

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

Registered Office:

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

*Principal Place of Business in
Hong Kong:*

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

12 April 2012

To the Shareholders

Dear Sir/Madam

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

LETTER FROM THE BOARD

2. PROPOSED GRANTING OF THE BUYBACK AND ISSUANCE MANDATES

At the annual general meeting of the Company held on 30 May 2011, 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 been 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 repurchase Shares, on the Stock Exchange or on any other stock exchange recognized by the Securities and Futures Commission of Hong Kong and 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\$1,086,549.92 (equivalent to 108,654,992 Shares) on the basis that the existing issued share capital of the Company of 1,086,549,924 Shares remains unchanged as at the date of the Annual General Meeting) (the “Buyback Mandate”);
- (b) to allot, issue or deal with 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\$2,173,099.84 (equivalent to 217,309,984 Shares) on the basis that the existing issued share capital of the Company of 1,086,549,924 Shares 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.

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 7 and 8 of the notice of the Annual General Meeting as set out on pages 15 to 19 of this circular.

In accordance with the requirements of the Listing Rules, the Company is required to 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.

LETTER FROM THE BOARD

3. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

Pursuant to Article 87 of the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

According to the above provision, Mr. Wang Ta-Hsing, Mr. Tsui Yiu Wa, Alec and Mr. Louie Ming shall retire from office by rotation and are eligible to offer themselves for re-election at the Annual General Meeting. It is noted that Mr. Wang Ta-Hsing and Mr. Tsui Yiu Wa, Alec will offer themselves for re-election whereas Mr. Louie Ming will not offer himself for re-election and he will therefore retire 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 retiring Directors are set out in Appendix II to this circular.

4. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 15 to 19 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, 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) 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 in accordance with the instructions printed thereon and return it, together with the power of

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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.

5. RECOMMENDATION

The Directors consider that 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.

6. 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
Pacific Online Limited
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 1,086,549,924 Shares.

Subject to the passing of the ordinary resolution set out in item 7 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 1,086,549,924 Shares, the Directors would be authorized under the Buyback Mandate to repurchase, during the period in which the Buyback Mandate remains in force, Shares of an aggregate nominal amount not exceeding HK\$1,086,549.92 (equivalent to 108,654,992 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

Repurchases of Shares will be funded from the Company's internal resources, which shall be funds legally available for such purposes in accordance with the Company's Memorandum and Articles of Association, the laws of Cayman Islands and/or any other applicable laws, as the case may be.

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 2011) 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.

To the best of the knowledge and belief of the Directors, the shareholdings of the substantial Shareholders as at the Latest Practicable Date and upon full exercise of the Buyback Mandate are set out below:

	As at the Latest Practicable Date		Immediately after the full exercise of the Buyback Mandate	
	Number of issued Shares held	Percentage of issued share capital of the Company	Number of issued Shares held <i>(Note 3)</i>	Percentage of issued share capital of the Company <i>(Note 3)</i>
Substantial Shareholders				
Mr. Lam Wai Yan <i>(Note 1)</i>	305,528,684	28.12%	305,528,684	31.24%
Mr. Wang Ko Chiang <i>(Note 2)</i>	296,172,030	27.26%	296,172,030	30.29%

Notes:

- (1) Mr. Lam Wai Yan held 1,268,819 Shares and was deemed to be interested in the 296,345,280 Shares which were held by Pac Tech Investment Co. Ltd., a controlled corporation of Mr. Lam. The remaining 7,914,585 Shares were jointly held by Mr. Lam Wai Yan and his spouse, Ms. Ma Muk Lan.
- (2) Mr. Wang Ko Chiang was deemed to be interested in 296,172,030 Shares which were held by Gallop Assets Management Limited, the entire issued share capital of which was owned by J.P. Morgan Trust Company (Bahamas) Limited as trustee of The Gallop Trust, a discretionary trust founded by Mr. Wang Ko Chiang.

- (3) On presumption that (i) the issued share capital of the Company remained at 1,086,549,924 Shares immediately before the full exercise of the Buyback Mandate; and (ii) the shareholding interests of the substantial 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 Mr. Lam Wai Yan would be increased to approximately 31.24% of the total issued share capital of the Company whereas the shareholding interest of Mr. Wang Ko Chiang would be increased to approximately 30.29% of the total issued share capital of the Company. In the opinion of the Directors, such an increase of shareholding may give rise to an obligation for Mr. Lam Wai Yan and Mr. Wang Ko Chiang to make a mandatory offer under the Takeovers Code respectively. The Directors do not have any present intention to exercise the Buyback Mandate to such an extent as would give rise to such an obligation.

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:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2011		
April	4.236	3.664
May	4.600	4.073
June	4.400	3.920
July	4.700	4.010
August	4.640	3.850
September	4.450	3.000
October	3.850	3.100
November	4.200	3.530
December	3.990	3.630
2012		
January	4.030	3.500
February	4.030	3.180
March	3.970	3.500
April (up to the Latest Practicable Date)	3.650	3.520

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 Articles of Association, are provided below.

(1) Mr. Wang Ta-Hsing

Position and experience

Mr. Wang Ta-Hsing (“**Mr. Wang**”), aged 37, is an executive director and the Chief Financial Officer 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.

Mr. Wang 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

Pursuant to the existing service agreement entered into between Mr. Wang and the Company, his current term of office is 3 years. He is also subject to retirement and re-election at annual general meeting of the Company in accordance with the Articles of Association.

Interests in shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Wang personally held 3,458,015 share options granted by the Company, which entitled him to subscribe for 3,458,015 Shares. Save as disclosed above, Mr. Wang 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

Mr. Wang is the son of Mr. Wang Ko Chiang, a substantial Shareholder of the Company. Save as disclosed above, Mr. Wang does not have any relationships with any 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 service agreement entered into between Mr. Wang and the Company, Mr. Wang's emoluments are set out below:

- (1) Mr. Wang is currently entitled to receive an annual salary of HK\$848,000.
- (2) Mr. Wang is entitled to an annual management bonus of a sum to be determined by the Board in its absolute discretion provided that the aggregate sum of such bonus payable to all executive Directors in any financial year shall, unless the Board shall determine otherwise, not exceed 5% of the consolidated net profits of the Company after taxation and minority interests but before extraordinary items in that financial year.

Mr. Wang is also entitled to participate in the share option scheme of the Company. The above emoluments of Mr. Wang are determined by the Board with reference to his experience, time commitment and responsibilities as well as the prevailing market conditions.

Other information and matters that need to be disclosed or brought to the attention of the Shareholders

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

(2) Mr. Tsui Yiu Wa, Alec*Position and experience*

Mr. Tsui Yiu Wa, Alec ("**Mr. Tsui**"), aged 62, 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 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 an independent non-executive director of Industrial and Commercial Bank of China (Asia) Limited (a company delisted on the Stock Exchange on 21 December 2010). Besides, Mr. Tsui is acting as independent non-executive director of the following listed companies:

China BlueChemical Ltd.
China Chengtong Development Group Limited
China Oilfield Services Limited
China Power International Development Limited
COSCO International Holdings Limited
Melco Crown Entertainment Limited
Summit Ascent Holdings Limited
ATA Inc.

During the last three years, Mr. Tsui was an independent non-executive director of China Huiyuan Juice Group Limited, Greentown China Holdings Limited and Vertex Group Limited (now known as “National Arts Holdings 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

Pursuant to the letter of appointment issued by the Company to Mr. Tsui, his current term of office is 3 years. He is also subject to retirement and re-election at annual general meeting of the Company in accordance with the Articles of Association.

Interests in shares

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Tsui’s interests in the shares and underlying shares of the Company pursuant to Part XV of the SFO are set out below:

- (1) He personally held 60,000 Shares, representing approximately 0.006% of the issued share capital of the Company; and
- (2) He personally held 232,051 share options granted by the Company, which entitled him to subscribe for 232,051 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 by the Company to Mr. Tsui, Mr. Tsui is currently entitled to receive a director's fee of HK\$372,000 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.

Other information and matters that needs to be disclosed or 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 paragraphs 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.

NOTICE OF THE ANNUAL GENERAL MEETING



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 Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 18 May 2012 at 2:30 p.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 auditor for the year ended 31 December 2011;
2. To declare a final dividend of RMB14.78 cents per share for the year ended 31 December 2011;
3. To re-elect Mr. Wang Ta-Hsing as an executive director of the Company;
4. To re-elect Mr. Tsui Yiu Wa, Alec as an independent non-executive director of the Company;
5. To authorize the board of directors of the Company to fix the respective directors’ remuneration;
6. To re-appoint Messrs PricewaterhouseCoopers as auditor of the Company and to authorize the board of directors of the Company to fix auditor’s remuneration;
7. 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 on The Stock Exchange of Hong Kong Limited or on any other stock exchange recognized by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;

NOTICE OF THE ANNUAL GENERAL MEETING

- (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 aggregate 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.”;
8. 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 the outstanding conversion rights attaching to any convertible bonds or securities issued by the Company, which are convertible into shares of the Company;
 - (iii) the exercise of options under a share option scheme of the Company;and

NOTICE OF THE ANNUAL GENERAL MEETING

- (iv) 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 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

- (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).”; and

NOTICE OF THE ANNUAL GENERAL MEETING

9. To consider 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 7 and 8 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 8 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 7 of the Notice, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution.”.

By order of the Board
Pacific Online Limited
Lam Wai Yan
Chairman

Hong Kong, 12 April 2012

Notes:

1. Any shareholder 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/her/it. A proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its 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 shareholder 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. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Wednesday, 16 May 2012 to Friday, 18 May 2012, 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 above meeting, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with

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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, 15 May 2012.

4. For determining the entitlement to the proposed final dividend for the year ended 31 December 2011, the register of members of the Company will also be closed from Friday, 25 May 2012 to Tuesday, 29 May 2012, 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 for the year ended 31 December 2011, 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 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 24 May 2012.