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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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**PROPOSED GRANTING OF GENERAL MANDATES  
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES  
AND  
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS  
AND  
PROPOSED TERMINATION OF EXISTING SHARE OPTION SCHEME  
AND ADOPTION OF NEW SHARE OPTION SCHEME  
AND  
NOTICE OF THE ANNUAL GENERAL MEETING**

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A notice convening the 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, 19 May 2017 at 10:30 a.m. is set out on pages 27 to 32 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 Level 22, Hopewell Centre, 183 Queen's Road East, 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 (i.e. no later than 10:30 a.m. on Wednesday, 17 May 2017) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting if they so wish.

References to time and dates in this circular are to Hong Kong time and dates.

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## RESPONSIBILITY STATEMENT

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This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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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 Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 19 May 2017 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 27 to 32 of this circular, or any adjournment thereof;
“Articles of Association”	the articles of association of the Company currently in force;
“Associate(s)”	has the meaning as ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“Business Day”	any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong;
“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;
“Core Connected Person(s)”	has the meaning as ascribed thereto in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Eligible Employee”	employee (whether full time or part time employee(s), including any executive director but not any non-executive director) of the Company, its subsidiaries or any Invested Entity;
“Existing Share Option Scheme”	the existing share option scheme of the Company which was adopted by the Company on 23 November 2007;
“Grantee(s)”	Participant(s) who accepted the Offer or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee;
“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;

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## DEFINITIONS

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“Invested Entity”	any entity in which the Group holds any equity interest;
“Issuance Mandate”	as defined in paragraph 2(b) of the Letter from the Board;
“Latest Practicable Date”	5 April 2017, 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;
“New Share Option Scheme”	the share option scheme proposed to be adopted by the Company at the Annual General Meeting, a summary of principal terms of which is set out in Appendix III to this circular;
“Offer”	the offer of the grant of an Option made in accordance with the New Share Option Scheme;
“Offer Date”	the date on which the Board makes an Offer to any Participant;
“Option(s)”	option(s) to subscribe for Shares granted pursuant to the New Share Option Scheme;
“Participant(s)”	any person belonging to any of the following classes of person: <ul style="list-style-type: none"><li>(a) any Eligible Employee;</li><li>(b) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;</li><li>(c) any supplier of goods or services to any member of the Group or any Invested Entity;</li><li>(d) any customer of the Group or any Invested Entity;</li><li>(e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and</li><li>(f) any advisers, consultants, distributors, contractors, agents, business partners, joint venture partners, promoters, service providers and shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;</li></ul>
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;

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## DEFINITIONS

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“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;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option as described in the provisions of the New Share Option Scheme, subject to adjustment in accordance with the New Share Option Scheme;
“Takeovers Code”	the Code on Takeovers and Mergers approved by the Securities and Futures Commission in Hong Kong; and
“%”	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:*

Dr. 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. Chan Chi Mong, Hopkins

*Registered Office:*

P.O. Box 10008, Willow House  
Cricket Square  
Grand Cayman KY1-1001  
Cayman Islands

*Principal Place of Business in*

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

11 April 2017

*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  
PROPOSED TERMINATION OF EXISTING SHARE OPTION SCHEME  
AND ADOPTION OF NEW SHARE OPTION SCHEME  
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 number of Shares

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## LETTER FROM THE BOARD

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repurchased by the Company under the Buyback Mandate; (iv) the re-election of the retiring Directors; and (v) the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme.

### 2. PROPOSED GRANTING OF THE BUYBACK AND ISSUANCE MANDATES

At the annual general meeting of the Company held on 20 May 2016, general mandates were granted to the Directors to exercise the powers of the Company to repurchase Shares and to issue new Shares respectively. Such mandates, to the extent 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 not exceeding 10% of the total number of issued Shares as at the date of passing of such resolution (i.e. a total of 113,290,566 Shares on the basis that the existing issued share capital of the Company of 1,132,905,667 Shares remains unchanged as at the date of the Annual General Meeting) (the “Buyback Mandate”);
- (b) to allot, issue or deal with new Shares of not exceeding 20% of the total number of issued Shares as at the date of passing of such resolution (i.e. a total number of 226,581,133 Shares on the basis that the existing issued share capital of the Company of 1,132,905,667 Shares remains unchanged as at the date of the Annual General Meeting) (the “Issuance Mandate”); and
- (c) to extend the Issuance Mandate by adding the total number 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 8 and 9 of the notice of the Annual General Meeting as set out on pages 27 to 32 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.

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## LETTER FROM THE BOARD

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### 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, Dr. Lam Wai Yan, Mr. Wang Ta-Hsing and Mr. Chan Chi Mong, Hopkins shall retire from office by rotation and are eligible to 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.

### 4. PROPOSED TERMINATION OF EXISTING SHARE OPTION SCHEME AND ADOPTION OF NEW SHARE OPTION SCHEME

On 23 November 2007, the Company has adopted (i) a pre-IPO share option scheme which was expired on 28 November 2007 and (ii) the Existing Share Option Scheme for a period of 10 years and will expire on 23 November 2017, for the purpose of providing incentives and rewards to the Participants for their contribution to the Group. No further option could be granted under the expired pre-IPO share option scheme. The Directors consider that it is in the interests of the Company to terminate the Existing Share Option Scheme and adopt the New Share Option Scheme so that the Company can continue to provide incentives or rewards to the Participants, by way of granting options.

As at the Latest Practicable Date, (i) total outstanding share options carrying the rights to subscribe for 6,339,824 Shares have been granted under the pre-IPO share option scheme (representing approximately 0.56% of the existing issued share capital of the Company) and (ii) no outstanding share options have been granted under the Existing Share Option Scheme. Such outstanding share options continue to be valid and exercisable on or upon the expiry of the pre-IPO share option scheme. Save as disclosed above, as at the Latest Practicable Date, the Company has no other outstanding options or securities which might be exercised for any new Shares.

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## LETTER FROM THE BOARD

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Accordingly, an ordinary resolution will be proposed at the Annual General Meeting to approve the adoption of the New Share Option Scheme in replace of the Existing Share Option Scheme.

There is no material difference between the terms of the Existing Share Option Scheme and the New Share Option Scheme. Same as those of the Existing Share Option Scheme, the terms of the New Share Option Scheme provide that in granting Options under the New Share Option Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance criteria to be satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion. The Board will also have discretion in determining the Subscription Price in respect of any Option subject to the requirements of the Listing Rules. The Board is of the view that the flexibility given to the Directors to impose the minimum period for which the Options have to be held and performance targets and other conditions that have to be achieved before the Options can be exercised and to determine the Subscription Price, will place the Group in a better position to provide appropriate incentives and rewards to Participants to contribute to the Group and to attract and retain human resources that are valuable to the long term growth and development of the Group. There will not be any trustees of the New Share Option Scheme.

A summary of principal terms of the New Share Option Scheme is set out in Appendix III to this circular. A copy of the rules of the New Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Unit 807, Tower 2, Lippo Centre, 89 Queensway, Hong Kong during normal business hours from the date hereof up to and including the date of Annual General Meeting.

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date as a number of variables which are crucial for the calculation of the value of the Options have not been determined. Such variables include the exercise price, exercise period, any lock up period and other conditions, if any, that an Option is subject to. Accordingly, the Directors believe that any calculation of value of the Options as at the Latest Practicable Date based on a large number of speculative assumptions would not be meaningful and may be misleading to the Shareholders.

The New Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Listing Rules. The New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution at the Annual General Meeting approving the adoption of the New Share Option Scheme and the allotment and issuance of the Shares upon exercise of the Option(s); and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any new Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Options that may be granted under the New Share Option Scheme, being 10% of the total number of issued Shares as at the date of passing of the relevant ordinary resolution.

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## LETTER FROM THE BOARD

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Subject to the passing of the ordinary resolution contained in item 11 of the notice of the Annual General Meeting in relation to the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme and assuming that the existing issued share capital of the Company of 1,132,905,667 Shares remains unchanged as at the date of the Annual General Meeting, the Company can grant Options to Participants to subscribe for up to 113,290,566 Shares, representing 10% of the total number of issued Shares as at the date of the Annual General Meeting. To the best knowledge of the Directors having made all responsible enquiries, none of the Shareholders has a material interest in the proposed adoption of the New Share Option Scheme and, therefore, no Shareholder is required to abstain from voting the said resolution.

An application will be made to the Stock Exchange for approval of the listing of, and permission to deal in, the Shares which may be issued and allotted pursuant to the New Share Option Scheme.

### 5. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 27 to 32 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 adding the number of Shares repurchased by the Company pursuant to the Buyback Mandate, the re-election of the retiring Directors and the termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme.

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 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 Level 22, Hopewell Centre, 183 Queen's Road East, 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 (i.e. no later than 10:30 a.m. on Wednesday, 17 May 2017) 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 or any adjournment thereof if you so wish and in such event, the form of proxy shall be deemed to be revoked.

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## LETTER FROM THE BOARD

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### 6. RECOMMENDATION

The Directors consider that the granting of the Buyback Mandate, the granting/extension of the Issuance Mandate, the re-election of the retiring Directors and the termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme are in the 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), Appendix II (Details of the Retiring Directors Proposed to be Re-elected at the Annual General Meeting) and Appendix III (Summary of Principal Terms of the New Share Option Scheme) 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 1,132,905,667 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. 1,132,905,667 Shares, the Directors would be authorized under the Buyback Mandate to repurchase, during the period in which the Buyback Mandate remains in force, a total of 113,290,566 Shares, representing 10% of the total number of issued Shares 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 2016) 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 (within the meaning under the Takeovers Code), 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 knowledge of the Directors, as at the Latest Practicable Date, Dr. Lam Wai Yan personally held 308,064,561 Shares (representing approximately 27.19% of the total issued share capital of the Company) and 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, held 296,172,030 Shares (representing approximately 26.14% of the total issued share capital of the Company). On presumption that both the issued share capital of the Company and the shareholdings of Dr. Lam Wai Yan and Gallop Assets Management Limited remained unchanged immediately before 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 Dr. Lam Wai Yan would be increased to approximately 30.21% of the total issued share capital of the Company whereas the shareholding interest of Gallop Assets Management Limited would be increased to approximately 29.05% 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 Dr. Lam Wai Yan to make a mandatory offer under the Takeovers Code. 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.

In addition, the Directors do not have any intention to exercise the proposed Buyback Mandate to the effect that it will result in the public float to fall below 25% or such other minimum percentage prescribed by the Listing Rules from time to time.

## 6. GENERAL

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close 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 Core Connected Persons 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 HK\$</b>	<b>Lowest HK\$</b>
<b>2016</b>		
April	2.50	2.14
May	2.44	1.96
June	2.09	1.76
July	2.19	1.86
August	2.18	1.91
September	2.13	1.87
October	2.11	1.82
November	2.26	1.80
December	2.21	1.98
<b>2017</b>		
January	2.06	1.90
February	2.06	1.90
March	2.01	1.84
April (up to the Latest Practicable Date)	1.91	1.87

## 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).

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## APPENDIX II    DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

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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) Dr. Lam Wai Yan

#### **Position and experience**

Dr. Lam Wai Yan (“Dr. Lam”), aged 65, is an executive director, the Chairman of the Board and of the nomination committee and the Chief Executive Officer of the Company, a director of certain subsidiaries of the Company and a substantial shareholder of the Company. Dr. Lam obtained a bachelor’s degree in Science from the University of Texas at EL PASO, in 1975 and a doctor’s degree in Professional Studies from Middlesex University in 2014. He has extensive local and overseas general management experience and has more than 20 years of experience in IT industry. He had been a vice president and director of Dean Witter Reynolds Inc. from 1979 to 1989 and a director of CLSA Limited (formerly known as “Credit Lyonnais Securities (Asia) Limited”) from 1990 to 1991. Dr. Lam co-founded the Group and has played a key role in developing the businesses of the Group since 1997 and led the Group to become one of the leading specialized content portal in China.

Dr. Lam 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 service agreement entered into between Dr. Lam 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, Dr. Lam personally held 308,064,561 Shares, representing approximately 27.19% of the issued share capital of the Company. Save as disclosed above, Dr. Lam 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**

Save as disclosed in the above sections headed “Position and experience” and “Interests in shares”, as far as the Directors are aware, Dr. Lam 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.

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**APPENDIX II DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING**

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**Director's emoluments**

Pursuant to the service agreement entered into between Dr. Lam and the Company, Dr. Lam's emoluments are set out below:

- (1) Dr. Lam is entitled to receive an annual salary of RMB598,000 and an annual housing allowance of RMB1,765,000.
- (2) Dr. Lam 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.

Dr. Lam is also entitled to participate in the share option scheme of the Company. The above emoluments of Dr. Lam 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 Dr. Lam 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 Dr. Lam that need to be brought to the attention of the Shareholders.

**(2) Mr. Wang Ta-Hsing****Position and experience**

Mr. Wang Ta-Hsing ("Mr. Wang"), aged 42, is an executive director of the Company and a director of certain subsidiaries of the Company. He joined the Group in 2005. Mr. Wang obtained a bachelor's degree in Science from the University of California, Berkeley in 1998 and a master's degree in Business Administration from Columbia University in 2004. Mr. Wang is responsible for financing and accounting management of the Group. Mr. Wang has been the director of Kwong Fong Industries Corporation (a company listed on the Taiwan Stock Exchange) since June 2012.

Save as disclosed above, 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.

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**APPENDIX II    DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE  
RE-ELECTED AT THE ANNUAL GENERAL MEETING**

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**Length of service**

Pursuant to the 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 Shares, representing approximately 0.31% of the issued share capital of the Company. 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, as far as the Directors are aware, Mr. Wang 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 service agreement entered into between Mr. Wang and the Company, Mr. Wang's emoluments are set out below:

- (1) Mr. Wang is entitled to receive an annual salary of RMB359,000.
- (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.

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**APPENDIX II    DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE  
RE-ELECTED AT THE ANNUAL GENERAL MEETING**

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**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.

**(3) Mr. Chan Chi Mong, Hopkins****Position and experience**

Mr. Chan Chi Mong, Hopkins (“Mr. Chan”), aged 59, is an independent non-executive director and a member of the audit committee and remuneration committee of the Company. He joined the Group in May 2012. Mr. Chan is the founder member of the Institute of Leadership and Management, U.K. Mr. Chan has over twenty years’ experiences in finance and management. He served as the vice president and associate director of Dean Witter Reynolds (H.K.) Ltd., and the executive director of Silver Grant International Finance Ltd. He was appointed as Justice of the Peace by the Government of the Hong Kong Special Administrative Region on 1 July 2015. He is the supervisor of Hong Kong Pui Ching Middle School, and Hong Kong Pui Ching Primary School. In social service, he is the board chairman of Baptist Oi Kwan Social Service. Currently, Mr. Chan is acting as independent non-executive director of Talent Property Group Limited (a company listed on the main board of the Stock Exchange).

Save as disclosed above, Mr. Chan 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. Chan, 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. Chan 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. Chan 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.

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**APPENDIX II    DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE  
RE-ELECTED AT THE ANNUAL GENERAL MEETING**

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**Director's emoluments**

Pursuant to the letter of appointment issued by the Company to Mr. Chan, Mr. Chan is entitled to receive a director's fee of HK\$420,000 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. Chan is also eligible to participate in the share option scheme of the Company. However, Mr. Chan is not eligible to participate in any bonus schemes or other benefits of the kind available to executive Directors.

**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. Chan 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. Chan that need to be brought to the attention of the Shareholders.

The following is a summary of principal terms of the New Share Option Scheme to be approved at the Annual General Meeting. It does not form part of, nor is it intended to be part of, the rules of the New Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the New Share Option Scheme required to be included in the New Share Option Scheme as pursuant to the Listing Rules.

## **1. PURPOSE OF THE NEW SHARE OPTION SCHEME**

The purpose of the New Share Option Scheme is to provide incentives or rewards to Participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

## **2. PARTICIPANTS**

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of Participants, to take up Options to subscribe for Shares:

- (a) any Eligible Employee;
- (b) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (f) any advisers, consultants, distributors, contractors, agents, business partners, joint venture partners, promoters, service providers and shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

and, for the purposes of the New Share Option Scheme, the Options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of Participants.

The basis of eligibility of any of the above classes of Participants to the grant of any Options shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group and the Invested Entity.

**3. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION**

- (3.1) The maximum number of Shares to be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the relevant class of Shares in issue from time to time.
- (3.2) The total number of Shares which may be issued upon exercise of all Options (excluding, for this purpose, Options which have lapsed in accordance with the terms of the New Share Option Scheme and any other share option schemes of the Company) to be granted under the New Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the relevant class of Shares in issue as at the date of the passing of the ordinary resolution (the “General Scheme Limit”).
- (3.3) Subject to sub-paragraph (3.1) above and without prejudice to sub-paragraph (3.4) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company under the limit as “refreshed” must not exceed 10% of the relevant class of Shares in issue as at the date of approval of such limit and for the purpose of calculating the limit as “refreshed”, Options (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the New Share Option Scheme and any other share option schemes of the Company) previously granted under the New Share Option Scheme and any other share option schemes of the Company will not be counted.
- (3.4) Subject to sub-paragraph (3.1) above and without prejudice to sub-paragraph (3.3) above, the Company may seek separate Shareholders’ approval in general meeting to grant Options beyond the General Scheme Limit or, if applicable, the limit referred to in sub-paragraph (3.3) above to Participants specifically identified by the Company before such approval is sought.

**4. MAXIMUM ENTITLEMENT TO EACH PARTICIPANT**

The total number of Shares issued and to be issued upon exercise of Options granted to each Participant (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the relevant class of Shares in issue (the “Individual Limit”). Where any further grant of Options to a Participant in excess of the Individual Limit (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant, such further grant must be separately approved by the Shareholders in general meeting of the Company with such Participant and his or her associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Participant, the number and terms of the Options to be granted (and Options previously granted) to such Participant and the information required under the Listing Rules. The number and terms (including the Subscription Price) of the Options

to be granted to such Participant must be fixed before Shareholders' approval and the date of the meeting of the Board for proposing such further grant of Options should be taken as the date of Offer for the purpose of calculating the Subscription Price.

## **5. GRANT OF OPTIONS TO CONNECTED PERSONS**

- (5.1) Any grant of Options under the New Share Option Scheme to a Director, chief executive (other than a proposed Director or a proposed chief executive of the Company) or substantial Shareholder of the Company or any of their respective associates must be approved by independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Options).
- (5.2) Where any grant of Options to a substantial Shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
- (a) representing in aggregate over 0.1% of the relevant class of Shares in issue; and
  - (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such further grant of Options must be approved by the Shareholders. The Grantee, his/her associates and all Core Connected Persons of the Company must abstain from voting at such general meeting, except that any Core Connected Person of the Company may vote against the relevant resolution at the general meeting provided that his/her intention to do so has been stated in the relevant circular.

For the purpose of seeking Shareholders' approval in general meeting under subparagraphs (3.3) and (3.4), paragraph 4 and sub-paragraph (5.2) above, the Company must send a circular to the Shareholders containing the information required under the Listing Rules.

## **6. TIME OF ACCEPTANCE AND EXERCISE OF AN OPTION**

An Offer may be accepted by a Participant within 28 days from the Offer Date. A consideration of HK\$1 is payable on acceptance of the Offer. An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each Grantee, which period may commence on the day on which the Offer is made but shall end in any event not later than 10 years from the Offer Date subject to the provisions for early termination thereof (the "Option Period").

Unless the Directors otherwise determined and stated in the Offer to a Participant, there is no minimum period for which an Option granted under the New Share Option Scheme must be held before it can be exercised.

#### **7. PERFORMANCE TARGETS**

Unless the Directors otherwise determined and stated in the Offer to a Participant, a Participant is not required to achieve any performance targets before any Options granted under the New Share Option Scheme can be exercised.

#### **8. SUBSCRIPTION PRICE FOR SHARES**

The Subscription Price in respect of any particular Option shall be such price as determined by the Board in its absolute discretion at the time of the making of the Offer (which shall be stated in the letter containing the Offer) but in any case the Subscription Price shall be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the Offer Date; and (iii) the nominal value of a Share. Without prejudice to the generality of the foregoing, the Board may grant Options in respect of which the Subscription Price is fixed at different prices for different periods during the Option Period provided that the Subscription Price for each of the different periods shall not be less than the Subscription Price determined in the manner set out herein.

#### **9. LIFE OF THE NEW SHARE OPTION SCHEME**

Subject to paragraph 16, the New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme is conditionally adopted by the Company at a general meeting of the Shareholders.

#### **10. RANKING OF SHARES**

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue as from the day when the name of the Grantee is registered on the register of members of the Company and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date when the name of the Grantee is registered on the register of members of the Company other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date when the name of the Grantee is registered on the register of members of the Company, provided always that when the date of exercise of the Option falls on a day upon which the register of members of the Company is closed then the exercise of the Option shall become effective on the first Business Day on which the register of members of the Company is re-opened. A Share allotted upon the exercise of an Option shall not carry voting rights until the completion of the registration of the Grantee as the holder thereof.

**11. TRANSFERABILITY OF OPTIONS**

An Option is personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee.

**12. RIGHTS ATTACHING TO OPTIONS****(12.1) Rights on ceasing employment**

If the Grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death or termination of employment on one or more grounds referred to in sub-paragraph (12.3) below before exercising his or her Option in full, the Grantee may exercise the Option (to the extent not already exercised) in whole or in part within a period of 3 months following the date of such cessation (or such longer period as the Board may determine), which will be taken to be the last day on which the Grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

**(12.2) Rights on death**

If the Grantee of an Option ceases to be a Participant by reason of death before exercising the Option in full (provided that none of the events which would be a ground for termination of his or her employment under sub-paragraph (12.3) below arises prior to his or her death), the legal personal representative(s) of this Grantee shall be entitled within a period of 12 months from the date of death (or such longer period as the Board may determine) to exercise the Option (to the extent which has become exercisable and not already exercised).

**(12.3) Rights on dismissal**

If the Grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee by reason that he or she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the Eligible Employee's service contract with the Company or the relevant subsidiary or the relevant Invested Entity, his or her Option will lapse automatically on the date the Grantee ceases to be an Eligible Employee.

**(12.4) Rights on breach of contract**

If the Directors at their absolute discretion determine that the Grantee (other than an Eligible Employee) or his or her associate has committed any breach of any contract entered into between the Grantee or his or her associate on the one part and the Group or any Invested Entity on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his or her creditors generally, the Directors shall determine that the outstanding Options granted to the Grantee be lapsed. In such event, his or her Options will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

**(12.5) Rights on a general offer**

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders of the Company. If such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his or her Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in exercise of his or her Option at any time before the close of such offer (or any revised offer).

**(12.6) Rights on winding up**

In the event of an effective resolution being proposed for the voluntary winding-up of the Company during the Option Period, the Company shall, on the same day or soon after it has despatched such notice to each Shareholder, give notice thereof to all Grantees, the Grantee (or where permitted under sub-paragraph (12.2), his or her legal personal representative(s)) may, subject to the provisions of all applicable laws, by giving notice in writing to the Company, accompanied by a remittance for the full Subscription Price in respect of the relevant Option, at any time no later than 2 Business Days prior to the date on which such resolution is to be passed, exercise his or her Option (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the New Share Option Scheme and shall accordingly be entitled, in respect of the Shares falling to be allotted and issued upon the exercise of his or her Option, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the Shares in issue on the date prior to the date of the passing of the resolution to wind-up the Company. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date of the commencement of the winding-up of the Company.

**(12.7) Rights on compromise or arrangement between the Company and its creditors**

In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its Shareholders (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its Shareholders or creditors to consider such a scheme or arrangement, and thereupon any Grantee (or his or her legal representative(s)) may by giving notice in writing to the Company, accompanied by a remittance for the full Subscription Price in respect of the relevant Option (such notice to be received by the Company not later than two Business Days prior to the proposed meeting), exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice, and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee, which falls to be issued on such exercise, credited as fully paid, and register the Grantee as holder thereof. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date the proposed compromise or arrangement becomes effective.

**13. LAPSE OF OPTION**

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the periods or dates referred to in paragraphs 6 and 12; and
- (b) the date on which a breach of the provision of restriction on transfer and assignment of an Option referred to in paragraph 11 is committed.

**14. REORGANIZATION OF CAPITAL STRUCTURE**

In the event of a capitalization issue of profits or reserves, rights issue, consolidation, subdivision or reduction of capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made in:

- (a) the number of Shares subject to the Options so far as unexercised; and/or
- (b) the Subscription Price; and/or
- (c) the method of exercise of the Option; and/or
- (d) the maximum number of Shares referred to in paragraphs 3 and 4,

as an independent financial adviser or the auditors of the Company shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any adjustments shall be made on the basis that the proportion of the issued share capital

of the Company to which a Grantee is entitled after such adjustments shall remain the same as that to which he or she was entitled before such adjustments and no such adjustments shall be made the effect of which would be to enable any Share to be issued at less than its nominal value and no such adjustments will be required in circumstances where there is an issue of Shares or other securities of the Group as consideration in a transaction. In addition, in respect of any such adjustments as provided in this paragraph 14, other than any made on a capitalization issue, the independent financial adviser or auditors of the Company must confirm in writing to the Directors that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

#### **15. CANCELLATION OF OPTIONS**

Any cancellation of Options granted but not exercised shall require approval of the Board. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of the New Share Option Scheme and the Listing Rules. Where the Company cancels Options and issues new ones to the same Grantee, the issue of such new Options may only be made under a scheme with available unissued Options (excluding the cancelled Options) within the limit approved by Shareholders as mentioned in paragraph 3. For the avoidance of doubt, Options which have been exercised shall not be included as cancelled Options.

#### **16. TERMINATION OF THE NEW SHARE OPTION SCHEME**

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but the provisions of the New Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

**17. ALTERATION OF THE NEW SHARE OPTION SCHEME**

- (17.1) The New Share Option Scheme may be altered in any aspect by resolution of the Board except that:
- (a) the terms and conditions of the New Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Grantees of the Options except with the prior approval of the Shareholders in general meeting;
  - (b) any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme; and
  - (c) any change to the authority of the Directors in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.
- (17.2) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

  
**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 Falcon Room I, Gloucester Luk Kwok Hong Kong, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 19 May 2017 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 auditor for the year ended 31 December 2016;
2. To declare a final dividend of RMB11.35 cents per share for the year ended 31 December 2016;
3. To re-elect Dr. Lam Wai Yan as an executive director of the Company;
4. To re-elect Mr. Wang Ta-Hsing as an executive director of the Company;
5. To re-elect Mr. Chan Chi Mong, Hopkins 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 auditor of the Company and to authorize the board of directors of the Company to fix auditor’s 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 on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange, 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 number of shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company 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 total number of shares of the Company 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 share option scheme(s) of the Company;and

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## NOTICE OF THE ANNUAL GENERAL MEETING

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(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 total number of issued shares of the Company 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).”;

10. 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 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 total number of shares of the Company 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 the number of shares repurchased 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 total number of issued shares of the Company as at the date of passing of this resolution.”; and

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## NOTICE OF THE ANNUAL GENERAL MEETING

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

**“THAT:**

- (a) subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the shares to be issued pursuant to the exercise of any options granted under the new share option scheme of the Company (the “New Share Option Scheme”, a copy of which marked “A” is produced to the meeting and for the purposes of identification signed by the Chairman thereof), the New Share Option Scheme be and is hereby approved and adopted and the directors of the Company be and is hereby authorized to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme, including but without limitation:
  - (i) to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for shares of the Company;
  - (ii) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;
  - (iii) to issue and allot from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme provided always that the total number of shares subject to the New Share Option Scheme, when aggregated with any shares subject to any other share option scheme, shall not exceed 10% of the relevant class of shares of the Company in issue as at the date of passing of this resolution, but the Company may seek approval of its shareholders in general meeting for refreshing the 10% limit under the New Share Option Scheme and the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the relevant class of shares of the Company in issue from time to time;
  - (iv) to make applications at the appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued shares of the Company may for the time being be listed, for listing of and permission to deal in any shares which may hereafter from time to time be issued and allotted pursuant to the exercise of the options under the New Share Option Scheme; and

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- (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme; and
- (b) the existing share option scheme adopted by the Company on 23 November 2007 be terminated on the New Share Option Scheme coming into effect upon the fulfillment of the conditions set out in paragraph (a) above.”.

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

Hong Kong, 11 April 2017

**Notes:**

- a. 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.
- b. In order to be valid, 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the above meeting (i.e. no later than 10:30 a.m. on Wednesday, 17 May 2017) 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.
- c. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Tuesday, 16 May 2017 to Friday, 19 May 2017, 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 the Company’s Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 15 May 2017.

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- d. For determining the entitlement to the proposed final dividend for the year ended 31 December 2016, the register of members of the Company will also be closed from Friday, 26 May 2017 to Wednesday, 31 May 2017, 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 2016, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 25 May 2017.
- e. References to time and dates in this Notice are to Hong Kong time and dates.