

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of COMPASS PACIFIC HOLDINGS LIMITED (the “**Company**”) will be held at Boardroom 1, Grand Hyatt, Hong Kong, 1 Harbour Road, Wanchai, Hong Kong at 10 a.m. on Thursday, 12th June, 2003 for the following purposes:

AS ORDINARY BUSINESS

1. to receive and consider the audited financial statements and the reports of the directors and the auditors of the Company for the year ended 31st December, 2002;
2. to re-elect the retiring directors and to authorise the board of directors to fix the remuneration of directors;
3. to re-appoint the Company’s auditors and to authorise the board of directors to fix their remuneration;

AS SPECIAL BUSINESS

and to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

4. “**THAT** with effect from the close of business of the day on which this resolution is passed, the existing share option scheme (the “**Existing Scheme**”) adopted by the Company pursuant to an ordinary resolution in writing passed by all shareholders of the Company on 15th March, 1995 (a copy of the Existing Scheme having been produced to the meeting marked “**A**” and signed by the chairman of the meeting for the purposes of identification), be and it is hereby terminated and cease to have any further effect save and except that the Existing Scheme will remain in force to the extent necessary to give effect to the exercise of the options granted thereunder prior to termination thereof.”
5. “**THAT** subject to the passing of resolution numbered 4 and with effect from the close of business of the day on which this resolution is passed, the rules of the share option scheme (the “**New Scheme**”, the principal terms of which are particularly described in the circular (the “**Circular**”) to the shareholders of the Company despatched to shareholders in May, 2003) (a copy of the New Scheme and the Circular having been produced to the meeting marked “**B**” and “**C**”, respectively and signed by the chairman of the meeting for the purposes of identification), be approved and adopted and the directors of the Company be and they are hereby authorised to approve any amendments to the rules of the New Scheme as may be acceptable or not objected to by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with shares of HK\$0.10 each in the Company pursuant to the exercise of options granted under the New Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the New Scheme with effect from the close of business of the day on which this resolution is passed”.

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6. **“THAT**

- (a) subject to paragraph (b) below and the passing of resolution numbered 5, pursuant to the Rules (the **“Listing Rules”**) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (**“Stock Exchange”**) and the terms of the New Scheme (as defined in resolution numbered 6), the directors of the Company are hereby authorised to grant options under the New Scheme and to allot, issue and otherwise deal with shares (each a **“Share”**) of HK\$0.10 each in the capital of the Company pursuant to the exercise of option granted under the New Scheme;
- (b) the aggregate nominal amount of share capital to be allotted and issued pursuant to paragraph (a) above, together with any issue of Shares upon the exercise of any options granted under any other share option scheme of the Company as may from time to time adopted by the Company, shall not exceed the aggregate of 10 per cent. of the Shares in issue as at the date of the passing of this resolution”.

7. **“THAT:**

- (a) subject to paragraph (c) below, pursuant to the Listing Rules, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with the unissued shares (each a **“Share”**) of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

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(c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of any options granted under all share option schemes of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares shall not exceed the aggregate of:

(aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and

(bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of 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 expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act 1981 of Bermuda (as amended from time to time) (the “**Companies Act**”) or any other applicable law of Bermuda to be held; and

(iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution;

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“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

8. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase shares (each a “**Share**”) of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Act 1981 of Bermuda (as amended from time to time) and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of 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 expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act 1981 of Bermuda (as amended from time to time) or any other applicable law of Bermuda to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company by this resolution.”

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9. “**THAT** conditional on the passing of resolution numbered 7 above, the general mandate granted to the directors of the Company pursuant to paragraph (a) of resolution numbered 7 above be and it is hereby extended by the addition to the aggregate nominal amount of the shares which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased or agreed to be repurchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 8 above.”

By order of the board of directors of
Compass Pacific Holdings Limited
Wing Tak Law, Jack
Company Secretary

Hong Kong, 29th April, 2003

Registered office:
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

*Principal place of business
in Hong Kong:*
Suites 612-617, 6th Floor
Hutchison House
10 Harcourt Road, Central
Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the offices of the Company's principal office at Suites 612-617, 6th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 48 hours before the time of the meeting or any adjourned meeting.
3. In relation to the proposed resolutions numbered 4 to 6 above, a circular setting out the reasons for the cancellation of the Existing Scheme referred to in resolution numbered 4 above and the principal terms of the New Scheme as mentioned in the proposed resolution numbered 5 above will be despatched to shareholders of the Company in due course in order to enable shareholders to make an informed decision to vote on such proposed resolutions.

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4. In relation to proposed resolution numbered 2 above, Mr. Chunhua Huang and Mr. Jian Wang and Mr. Banjie He will retire from their office of directors at the above meeting pursuant to the Company's by-laws and, being eligible, offer themselves for re-election.
5. In relation to proposed resolutions numbered 7 and 9 above, approval is being sought from the shareholders for the grant to the directors of a general mandate to authorise the allotment and issue of shares under the Listing Rules. The directors have no immediate plans to issue any new shares of the Company other than shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.
6. In relation to proposed resolution numbered 8 above, the directors wish to state that they will exercise the powers conferred thereby to purchase shares in circumstances which they deem appropriate for the benefit of the shareholders. An explanatory statement containing the information necessary to enable the shareholders to make an informed decision to vote on the proposed resolution as required by the Listing Rules will be set out in a separate document to be despatched to the shareholders in May 2003.