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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 your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in First Pacific Company Limited, you should at once hand this circular and the accompanying 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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FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

STOCK CODE: 142

PROPOSALS RELATING TO GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES, APPOINTMENT OF DIRECTORS, AMENDMENT OF BYE-LAWS, ADOPTION OF NEW SHARE OPTION SCHEME AND NOTICE OF ANNUAL GENERAL MEETING

Notice convening the 2004 Annual General Meeting of First Pacific Company Limited to be held at The Gloucester Room, 2nd Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong SAR at 3:00 p.m. on Monday, 24th May, 2004 is set out on pages 27 to 34 of this document.

Whether or not you are able to attend the meeting, please complete and return the enclosed Form of Proxy to the principal office of First Pacific Company Limited (Attention: Corporate Secretarial Department) at 24th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong SAR as soon as possible, but in any event not later than 48 hours before the time appointed for the holding of the meeting. Completion and return of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you so wish.

29th March, 2004

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DEFINITIONS

In this circular and the appendices to it, the following expressions have the following meanings unless the context requires otherwise:

“AGM”	annual general meeting;
“Adoption Date”	the date on which the Share Option Scheme is adopted, which is expected to be the date of the AGM, at which a resolution to approve the Share Option Scheme will be proposed;
“Auditors”	the auditors, from time to time, of the Company;
“Board”	the board of directors (as constituted from time to time) of the Company or a committee thereof (as constituted from time to time) appointed for the purpose of administering the Share Option Scheme;
“Bye-laws”	the Bye-laws of the Company;
“Company”	First Pacific Company Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“Date of Grant”	in respect of an Option and an Eligible Person means the date on which that Option is granted to that Eligible Person, which date shall conclusively be determined as the date of the letter of offer in respect thereof referred to in subparagraph 3(B) of Appendix IV;
“Director” or “Directors”	a director or directors of the Company, from time to time;
“Eligible Person”	any director, executive director, non-executive director, independent non-executive director, officer and/or employee of the Group or any member of it, whether in the full time or part time employment of the Group or any member of it, and any consultant, adviser, supplier, customer or sub-contractor of the Group or any member of it, and any other person whomsoever is determined by the Board as having contributed to the development, growth or benefit of the Group or any member of it or as having spent any material time in or about the promotion of the Group or its business or otherwise as being likely to act for the benefit of the Group or any member of it; and provided always that an eligible person can be an individual or other person;

DEFINITIONS

“Exercise Price”	in respect of an Option means the price per Share at which a Grantee may subscribe for Shares on the exercise of that Option, calculated in accordance with paragraph 4 of Appendix IV;
“Existing Share Option Scheme”	the share option scheme of the Company adopted in general meeting on 24th May, 1999;
“Expiry Date”	in respect of an Option means the date of expiry of that Option as specified in the offer letter in respect thereof, which date shall not be later than the day last preceding the tenth anniversary of the Date of Grant in respect of such Option;
“Grantee”	any Eligible Person who is granted (and does not reject) an Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person or persons who, in accordance with the applicable laws of succession is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised) in consequence of the death of such Grantee;
“Group”	the Company and its subsidiaries from time to time and any body corporate or other legal entity or person in which the Company and/or any of its subsidiaries has any interest from time to time, whether as holder of shares or of a partnership interest or otherwise howsoever;
“Latest Practicable Date”	means 25th March, 2004, being the latest practicable date for ascertaining certain information for inclusion in this circular;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Notice”	the notice of the AGM as set out on pages 27 to 34 of this circular;
“Option” or “Options”	an option to subscribe for Shares granted pursuant to the Existing Share Option Scheme or the Share Option Scheme as the case may be;
“Option Period”	in respect of an Option, means the period commencing on the Date of Grant and expiring on the Expiry Date;

DEFINITIONS

“Proposals”	the renewal of the general mandate enabling the directors to allot and issue ordinary shares of US\$0.01 each of the Company; the grant of a general mandate enabling the Company to repurchase its own Shares; the grant of a general mandate enabling the directors to allot and issue Shares repurchased by the Company pursuant to the Repurchase Mandate; the re-appointment of one executive director and two non-executive directors; the appointment of one new independent non-executive director; the amendment of the Bye-laws of the Company; and adoption of the Share Option Scheme;
“Repurchase Mandate”	the general mandate enabling the Company to repurchase its own Shares;
“Shares”	the ordinary shares of US\$0.01 each of the Company;
“Share Option Scheme”	the new share Option scheme that will be proposed at the AGM to replace the Existing Share Option Scheme;
“Shareholders”	the holders of the Shares from time to time;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Substantial Shareholders”	First Pacific Investments Limited and First Pacific Investments (B.V.I) Limited; and
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers.

LETTER FROM THE BOARD



FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

Chairman:

Anthoni Salim

Executive Directors:

Manuel V. Pangilinan (*Managing Director and CEO*)

Edward A. Tortorici

Robert C. Nicholson

Non-executive Directors:

Sutanto Djuhar

Tedy Djuhar

Ibrahim Risjad

Benny S. Santoso

Independent Non-executive Directors:

Professor Edward K. Y. Chen, CBE, JP, G.B.S.

His Excellency Albert F. del Rosario

David W. C. Tang, OBE

Principal Office:

24th Floor

Two Exchange Square

8 Connaught Place

Central, Hong Kong SAR

Registered Office:

Canon's Court

22 Victoria Street

Hamilton, HM12

Bermuda

29th March, 2004

To the shareholders of First Pacific Company Limited

Dear Sir or Madam,

**PROPOSALS RELATING TO
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES, APPOINTMENT OF DIRECTORS,
AMENDMENT OF BYE-LAWS,
ADOPTION OF NEW SHARE OPTION SCHEME
AND NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

On 1st March, 2004, the directors of First Pacific Company Limited (the “Company”) announced the audited final results of the Company for the year ended 31st December, 2003. As mentioned in the announcement, your directors proposed that no final dividend be paid in respect of the financial year ended 31st December, 2003.

LETTER FROM THE BOARD

At the forthcoming AGM, resolutions will be proposed seeking shareholders' approval for, inter alia, the renewal of the general mandate enabling the directors to allot and issue Shares; the grant of Repurchase Mandate; the grant of a general mandate enabling the directors to allot and issue Shares repurchased by the Company pursuant to the Repurchase Mandate; the re-appointment of one executive director and two non-executive directors; the appointment of one new independent non-executive director; the amendment of the Bye-laws of the Company to ensure that they comply with amendments made to Appendix 3 of the Listing Rules which become effective in 31st March, 2004; and adoption of a new Share Option Scheme.

The purpose of this document is to give you details regarding the Proposals, to set out information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the resolutions to approve the Proposals and to convene the 2004 AGM at which such resolutions will be proposed.

ALLOTMENT AND ISSUE OF SHARES

At the last AGM of the Company held on 2nd June, 2003, the Shareholders passed an ordinary resolution granting your Directors a general mandate to allot and issue Shares up to a limit equal to 20 per cent of the aggregate nominal amount of the issued share capital of the Company. Your Directors believe that it would be in the best interests of the Company to renew this mandate, as it will expire at the conclusion of the 2004 AGM.

REPURCHASE OF SHARES

At the last AGM of the Company held on 2nd June, 2003, the Shareholders passed an ordinary resolution granting to the Directors a general mandate to exercise the powers of the Company to repurchase its own Shares up to a limit of 10 per cent in aggregate of the Company's issued share capital. A further ordinary resolution was also passed by the shareholders granting to the directors a general mandate to allot and issue Shares repurchased by the Company pursuant to the Repurchase Mandate. Your Directors believe that it would be in the best interests of the Company to renew these mandates as they will expire at the conclusion of the 2004 AGM.

There is at present no intention for the Company to repurchase any of its Shares. The main features of the Listing Rules regarding share repurchase on the Stock Exchange and further details in relation to purchases by the Company of its own Shares are contained in the explanatory statement set out in Appendix I below.

APPOINTMENT OF DIRECTORS

A special resolution will be proposed at the AGM to appoint Mr. Graham Leigh Pickles to the Board as an independent non executive director. Mr. Pickles is 47 years old and was previously the CEO of Tech Pacific Holdings Limited, a wholly owned subsidiary of First Pacific until 1997. Mr. Pickles was also on the executive committee of Hagemeyer N.V., a listed public company in the Netherlands of which First Pacific had a controlling interest until 1998.

Particulars relating to Mr. Pickles may be found in Appendix III below.

LETTER FROM THE BOARD

Special resolutions will also be proposed at the AGM to re-appoint Mr. Robert Charles Nicholson to the Board as an executive director and His Excellency Albert F. del Rosario and Mr. Benny S. Santoso as non executive directors. Mr. Nicholson, Ambassador del Rosario and Mr. Santoso were previously appointed as directors by the Board, immediately following the Company's 2003 annual general meeting. In accordance with Bye law 99 of the Company's Bye-laws, they will retire at the AGM and, being eligible, Mr. Nicholson will offer himself for re-election as an executive director and Ambassador del Rosario and Mr. Santoso will offer themselves for re-election as non executive directors. Ambassador del Rosario previously served as an independent non-executive director of the Company and, accordingly, his appointment as a non-executive director at the AGM constitutes a redesignation of his office with the Company.

Particulars relating to Mr. Nicholson, Ambassador del Rosario and Mr. Santoso may be found in Appendix III below.

AMENDMENT OF BYE-LAWS

A special resolution will be proposed at the AGM to amend the Bye-laws to align with changes to the Listing Rules which become effective on 31st March, 2004.

The changes to the Listing Rules prompt proposed amendments to the Bye-laws:

- (i) to discount any vote cast by or on behalf of a Shareholder in contravention of requirements or restrictions imposed upon the Shareholder by the Listing Rules;
- (ii) to prohibit a Director from voting (or being counted in the quorum) on a resolution of the Board where he *and/or any of his associates* is/are materially interested in any contract, arrangement or proposal the subject of such resolution; and
- (iii) to define the period within which Shareholders can lodge a notice to propose a person for election as a director and for that person to give notice of his or her willingness to be so elected.

A Special Resolution will also be proposed to amend the Bye-laws by deleting the requirement that 45 days notice in writing be given of any annual general meeting or special general meeting at which any resolution for the appointment or removal of a Director is to be considered.

The proposed changes are summarised in Appendix III of this circular.

ADOPTION OF NEW SHARE OPTION SCHEME

An ordinary resolution will be proposed at the AGM to terminate with immediate effect the Existing Share Option scheme of the Company adopted in general meeting on 24th May, 1999. Following termination no further options will be granted under the Existing Share Option Scheme.

A further ordinary resolution will be proposed at the meeting for the adoption of a new Share Option Scheme of the Company. The purpose of the Share Option Scheme is to provide Eligible Persons with an opportunity to acquire proprietary interests in the Company and to encourage Eligible Persons to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

The Share Option Scheme shall be valid and effective for a period of 10 years commencing with the adoption date of the Share Option Scheme. On and after the tenth anniversary of the Adoption Date, no further options shall be granted. Any options which are granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with the terms of their issue.

The Share Option Scheme does not specify a minimum period for which an Option must be held nor a performance target which must be achieved before an Option can be exercised. However, the rules of the Share Option Scheme provide that the Board may determine, in its absolute discretion, such term(s) on the grant of an Option. The basis for the determination of the exercise price is also specified precisely in the rules of the Share Option Scheme. When granting Options and determining the terms of grant, the Board customarily imposes a multi year vesting period and takes into account target levels of future share price performance. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Eligible Persons to acquire proprietary interests in the Company.

The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to Shareholders. However, Shareholders should note that, in compliance with the Listing Rules, estimated valuations of options granted during any financial period will be provided based on the Black-Scholes Option pricing model, binominal option pricing model or a comparable generally accepted methodology in the Company's interim and final statements of its financial results.

The adoption of the Share Option Scheme is conditional upon:-

- (1) the Shareholders passing an ordinary resolution at the AGM to approve the termination of the Existing Share Option Scheme and approving the adoption of the Share Option Scheme; and
- (2) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of options to be granted under the Share Option Scheme.

If condition (2) is not satisfied on or before the date falling three (3) months after the Adoption Date (or such later date as the Board may decide), the Share Option Scheme shall forthwith determine, and any Option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such grant shall be of no effect and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any such Option.

LETTER FROM THE BOARD

The Company currently has no Option schemes in force other than the Existing Share Option Scheme. Particulars of the Existing Share Option Scheme as at the Latest Practicable Date are as follows:

Grantee	Date of grant	Options granted	Options cancelled	Date of Cancellation	Options outstanding
Manuel V Pangilinan	19th December, 1996	12,498,000	12,498,000	7th February, 2003	Nil
Edward A. Tortoriori	16th July, 1997	920,000	920,000	7th February, 2003	Nil
Edward A. Tortoriori	25th June, 1999	5,556,000	5,556,000	7th February, 2003	Nil
Senior Executives	19th December, 1996	2,844,000	2,844,000	7th February, 2003	Nil
Senior Executives	25th June, 1999 to 14th August, 2000	2,936,000	2,936,000	7th February, 2003	Nil
Former Directors	19th December, 1996	8,110,000	8,110,000	7th February, 2003	Nil
Former Directors	25th June, 1999	4,508,000	4,508,000	7th February, 2003	Nil

As at the Latest Practicable Date, no options in respect of the Shares in the Company remain outstanding as granted pursuant to the Existing Share Option Scheme. No further options may be granted pursuant to the Existing Share Option Scheme before it is terminated.

Based on the 3,185,993,003 Shares in issue as at 25th March, 2004, being the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company before the AGM, the maximum number of Shares that can be issued upon exercise of Options that may be granted under the proposed Share Option Scheme is 318,599,300 Shares.

An application will be made to the Stock Exchange for approval of the listing of and permission to deal in the Shares that may be issued pursuant to the exercise of Options that may be granted under the Share Option Scheme. An announcement will be published by the Company in compliance with the Listing Rules in respect of the outcome of the proposed resolution to approve the Share Option Scheme as soon as practicable after (which is expected to be the business day immediately following) the AGM.

A summary of the principal terms of the proposed Share Option Scheme is set out in Appendix IV below.

ANNUAL GENERAL MEETING

A Notice of the AGM is set out on pages 27 to 34 of this document. At the AGM, resolutions will be proposed to approve, inter alia, the Proposals.

LETTER FROM THE BOARD

A Form of Proxy is enclosed with this document for use at the AGM. Whether or not you intend to be present at the meeting, you are requested to complete the Form of Proxy and return it to the principal office of the Company in Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the meeting. The completion of a Form of Proxy will not preclude you from attending and voting at the meeting in person.

ANNUAL REPORT

A copy of the annual report of the Company in respect of the year ended 31st December, 2003 incorporating the audited consolidated accounts of the Company for the year ended 31st December, 2003 and the directors' and auditors' reports thereon has been despatched to all Shareholders together with this document.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

Your Directors are of the opinion that the Proposals are in the best interests of the Company and its Shareholders and recommend you to vote in favour of the resolutions to be proposed at the AGM on 24th May, 2004. The Directors have indicated that the votes attaching to the Shares owned by them will, where entitled, be cast in favour of all the resolutions to be proposed at the AGM.

Yours faithfully,
For and on behalf of the Board of Directors of
First Pacific Company Limited
Manuel V. Pangilinan
Managing Director and CEO

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE PROPOSAL

This appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to accompany the notice of AGM at which a resolution is to be proposed in relation to the repurchase by the Company of its own Shares.

1. REPURCHASE MANDATE

The relevant sections of the Listing Rules which permit companies with a primary listing on the Stock Exchange to repurchase their Shares on the Stock Exchange, subject to certain restrictions, are summarised below:

(a) Shareholders' approval

The Listing Rules provide that all proposed repurchases of Shares by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a particular transaction. The Listing Rules require an explanatory statement such as is contained herein to be sent to Shareholders to give Shareholders adequate information to enable them to decide whether to approve the grant of such a mandate.

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose under Bermuda law.

(c) Maximum number of shares to be repurchased

The Shares proposed to be repurchased by the Company must be fully paid up. A maximum of 10 per cent of the outstanding share capital at the date of passing the relevant resolution may be repurchased on the Stock Exchange. On the basis of the existing issued share capital of the Company of 3,185,993,003 Shares, as at the Latest Practicable Date, and assuming no further exercise of Options granted by the Company pursuant to its Existing Share Option Scheme, and no further Shares are issued or repurchased by the Company prior to the AGM, not more than 318,599,300 Shares may be repurchased on the Stock Exchange.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders to seek a general authority from Shareholders to enable the Company to repurchase Shares on the Stock Exchange. Such repurchases, depending on market conditions and funding arrangements at the time, may lead to enhancement of the net asset value of the Company and/or earnings per Share and will be made only when the directors believe that such a repurchase will benefit the Company and its Shareholders.

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE PROPOSAL

3. FUNDING OF REPURCHASE

Repurchases must be funded out of funds legally available for the purpose in accordance with the Company's Memorandum of Association and Bye-Laws and the laws of Bermuda.

The Directors have no present intention to repurchase any Shares of the Company and they would exercise the power to repurchase in circumstances only where they consider that the repurchase would be in the best interests of the Company and in circumstances where they consider that the Shares of the Company can be repurchased on terms favourable to the Company. On the basis of the consolidated financial position of the Company as at 31st December, 2003, being the date to which the latest published audited accounts of the Company were made up, the Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the currently prevailing market value, it could have a material adverse impact on the working capital position and gearing position of the Company.

The Directors of the Company do not propose to exercise the Repurchase Mandate to such extent as, in the circumstances, would have a material adverse effect on the working capital requirements of the Company as compared with the position disclosed in the latest published audited financial statements or the gearing levels that in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICE

None of the Shares have been repurchased during the six months prior to the date of this document. The following table shows the highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the twelve months ended 29th February, 2004:

Month	Highest traded price <i>HK\$</i>	Lowest traded price <i>HK\$</i>
2003		
March	0.93	0.75
April	0.97	0.76
May	1.29	0.84
June	1.39	1.19
July	1.48	1.20
August	1.34	1.16
September	1.41	1.25
October	1.65	1.34
November	1.57	1.34
December	1.71	1.41
2004		
January	1.92	1.66
February	1.95	1.64

5. DISCLOSURE OF INTERESTS

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their associates currently intend to sell Shares to the Company or its subsidiaries, in the event that the proposed Repurchase Mandate is approved by its shareholders.

No other connected persons (as defined in the Listing Rules), have notified the Company that they have any present intention to sell any Shares, or they have undertaken not to sell any Shares held by them to the Company in the event that the Repurchase Mandate is approved by Shareholders.

6. TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights 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), depending on the level of increase in the Shareholders' interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the Substantial Shareholders, beneficially owned Shares representing a total of 44.52 per cent of the issued share capital of the Company. Although the Directors have no present intention to repurchase any Shares of the Company, if the Directors were to exercise the Repurchase Mandate in full, such Shares would represent approximately 49.47 per cent of the then issued share capital of the Company. As a result, the Substantial Shareholders would become obliged to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any other consequences which would arise under the Takeovers Code as a result of any repurchase of Shares pursuant to the Repurchase Mandate.

At present, the Company has no intention to exercise the Repurchase Mandate in such a way and to such an extent that would cause mandatory general obligation to arise for the Substantial Shareholders.

The Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

7. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the laws of Bermuda.

APPENDIX II SUMMARY OF PROPOSED CHANGES TO THE BYE-LAWS

The full text of the proposed changes to the Bye-laws is set out in resolution number 10 contained in the Notice. The following is a summary of the relevant changes (adopting the same lettering as used in the said resolution number 10), which arise out of changes to the Listing Rules:—

- (A) Bye-law 117 has been amended to define the period within which notice of intention to propose a person for election to the office of director at a general meeting must be given to the Company. The provision is relevant where a Shareholder wishes to propose a person for election to the board. It does not apply where existing board members retire at the general meeting and seek re-election nor does it apply in a situation where the board itself is recommending the person for election. The relevant period for giving such notice commences on the day after despatch of the notice of the general meeting and expires on the day falling seven days before the date of the general meeting.
- (B) This is a new provision (inserted after Bye-law 82) which makes it clear that the votes of any Shareholder who is required, by virtue of the Listing Rules, to abstain from voting on any resolution shall not be counted.
- (C) Bye-law 108 has been amended so as to clarify that a Director may not vote on board resolutions in which he or any of his associates has a material interest. A provision of this nature is already contained in the Bye laws but it is proposed that it be extended to clarify that it covers the interests of a Director's associates, as required by the amended Listing Rules. Voting is, however, permitted in respect of certain exceptional matters as set out in the relevant Bye-law.
- (D) This provision incorporates into Bye-law 1 the definition of an “associate” of a director, to conform with changes made to the Listing Rules.

This provision incorporates into Bye-law 1 the definition of “Listing Rules”, again to conform with changes made to the Listing Rules.
- (E) Bye-law 72 (A) has been amended by deleting the requirement that 45 days notice in writing be given of any annual general meeting or special general meeting at which any resolution for the appointment or removal of a Director is to be considered.

APPENDIX III	PARTICULARS CONCERNING DIRECTORS SEEKING ELECTION AND RE-ELECTION AT THE AGM
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(A) Mr. Graham Leigh Pickles

Aged 47, Mr. Graham Leigh PICKLES was previously the Chief Executive Officer of Tech Pacific Holdings Limited, a wholly owned subsidiary of the Company until Tech Pacific was sold in 1997. Mr. Pickles was also a member of the executive committee of Hagemeyer N.V., a Netherlands listed public company in which the Company had a controlling interest until 1998.

Mr. Pickles is currently a non executive chairman of Tech Pacific Group, a distribution company with businesses in 8 countries throughout Asia Pacific, turning over 3 billion Australian dollars per year. He also serves as a non executive director of Hagemeyer Brands Australia, a consumer products distribution company in Australia with a turnover of 380 million Australian Dollars per year, and of Hagemeyer Australia Electrical Product, a wholesaler with a turnover of 780 million Australian Dollars per year.

Mr. Pickles has a wealth of experience in the distribution and technology sectors, running several distribution businesses in Asia and Australasia in the IT and telecommunications industries, over a career spanning more than 20 years.

Mr. Pickles holds a Bachelor of Business degree (majoring in accounting), is a member of the Certified Practising Accountants of Australia, and is a Fellow of the Australian Institute of Directors.

(B) Mr. Robert Charles Nicholson

Mr. Robert Charles Nicholson, aged 48, joined the Company in June 2003 when he was appointed as a non-executive director. Mr. Nicholson qualified as a solicitor in England and Wales in 1980 and in Hong Kong in 1982. He was a senior partner of the firm Richards Butler during the period 1985 to 2001 where he established the corporate and commercial department. He was senior advisor to the Board of Directors of PCCW Limited (a telecommunication services provider listed on the Stock Exchange) between August 2001 and September 2003 and continues to provide services to that company. He was appointed as an executive director of the Company in November 2003. Mr. Nicholson is also an independent non executive director of QPL International Holdings Limited, a company which manufactures and sells integrated circuit leadframes, heatsinks and stiffeners and which is listed on the Main Board of the Stock Exchange. Mr. Nicholson has extensive experience in corporate finance and cross-border transactions, debt and equity capital markets, corporate reorganisation in the Asia Pacific Region and the PRC.

APPENDIX III	PARTICULARS CONCERNING DIRECTORS SEEKING ELECTION AND RE-ELECTION AT THE AGM
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(C) His Excellency Albert F. del Rosario

Aged 64, His Excellency Albert F. del Rosario is currently Ambassador Extraordinary and Plenipotentiary of the Republic of the Philippines to the United States of America.

Ambassador del Rosario holds senior positions in a number of companies including:

- (i) Chairman of Gotuaco, del Rosario and Associates Inc, Philippine Indocoil Corporation and Philippine Center Management Board.
- (ii) Vice Chairman of Asia Traders Insurance Corporation.
- (iii) Director of Pacific Plaza Condominium Corporation, Pacific Plaza Towers Condominium Corporation, Infrontier (Philippines) Inc, LMG Chemicals Corporation, LR Phil. Realty Corporation, Metro Pacific Holdings Inc, Philippine Investments Holdings Inc, Philippine Long Distance Telephone Company and Philippine Telecommunications Investment Corporation.

Ambassador del Rosario was educated in New York, attending the College of Insurance and obtaining a B.S in Economics from New York University.

(D) Mr. Benny S. Santoso

Aged 46, Mr. Santoso was appointed by the Directors as a non-executive director following the 2003 AGM.

Mr. Santoso is an executive director of the Salim Group, one of Indonesia leading conglomerates, a director of PT Indocement Tungal Prakarsa Tbk and a Commissioner of PT Indosiar Visual Mandiri Tbk. Mr. Santoso also holds a number of directoral and commissioner posts with the Salim Group's operating units. He is also a director of Philippine Long Distance Telephone Company.

Mr. Santoso has a diploma in Business Studies obtained from the Ngee Ann Technical College, Singapore.

APPENDIX IV	SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME
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1. PURPOSE AND DURATION OF THE SHARE OPTION SCHEME

- (A) The purpose of the Share Option Scheme is to provide Eligible Persons with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Persons to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.
- (B) Subject to paragraph 11, the Share Option Scheme shall be valid and effective for the period of ten years commencing on the Adoption Date. On and after the tenth anniversary of the Adoption Date, no further Options shall be granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. Options which are granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with their terms of issue.

2. OPTIONS

- (A) The Board shall, in accordance with the provisions of the Share Option Scheme, be entitled, at any time following the Adoption Date and before the tenth anniversary of the Adoption Date, to offer to grant an Option to any Eligible Person whom the Board may, in its absolute discretion, select and subject to such conditions as it may think fit. Notwithstanding the foregoing the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to any single Eligible Person, whether or not already a Grantee, in any 12-month period shall be subject to a limit that it shall not exceed 1% of the Shares in issue at the relevant time (the “**Individual Limit**”). Any grant or further grant of Options to an Eligible Person (whether or not already a Grantee) which would result in the Shares issued and that may be issued upon exercise of all Options granted and to be granted (and any other options granted or to be granted outside the terms of the Share Option Scheme, if any) to such Eligible Person (including those Shares issued or issuable in respect of exercised and/or outstanding Options) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to the prior approval of Shareholders, on which approval the Eligible Person and his or her associates abstain from voting. The Company shall send to the Shareholders the notice of the relevant meeting, together with details of the identity of the Eligible Person and the number and terms of the Options granted and proposed to be granted (and any other options granted or to be granted outside the terms of the Share Option Scheme, if any). The number and terms of Options proposed to be granted to such Eligible Person shall be fixed before Shareholders’ approval is sought.
- (B) If in accordance with sub-paragraph (A) the Board determines to grant an Option to an Eligible Person, the Board shall forward to such Eligible Person a letter of offer under common seal of the Company or the official seal of the Company or under the personal seal of a duly authorised attorney of the Company, in such form as the Board may from time to time determine stating, amongst other things:–
 - (i) the Eligible Person’s name and address;

APPENDIX IV	SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME
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- (ii) the Date of Grant (being the date of the letter of offer);
 - (iii) the number of Shares in respect of which the Option is granted, the Exercise Price and the manner of payment of the Exercise Price for the Shares on, and in consequence of, the exercise of the Option;
 - (iv) the Expiry Date;
 - (v) the method of exercise of the Option which shall, unless the Board otherwise determines, be as set out in sub-paragraph (C);
 - (vi) any other terms and conditions relating to the Option (including, but not limited to, any minimum period(s) for which that Option must be held and any minimum performance target(s) that must be reached before the Option can be exercised in whole or in part and any terms as to early termination of an Option) which are not inconsistent with the Share Option Scheme.
- (C) An Option shall be deemed to have been granted and accepted by the Grantee and to have taken effect upon the Date of Grant unless the Grantee rejects the grant in writing within 14 days after the Date of Grant. Any Option so rejected shall be deemed null and void and never to have been granted.
- (D) The Options will not be listed or dealt in on the Stock Exchange.
- (E) An Option shall be 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 (legal or beneficial) in favour of any third party over or in relation to any Option or attempt so to do (save that the Grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered), except with the prior written consent of the Board from time to time. Any breach of the foregoing shall entitle the Company to cancel any outstanding Options or part thereof granted to such Grantee (including, but not limited to, the Option in question).
- (F) Any Options granted but not exercised may be cancelled if the Grantee thereof so agrees and (if the Board so resolves) new Options may be granted to that Grantee provided that such new Options are granted within the limits prescribed by paragraph 6 and are otherwise granted in accordance with the terms of the Share Option Scheme.
- (G) Each grant of Options to any director, chief executive or substantial shareholder of the Company, or any of his or her associates shall be subject to the prior approval of the independent non-executive directors of the Company (excluding any independent non-executive director in the circumstances where he or she or any of his or her associates is the proposed Grantee). Where any grant of Options to a substantial shareholder or an independent non-executive director of the Company, or to any of his or her respective associates would result in the Shares issued and issuable upon exercise of all Options already granted and to be granted (and any other options

APPENDIX IV	SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME
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granted or to be granted outside the terms of the Share Option Scheme, if any) to such person (including Options exercised, cancelled and outstanding) in the 12-month period up to and including the date of such grant:–

- (i) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK\$5 million (or such other amount as may from time to time be specified by the Stock Exchange),

such grant of Options shall be subject to prior approval by resolution of the Shareholders (voting by way of poll) on which all connected persons of the Company abstain from voting in favour; save that (for the avoidance of doubt), any connected person may, without affecting the validity of the relevant resolution, vote against the relevant resolution at the general meeting provided that its intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

3. EXERCISE PRICE

The Exercise Price in relation to each Option shall be determined by the Board in its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the Date of Grant; (ii) the average closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange for the five days last preceding the Date of Grant on which days it has been possible to trade Shares on the Stock Exchange; and (iii) the nominal value of a Share on the Date of Grant.

4. EXERCISE OF OPTIONS

- (A) An Option may, subject to the terms and conditions upon which such Option is granted, be exercised in whole or in part in the manner set out in this paragraph 4. An Option may be exercised during the Option Period only by the Grantee (or his or her legal personal representatives) giving notice in writing to the Company (in such form as the Company may require, either generally or on a case by case basis) stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Where the Option is exercised in part, it must be exercised for such number of Shares as represent the board lot for dealings in Shares traded on the Stock Exchange, or an integral multiple thereof. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the Auditors' or independent financial adviser's certificate pursuant to paragraph 7, the Company shall allot and issue the relevant Shares to the Grantee (or his or her nominee or legal personal representatives) credited as fully paid and issue to the Grantee (or his or her nominee or legal personal representatives) certificates in respect of the Shares so allotted.

APPENDIX IV	SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME
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(B) Subject to the terms and conditions upon which such Option is granted, an Option may be exercised by the Grantee at any time during the Option Period, provided that:—

(i) in the event of:—

- (a) the Grantee ceasing to be an Eligible Person for any reason other than his or her death; or
- (b) the Grantee (being an employee of any member of the Group) ceasing to be an employee of any member of the Group, notwithstanding that he or she might otherwise constitute an Eligible Person in some other capacity,

the Option shall lapse on the date of such cessation and shall not be exercisable, unless the Board determines otherwise (and whether such determination is made before or after the date of such cessation), in which event the Option shall be exercisable to the extent and within such period as the Board may determine. In the case of a cessation of employment, the date of cessation shall be the last actual working day on which the Grantee was physically at work as an employee of the relevant Group member, whether or not salary is paid in lieu of notice;

- (ii) if the Grantee dies before exercising the Option in full and, in the case of an employee of any member of the Group at the date of death, none of the events for termination of employment under paragraph 5(iv) exists with respect to such Grantee (and subject always to the provisions of sub-paragraph 5(B)), the personal representative(s) of the Grantee shall be entitled, within a period of six months from the date of death, to exercise the Option up to the entitlement of such Grantee as at the date of death;
- (iii) if a general offer (other than one by way of scheme of arrangement) is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent specified by the Company pursuant to sub-paragraph (C)(ii) at any time within such period as shall be specified by the Company;
- (iv) if a general offer by way of scheme of arrangement is made to all the holders of Shares and has been approved at the requisite meetings in the manner prescribed by the Companies Act 1981 of Bermuda (as amended) and the Takeovers Code, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be specified by the Company) exercise the Option to its full extent or, if the

APPENDIX IV	SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME
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Company shall give the relevant notification, to the extent specified by the Company pursuant to sub-paragraph (C)(ii);

- (v) in the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be specified by the Company) exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent specified by the Company pursuant to sub-paragraph (C)(ii), and the Company shall as soon as possible, and in any event no later than three days prior to the date for which the shareholders' meeting is convened, allot, issue and register in the name of the Grantee such number of fully paid Shares as fall to be issued on exercise of such Option; and
 - (vi) in the event of any scheme of arrangement between the Company and its members and/or creditors (other than a scheme of arrangement contemplated in sub-paragraph (B)(iv) above), the Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such scheme and the Grantee may at any time thereafter (but before such time as shall be specified by the Company) exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent specified by the Company pursuant to sub-paragraph (C)(ii).
- (C) For the purpose of this paragraph 4:–
- (i) any references to exercising an Option shall refer to exercising that Option up to the extent not already exercised;
 - (ii) pursuant to sub-paragraphs (B)(iii), (iv), (v) and (vi), the Company may, in its discretion, notwithstanding the terms of the relevant Option, at the same time as giving the notice provided for under each of those paragraphs, also give notification to a Grantee that his or her Option may be exercised at any time within such period as shall be specified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) specified by the Company; and
 - (iii) if the Company gives the notification under sub-paragraph (C)(ii) that an Option can be exercised in part only, the balance of the Option shall, on the giving of such notification, lapse.
- (D) The exercise of any Option shall be subject to the Shareholders of the Company in general meeting approving any necessary increase in the authorised share capital of the Company.

APPENDIX IV	SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME
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- (E) The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the memorandum of association and Bye-laws of the Company and Bermuda law for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date the name of the Grantee (or his or her nominee or legal personal representatives) is registered on the register of members of the Company. Prior to the Grantee (or the Grantee's nominee or legal personal representatives) being so registered, the Grantee (or the Grantee's nominee or legal personal representatives) shall not have any voting rights nor rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) in respect of the Shares to be allotted and issued upon the exercise of the Option.
- (F) The Board shall have discretion as to the interpretation and application of the Share Option Scheme (including but not limited to discretion to grant waivers or extensions of any period specified in the Share Option Scheme or any letter of offer) to the extent such interpretation or application is not contrary to the explicit provisions of the Share Option Scheme or of Chapter 17 of the Listing Rules.

5. EXPIRY OF OPTION

- (A) An Option shall lapse automatically (to the extent not already exercised) on the earliest of:–
 - (i) the Expiry Date;
 - (ii) the expiry of any of the periods referred to in sub-paragraph 4(B);
 - (iii) subject to sub-paragraph 4(B)(v), the date of commencement of the winding-up of the Company;
 - (iv) in the case of a Grantee (who is an employee of any member of the Group), the date on which:–
 - (a) he or she tenders his or her resignation from the employment of any member of the Group; or
 - (b) his or her employment with any member of the Group is terminated on the grounds that he or she is summarily dismissed, is guilty of serious misconduct, is declared bankrupt or makes an arrangement or composition with his or her creditors generally, or is convicted of any criminal offence involving his or her integrity or honesty;
 - (v) in the case of a Grantee (which is not an individual), the date on which it appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or becomes insolvent or makes any arrangement or composition with its creditors generally; or

APPENDIX IV	SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME
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- (vi) the date on which the Board exercises the Company's right to cancel the Option at any time after the Grantee commits a breach of sub-paragraph 2(E).

A resolution of the Board to the effect that the employment of a Grantee has terminated, or been terminated, on one or more of the grounds specified in paragraph 5(A)(iv)(b) shall be conclusive evidence thereof.

- (B) If the Grantee is an employee of any member of the Group then, notwithstanding any other term of the Share Option Scheme or of the grant of the relevant Option (but subject always to any waiver or extension granted by the Board), such Option shall lapse automatically (to the extent not already exercised) should he or she cease to be so employed for any reason whatsoever (including his or her death) during the 12-month period following the Date of Grant.

6. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (A) The overall limit on the number of Shares which may be issued upon exercise of all Options to be granted and yet to be exercised under the Share Option Scheme and other share option schemes must not exceed 30% of the Shares in issue from time to time. In addition, the maximum number of Shares in respect of which Options may be granted under the Share Option Scheme shall not (when aggregated with any Shares subject to any other share option scheme(s) of the Company) exceed the limit of 10 per cent. of the issued share capital of the Company on the Adoption Date (the "**Scheme Mandate Limit**"). Options lapsed in accordance with paragraph 5 or rejected in accordance with sub-paragraph 2(C) shall not be counted for the purpose of calculating the Scheme Mandate Limit.
- (B) The Scheme Mandate Limit referred to in sub-paragraph 6(A) may be renewed at any time subject to prior Shareholders' approval but in any event shall not exceed 10 per cent. of the issued share capital of the Company as at the date of approval of the renewal of the Scheme Mandate Limit. Options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed or exercised) shall not be counted for the purpose of calculating the limit as renewed.
- (C) The Company may also, having first obtained separate Shareholders' approval, grant Options beyond the Scheme Mandate Limit to Eligible Persons specifically identified by the Company before the Shareholders' meeting at which the aforesaid approval is sought.

APPENDIX IV	SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME
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7. CAPITAL RESTRUCTURING

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction of share capital of the Company, or otherwise howsoever (except on an issue of securities of the Company as consideration in a transaction which shall not be regarded as circumstances requiring alteration or adjustment) such corresponding alterations (if any) shall be made in:–

- (i) the number of Shares subject to any Option so far as such Option remains unexercised;
- (ii) the Exercise Price; and/or
- (iii) the method of exercise of the Option,

or any combination thereof, as the Auditors or an independent financial adviser engaged by the Company for this purpose shall, at the request of the Company or any Grantee certify in writing either generally or as regards any particular Grantee to be in their opinion fair and reasonable. The Auditors or the independent financial adviser (as the case may be) shall act as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final and binding on the Company and the Grantee. The costs of the Auditors or the independent financial adviser (as the case may be) shall be borne by the Company.

8. INCREASE IN SHARE CAPITAL

Subject to sub-paragraph 4(D), the Board shall at all times set aside for the purposes of the Share Option Scheme, out of the authorised but unissued share capital of the Company, such number of Shares as the Board may from time to time determine to be sufficient to meet subsisting requirements for the exercise of Options.

9. DISPUTES

Any dispute arising under or in connection with the Share Option Scheme (whether as to the number of Shares the subject of an Option, the amount of the Exercise Price or otherwise) shall be referred to the decision of the Auditors or an independent financial adviser who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final and conclusive and binding on all persons who may be affected thereby.

10. ALTERATION OF THE SCHEME

(A) Subject to sub-paragraph (B), the Board may amend any of the provisions of the Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Share Option Scheme, which are not required by the Listing Rules) at any time, but not so as to affect adversely any rights which have accrued to any Grantee at that date except with:

- (i) the consent in writing of all such Grantees; or
- (ii) (in the case of a proposed amendment affecting all Grantees) the sanction of a special resolution passed at a duly convened and held meeting of those Grantees holding Options unexercised at the time at which the resolution is carried by a majority consisting of not less than three fourths of the votes cast upon a show of hands or if a poll is duly demanded, by a majority consisting of not less than three fourths of the votes cast on a poll,

in either case, supported by consideration (if any), as may be necessary to give legal effect to the amendment.

(B) Any provisions of the Share Option Scheme which relate to the matters set out in rule 17.03 of the Listing Rules cannot be altered to the advantage of Grantees or prospective Grantees, and no changes to the authority of the Board in relation to any alteration of the terms of the Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of Options granted shall not be effective unless approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with the Listing Rules.

(C) As regards any meeting of Grantees, as referred to in sub-paragraph (A) all the provisions of the Bye-laws for the time being of the Company as to general meetings of the Company shall apply *mutatis mutandis* as though the Options were a class of shares forming part of the share capital of the Company except that:–

- (i) not less than five days' notice of such meeting shall be given;
- (ii) a quorum at any such meeting shall be two Grantees present in person or by proxy and holding options entitling them to the issue of one-tenth in nominal value of all Shares which would fall to be issued upon the exercise of all Options then outstanding;

APPENDIX IV	SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME
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- (iii) every Grantee present in person or by proxy at any of such meeting shall be entitled on a show of hands to one vote, and on a poll, to one vote for each Share to which he or she would be entitled upon exercise in full of his or her Options then outstanding;
- (iv) any Grantee present in person or by proxy may demand a poll; and
- (v) if any such meeting is adjourned for want of a quorum, such adjournment shall be to such date and time, not being less than seven or more than 14 days thereafter, and to such place as may be appointed by the chairman of the meeting. At any adjourned meeting those Grantees who are then present in person or by proxy shall form a quorum and at least seven days' notice of any adjourned meeting shall be given in the same manner as for an original meeting and such notice shall state that those Grantees who are then present in person or by proxy shall form a quorum.

11. TERMINATION

The Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options shall be granted hereunder but in all other respects the provisions of the Share Option Scheme shall in all other respects remain in force and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

12. COMPANY'S CASH ELECTION

- (A) Notwithstanding any other provision of the Share Option Scheme, the Board shall be entitled at its discretion at any time and from time to time to cancel any Option, either in whole or in part, after notice of exercise thereof has been given by the Grantee, but before the Company has issued and allotted any Shares pursuant to the exercise of that Option, by giving notice in writing to the Grantee stating that such Option is thereby cancelled.
- (B) If any Option shall be cancelled pursuant to sub-paragraph 12(A), the Grantee shall, subject as hereinafter provided, be entitled to receive from the Company a refund of the aggregate Exercise Price paid on exercise of such Option together with an additional payment in cash to compensate him or her for such cancellation calculated in accordance with the formula below. Such refund and payment shall be made within 14 business days of the Company giving notice of such cancellation and once made

APPENDIX IV	SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME
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the Grantee shall have no other claim against the Company and shall in connection with any Option so cancelled. The amount of any additional payment shall be calculated by reference to the following formula:

$$(A \times B) - C$$

where

- A is the number of Shares that would have been issued on exercise of the Option had it not been cancelled (the “**Applicable Shares**”);
- B is the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five days last preceding the date on which the Company receives notice of exercise of the Option on which days it has been possible to trade Shares on the Stock Exchange; and
- C is the aggregate Exercise Price for the Applicable Shares,

provided that if the calculation shall result in a negative figure it shall be deemed to be zero.

NOTICE OF ANNUAL GENERAL MEETING



FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of First Pacific Company Limited (the “Company”) will be held at The Gloucester Room, 2nd Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong SAR on Monday, 24th May, 2004 at 3:00 p.m. for the following purposes:

1. To receive and adopt the Audited Accounts and the Reports of the Directors and Auditors for the year ended 31st December, 2003.
2. To re-appoint Ernst & Young as Auditors of the Company and to authorize the Board of Directors of the Company to fix their remuneration.
3. As ordinary business, to consider and, if thought fit, pass the following as Special Resolutions:

“**THAT** Mr. Robert Charles Nicholson be and hereby is appointed as an executive director of the Company.”

“**THAT** His Excellency Albert F. del Rosario be and hereby is appointed as a non-executive director of the Company.”

“**THAT** Mr. Benny S. Santoso be and hereby is appointed as a non-executive director of the Company.”

4. As special business, to consider and, if thought fit, pass the following as a Special Resolution:

“**THAT** Mr. Graham Leigh Pickles be and hereby is appointed as an independent non-executive director of the Company.”

5. To fix the directors’ remuneration pursuant to the Company’s Bye-laws.
6. As special business, to consider and, if thought fit, pass the following as an Ordinary Resolution:

“**THAT** the board of directors of the Company be and hereby is authorised to appoint additional directors to fill vacancies on the board, but so that the board shall not in any case exceed the maximum number of directors specified in the Company’s Bye-laws from time to time.”

NOTICE OF ANNUAL GENERAL MEETING

7. As special business, to consider and, if thought fit, pass with or without modification the following as an Ordinary Resolution:

“THAT:

- (a) subject to paragraph (c) below, 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 additional shares in the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and hereby is approved generally and unconditionally;
- (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 (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise), by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue, (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company, (iii) the exercise of options granted under any share option scheme adopted by the Company, or (iv) any scrip dividend 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 Bye-laws of the Company, shall not exceed twenty (20) per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date 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 expiration of the period within which the next Annual General Meeting of the Company is required either by law or by the Company’s Bye-laws to be held; and
- (iii) the date upon which the authority set out in this Resolution is revoked or varied by way of ordinary resolution in general meeting.

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holdings of shares (subject to such exclusions 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 any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

8. As special business, to consider and, if thought fit, pass with or without modification the following as an Ordinary Resolution:

“THAT:

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the Shares may be listed, and which is recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange, in accordance with all applicable laws, including the Hong Kong Code on Share Repurchases and the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), be and hereby is approved generally and unconditionally;
- (b) the aggregate nominal amount of share capital which may be purchased or agreed conditionally or unconditionally to be purchased by the directors of the Company pursuant to the approval in paragraph (a) above shall not exceed ten (10) per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this Resolution, and the said approval shall be limited accordingly; and
- (c) 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 expiration of the period within which the next Annual General Meeting of the Company is required either by law or by the Company’s Bye-laws to be held; and
- (iii) the date upon which the authority set out in this Resolution is revoked or varied by way of ordinary resolution in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

9. As special business, to consider and, if thought fit, pass the following as an Ordinary Resolution:

“**THAT** conditional upon the passing of Ordinary Resolutions numbered 7 and 8 as set out in the Notice convening this meeting, the aggregate nominal amount of the number of shares in the capital of the Company that shall have been repurchased by the Company after the date hereof pursuant to and in accordance with the said Ordinary Resolution 8 shall be added to the aggregate nominal amount of share capital that may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors of the Company pursuant to the general mandate to allot and issue shares granted to the directors of the Company by the said Ordinary Resolution 7.”

10. As special business, to consider and, if thought fit, pass with or without modification the following as a Special Resolution:

“**THAT** the Bye-laws of the Company be amended as follows:

- (A) By deleting the existing Bye-law 117 paragraph (B) in its entirety and substituting therefor the following new Bye-law 117 paragraph (B):

“117(B) No person, other than a retiring Director shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been given to the Company in each case during the period commencing on the day after despatch of the notice of general meeting at which elections to the office of Director are to be considered and ending on the day that falls seven days before the date of the general meeting (both days inclusive).”

- (B) By adding the following new Bye-law 82A after the existing Bye-law 82

“82A Where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against a particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted”

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- (C) By deleting Bye-law 108 paragraphs (A)(ii) and (iii) in their entirety and substituting therefor the following new Bye-law 108 paragraph (A)(ii) and that Bye-law 108(A)(iv) and Bye-law 108(A)(v) be renumbered as Bye-law 108(A)(iii) and Bye-law 108(A)(iv) respectively:

“108(A)(ii) Save as otherwise provided by the bye-laws, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract, arrangement or proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters namely:–

- (a) any contract or arrangement for the giving to such Director or any of his associates of any security or indemnity in respect of money lent by him or them or obligations incurred or undertaken by him or them for the benefit of the Company and any of its subsidiaries;
- (b) any contract or arrangement for the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his associates has himself or themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) any contract or arrangement by a Director or any of his associates to subscribe for shares, debentures or other securities of the Company issued or to be issued pursuant to any offer or invitation to members or debenture holders of the Company or any class thereof, and which does not provide in respect of any Directors or any of his associates as such any privilege or advantage not accorded to any other members or debenture holders of the Company or any class thereof or to the public or any sections thereof;
- (d) any contract or arrangement concerning an offer of the shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his associates is or is to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (e) any contract or arrangement in which the Director or any of his associates is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his or their interest in shares or debentures or other securities of the Company;
- (f) any contract, arrangement or proposal concerning any company in which the Director or any of his associates is interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or any of his associates is beneficially interested in shares of

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that company, provided that he, together with any of his associates, is not beneficially interested in 5 percent or more of the equity share capital of such company (whether his interest is derived through any third company) or of the voting rights available to members of such company;

- (g) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to directors (and their associates) and employees of the Company or of any of the subsidiaries and does not provide in respect of any Director or any of his associates who may be employees of the Company as such any privilege or advantage not accorded to the employees to which such scheme or fund relates;
 - (h) any proposal or arrangement concerning the adoption, modification or operation of any share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of the employees of the Company or of any of its subsidiaries, under which the Director or any of his associates who may be employees of the Company or any of the Company's subsidiaries may benefit.'
- (D) By adding the following new definitions in Bye-law 1 immediately after the existing definition of "summarized financial statement":

"associate" in relation to any Director, shall mean:–

- (i) his spouse;
- (ii) any child or step-child, natural or adopted, under the age of 18 years of such individual or of his spouse (together with (i) above, the "family interests");
- (iii) the trustees, acting in their capacity as such trustees, of any trust of which he or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object, and any company ("trustee-controlled company") in the equity capital of which the trustees, acting in their capacity as such trustees, are directly or indirectly interested so as to exercise or control the exercise of 30 per cent (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary (together, the "trustee interests");
- (iv) a holding company of a trustee-controlled company or a subsidiary of any such holding company; and

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- (v) any company in the equity capital of which he, his family interests, any of the trustees referred to in (iii) above, acting in their capacity as such trustees, and/or any trustee interests taken together are directly or indirectly interested so as to exercise or control the exercise of 30 per cent (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary or holding company or a fellow subsidiary of any such holding company;

“**Listing Rules**” shall mean the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange”

- (E) By deleting the following sentence from the fourth, fifth and sixth lines of Bye-law 72(A).

“An annual general meeting or a special general meeting at which any resolution for the appointment or removal of a Director is to be considered shall be called by forty five days’ notice in writing at the least.”

- 11. As special business, to consider and, if thought fit, pass with or without modification the following as an Ordinary Resolution:

“**THAT** the share option scheme of the Company adopted by a resolution of the shareholders of the Company in general meeting passed on 24th May, 1999 be and is hereby terminated with immediate effect so that no further options shall be granted under the scheme hereafter.

- 12. As special business, to consider and, if thought fit, pass with or without modification the following as an Ordinary Resolution:

“**THAT** the new share option scheme of the Company, the terms of which are contained in the document produced to the meeting marked “A” and initialled by the chairman of the meeting for the purpose of identification, be and is hereby approved and adopted as the new share option scheme of the Company and the Directors of the Company be and are authorized to grant options to subscribe for shares thereunder, allot and issue shares pursuant to the exercise of any options which may be granted under the share option scheme, and exercise and perform the rights, powers and obligations of the Company thereunder and do all such things and take all such actions as the Directors of the Company may consider to be necessary or desirable in connection with the foregoing.”

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13. To transact any other ordinary business of the Company.

By Order of the Board
First Pacific Company Limited
Nancy L.M. Li
Company Secretary

Hong Kong, 29th March, 2004

Principal Office:
24th Floor
Two Exchange Square
8 Connaught Place, Central
Hong Kong SAR

Registered Office:
Canon's Court
22 Victoria Street
Hamilton, HM12
Bermuda

Notes:

1. With respect to item 7, approval is being sought from the members because under the Listing Rules, the existing general mandate to issue shares lapses at the Annual General Meeting of the Company.
2. An explanatory statement containing further details regarding item 8 on the general mandate to repurchase Shares is set out in Appendix I of the document containing this notice.
3. The Bye-laws of the Company are written in English. There is no official Chinese translation in respect thereof. Therefore, the Chinese version of Resolution No. 10 above on the amendment of the Bye-laws is purely a translation only. Should there be any discrepancies, the English version shall prevail.
4. Every member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
5. 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 notarially certified copy of that power of attorney or authority must be deposited at the principal office of the Company (Attention: Corporate Secretarial Department) not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.