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South Sea Holding Company Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 680)

ANNOUNCEMENT

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") regarding the clarification of information in an article (the "Article") appearing in today's Hong Kong Daily News in relation to, amongst other things, upon the completion of the restructure plan between South Sea Holding Company Limited (the "Company") and Sino-i Technology Limited ("Sino-i") (the Company's holding company), the Company will first of all dispose of its properties development project in Shenzhen to CITIC Group ("CITIC") for approximately HK\$4 billion and then make a prestigious person in Macau successfully be a new owner of the Company so that such prestigious person may make the Company be a flagship of his gambling business in Macau. The board of directors of the Company (the "Board") wish to clarify the contents of the Article in the manner set out below.

The Board has noted the recent increases in the price and the trading volume of the shares of the Company and wishes to state that the Company is not aware of any reasons of such movement save as hereinafter mentioned in this announcement and the joint announcements dated 29 December 2003 and 13 December 2004 of the Company and Sino-i.

CLARIFICATION TO THE ARTICLE

The Board refers to the Article in relation to, amongst other things, upon the completion of the restructure plan between the Company and Sino-i, the Company will first of all dispose of its properties development project in Shenzhen to CITIC for approximately HK\$4 billion and then make a prestigious person in Macau successfully be a new owner of the Company so that such prestigious person may make the Company be a flagship of his gambling business in Macau.

The Board clarifies that the Company has not in negotiation with CITIC in relation to dispose of its properties development project in Shenzhen to CITIC for approximately HK\$4 billion, and the Company has never in negotiation with the said prestigious person in Macau and therefore, the arrangement as described in the Article concerning the gambling business is not accurate.

The Company is continuously in discussions and negotiations in relation to its properties development business with a number of potential investors or partners (including but not limited to CITIC) in Hong Kong, overseas and the PRC. However, up to the date hereof, the Company has not yet reached any formal agreements nor has decided a consensus as to the details of investment. All discussions and negotiations in respect of the properties development business are in a preliminary stage.

In respect of the analysis as described in the Article, the Board believes that the writer of the Article might have roughly extracted from the Company's annual or interim reports and the joint announcement dated 29 December 2003 of the Company and Sino-i. However, the Board would like to confirm that the net asset value of the Company was approximately HK\$2.4 billion as disclosed in 2004 interim report instead of HK\$2.6 billion as described in the Article.

GENERAL

The Board has noted the recent increases in the price and the trading volume of the shares of the Company and wishes to state that the Company is not aware of any reasons of such movement save as mentioned in this announcement and the joint announcements dated 29 December 2003 and 13 December 2004 of the Company and Sino-i.

Save as disclosed, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Yu Pun Hoi, Mr. Zhang Hong Ren and Mr. Zhao Liang; two non-executive directors, namely Mr. Yu Lin Hoi and Mr. Lam Bing Kwan; and three independent non-executive directors, namely Ms. Wei Jingyun, Mr. Qin Tian Xiang and Mr. Wu Chen.

By order of the Board
Watt Ka Po James
Company Secretary

Hong Kong, 5 January 2005

Please also refer to the published version of this announcement in China Daily dated 6 January 2005.