

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Nan Hai Corporation Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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南海控股有限公司*
NAN HAI CORPORATION LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 680)

**PROPOSALS FOR GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES
AND
RE-ELECTION OF RETIRING DIRECTORS
AND
DECLARATION AND PAYMENT OF FINAL DIVIDEND
AND
PROPOSED REDUCTION OF SHARE PREMIUM
AND
PROPOSED AMENDMENTS TO THE BYE-LAWS
AND
NOTICE OF ANNUAL GENERAL MEETING**

Capitalised terms used in this cover page shall bear the same meanings as those defined in the section headed “Definitions” in this circular. A notice convening an annual general meeting of the Company to be held at Salon 4, Level 3, JW Marriott, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 30 May 2018 at 11:00 a.m. is set out on pages 16 to 24 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Whether or not you are able to attend and vote at the annual general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the annual general meeting or any adjourned meetings should you so wish.

* For identification purpose only

DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be held at Salon 4, Level 3, JW Marriott, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 30 May 2018 at 11:00 a.m. or any adjournment thereof, notice of which is set out on pages 16 to 24 of this circular
“associates”	has the same meaning as ascribed under the Listing Rules
“Board”	the board of the Directors of the Company
“Bye-Laws”	the bye-laws of the Company as may be amended from time to time
“Company”	Nan Hai Corporation Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Existing Mandates”	general mandates to issue and repurchase shares of the Company granted to the Directors at the annual general meeting held on 25 May 2017
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	18 April 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as may be amended from time to time
“Proposed Amendments”	has the meaning ascribed to it under the paragraph “Proposed Amendments to the Bye-Laws” in this circular
“Reduction of Share Premium”	has the meaning ascribed to it under the paragraph “Proposed Reduction of Share Premium” in this circular

DEFINITIONS

“Repurchase Resolution”	the resolution to be proposed at the AGM for the granting to the Directors of a general mandate to repurchase Shares on the Stock Exchange not exceeding 10% of the number of Shares in issue as at the date of the passing of the resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as may be amended from time to time
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company or if there has been a sub-division, consolidation, reclassification of or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholders”	registered holders of Shares
“Sino-i”	Sino-i Technology Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange and a subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong, as may be amended from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



南海控股有限公司*

NAN HAI CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 680)

Directors:

Mr. YU Pun Hoi (*Chairman*)
Ms. LIU Rong
Mr. LUNG King Cheong[#]
Mr. LAM Bing Kwan[#]
Mr. LAU Yip Leung*
Mr. XIAO Sui Ning*
Mr. HO Yeung Nang*

Principal place of business

in Hong Kong:
12/F., The Octagon
No. 6 Sha Tsui Road
Tsuen Wan
New Territories
Hong Kong

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

[#] *Non-executive Directors*

* *Independent non-executive Directors*

25 April 2018

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES
AND
RE-ELECTION OF RETIRING DIRECTORS
AND
DECLARATION AND PAYMENT OF FINAL DIVIDEND
AND
PROPOSED REDUCTION OF SHARE PREMIUM
AND
PROPOSED AMENDMENTS TO THE BYE-LAWS
AND
NOTICE OF ANNUAL GENERAL MEETING**

* *For identification purpose only*

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM for the approval of:

- (1) the granting to the Directors of general mandates to issue and repurchase Shares and the extension of the general mandate to issue Shares by adding to it the number of Shares repurchased;
- (2) the re-election of retiring Directors;
- (3) the declaration and payment of final dividend;
- (4) the proposed Reduction of Share Premium; and
- (5) the Proposed Amendments.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the AGM, ordinary resolutions will be proposed to grant to the Directors the general mandates, in substitution for the Existing Mandates, to:

- (i) allot, issue or otherwise deal with Shares or convertible securities up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution (the “**Issue Mandate**”);
- (ii) repurchase on the Stock Exchange Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution (the “**Repurchase Mandate**”); and
- (iii) add to the general mandate given to the Directors under sub-paragraph (i) above any Shares repurchased pursuant to the Repurchase Mandate under sub-paragraph (ii) above up to 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the resolution.

The explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Resolution is set out in Appendix I to this circular. The explanatory statement contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions at the AGM.

Subject to the approval of the above resolutions by the Shareholders at the AGM, the Issue Mandate and the Repurchase Mandate will expire at 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 any applicable laws or the Bye-Laws to be held; or (iii) the revocation or variation of the authorities by an ordinary resolution of the Shareholders at a general meeting of the Company.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

In accordance with Bye-law 99 of the Bye-Laws, Mr. Yu Pun Hoi, Mr. Lam Bing Kwan and Mr. Xiao Sui Ning shall retire by rotation at the AGM and, being eligible, offer themselves for re-election.

Alongside the other independent non-executive Directors, Mr. Xiao Sui Ning contributes to ensuring that the interests of all the Shareholders are taken into account. The Company has continued to receive written confirmation from Mr. Xiao Sui Ning concerning his independence in accordance with the Listing Rules. Accordingly, the Board has resolved that Mr. Xiao Sui Ning continues to be independent, and the Board recommends him to be re-elected as an independent non-executive Director at the Annual General Meeting.

Details of the Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular.

DECLARATION AND PAYMENT OF FINAL DIVIDEND

The Board has resolved to recommend the declaration and payment of a final dividend of 0.23 HK cents per Share for the year ended 31 December 2017 subject to approval by Shareholders at the AGM. The final dividend, if approved by the Shareholders at the AGM, will be paid on or before 5 July 2018 to Shareholders whose names appear on the register of members of the Company on 4 June 2018.

The register of members of the Company will also be closed from 5 June 2018 to 6 June 2018, both days inclusive during which period no transfer of shares will be effected, for the purpose of determining the Shareholders' entitlement to the final dividend. In order to register the transfers, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 4 June 2018. The final dividend is payable on or before 5 July 2018 to the Shareholders whose names appear on the register of members on 4 June 2018.

PROPOSED REDUCTION OF SHARE PREMIUM

Reference is made to the Company's announcement dated 28 March 2018, containing, amongst others, details of the proposed reduction of share premium of the Company pursuant to the Bye-Laws and the Laws of Bermuda (the "**Reduction of Share Premium**"), which involves the following:

- (i) As at 31 December 2017, based on the audited financial statements of the Company, the total amount of the share premium account of the Company (the "**Share Premium Account**") was approximately HK\$965.9 million, and it is proposed that the Share Premium Account will be reduced by HK\$965.9 million and the amount arising from the reduction will be transferred to the contributed surplus account of the Company ("**Contributed Surplus Account**"); and

LETTER FROM THE BOARD

- (ii) it is proposed that after the proposed Reduction of Share Premium, the Directors be granted the authority to utilise and apply any credit balance in the Contributed Surplus Account in the future in accordance with the Bye-laws and all applicable laws (including the application of any credit balance to set off against accumulated losses of the Company and making distribution out of the Contributed Surplus Account to the Shareholders), as and when the Directors may consider appropriate.

EFFECTS OF THE REDUCTION OF SHARE PREMIUM

The Reduction of Share Premium does not involve any reduction in the authorised or issued share capital of the Company, nor does it involve any reduction in the nominal value of the Shares.

Implementation of the Reduction of Share Premium will not, of itself, affect the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of the Shareholders as a whole or the share capital of the Company other than related expenses incurred.

CONDITIONS OF THE PROPOSED REDUCTION OF SHARE PREMIUM

The Reduction of Share Premium is conditional upon, inter alia, the following being satisfied:

- (i) the passing of the special resolution (i) by the Shareholders approving the Reduction of Share Premium at the AGM; and
- (ii) compliance with the requirements of the Companies Act 1981 of Bermuda (as amended), including (a) the publication of a notice of the Reduction of Share Premium in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the date on which the Reduction of Share Premium shall become effective, being (subject to compliance with the Companies Act of Bermuda) the business day immediately following the day of passing of the special resolution to approve the Reduction of Share Premium at the AGM (“**Effective Date**”); and (b) the Directors being satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Reduction of Share Premium will be unable to pay its liabilities as they become due; and
- (iii) compliance with the relevant legal procedures and requirements under the Listing Rules, the Bye-laws and the law of Bermuda to effect the Reduction of Share Premium.

Subject to the fulfillment of the above conditions, it is expected that the Reduction of Share Premium will become effective on the business day immediately following the date of passing of the special resolution to approve the Reduction of Share Premium.

LETTER FROM THE BOARD

REASONS FOR THE REDUCTION OF SHARE PREMIUM

The Board considers that the Reduction of Share Premium will provide more flexibility for future dividend distribution plans. The Board considers that the Reduction of Share Premium is beneficial to the Company and its shareholders as a whole.

As none of the Shareholders is interested in the Reduction of Share Premium, no shareholder is required to abstain from voting on the resolution proposed to consider and approve the Reduction of Share Premium.

PROPOSED AMENDMENTS TO THE BYE-LAWS

Reference is made to the Company's announcement dated 28 March 2018. The Board proposed to amend the Bye-Laws in order to (i) expressly provide that the Company may by ordinary resolution make distribution out of the contributed surplus account of the Company; (ii) allow the Board to resolve to make distribution out of the contributed surplus account of the Company; (iii) remove the obsolete requirements for (a) notice of declaration of an interim dividend to be given in Hong Kong; and (b) newspaper advertisement for book closures by advertisement, given that relevant announcements will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules; and (iv) effect the corresponding changes to the Bye-laws as a result of (i) and (ii) above (the "**Proposed Amendments**"), and to seek the approval of the Shareholders on the Proposed Amendments at the AGM by way of a special resolution. Details of the Proposed Amendments are set out in Resolution 9 in the notice of the AGM.

The legal adviser of the Company as to Hong Kong laws has confirmed that the Proposed Amendments comply with the requirements of the Listing Rules and the legal adviser of the Company as to Bermuda laws has confirmed that the Proposed Amendments are not inconsistent with the Companies Act 1981 of Bermuda (as amended). In addition, the Company confirms that there is nothing unusual about the Proposed Amendments for a Bermuda company listed in Hong Kong.

Shareholders are advised that the Bye-Laws are written in English only and there is no official Chinese translation. The Chinese translation of the Bye-Laws is provided for reference only. In case of any discrepancy or inconsistency, the English version shall prevail.

ANNUAL GENERAL MEETING

The Board has resolved to convene the AGM to consider and, if thought fit, by the Shareholders, to approve the proposed resolutions as set out in the notice of AGM on pages 16 to 24 of this circular. Whether or not you are able to attend and vote at the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the share registrar of the Company, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the AGM or any adjourned meetings should you so wish.

LETTER FROM THE BOARD

PROCEDURES BY WHICH A POLL MAY BE DEMANDED

Pursuant to Bye-law 70 of the Bye-Laws, a resolution put to the vote of a general meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll) demanded by:

- (i) the chairman of the meeting; or
- (ii) at least three members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Pursuant to the Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll (except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands). Accordingly, the chairman of the AGM will request all the proposed resolutions set out in the notice of AGM to be voted on by poll. On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative shall have one vote for every fully paid Share of which he/she/it is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on a share. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it uses in the same way. The poll results will be published on the websites of the Company and the Stock Exchange on the day of the AGM.

RESPONSIBILITY STATEMENT

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

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that all the resolutions proposed in respect of the above, including the proposals for the re-election of retiring Directors, the grant of the Issue Mandate and the Repurchase Mandate and the extension of the Issue Mandate, the declaration and payment of final dividend, the proposed Reduction of Share Premium as well as the Proposed Amendments to the Bye-laws, are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend all Shareholders to vote in favour of all the resolutions set out in the notice of the AGM.

Yours faithfully,
By order of the Board
Nan Hai Corporation Limited
Yu Pun Hoi
Chairman and Executive Director

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the Repurchase Mandate.

SHAREHOLDERS' APPROVAL

The Listing Rules provide that all securities repurchases on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, which may be by way of a general mandate, or by a specific approval in relation to a specific transaction. All the shares proposed to be repurchased by the issuer must be fully paid up.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$686,455,357.94 comprising 68,645,535,794 Shares. As at the Latest Practicable Date, there was no share option granted under the share option scheme of the Company entitling holders thereof to subscribe for Shares.

Subject to the passing of the relevant resolution to approve the grant of the Repurchase Mandate and on the basis that no further Shares are to be issued or repurchased prior to the AGM, the Company would be allowed to repurchase a maximum of 6,864,553,579 Shares under the Repurchase Mandate.

REASONS FOR REPURCHASE OF SHARES

The Directors believe that the granting of the Repurchase Mandate is in the best interests of the Company and the Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share. The Directors have no present intention to repurchase any Shares and such repurchase will only be made when the Directors believe that a repurchase will benefit the Company and the Shareholders as a whole.

IMPACT OF REPURCHASE OF SHARES

As compared with the financial position of the Company as at 31 December 2017 (being the date to which its latest audited financial statements were made up), the Directors consider that there would not be a material adverse impact on the working capital and on the gearing position of the Company in the event that the Repurchase Mandate was to be exercised in full during the proposed repurchase period. No repurchase would be made in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company.

FUNDING OF REPURCHASE

In repurchasing any Shares, the Company may only apply funds legally available for such purpose in accordance with the applicable laws of Bermuda and the Bye-Laws.

The Companies Act 1981 of Bermuda (as amended) further provides that no repurchase by a company of its own shares may be effected if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the Company is, or after the purchase would be, unable to pay its liabilities as they become due.

DIRECTORS, THEIR CLOSE ASSOCIATES AND THE COMPANY'S CORE CONNECTED PERSONS

To the best of the knowledge of the Directors have made all reasonable enquiries, none of the Directors nor any close associates (as defined in the Listing Rules) of the Directors has a present intention, in the event that the Repurchase Resolution is passed by the Shareholders, to sell Shares to the Company.

As at the Latest Practicable Date, no core connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she/it has an intention to sell Shares to the Company nor has any core connected person of the Company undertaken not to sell any of the Shares held by him/her/it to the Company, in the event that the Repurchase Resolution is passed.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to repurchase Shares pursuant to the Repurchase Resolution in accordance with the Listing Rules, the applicable laws of Bermuda and the Bye-Laws.

EFFECT OF TAKEOVERS CODE

If on the exercise of the power to repurchase 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 purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (within the meaning under the Takeovers Code), 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, Mr. Yu Pun Hoi ("Mr. Yu"), the chairman of the Company, who, together with his associates through companies controlled by them, is interested in approximately 59.14% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares, which is proposed to be granted pursuant to the Repurchase Resolution, the shareholding of Mr. Yu and his associates will be increased to approximately 65.71% of the then issued share capital of the Company. The Directors believe that such an increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors have undertaken not to make any repurchase in the circumstances that Shares in the hand of the public would fall below 25% of the Company's total issued share capital.

SHARE PRICES

The highest and lowest traded prices for Shares on the Stock Exchange during each of the twelve months preceding and including the Latest Practicable Date were as follows:

	PER SHARE	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2017		
April	0.285	0.250
May	0.270	0.250
June	0.265	0.245
July	0.275	0.250
August	0.270	0.255
September	0.260	0.237
October	0.260	0.216
November	0.244	0.215
December	0.270	0.206
2018		
January	0.270	0.228
February	0.250	0.212
March	0.255	0.214
April (up to and including the Latest Practicable Date)	0.218	0.203

SHARE REPURCHASE MADE BY THE COMPANY

The Company has not repurchased any Shares on the Stock Exchange in the six months preceding the Latest Practicable Date.

Mr. Yu Pun Hoi — *Chairman and executive Director*

Mr. Yu Pun Hoi (“**Mr. Yu**”), aged 59, holding a degree of Doctor of Philosophy conferred by Peking University, joined the Board in September 2000. Mr. Yu is the chairman of the Board, the chairman of executive committee and nomination committee of the Company, and a controlling shareholder of the Company.

Mr. Yu is also an executive director and a member of nomination committee of Sino-i, and a director of a number of subsidiaries of Nan Hai.

Save as disclosed above, Mr. Yu has not held any positions with the Company and other members of the Group, nor held any other directorships in listed public companies in Hong Kong or overseas for the last three years.

Mr. Yu will be entitled to receive a director’s emolument determined by the Board with reference to his duties and responsibilities within the Company. The total remuneration received by Mr. Yu for the year ended 31 December 2017 was HK\$252,000, excluding the director’s remuneration received from Sino-i.

Mr. Yu has not entered into any service contract with the Company, nor been appointed for a specific term, but is subject to the retirement and rotation requirements in accordance with the Bye-Laws.

Mr. Yu does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company as defined under the Listing Rules.

As at the Latest Practicable Date, Mr. Yu is interested in 40,596,627,261 Shares (long position) and 7,893,091,482 Shares (short position) and 12,836,135,316 shares of Sino-i within the meaning of Part XV of the SFO.

There is no information relating to Mr. Yu that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Mr. Lam Bing Kwan — *Non-executive Director*

Mr. Lam Bing Kwan (“**Mr. Lam**”), aged 68, graduated from the University of Oregon in the United States of America with a Bachelor degree in Business Administration in 1974. Prior to joining the Group, Mr. Lam had been in senior management positions in the banking and financial industry for more than 10 years.

Mr. Lam joined the Board in September 2000, and was re-designated as a non-executive Director in April 2002. Mr. Lam is also a non-executive director of Sino-i, and an independent non-executive director of Lai Sun Development Company Limited, Lai Sun Garment (International) Limited, Lai Fung Holdings Limited and eForce Holdings Limited, the securities of which are all listed on the Stock Exchange.

Save as disclosed above, Mr. Lam has not held any positions with the Company and other members of the Group, nor held any other directorships in listed public companies in Hong Kong or overseas for the last three years.

Mr. Lam will be entitled to receive a director's emolument determined by the Board with reference to his duties and responsibilities within the Company. The total remuneration received by Mr. Lam for the year ended 31 December 2017 was HK\$60,000, excluding the director's remuneration received from Sino-i.

The Company entered into a service contract with Mr. Lam on 6 June 2016 for a term of two years subject to the retirement and rotation requirements in accordance with the Bye-Laws.

Mr. Lam does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company as defined under the Listing Rules.

As at the Latest Practicable Date, Mr. Lam does not have any interests in the Shares within the meaning of Part XV of the SFO.

There is no information relating to Mr. Lam that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Mr. Xiao Sui Ning — *Independent non-executive Director*

Mr. Xiao Sui Ning (“**Mr. Xiao**”), aged 70, graduated from Yunnan Finance and Management College (雲南經濟管理幹部學院) majoring in corporate management. Mr. Xiao is recognised as a senior economist by Bank of Communications. Mr. Xiao is currently a consultant of Ping An Bank Co., Ltd., an independent director of Beijing SPC Environment Protection Tech Co., Ltd., an independent director of Zhongrun Resources Investment Corporation and an independent non-executive director of Haitong Securities Co., Ltd..

Mr. Xiao joined the Board in April 2016 and has been appointed as the chairman of remuneration committee, and a member of audit committee and nomination committee of the Company. Mr. Xiao is also an independent non-executive director, the chairman of remuneration committee, and a member of audit committee and nomination committee of Sino-i.

Save as disclosed above, Mr. Xiao has not held any positions with the Company and other members of the Group, nor held any other directorships in listed public companies in Hong Kong or overseas for the last three years.

Mr. Xiao will be entitled to receive a director's emolument determined by the Board with reference to his duties and responsibilities within the Company. The total remuneration received by Mr. Xiao for the year ended 31 December 2017 was RMB120,000, excluding the director's remuneration received from Sino-i.

The Company entered into a service contract with Mr. Xiao on 6 June 2016 for a term of two years subject to the retirement and rotation requirements in accordance with the Bye-Laws.

Mr. Xiao does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company as defined under the Listing Rules.

As at the Latest Practicable Date, Mr. Xiao does not have any interests in the Shares within the meaning of Part XV of the SFO.

There is no information relating to Mr. Xiao that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Save for the foregoing, the Board is not aware of any other matters that need to be brought to the attention of the Shareholders in relation to the re-election of the above Directors.

NOTICE OF ANNUAL GENERAL MEETING



南海控股有限公司*

NAN HAI CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 680)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Nan Hai Corporation Limited (the “**Company**”) will be held at Salon 4, Level 3, JW Marriott, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 30 May 2018 at 11:00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive, consider and approve the audited financial statements of the Company and the reports of the directors and independent auditors for the year ended 31 December 2017.
2. To declare and pay the final dividend of the Company for the year ended 31 December 2017.
3.
 - (a) To re-elect Mr. Yu Pun Hoi as an executive Director of the Company.
 - (b) To re-elect Mr. Lam Bing Kwan as a non-executive Director of the Company.
 - (c) To re-elect Mr. Xiao Sui Ning as an independent non-executive Director of the Company.
 - (d) To authorize the board of directors of the Company to fix the remuneration of the directors of the Company.
4. To re-appoint Messrs. BDO Limited as auditors of the Company until the conclusion of the next annual general meeting and to authorize the board of directors of the Company to fix their remuneration.

* *For identification purpose only*

NOTICE OF ANNUAL GENERAL MEETING

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

5. **“THAT**

- (a) subject to paragraph (c) below, a general mandate be and is hereby unconditionally granted to the directors of the Company to exercise during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements, options, warrants or other securities (including bonds and debentures convertible into shares of the Company) and rights of exchange or conversion which might require the exercise of such power, subject to and in accordance with all applicable laws, rules and regulations;
- (b) the mandate in paragraph (a) above shall authorize the directors of the Company during the Relevant Period to make or grant offers, agreements, options, warrants or other securities (including bonds and debentures convertible into shares of the Company) and rights of exchange or conversion which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval given in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares as scrip dividends or similar arrangement pursuant to the bye-laws of the Company from time to time; (iii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iv) an issue of shares pursuant to 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, shall not exceed 20% of the number of shares of the Company in issue at the date of passing of this Resolution and the said approval shall be limited accordingly;
- (d) subject to the passing of each of paragraphs (a), (b) and (c) of this Resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and
- (e) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

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

“**shares**” shall, for the purposes of the general mandate referred to in this Resolution, mean such number of shares as may be adjusted in the event that the shares in issue as at the date of passing this Resolution are, at any time thereafter, converted into a larger or smaller number of shares.”

6. “**THAT**

- (a) subject to paragraph (b) below, a general mandate be and is hereby unconditionally given to the director of the Company to exercise during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase or otherwise acquire shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;
- (b) the aggregate number of shares so purchased or otherwise acquired by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the number of the shares of the Company in issue at the date of passing of this Resolution;
- (c) subject to the passing of each of paragraphs (a) and (b) of this Resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this Resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked; and
- (d) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; or
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Shares” shall, for the purposes of the general mandate referred to in this Resolution, mean such number of shares as may be adjusted in the event that the shares in issue as at the date of passing this Resolution are, at any time thereafter, converted into a larger or smaller number of shares.”

7. “**THAT** subject to the passing of Resolutions numbered 5 and 6 set out in the notice convening this meeting, the general mandate granted to the directors of the Company to issue and deal with additional shares pursuant to Resolution numbered 5 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate number of shares of the Company repurchased by the Company under the authority granted pursuant to Resolution numbered 6 set out in the notice convening this meeting, provided that such number of shares so repurchased shall not exceed 10% of the number of shares of the Company in issue at the date of passing of this Resolution.”

SPECIAL RESOLUTIONS

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as special resolutions:

8. “**THAT** subject to compliance with section 46(2) of the Companies Act 1981 of Bermuda (as amended),
- (i) the HK\$965.9 million standing to the credit of the share premium amount of the Company be reduced and the amount arising from the reduction be transferred to the contributed surplus account of the Company (the “**Contributed Surplus Account**”);
 - (ii) the directors of the Company (the “**Directors**”) be and are hereby authorised to utilise and apply any credit balance in the Contributed Surplus Account in accordance with the bye-laws of the Company and all applicable laws (including the application of any credit balance to set off against accumulated losses of the Company and making distribution out of the Contributed Surplus Account to the shareholders of the Company), as and when the Directors may consider appropriate; and
 - (iii) the Directors be and are authorised to do all things they consider necessary, expedient and appropriate to effect and implement the above matters.”

NOTICE OF ANNUAL GENERAL MEETING

9. “**THAT** the bye-laws of the Company (the “**Bye-Laws**”) be amended as follows:
- (i) by deleting the existing Bye-Law 44 in its entirety and substituting therefor the following new Bye-Law 44:

“44. The registration of transfers may be suspended and the register may be closed at such times and for such periods as the Board may from time to time determine and either generally or in respect of any class of shares. The register shall not be closed for more than thirty days in any year.”;
 - (ii) by deleting the heading above the existing Bye-Law 141 in its entirety and substituting therefor the following new heading:

“DIVIDENDS, CONTRIBUTED SURPLUS AND RESERVES”
 - (iii) by deleting the existing Bye-Law 141 in its entirety and substituting therefor the following new Bye-Law 141:

“141. The Company may by Ordinary Resolution declare dividends or distributions out of contributed surplus in any currency but no such dividends or distributions out of contributed surplus shall exceed the amounts recommended by the Board.”;
 - (iv) by deleting the margin note appearing on the left hand side of the existing Bye-Law 141 in its entirety and substituting therefor with the words “Power to declare dividends and distributions out of contributed surplus”;
 - (v) by deleting the existing Bye-Law 142 in its entirety and substituting therefor the following new Bye-Law 142:

“142. The Board may subject to Bye-Law 143 from time to time declare and/or pay to the members such interim dividends or distributions out of contributed surplus in any currency that appears to the Board to be justified by the financial conditions of the Company.”
 - (vi) by deleting the margin note appearing on the left hand side of the existing Bye-Law 142 in its entirety and substituting therefor with the words “Board’s power to pay interim dividends and distributions out of contributed surplus”;
 - (vii) by deleting the existing Bye-Law 143(A) in its entirety and substituting therefor the following new Bye-Law 143(A):

“(A) No dividend shall be declared or paid and no distribution of contributed surplus shall be made otherwise than in accordance with the Statutes. No dividend shall be paid otherwise than out of profits available for distribution.”;

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- (viii) by deleting the margin note appearing on the left hand side of the existing Bye-Law 143(A) in its entirety and substituting therefor with the words “Dividend not to be paid out of Capital/Distribution of contributed surplus”;
- (ix) by deleting the existing Bye-Law 143(C) in its entirety and substituting therefor the following new Bye-Law 143(C):

“(C) All dividends and other distributions in respect of shares in the Company shall be discharged in such currency as the Board may determine from time to time.”;
- (x) by deleting the existing Bye-Law 143(D) in its entirety;
- (xi) by deleting the existing Bye-Law 144 in its entirety and substituting therefor the following new Bye-Law 144:

“144. Notice of the declaration of an interim dividend shall be given in such manner as the Board shall determine.”;
- (xii) by deleting the existing Bye-Law 149 in its entirety and substituting therefor the following new Bye-Law 149:

“149. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends and distributions out of contributed surplus shall (as regards any shares not fully paid throughout the period in respect of which the dividend or distribution out of contributed surplus is paid) be apportioned and paid pro rata according to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend or distribution out of contributed surplus is paid. For the purposes of this Bye-Law no amount paid on a share in advance of calls shall be treated as paid on the share.”.
- (xiii) by deleting the margin note appearing on the left hand side of the existing Bye-Law 149 in its entirety and substituting therefor with the words “Dividends and distributions out of contributed surplus to be paid in proportion to paid up capital”;
- (xiv) by deleting the existing Bye-Law 150(B) in its entirety and substituting therefor the following new Bye-Law 150(B):

“(B) The Board may deduct from any dividend or bonus or distribution out of contributed surplus payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.”;

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(xv) by deleting the existing Bye-Law 151 in its entirety and substituting therefor the following new Bye-Law 151:

“151. Any general meeting sanctioning a dividend or distribution out of contributed surplus may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend or distribution out of contributed surplus payable to him, and so that the call shall be made payable at the same time as the dividend or distribution out of contributed surplus, and the dividend or distribution out of contributed surplus may, if so arranged between the Company and the member, be set off against the call.”

(xvi) by deleting the margin note appearing on the left hand side of the existing Bye-Law 151 in its entirety and substituting therefor with the words “Dividend/ distribution out of contributed surplus and call together”;

(xvii) by deleting the existing Bye-Law 152 in its entirety and substituting therefor the following new Bye-Law 152:

“152. A transfer of shares shall not pass the right to any dividend or bonus or distribution out of contributed surplus declared thereon before the registration of the transfer.”

(xviii) by deleting the existing Bye-Law 154 in its entirety and substituting therefor the following new Bye-Law 154:

“154. Unless otherwise directed by the Board, any dividend or bonus or distribution out of contributed surplus may be paid by cheque or warrant sent through the post to the registered address of the member entitled, or, in case of joint holders, to the registered address of that one whose name stands first in the register in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend and/or bonus or distribution out of contributed surplus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged.”

(xix) by deleting the existing Bye-Law 155 in its entirety and substituting therefor the following new Bye-Law 155:

“155. All dividends or bonuses or distributions out of contributed surplus unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or

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bonuses or distributions out of contributed surplus unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company.”

(xx) by deleting the margin note appearing on the left hand side of the existing Bye-Law 155 in its entirety and substituting therefor with the words “Unclaimed dividend/distribution out of contributed surplus”; and

(xxi) by deleting the last sentence of the Bye-Law 156 and substituting therefor the following sentence:

“The provisions of this Bye-Law shall mutatis mutandis apply to bonuses, distributions out of contributed surplus, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the members.”

By order of the Board
Nan Hai Corporation Limited
Yu Pun Hoi
Chairman and Executive Director

Hong Kong, 25 April 2018

Notes:

1. A shareholder of the Company entitled to attend and vote at the annual general meeting is entitled to appoint one or, if he/she is the holder of two or more shares, more than one proxy to attend and vote in his/her stead in accordance with the bye-laws of the Company. A proxy need not be a shareholder of the Company.
2. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. The register of members will be closed from 25 May 2018 to 30 May 2018, both days inclusive, during which period no transfer of shares will be effected for the purpose of determining the identity of members who are entitled to attend and vote at the meeting. In order to register the transfers, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on 24 May 2018.
4. The register of members of the Company will also be closed from 5 June 2018 to 6 June 2018, both days inclusive during which period no transfer of shares will be effected, for the purpose of determining the Shareholders’ entitlement to the final dividend. In order to register the transfers, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on 4 June 2018. The final dividend is payable on or before 5 July 2018 to the Shareholders whose names appear on the register of members on 4 June 2018.
5. All resolutions at the annual general meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING

6. In respect of the ordinary resolution numbered 3 above, Mr. Yu Pun Hoi, Mr. Lam Bing Kwan and Mr. Xiao Sui Ning shall retire and, being eligible, have offered themselves for re-election as directors of the Company at the above meeting. Details of the above directors are set out in Appendix II to the accompanied circular dated 25 April 2018.
7. In respect of the ordinary resolution numbered 5 above, the directors of the Company wish to state that they have no immediate plans to issue any new shares of the Company. Approval is being sought from the shareholders of the Company as a general mandate for the purposes of the Listing Rules.
8. In respect of ordinary resolution numbered 6 above, the directors of the Company wish to state that they will exercise the powers conferred by the general mandate to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of shareholders. An explanatory statement containing the information necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchase by the Company of its own shares, as required by the Listing Rules, is set out in Appendix I to the accompanied circular dated 25 April 2018.
9. As at the date of this notice, the directors of the Company are Mr. Yu Pun Hoi, Ms. Liu Rong, Mr. Lung King Cheong, Mr. Lam Bing Kwan, Mr. Lau Yip Leung, Mr. Xiao Sui Ning and Mr. Ho Yeung Nang.