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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 Nan Hai Corporation Limited, you should at once hand this circular to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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NAN HAI CORPORATION LIMITED

南海控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 680)

DISCLOSEABLE TRANSACTION

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DEFINITIONS

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

“Agreement”	a conditional agreement entered into between Sino-i as vendor and the Company as purchaser on 13 November 2007 in connection with the sale and purchase of the Listar Sale Shares
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of directors of the Company
“Company”	Nan Hai Corporation Limited, a company incorporated in Bermuda with limited liability, the ordinary share capital of which is listed on the Stock Exchange and the holding company of Sino-i
“Completion”	completion of the Agreement
“Consideration”	the consideration payable by the Company to Sino-i or any other party as it may direct for the Listar Sale Shares under the Agreement
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture”	廣州東鏡新城房地產有限公司 (Guangzhou Dongjing Xincheng Properties Co., Ltd.), a Sino-foreign cooperative joint venture enterprise established under the laws of the PRC and a subsidiary of Listar
“Latest Practicable Date”	30 November 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listar”	Listar Properties Limited, a company incorporated in the British Virgin Islands with limited liability
“Listar Group”	Listar and its subsidiaries

DEFINITIONS

“Listar Sale Shares”	10,200,000 shares of US\$1.00 each in Listar, representing 51% of its issued share capital
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Companies
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region and Taiwan for the purpose of this circular
“Properties”	the properties of the Joint Venture in the PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	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 ordinary share capital of which is listed on the Stock Exchange and a subsidiary of the Company
“Sino-i Group”	Sino-i and its subsidiaries
“Sino-i Independent Shareholders”	shareholders of Sino-i (other than the Company and its associates)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the sale by Sino-i and the purchase by the Company of the Listar Sale Shares pursuant to the Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“US\$” United States dollars, the lawful currency of the United States of America

“%” per cent.

For the purpose of this circular, unless otherwise indicated, the exchange rates of RMB1 = HK\$0.96 and US\$1 = HK\$7.8 have been used for currency translation, where applicable. Such exchange rates are for the purpose of illustration only and do not constitute a representation that any amounts in HK\$, RMB or US\$ have been, could have been or may be converted at such or any other rates.

The English translation of Chinese names is included for information purpose only and should not be regarded as their official English translation.

NAN HAI CORPORATION LIMITED

南海控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 680)

Executive Directors:

Mr. Yu Pun Hoi

Mr. Qin Tian Xiang

Ms. Chen Dan

Non-Executive Directors:

Mr. Yu Lin Hoi

Mr. Lam Bing Kwan

Independent Non-Executive Directors:

Mr. Huang Yaowen

Prof. Jiang Ping

Mr. Lau Yip Leung

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

*Head office and principal place
of business in Hong Kong:*

39th Floor

New World Tower I

16-18 Queen's Road Central

Hong Kong

5 December 2007

To the Shareholders

Dear Sir and Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

In the joint announcement dated 14 November 2007, the Company entered into the Agreement with Sino-i to acquire 51% of the issued share capital of Listar. The Transaction constitutes a discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with information on the Transaction and the Company.

AGREEMENT

Date: 13 November 2007

Parties

Vendor : Sino-i

Purchaser : the Company

** For identification purposes only*

LETTER FROM THE BOARD

Assets to be acquired

The Company will purchase and Sino-i will sell or procure the sale to the Company or any of its subsidiary:

1. Listar Sale Shares; and
2. The inter-company loan of Listar due to Sino-i Group in an aggregate amount of HK\$933,958,000 as at 30 September 2007.

Before acquisition of Listar Sale Shares:

The Company consolidates the accounts of Listar by means of “Purchase Method” under HKFRS 3 – Business Combinations and HKAS 27 – Consolidated and Separate Financial Statements because Sino-i is a listed subsidiary of the Company (the Company owns about 62.85% issued share capital of Sino-i), and the Company directly owns 49% issued share capital of Listar. By taking into account of the both direct and indirect shareholding (thru Sino-i), the Company has an ultimate interest of over 81% in the issued share capital of Listar, therefore, the accounts of Listar are consolidated in the Company’s consolidated accounts.

After acquisition of Listar Sale Shares:

Upon acquisition of 51% issued share capital of Listar, Listar will be a wholly-owned subsidiary of the Company, so its accounts will be consolidated in the Company’s consolidated accounts. The Directors do not expect the entering into of the Agreement itself will have any material effect on the earnings, assets and liabilities of the Group.

The accounting treatment of the Company’s interest in Listar before and after the acquisition shall remain unchanged i.e. the Company will consolidate the accounts of Listar by means of “Purchase Method” under HKFRS 3 – Business Combinations and HKAS 27 – Consolidated and Separate Financial Statements.

Effect of the Transaction pursuant to Listing Rule 14.64(5) are as follows:-

(a) Earnings Impact

The Transaction will have no impact on earnings of the Company.

LETTER FROM THE BOARD

(b) Assets Impact

The Consideration will be settled within eighteen months upon Completion, therefore, there will be no immediate cash impact on the Company. However, the Transaction consists of (i) acquisition of Listar Sale Shares, which will have an impact on the assets side in the balance sheet of the Company – “Investment in subsidiary – Listar” which is equivalent to the consideration for 51% issued share capital of Listar i.e. HK\$711,572,000; and (ii) acquisition of inter-company account of Listar Group, which will have an impact on the assets side in the balance sheet of the Company – “Due from subsidiary – Listar” which is equivalent to the inter-company account of Listar Group as at 30 September 2007 due to Sino-i Group amounting to about HK\$933,958,000. The total impact on assets of the Company will be the summation of HK\$711,572,000 and HK\$933,958,000 i.e. HK\$1,645,530,000.

(c) Liabilities Impact

The Consideration will be settled within eighteen months upon Completion i.e. it is a deferred payment to Sino-i. As a result, the deferred payment will have an impact on the liabilities side in the balance sheet of the Company – “Due to subsidiary – Sino-i” which is equivalent to the Consideration i.e. HK\$1,645,530,000.

Upon full payment is being made to Sino-i by the Company, the amount in “Due to subsidiary – Sino-i” will be zero, meanwhile, the “Cash in bank” in the assets side in the balance sheet of the Company will be deducted by the same amount of HK\$1,645,530,000.

Consideration

The total consideration shall be a sum of HK\$1,645,530,000 to be satisfied in cash within eighteen months upon Completion or any other date to be mutually agreed by Sino-i and the Company together with interest accrued on the Consideration (or any part thereof) remains unpaid following Completion at a rate of 8% per annum.

Basis

The Consideration agreed between the parties after arm’s length negotiations by reference to (i) 51% of the total fair market value of the Listar Group as at 30 September 2007; and (ii) the amount of inter-company account of Listar Group as at 30 September 2007 and was determined on the following bases:

1. 51% issued share capital of Listar for HK\$711,572,000

Listar Group has 100% effective interest in the Properties. According to a valuation report conducted by an independent valuer, Vigers Appraisal and Consulting Limited, the fair market value of the Properties on 30 September 2007 was RMB2,200,000,000 (equivalent to about HK\$2,285,239,000). As per the valuation report, the valuer has valued the Properties by Direct Comparison Approach and made reference to comparable transactions in the locality and has also taken into

LETTER FROM THE BOARD

account the construction costs that will be expended to complete the development to reflect the building quality. By taking into account of the book value of the Properties recorded by Sino-i Group of about HK\$1,070,760,000, there is a valuation gain in the Properties of about HK\$1,214,479,000. The total fair market value of Listar Group as at 30 September 2007 is about HK\$1,395,239,000 which is calculated by the summation of the net asset value of Listar Group as at 30 September 2007 (i.e. HK\$180,760,000) and the valuation gain in the Properties (i.e. HK\$1,214,479,000). The total fair market value of Listar Group remains unchanged as of the Latest Practicable Date. 51% of the fair market value of Listar Group as at 30 September 2007 is about HK\$711,572,000. Upon Completion, Sino-i is expected to result in a gain on disposal of about HK\$639,951,000 after taking into account of valuation gain on 51% of the Properties of about HK\$619,384,000 and a capital reserve and exchange reserve in an aggregate amount of about HK\$20,567,000.

2. The inter-company account of Listar Group as at 30 September 2007 due to the Sino-i Group amounting to about HK\$933,958,000.

Source of funding

The Company intends to fund the entire Consideration through its internal resources, including the sales proceeds to be generated from the sale of the Phase II of its property project, The Peninsula, in Shekou, Shenzhen.

Pledge of Listar Sale Shares

Pending full settlement of the Consideration and the accrued interest thereon by the Company, the Listar Sale Shares will be pledged by the Company in favour of Sino-i and, to this end, the Company shall deposit with Sino-i, the share certificates representing the Listar Sale Shares together with duly-executed transfers in respect of the Listar Sale Shares.

Conditions

Completion is conditional upon:

- (a) the Company having received from its PRC legal advisers a legal opinion, in form and substance reasonably satisfactory to it, covering such matters relevant to the Joint Venture, the Properties and the Transaction as it may reasonably require; and
- (b) the Sino-i Independent Shareholders having approved the Agreement and the Transaction and the implementation thereof in accordance with the provisions of the Listing Rules.

If the conditions set out above are not fulfilled by a date falling ninety days after the date of the Agreement, being 11 February 2008, or such later date as the parties may agree, the Agreement will be null and void and of no further effect.

LETTER FROM THE BOARD

Completion

Completion is expected to take place on the fifth business day after the fulfilment of the conditions described above (or such other date as the parties may agree).

INFORMATION ON THE COMPANY

The Company is an investment holding company listed on the Main Board of the Stock Exchange. The Group is principally engaged in property investment and development and, through the Sino-i Group, also in the information technology business. As at the Latest Practicable Date, the Company, through a number of wholly-owned subsidiaries, held approximately 62.85% of the issued share capital of Sino-i.

INFORMATION ON SINO-i

Sino-i is an investment holding company listed on the Main Board of the Stock Exchange. The Sino-i Group is principally engaged in the information technology business, including the provision of corporate IT application services, financial information and related services, distance learning and application services, and property investment and development.

INFORMATION ON LISTAR, JOINT VENTURE AND THE PROPERTIES

Listar Group

Listar Properties Limited, an investment holding company incorporated in the British Virgin Islands, through its wholly-owned subsidiary, effectively holds a 100% interest in the Joint Venture. (Further details are set out in the sub-section headed "Joint Venture" below.) Aside from its interest in the Joint Venture, Listar has no material asset nor conducts any business.

As at the Latest Practicable Date, Sino-i and Robina Profits Limited, a wholly-owned subsidiary of Sino-i, respectively, hold 1% and 50% of the issued share capital of Listar, and South Sea Development (HK) Limited, a wholly-owned subsidiary of the Company, directly holds the remaining 49% of the issued share capital of Listar. Listar will cease to be a subsidiary of Sino-i upon Completion.

The audited consolidated net loss of Listar Group (before and after taxation and extraordinary items) for the two financial years ended 31 December 2005 and 31 December 2006 was the same of about HK\$1,127,000 and HK\$2,184,000 respectively. The unaudited consolidated net asset value of Listar Group as at 30 September 2007 was about HK\$180,760,000.

LETTER FROM THE BOARD

Joint Venture

The Joint Venture is a Sino-foreign cooperative joint venture enterprise established under PRC laws in 1993. A wholly-owned subsidiary of Listar (the foreign party to the Joint Venture) and 廣州市花都富華房地產開發有限公司 (Guangzhou Hua Du Fu Hua Property Development Co., Ltd.) (the PRC party to the Joint Venture) are registered holders of 70% and 30% equity interests in the Joint Venture, respectively. The PRC party has waived all its 30% equity interest in the Joint Venture, including profit-sharing and control, effectively allowing Listar's subsidiary to control the entire equity interest in the Joint Venture and the latter forming an indirect wholly-owned subsidiary of Listar.

The Joint Venture has a registered capital of US\$14,000,000 (equivalent to approximately HK\$109,200,000) all of which is fully paid. The Joint Venture is principally engaged in the holding of the Properties for development. Aside from the Properties, it holds no material asset and conducts no other business.

Properties

The Properties comprise five plots of land with gross area of approximately 615,254 square metres located at Guang Hua Gong Lu, Hua Du City, Guangdong Province, the PRC (廣東省花都市廣花公路·花縣新華鎮東鏡村面北片). Upon full settlement of the land premium of RMB168,122,227.85 in January 2005, the Joint Venture obtained all the land use right certificates in respect of the five plots of land.

The approved gross floor area of the Properties amounted to 1,031,371 square meters, of which 960,044 square meters will be used for residential development, 35,590 square meters will be used for commercial development, and 35,737 square meters will be used for other facilities such as club house and public area.

REASONS FOR THE TRANSACTION

The management of the Company has always been determined to unlock the intrinsic value of the Company to maximise shareholders' return. The completion of the corporate restructuring between the Company and Sino-i in August 2005 signifies the group's commitment to achieving a more focus business line for each of the two companies.

The Company focuses on property development and investment in China with a proven track record of success as evidenced, among other things, from the selling out of the first phase of its large scale property project, "The Peninsula", last year, the pre-sale of which started in February 2006 and all of which 1,012 units were sold within 5 days.

Meanwhile, Sino-i continues its IT operations in China. By acquiring Listar Sale Shares i.e. 51% Properties serves the best interest for both companies given all of the property related resources such as personnel, industry expertise and funding capability will all be in the Company.

LETTER FROM THE BOARD

Upon completion of the Transaction, the Company shall have a complete property portfolio in China for its future development.

The Directors (including independent non-executive Directors) believe that the terms of the Transaction are fair and reasonable and in the interests of the Shareholders as a whole.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

On behalf of the Board
Nan Hai Corporation Limited
Qin Tian Xiang
Director

1. 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 circular 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.

2. DISCLOSURE OF INTERESTS

(a) Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or chief executive were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules were as follows:

The Company

(i) Long position in Shares in issue

Name of Director	Number of Shares				Approximate percentage holding
	Personal interest	Corporate interest	Family interest	Total interest	
Yu Pun Hoi ("Mr. Yu")	-	32,595,726,203 (Note 1)	69,326,400 (Note 2)	32,665,052,603	47.61%
Qin Tian Xiang	7,000,000	-	-	7,000,000	0.01%
Chen Dan	32,000,000	-	-	32,000,000	0.05%

Notes:

- Out of these 32,595,726,203 Shares, 28,853,232,705 Shares were collectively held by Mr. Yu through Rosewood Assets Limited, Pippen Limited and First Best Assets Limited, all being companies wholly owned by him; and 3,742,493,498 Shares were held by Macro Resources Limited, a company indirectly held as to 60% by Mr. Yu.
- These 69,326,400 Shares were held by Redmap Resources Limited, a company wholly owned by Ms. Kung Ai Ming, the spouse of Mr. Yu.

(ii) Long position in underlying Shares

Name of Director	Number of underlying Shares*	Nature of interest	Approximate percentage holding
Qin Tian Xiang	7,000,000	Personal	0.01%
Chen Dan	7,000,000	Personal	0.01%

* Represents underlying Shares subject to share options granted to the Directors, details of which are as follows:

Grantee	Date of grant	Exercise price per share HK\$	Number of share options granted	Exercisable period
Qin Tian Xiang	18-01-2007	0.0714	7,000,000	19-01-2008 to 18-01-2009
Chen Dan	18-01-2007	0.0714	7,000,000	19-01-2008 to 18-01-2009

Associated Corporations

As disclosed above, Mr. Yu, together with his family and corporate interests, are entitled to control the exercise of more than one-third of the voting power at general meetings of the Company. As such, Mr. Yu is taken to be interested in the shares that the Company or its controlled corporations hold in the associated corporations of the Company within the meaning of Part XV of the SFO, including interests held by the Company in the shares of Sino-i, a subsidiary of the Company. Sino-i is a company the shares of which are listed on the Stock Exchange and is also an associated corporation of the Company within the meaning of Part XV of the SFO. As at the Latest Practicable Date, the interests of the Directors in shares and underlying shares of Sino-i were as follows:

Sino-i

(i) Long position in shares in issue

Name of Director	Number of shares of Sino-i of HK\$0.01 each				Approximate percentage holding
	Personal interest	Corporate interest	Family interest	Total interest	
Yu Pun Hoi	-	12,515,795,316 (Note 1)	44,000,000 (Note 2)	12,559,795,316	63.07%

Notes:

1. These 12,515,795,316 shares of Sino-i were collectively held by Goalrise Investments Limited, View Power Investments Limited and Wise Advance Investments Limited, all of which are wholly-owned subsidiaries of the Company. Mr. Yu was taken to be interested in these shares of Sino-i by virtue of his controlling interests in shares of the Company.
2. These 44,000,000 shares of Sino-i were held by Redmap Resources Limited, a company wholly owned by Ms. Kung Ai Ming, the spouse of Mr. Yu.

(ii) Long position in underlying shares

Name of Director	Number of underlying shares of Sino-i of HK\$0.01 each*	Nature of interest	Approximate percentage holding
Lam Bing Kwan	18,000,000	Personal	0.09%
Chen Dan	7,500,000	Personal	0.04%

* Represents underlying shares of Sino-i subject to share options granted to the directors, details of which are as follows:

Grantee	Date of grant	Exercise price per share HK\$	Number of share options granted	Exercisable period
Lam Bing Kwan	12-11-2004	0.16	9,000,000	01-07-2005 to 30-06-2008
		0.16	9,000,000	01-07-2006 to 30-06-2008
Chen Dan	12-11-2004	0.16	3,750,000	01-07-2005 to 30-06-2008
		0.16	3,750,000	01-07-2006 to 30-06-2008

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Company, none of the directors nor chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive were taken or deemed to have under the provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

(b) Substantial Shareholders

As at the Latest Practicable Date, so far as is known to any director or chief executive of the Company, other than a director or chief executive of the Company, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

The Company

Name of person holding an interest in Shares which has been disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO	Nature of interest	Number of Shares in issue subject to long position	Approximate percentage of issued Share capital of the Company	Notes
Kung Ai Ming	Family and Corporate interest	32,665,052,603	47.61%	1
Rosewood Assets Limited	Beneficial interest	6,518,000,210	9.50%	3
Pippen Limited	Beneficial interest	14,830,245,497	21.61%	3
Righteous International Limited	Corporate interest	3,742,493,498	5.45%	3
Macro Resources Limited	Beneficial interest	3,742,493,498	5.45%	2&3
First Best Assets Limited	Beneficial interest	7,504,986,998	10.94%	3
CITIC Group	Corporate interest Security interest	8,635,691,472 31,512,000	12.59% 0.05%	2
Lim Siew Choon	Corporate interest	6,719,673,777	9.79%	4
Empire Gate Industrial Limited	Beneficial interest	6,714,986,997	9.79%	4
Lee Tat Man	Beneficial interest Security interest	36,000,000 7,700,000,000	0.05% 11.22%	

Notes:

- Ms. Kung Ai Ming is the spouse of Mr. Yu and was taken to be interested in those Shares in which Mr. Yu and herself (together with their respective corporate interests) held an interest.
- CITIC Group was indirectly interested in 8,667,203,472 Shares, of which interests in 31,512,000 Shares were held through its interest in CITIC Capital Holdings Limited and interests in the remaining 8,635,691,472 Shares were held by its wholly-owned subsidiaries, Staverley Assets Ltd., and its 40% owned company, Macro Resources Limited.
- Rosewood Assets Limited, Phippen Limited, Righteous International Limited and First Best Assets Limited are companies wholly owned by Mr. Yu and Marco Resources Limited is held as to 60% by Righteous International Limited. Their interests in Shares are disclosed as the corporate interests of Mr. Yu above. Interest held by Marco Resources Limited was included as the interest of Righteous International Limited.
- Empire Gate Industrial Limited is wholly owned by Mr. Lim Siew Choon. Its interest in Shares was included as interest held by Mr. Lim Siew Choon.

Subsidiaries

Name of shareholder (other than a member of the Group) who is interested in 10% or more of the subsidiary of the Company	Name of subsidiary of the Company	Number of shares or extent of interest directly held in the subsidiary of the Company	Approximate percentage of issued share capital or registered capital of the subsidiary of the Company
中信國安集團公司 (CITIC Guoan Group)*	北京世華國際金融 信息有限公司 (Beijing Shihua International Financial Information Company Limited)*	RMB26,000,000	20%
北京中科紅旗軟件技術有限公司 (Red Flag Software Co., Ltd.)*	北京紅旗中文貳仟軟件 技術有限公司 (Beijing Red Flag Chinese 2000 Software Technology Company Limited)*	Nil	35%

* *English transliteration of the Chinese Company's name*

Save as disclosed above, as at the Latest Practicable Date, so far as is known to any director or chief executive of the Company, other than a director or chief executive of the Company, no persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such capital.

3. SERVICE CONTRACTS

None of the Directors had entered into any service contracts with the Company or any other member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) as at the Latest Practicable Date.

4. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates had any interest in a business which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

5. LITIGATION

As at the Latest Practicable Date, apart from the following matters, no litigation or claim of material importance is known to be pending or threatened by or against the companies in the Group:

- (a) Dadi Media Limited (“Dadi Media”), a wholly-owned subsidiary of Sino-i as plaintiff, issued a claim against two minority shareholders of CE Dongli Technology Group Company Limited, a subsidiary of Sino-i, for the sum of HK\$27,750,498.41 together with interest thereon and costs in May 2004 under the High Court Number of HCA1130 of 2004. The two defendants filed a defence and counterclaim in June 2004 and then an amended defence and counterclaim in September 2004. The counterclaim was further amended and re-amended. In December 2004, the two defendants issued a claim against China Enterprise ASP Limited (“CE ASP”), a wholly-owned subsidiary of Dadi Media, for the sum of HK\$806,250, an award of compensation pursuant to section 32P of the Employment Ordinance, HK\$13,000, interest and costs under High Court Number HCA2892 of 2004. CE ASP filed a defence in March 2005. These two cases are still in progress and no trial date has been fixed.
- (b) Acesite Limited (“Acesite”), a former subsidiary of Sino-i, Evallon Investment Limited, a wholly-owned subsidiary of Sino-i, Mr. Yu, the chairman and executive director of both the Company and Sino-i, South Port Development Limited, a former wholly-owned subsidiary of Sino-i as first, second, third and fourth plaintiff respectively issued a claim against Equitable PCI Bank Inc., a Filipino bank and Waterfront Philippines Inc. (“Waterfront”), a Filipino company, for various reliefs including damages, interest and costs in February 2006 under the High Court Number of HCCL 5 of 2006. In March 2007, Acesite (Philippines) Hotel Corporation Inc., a subsidiary of Waterfront, filed a claim against Mr. Yu, Mr. Lam Bing Kwan, a non-executive director of both the Company and Sino-i, Sino-i and Acesite for various reliefs including damages, interest and costs under High Court Number of HCA498 of 2007. Sino-i filed a defence in June 2007. These two cases are still in progress and no date has been fixed for trial.

6. GENERAL

- (i) The company secretary of the Company is Mr. Watt Ka Po James, who is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. The qualified accountant of the Company is Mr. Mag Chiu Fai, who is an associate member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (ii) The registered office of the Company is at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and the head office and principal place of business of the Company is at 39th Floor, New World Tower I, 16-18 Queen's Road Central, Hong Kong.
- (iii) The principal share registrars of the Company is Butterfield Fund Services (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda. The branch share registrars and transfer office of the Company in Hong Kong is Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (iv) In case of inconsistency, the English text of this circular shall prevail over the Chinese text.