
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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Nan Hai Corporation Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 680)

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

RE-ELECTION OF DIRECTORS

NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting of the Company to be held at Chater Room I, Function Room Level (B1), The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on 29 May 2006 at 11:00 a.m. is set out on pages 10 to 13 of this circular. A form of proxy is also enclosed. Whether or not you are able to attend and vote at the annual general meeting, you are requested to complete and return the enclosed form of proxy to the branch share registrars of the Company in Hong Kong, Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, 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. 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.

28 April 2006

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 Chater Room I, Function Room Level (B1), The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on 29 May 2006 at 11:00 a.m., notice of which is set out on pages 10 to 13 of this circular or any adjournment thereof
“associates”	has the meaning as ascribed under the Listing Rules
“Board”	the board of Directors
“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 on the Stock Exchange
“Directors”	the directors of the Company for the time being
“Existing Mandates”	general mandates to issue and repurchase securities of the Company granted to the Directors at the annual general meeting held on 10 June 2005
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	21 April 2006, 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
“Repurchase Resolution”	the resolution to be proposed at the AGM for the granting to the Directors of a general mandate to repurchase Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	registered holders of Shares
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD

Nan Hai Corporation Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 680)

Directors:

YU Pun Hoi (*Chairman*)

QIN Tian Xiang

CHEN Dan

YU Lin Hoi[#]

LAM Bing Kwan[#]

HUANG Yaowen^{*}

JIANG Ping^{*}

WEI Jingyun^{*}

WU Chen^{*}

Principal place of business:

39/F., New World Tower I

16-18 Queen's Road Central

Hong Kong

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

[#] *Non-executive Directors*

^{*} *Independent Non-executive Directors*

28 April 2006

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
RE-ELECTION OF DIRECTORS
NOTICE OF ANNUAL GENERAL MEETING**

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 amount of Shares repurchased; and
- (2) the re-election of Directors.

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;

LETTER FROM THE BOARD

- (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; and
- (iii) add to the general mandate given to the Directors under sub-paragraph (i) above any Shares repurchased pursuant to the general mandate under sub-paragraph (ii) above up to 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the 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.

RE-ELECTION OF DIRECTORS

In accordance with Bye-law 99 of the Bye-Laws, Mr. Yu Lin Hoi, Ms. Wei Jingyun and Mr. Wu Chen shall retire at the AGM, and being eligible, Mr. Yu Lin Hoi will offer himself for re-election at the AGM, but both Ms. Wei Jingyun and Mr. Wu Chen will not offer themselves for re-election at the AGM. In accordance with Bye-law 102 of the Bye-Laws, Ms. Chen Dan, Mr. Huang Yaowen and Mr. Jiang Ping may hold office only until the AGM and, being eligible, will offer themselves for re-election at the AGM. Particulars of these Directors are set out in Appendix II to this circular.

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 10 to 13 of this circular. Whether or not you are able to attend and vote at the AGM, you are requested to complete and return the enclosed form of proxy to the branch share registrars of the Company in Hong Kong, Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the AGM. 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.

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

LETTER FROM THE BOARD

- (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.

Unless a poll be so demanded and not withdrawn, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.

RECOMMENDATION

The Directors consider that all the resolutions proposed in respect of the above are in the best interests of the Company. 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 of
Nan Hai Corporation Limited
Yu Pun Hoi
Chairman

This is an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of shares of up to a maximum of 10 per cent. of the issued share capital of the Company as at the date of passing of the Repurchase Resolution. For the purpose of this explanatory statement, "shares" is defined in the Hong Kong Code on Share Repurchases to mean shares of all classes and securities which carry a right to subscribe or purchase shares.

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 are fully paid up.

SHARE CAPITAL

As at the Latest Practicable Date, there were in issue an aggregate of 68,188,060,794 Shares. Subject to the passing of the Repurchase Resolution and on the basis that no further Shares will be issued and repurchased prior to the date of the AGM, exercise in full of the mandate will allow the Company to repurchase a maximum of 6,818,806,079 Shares during the period ending on the earliest of the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law or the Bye-Laws and the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

REASONS FOR REPURCHASE

As at the Latest Practicable Date, the Directors have no intention to repurchase any Shares but consider that the mandate will provide the Company the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchase may enhance the net asset value and/or earnings per share of the Company. As compared with the financial position of the Company as at 31 December 2005 (being the date to which its latest audited accounts were made up), the Directors consider that there would be a material adverse impact on the working capital and on the gearing position of the Company in the event that the mandate granted pursuant to the passing of the Repurchase Resolution 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, is 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 ASSOCIATES AND CONNECTED PERSONS

To the best of the knowledge of the Directors having made all reasonable enquiries, none of the Directors nor any associates 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 connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has an intention to sell Shares to the Company nor has any connected person of the Company undertaken not to sell any of the Shares held by him/her 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 make repurchases 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 mandate granted by the passing of the Repurchase Resolution, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Code on Takeovers and Mergers (the "Code"). As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and, depending on the level of increase of the shareholder's interest, may become obliged to make a mandatory offer in accordance with Rule 26 of the 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 (including Macro Resources Limited) and CITIC Group, a party acting in concert with Mr. Yu, are totally interested in approximately 57.96% 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 and CITIC Group would be increased to approximately 64.41% 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 Code. The Directors have undertaken not to make any repurchase in the circumstances that Shares in the hand of the public would fall below the relevant prescribed minimum percentage (i.e. 25%).

SHARE PRICES

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

	PER SHARE	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2005		
April	0.043	0.027
May	0.034	0.027
June	0.041	0.026
July	0.040	0.030
August	0.043	0.029
September	0.040	0.031
October	0.035	0.026
November	0.040	0.028
December	0.043	0.037
2006		
January	0.044	0.036
February	0.063	0.039
March	0.078	0.049
April (up to and including the Latest Practicable Date)	0.072	0.060

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.

PARTICULARS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED:**Ms. CHEN Dan** – *executive Director*

Ms. Chen Dan, aged 37, graduated from Beijing Finance & Trade College in 1991, and conferred a Bachelor degree in Trade & Economics. Ms. Chen is a registered attorney at law in the PRC, and was working as an attorney prior to joining the Group in October 2000. Ms. Chen has been appointed as a director and general manager of CE Dongli Technology Group Company Limited, a subsidiary of Sino-i Technology Limited (“Sino-i”, the subsidiary of the Company, the shares of which are also listed on the Stock Exchange), since May 2004. On 14 February 2006, Ms. Chen joined the Board and was appointed as executive committee member of the Company. Ms. Chen is also an executive director, executive committee member and general manager of Sino-i, and holds directorships in 北京華夏大地遠程教育網絡服務有限公司, 北京新網數碼信息技術科技發展有限公司 and 廣州漢鑫商務科技有限公司, major subsidiaries of the Company and Sino-i. Save as disclosed, Ms. Chen has not held any other directorship in listed public companies for the last three years. Ms. Chen is not entitled to receive any director’s emoluments and bonus payments. Ms. Chen 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 Company’s Bye-Laws. Ms. Chen does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company. Pursuant to Part XV of the SFO, as at the Latest Practicable Date, Ms. Chen is interested in a share option respectively granted under the share option schemes of the Company and Sino-i entitling her to subscribe for 25,000,000 shares at an exercise price of HK\$0.04 per share of the Company and 7,500,000 shares at an exercise price of HK\$0.16 per share of Sino-i.

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

Mr. YU Lin Hoi – *non-executive Director*

Mr. Yu Lin Hoi, aged 62, the elder brother of Mr. Yu Pun Hoi, holds a Master’s degree in Marine from both Liberia and Canada in 1972 and 1981 respectively, and an MBA in Hong Kong in 2003. Mr. Yu has extensive experience in marketing, management on manufacture and administration on transportation. Mr. Yu joined the Board on 14 January 2002. Save as disclosed, Mr. Yu has not held any positions with the Company and its subsidiaries, nor held any other directorships in listed public companies for the last three years. Mr. Yu is not entitled to receive any director’s emoluments and bonus payments. 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 Company’s Bye-Laws. As at the Latest Practicable Date, Mr. Yu does not have any interests in the shares of the Company 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. HUANG Yaowen – *independent non-executive Director*

Mr. Huang Yaowen, aged 35, graduated from South West University of Politics and Laws in the PRC, and conferred a Bachelor degree in Laws in 1992. Mr. Huang also holds a Master of Laws from Central Parties School in the PRC. Mr. Huang is a registered attorney at law in

the PRC, and is taking the EMBA course in China Europe International Business School. Mr. Huang is the executive partner of Kai Wen Law Firm, one of the largest Chinese commercial law firms in the PRC, and is a partner of Kai Yuan Law Firm. On 14 February 2006, Mr. Huang joined the Board and was appointed as chairman of audit committee and remuneration committee of the Company. Mr. Huang is also an independent non-executive director and chairman of audit committee and remuneration committee of Sino-i. Save as disclosed, Mr. Huang has not held any positions with the Company and its subsidiaries, nor held any other directorships in listed public companies for the last three years. Mr. Huang is entitled to receive a director's fee of RMB120,000 per annum with reference to his duties and responsibilities within the Company, and is not entitled to receive any bonus payments, whether fixed or discretionary in nature. Mr. Huang 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 Company's Bye-Laws. Mr. Huang does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Huang does not have any interests in the shares of the Company within the meaning of Part XV of the SFO. Mr. Huang has met the independence guidelines as set out in Rule 3.13 of the Listing Rules.

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

Professor JIANG Ping – *independent non-executive Director*

Prof. Jiang Ping, aged 75, graduated from Moscow University with a Bachelor degree in Laws in 1956. Prof. Jiang is the lifetime professor of China University of Political Science and Law, and conducts lectures for doctoral degree class for civil and commercial laws. Prof. Jiang is the vice-chairman of China Economic Law Studies Association; president of China Comparative Law Research Centre; chairman of Beijing Arbitration Commission; vice-president of China Consumers' Association; and counsellor and member of committee of experts in China International Economic and Trade Arbitration Commission. Prof. Jiang joined the Board on 14 February 2006 and is also an audit committee member and remuneration committee member of the Company. Save as disclosed, Prof. Jiang has not held any positions with the Company and its subsidiaries, nor held any other directorships in listed public companies during the last three years. Prof. Jiang is entitled to receive a director's fee of RMB120,000 per annum with reference to his duties and responsibilities within the Company, and is not entitled to receive any bonus payments, whether fixed or discretionary in nature. Prof. Jiang 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 Company's Bye-Laws. Prof. Jiang does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Prof. Jiang does not have any interests in the shares of the Company within the meaning of Part XV of the SFO. Prof. Jiang has met the independence guidelines as set out in Rule 3.13 of the Listing Rules.

There is no information relating to Prof. Jiang 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

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 Chater Room I, Function Room Level (B1), The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on 29 May 2006 at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited financial statements and the Reports of the Directors and Auditors for the year ended 31 December 2005.
2. To re-elect the retiring Directors and to authorize the Board of Directors to fix the remuneration of the Directors.
3. To re-appoint the retiring Auditors and to authorize the Board of Directors to fix their remuneration.

ORDINARY RESOLUTIONS

4. As Special Business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution of the Company:

“**THAT:**

- (a) subject to paragraph (c) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to allot, issue or grant securities convertible into such shares, or options, warrants or similar rights to subscribe for any such shares or such convertible securities and to make or grant offers, agreements and options which might require the exercise of such power whether during or after the end of the Relevant Period be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorizations given to the directors of the Company and shall authorize such directors during the Relevant Period to make or grant offers, agreements and options which 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) 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 defined below); (ii) an issue of shares as scrip dividends pursuant to the by-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

NOTICE OF ANNUAL GENERAL MEETING

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 in the Company, shall not exceed 20% of the nominal amount of the issued share capital of the Company 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;
- (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; and
- (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).”

- 5. As Special Business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution of the Company:

“**THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares in the capital 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 be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate nominal amount of shares in the Company which may be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the nominal amount of the share capital of the Company in issue at the date of passing of this Resolution and the said approval shall be limited accordingly;
 - (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 purposes 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;
 - (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; and
 - (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.”
6. As Special Business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution of the Company:

“**THAT** subject to the passing of Resolutions numbered 4 and 5 set out in the notice convening this Meeting, the general mandate granted to the directors of the Company to issue and dispose of additional shares pursuant to Resolution numbered 4 set out in the notice convening this Meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution numbered 5 set out in the notice convening this Meeting, provided that such amount of shares so repurchased shall not exceed 10% of the nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”

By order of the Board
Watt Ka Po James
Company Secretary

Hong Kong, 28 April 2006

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member who is the holder of two or more shares and who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member 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 registrars of the Company in Hong Kong, Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, 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 23 May 2006 to 29 May 2006, 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 registrars of the Company in Hong Kong, Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00p.m. on 22 May 2006.
4. At the date of this notice, the directors of the Company are Mr. Yu Pun Hoi, Mr. Qin Tian Xiang, Ms. Chen Dan, Mr. Yu Lin Hoi, Mr. Lam Bing Kwan, Mr. Huang Yaowen, Mr. Jiang Ping, Ms. Wei Jingyun and Mr. Wu Chen.