
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 South Sea Holding Company 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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South Sea Holding Company Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 680)

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
CHANGE OF COMPANY NAME
AMENDMENTS TO BYE-LAWS
AND
RE-ELECTION OF DIRECTORS**

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 10 June 2005 at 10:00 a.m. is set out on pages 11 to 15 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 G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, 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.

29 April 2005

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 10 June 2005 at 10:00 a.m., notice of which is set out on pages 11 to 15 of this circular or any adjournment thereof
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company
“Company”	South Sea Holding Company 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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	26 April 2005, 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”	holders of Shares
“Shares”	shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



South Sea Holding Company Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 680)

Directors:

YU Pun Hoi (*Chairman*)
ZHANG Hong Ren
ZHAO Liang
YU Lin Hoi[#]
LAM Bing Kwan[#]
WEI Jingyun*
QIN Tian Xiang*
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*

29 April 2005

*To the Shareholders and, for information only,
holder of the convertible loan notes of the Company*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
CHANGE OF COMPANY NAME
AMENDMENTS TO BYE-LAWS
AND
RE-ELECTION OF DIRECTORS**

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;
- (2) the change of company name;

LETTER FROM THE BOARD

- (3) the proposed amendments to the Bye-Laws; and
- (4) 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 general mandates, in substitution for the general mandates to issue and repurchase Shares granted to the Directors at the annual general meeting held on 11 June 2004, 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;
- (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 Repurchase Resolution at the AGM.

CHANGE OF COMPANY NAME

The Directors also propose to change the name of the Company to “Nan Hai Corporation Limited” in order to expressly reflect our main direction and continued expansion in the People’s Republic of China, and the Chinese translation of the Company’s name of “南海控股有限公司” would remain unchanged. In this connection, the special resolution (Resolution numbered 7) as set out in the notice of the AGM is proposed to approve the change of name.

Subject to the approval of Shareholders and the Registrar of Companies in Bermuda, the change of the Company’s name will take effect on the date on which the new name is entered by the Registrar of Companies in Bermuda into the companies register in place of the existing name. The Company will attend to the necessary filings with the Registrar of Companies in Hong Kong following the change of name in compliance with applicable laws and regulations in Hong Kong. Further announcement will be made when the change of the Company’s name becomes effective.

LETTER FROM THE BOARD

The change of the Company's name will not affect any rights of the Shareholders. Upon the change of the Company's name becoming effective, all existing share certificates bearing the existing name of the Company will continue to be evidence of title to the shares in the capital of the Company and be valid for trading and settlement purpose. Shareholders who desire to exchange their existing share certificates for share certificates bearing the new name of the Company may do so at no cost if effected within 30 days from the effective date of the change of company name. Subsequent exchanges will incur a fee of HK\$2.50 (subject to change) for each share certificate submitted or each certificate issued whichever is the higher amount.

AMENDMENTS TO BYE-LAWS

Amendments have been made by the Stock Exchange to Appendix 14 to the Listing Rules concerning the code on corporate governance practices which came into effect on 1 January 2005. In this connection, the special resolution (Resolution numbered 8) as set out in the notice of the AGM is proposed to make amendments to the existing Bye-Laws, to the extent permitted under the laws of Bermuda, to comply with the requirements of the amended Appendix 14 to the Listing Rules.

Bye-laws 99 and 182(vi) dealing with retirement of directors will be amended to the extent permitted under the laws of Bermuda, to add the requirement for retirement of Directors by rotation at least once every three years at the Company's annual general meeting; and Bye-laws 90, 102 and 104 will be amended to the effect that all Directors appointed to fill a casual vacancy would be subject to election by Shareholders at the first general meeting after their appointment, in each case to reflect code provisions under the amended Appendix 14 to the Listing Rules.

RE-ELECTION OF DIRECTORS

In accordance with Bye-laws 99 and 182(vi) of the Bye-Laws, Mr. Lam Bing Kwan shall retire at the AGM and, being eligible, will offer himself for re-election at the AGM. In accordance with Bye-law 102(B) of the Bye-Laws, Ms. Wei Jingyun, Mr. Qin Tian Xiang and Mr. Wu Chen 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 11 to 15 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 G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, 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.

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:

- (i) by the Chairman of the meeting; or
- (ii) by 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) by 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) by 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 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 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 of
South Sea Holding Company Limited
Zhang Hong Ren
Director

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 29,931,804,183 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 2,993,180,418 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 2004 (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, 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 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, the substantial shareholder of the Company, Sino-i Technology Limited, through its wholly owned subsidiaries, namely Victorious Limited, Robina Profits Limited and Ko Tact Limited, is interested in approximately 67.71% 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 indirect shareholding of Sino-i Technology Limited would be increased to approximately 75.23% of the then issued share capital of the Company. However, the shareholding interest in the Company held by Victorious Limited alone would be increased from approximately 40.01% to approximately 44.46% of the issued capital of the Company. As described in note 6 to rule 26.1 of the Code, such an increase of more than 2% might trigger an obligation on the part of Victorious Limited and its concert parties to make a mandatory offer for Shares. The Directors have no present intention to exercise the mandate to repurchase Shares to such an extent as would trigger any mandatory general offer obligations under the Code or result in insufficient public float.

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 HK\$	Lowest HK\$
2004		
April	0.021	0.016
May	0.019	0.015
June	0.020	0.014
July	0.015	0.013
August	0.014	0.011
September	0.019	0.010
October	0.026	0.017
November	0.030	0.023
December	0.045	0.022
2005		
January	0.072	0.032
February	0.056	0.042
March	0.053	0.035
April (up to and including the Latest Practicable Date)	0.043	0.033

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:**Mr. LAM Bing Kwan** – *non-executive Director*

Mr. Lam Bing Kwan, aged 55, graduated from the University of Oregon in the United States of America with a Bachelor of Business Administration degree in 1974. Mr. Lam has been in management positions in the banking and financial industry for more than 10 years. Mr. Lam joined the Board on 20 September 2000 and was re-designated as a non-executive Director on 2 April 2002. Mr. Lam is currently a non-executive director of Sino-i Technology Limited (“Sino-i”) (the holding company of the Company) and an independent non-executive director of Lai Sun Development Company Limited, Lai Fung Holdings Limited, and eForce Holdings Limited. The shares of all of these companies are listed on the main board of the Stock Exchange. Save as disclosed, Mr. Lam does not hold any other positions with the Company or its subsidiaries, and has not held any other directorship in listed public companies for the last three years. Mr. Lam does not receive any director’s fee and is not entitled to receive any bonus payments, whether fixed or discretionary in nature. Mr. Lam has not entered into any service contract with the Company, nor been appointed for a specific term, but will be subject to retirement by rotation in accordance with the Bye-Laws. Save as disclosed above, Mr. Lam does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Lam has an interest in 18,000,000 underlying shares in Sino-i, an associated corporation of the Company within the meaning of Part XV of the SFO, but does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Ms. WEI Jingyun – *independent non-executive Director*

Ms. Wei Jingyun, aged 54, obtained the Certificate of Certified Public Accountant issued by the Ministry of Finance of the People’s Republic of China in 1994, Certificate of Licensed Registered Tax Agent of the People’s Republic of China in 1998 and Professional Credential for Internal Auditors issued by the China Institute of Internal Audit in 2004. Ms. Wei has been a Vice-Director of Beijing Zhong De Accounting Office since August 1999 and has pursued her accounting profession in the People’s Republic of China for over 35 years. Ms. Wei joined the Board on 30 September 2004. Save as disclosed, Ms. Wei does not hold any other positions with the Company or its subsidiaries, and has not held any other directorship in listed public companies for the last three years. Ms. Wei receives a director’s fee of RMB120,000 per annum determined with reference to her duties and responsibilities within the Company, but is not entitled to receive any bonus payments, whether fixed or discretionary in nature. Ms. Wei has not entered into any service contract with the Company, nor been appointed for a specific term, but will be subject to retirement by rotation in accordance with the Bye-Laws. Ms. Wei does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As of the Latest Practicable Date, Ms. Wei does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Mr. QIN Tian Xiang – *independent non-executive Director*

Mr. Qin Tian Xiang, aged 39, graduated from the National University of Defense Technology, Electronics Technique Department. Mr. Qin has been the president of Beijing Xin Shen Jian Economic & Technique Development Company since 1994. Mr. Qin was the chairman and chief executive officer of Hongkong Broad Communication Limited Corporation during the period from 1999 to 2003. Mr. Qin was the director and senior vice-president of Wool Worth Limited Corporation and the chairman and general manager of Beijing Jing Wei Real Estate Limited Corporation during the period from 1995 to 2001. Mr. Qin joined the Board on 30 September 2004. He is currently an independent non-executive director and audit committee member of Sino-i (the holding company of the Company, the shares of which are listed on the main board of the Stock Exchange). Save as disclosed, Mr. Qin does not hold any other positions with the Company or its subsidiaries, and has not held any other directorship in listed public companies for the last three years. Mr. Qin receives a director's fee of RMB120,000 per annum determined with reference to his duties and responsibilities within the Company, but he is not entitled to receive any bonus payments, whether fixed or discretionary in nature. He has not entered into any service contract with the Company, nor been appointed for a specific term, but will be subject to retirement by rotation in accordance with the Bye-Laws. Save as disclosed, Mr. Qin does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As of the Latest Practicable Date, Mr. Qin does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Mr. WU Chen – *independent non-executive Director*

Mr. Wu Chen, aged 33, graduated from the Law Institute of China Academy of Social Sciences (CASS), Beijing with a Master of Law (LLM) and has been a PhD Candidate since 2002. He has been a China Registered Attorney at Law and China Enterprise Legal Counselor in 1994 and 1996 respectively. Mr. Wu has been an attorney at law and the founding partner of Beijing Li He Law Firm since July 2004 and was an attorney at law in Anhui Tongye Law Firm in China in the past 10 years. Mr. Wu joined the Board on 30 September 2004. Save as disclosed, he does not hold any other positions with the Company or its subsidiaries, and has not held any other directorship in listed public companies for the last three years. Mr. Wu receives a director's fee of RMB120,000 per annum determined with reference to his duties and responsibilities within the Company, but he is not entitled to receive any bonus payments, whether fixed or discretionary in nature. He has not entered into any service contract with the Company, nor been appointed for a specific term, but will be subject to retirement by rotation in accordance with the Bye-Laws. He does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company. As of the Latest Practicable Date, Mr. Wu does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

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



South Sea Holding Company 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 South Sea Holding Company Limited (the “Company”) will be held at Chater Room I, Function Room Level (B1), The Ritz-Carlton, 3 Connaught Road Central, Hong Kong on 10 June 2005 at 10:00 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 2004.
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;

NOTICE OF ANNUAL GENERAL MEETING

- (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 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 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).”

NOTICE OF ANNUAL GENERAL MEETING

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;
 - (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.”

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTIONS

7. As Special Business, to consider and, if thought fit, pass the following resolution as a Special Resolution of the Company:

“**THAT** subject to the approval of the Registrar of Companies in Bermuda, the name of the Company be changed to “Nan Hai Corporation Limited”.”

8. As Special Business, to consider and, if thought fit, pass the following resolution as a Special Resolution of the Company:

“**THAT** the Bye-Laws of the Company adopted on 15 January 1991 and amended up to 11 June 2004 be amended as follows:

- (a) By deleting the existing Bye-Law 90 and its side-note in their entirety and replacing therefor with the following:

“Intentionally deleted.”

- (b) By deleting Bye-Law 99 in its entirety and substituting therefor the following new Bye-Law 99:

“99. Every Director, including those appointed for a specific term, shall (save for any executive Chairman or Managing Director) be subject to retirement by rotation at the annual general meeting at least once every three years and the Directors to retire at every annual general meeting shall be decided by the Board. A retiring Director shall be eligible for re-election.”

- (c) By deleting in Bye-law 102(A) the sentence “Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.” and substituting therefor “Any Director appointed to fill a casual vacancy shall hold office only until the next general meeting of the Company and any Director appointed as an addition to the Board shall hold office only until the next annual general meeting of the Company, and in each case shall then be eligible for re-election.”

- (d) By deleting in Bye-law 102(B) the sentence “Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting.” and substituting therefor “Any Director appointed to fill a casual vacancy shall hold office only until the next general meeting of the Company and any Director appointed as an addition to the Board shall hold office only until the next annual general meeting of the Company, and in each case shall then be eligible for re-election.”

NOTICE OF ANNUAL GENERAL MEETING

- (e) By deleting in Bye-law 104 the words “and may elected another person in his stead” and the sentence “Any person so elected shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.”
- (f) By deleting the existing Bye-Law 182(vi) and its side-note in their entirety and replacing therefor with the following:

“(vi) Intentionally deleted.””

By order of the Board
Watt Ka Po James
Company Secretary

Hong Kong, 25 April 2005

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 G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, 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 6 June 2005 to 10 June 2005, 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 G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 3 June 2005.
4. At the date of this notice, the directors of the Company are Messrs. Yu Pun Hoi, Zhang Hong Ren, Zhao Liang, Yu Lin Hoi, Lam Bing Kwan, Wei Jingyun, Qin Tian Xiang and Wu Chen.