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南海控股有限公司*

NAN HAI CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 680)

CONNECTED TRANSACTION — ENTRUSTED LOAN CONTRACT

ENTRUSTED LOAN CONTRACT

On 11 May 2017 (after trading hours), Nan Hai Zhichen (an indirect wholly-owned subsidiary of the Company) as lender, the Bank as lending agent and Dadi Century Beijing as borrower, entered into the Entrusted Loan Contract, pursuant to which Nan Hai Zhichen entrusted the Bank to grant the Entrusted Loan in the principal amount of RMB200,000,000 to Dadi Century Beijing, with a term of three years.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Ms. Liu, an executive Director, owns 80% of Dadi Century Beijing. In addition, Mr. YCH, an associate of Mr. YPH (an executive Director), owns 20% of Dadi Century Beijing. Given the foregoing, Dadi Century Beijing is a connected person of the Company and the transactions under the Entrusted Loan Contract constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The provision of the Entrusted Loan constitutes financial assistance provided by the Company not in the ordinary and usual course of business for the benefit of a connected person. As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Entrusted Loan Contract exceed(s) 0.1% but are all less than 5%, the transactions contemplated under the Entrusted Loan Contract are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and Shareholders' approval requirement under Chapter 14A of the Listing Rules.

* For identification purpose only

INTRODUCTION

On 11 May 2017 (after trading hours), Nan Hai Zhichen (an indirect wholly-owned subsidiary of the Company) as lender, the Bank as lending agent and Dadi Century Beijing as borrower, entered into the Entrusted Loan Contract, pursuant to which Nan Hai Zhichen entrusted the Bank to grant the Entrusted Loan in the principal amount of RMB200,000,000 to Dadi Century Beijing, with a term of three years.

ENTRUSTED LOAN CONTRACT

Major terms of the Entrusted Loan Contract are set out below:

- Date:** 11 May 2017
- Parties:**
- (i) Nan Hai Zhichen, as the lender
 - (ii) the Bank, as the lending agent
 - (iii) Dadi Century Beijing, as the borrower

To the best of the Company's knowledge, information and belief having made all reasonable enquiries, the Bank and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Principal amount: RMB200,000,000

Interest rate: Fixed interest rate of 9.00% per annum, which is arrived at after arm's length negotiation between the Company and Dadi Century Beijing with reference to the prevailing market interest rates and practices.

The accrued interest shall be calculated on the basis of a 360-day per year and the actual number of days elapsed and settled by Dadi Century Beijing on the Repayment Date.

Term: Three years commencing from 11 May 2017 and ending on 10 May 2020.

Drawdown Date: Subject to fulfilment or waiver of the conditions precedent as set out in the Entrusted Loan Contract, the drawdown date of the Entrusted Loan shall be 11 May 2017 (the "**Drawdown Date**").

Repayment Date: The principal amount of the Entrusted Loan and the accrued interest shall be payable by Dadi Century Beijing on a one-off basis on 10 May 2020 (the "**Repayment Date**"), unless otherwise requested by Dadi Century Beijing and approved by Nan Hai Zhichen and the Bank.

Default interest: If Dadi Century Beijing fails to repay the principal or fails to pay the interest on the due date for payment, interest on the unpaid amount shall accrue, from the date of non-payment to the date of actual payment, at a default interest rate of 50% per annum, in addition to the applicable interest rate applicable to the Entrusted Loan.

Handling fee: The handling fee of the Entrusted Loan shall be 0.2% per annum of the actual principal amount drawdown pursuant to the Entrusted Loan Contract, calculated on the basis of a 360-day per year and the number of days elapsed between the Drawdown Date and the Repayment Date. The handling fee of the Entrusted Loan shall be settled by Nan Hai Zhichen to the Bank in one lump sum on the date when the loan is drawn down by Dadi Century Beijing.

REASONS FOR AND BENEFITS OF THE FINANCIAL ASSISTANCE

Dadi Century Beijing owns 85% equity interest of GD Cinema Circuit, which business includes motion picture distribution (cinema circuit); design, production, publication and agency of various advertisements; sale, installation and maintenance of motion picture projection equipment and other cinema operation facilities; motion picture projection technical services; leasing of equipment and arenas. The Company considers that the provision of the Entrusted Loan through the Bank as the lending agent to Dadi Century Beijing can help establishing a strategic relationship with GD Cinema Circuit. In addition, the Entrusted Loan will be provided with the internal resources of the Group and can provide additional interest income for the Group. The terms of the Entrusted Loan Contract, including the interest rate applicable, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices.

In view of the above, although the Entrusted Loan was provided by the Group not in the ordinary and usual course of business, the Directors (including all the independent non-executive Directors) consider that the terms of the Entrusted Loan Contract are fair and reasonable, and the transactions contemplated under the Entrusted Loan Contract is on normal commercial terms or better and is in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company

The Company is an investment holding company whose securities are listed and traded on the Main Board of the Stock Exchange. The Group is principally engaged in (i) culture and media services (mainly in cinemas business on a nationwide basis in the PRC in addition to film distribution and other media related businesses); (ii) property development; and (iii) corporate IT application services (through its listed subsidiary, Sino-i Technology Limited (stock code: 250), a company having its shares listed and traded on the Main Board of the Stock Exchange) as at the date of this announcement. In 2015, the Group also started to tap into new business segments such as “New Media” and “Innovative Business” and will step up its efforts in establishing these two business segments as the new growth points of the Company.

Dadi Century Beijing

To the best information, knowledge and belief of the Board, Dadi Century Beijing is a limited liability company incorporated in the PRC. Dadi Century Beijing owns 85% equity interest of GD Cinema Circuit, which business scope is motion picture distribution (cinema circuit); design, production, publication and agency of various advertisements; sale, installation and maintenance of motion picture projection equipment and other cinema operation facilities; motion picture projection technical services; leasing of equipment and arenas. GD Cinema Circuit has obtained a permit of cross-province cinema circuit issued by SAPPRFT.

LISTING RULE IMPLICATIONS

As at the date of this announcement, Ms. Liu, an executive Director, owns 80% of Dadi Century Beijing. In addition, Mr. YCH, an associate of Mr. YPH (an executive Director), owns 20% of Dadi Century Beijing. Given the foregoing, Dadi Century Beijing is a connected person of the Company and the transactions under the Entrusted Loan Contract constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The provision of the Entrusted Loan constitutes financial assistance provided by the Company not in the ordinary and usual course of business for the benefit of a connected person. As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Entrusted Loan Contract exceed(s) 0.1% but are all less than 5%, the transactions contemplated under the Entrusted Loan Contract are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

APPROVAL BY THE BOARD

The Board has approved the Entrusted Loan Contract and the Entrusted Loan Transaction. Since Ms. Liu has a material interest in Dadi Century Beijing, she has abstained from voting on the relevant meeting of the Board to approve the Entrusted Loan Contract and the Entrusted Loan Transaction. For good corporate governance purposes, Mr. YPH has also abstained from voting on the relevant meeting of the Board to approve the Entrusted Loan Contract and the Entrusted Loan Transaction.

DEFINITIONS

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

“associate(s)”	has the meaning given to it under the Listing Rules
“Bank”	China CITIC Bank Corporation Limited (中信銀行股份有限公司), the lending agent of the Entrusted Loan
“Board”	the board of Directors
“Company”	Nan Hai Corporation Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Stock Exchange (stock code: 680)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules
“Controlling Shareholder Group”	Rosewood Assets Ltd., Pippen Limited, Staverley Assets Limited and First Best Assets Limited, companies indirectly wholly-owned by Mr. Yu Pun Hoi (an executive Director) through Dadi Holdings Limited, which together hold 37,092,780,679 Shares, representing 54.04% of the issued share capital of the Company as at the date of this announcement
“Dadi Century Beijing”	大地時代文化傳播(北京)有限公司 (Dadi Century Culture Media (Beijing) Company Limited*), a company incorporated in the PRC, which is an associate of Ms. Liu (an executive Director) and directly holds 85% equity interest of GD Cinema Circuit
“Director(s)”	the director(s) of the Company
“Drawdown Date”	the drawdown date of the Entrusted Loan, which subject to fulfilment or waiver of the conditions precedent as set out in the Entrusted Loan Contract, shall be 11 May 2017
“Entrusted Loan”	the loan in the principal amount of RMB200,000,000 provided by Nan Hai Zhichen to Dadi Century Beijing through the Bank under the Entrusted Loan Contract
“Entrusted Loan Contract”	the entrusted loan contract entered into between Nan Hai Zhichen, the Bank and Dadi Century Beijing on 11 May 2017 in relation to the Entrusted Loan Transaction
“Entrusted Loan Transaction”	the transaction to provide the Entrusted Loan pursuant to the Entrusted Loan Contract

“GD Cinema Circuit”	廣東大地電影院線股份有限公司 (GD Cinema Circuit Company Limited*), a company incorporated in the PRC, and is a connected person of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	any person(s) or companies and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. YCH”	Mr. Yu Cheung Hoi (于常海先生), elder brother of Mr. YPH, who is not a substantial shareholder nor Director nor chief executive of the Company nor any of its subsidiaries
“Mr. YPH”	Mr. Yu Pun Hoi (于品海先生), a controlling shareholder of the Company and the chairman and executive Director of the Company
“Ms. Liu”	Ms. Liu Rong (劉榮女士), an executive Director, but she is not a substantial shareholder of the Company nor any of its subsidiaries
“Nan Hai Zhichen”	南海智辰投資顧問(北京)有限公司 (Nan Hai Zhichen Investment Consultancy (Beijing) Company Limited*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, for the purposes of this announcement excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Repayment Date”	10 May 2020, unless otherwise requested by Dadi Century Beijing and approved by Nan Hai Zhichen and the Bank
“RMB”	Renminbi, the lawful currency of the PRC
“SAPPRFT”	State Administration of Press, Publication, Radio, Film and Television of the PRC (中華人民共和國國家新聞出版廣電總局), formerly known as the State Administration of Radio, Film, and Television of the PRC (中華人民共和國國家廣播電影電視總局)

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company, or if there has been a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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By the order of the Board
Nan Hai Corporation Limited
Lung King Cheong
Executive Director

Hong Kong, 11 May 2017

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Mr. Yu Pun Hoi
Ms. Liu Rong
Mr. Lung King Cheong

Non-executive Director:

Mr. Lam Bing Kwan

*Independent non-executive
Directors:*

Mr. Ho Yeung Nang
Mr. Lau Yip Leung
Mr. Xiao Sui Ning