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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 — LOAN EXTENSION AGREEMENT

LOAN EXTENSION AGREEMENT

Reference is made to the announcement of the Company dated 11 May 2017. On 11 May 2017, 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.

On 1 April 2020 (after trading hours), Nan Hai Zhichen as lender and Dadi Century Beijing as borrower entered into the Loan Extension Agreement to continue provision of the Loan in the principal amount of RMB 200,000,000, for the period from 11 May 2020 to 10 November 2021.

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 contemplated under the Loan Extension Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The transactions contemplated under the Loan Extension Agreement 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 Loan Extension Agreement exceed(s) 0.1% but are all less than 5%, the transactions contemplated under the Loan Extension Agreement 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, 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.

On 1 April 2020 (after trading hours), Nan Hai Zhichen as lender and Dadi Century Beijing as borrower entered into the Loan Extension Agreement to continue provision of the Loan in the principal amount of RMB 200,000,000, for the period from 11 May 2020 to 10 November 2021.

LOAN EXTENSION AGREEMENT

Major terms of the Loan Extension Agreement are set out below:

- Date:** 1 April 2020
- Parties:** (i) Nan Hai Zhichen, as the lender
(ii) Dadi Century Beijing, as the borrower
- Principal amount:** RMB200,000,000
- Interest rate:** Fixed interest rate of 9.5% per annum, which is arrived at after arm's length negotiation between Nan Hai Zhichen 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:** 18 months commencing from 11 May 2020 and ending on 10 November 2021.
- Repayment Date:** The principal amount of the Loan and the accrued interest shall be payable by Dadi Century Beijing on a one-off basis on 10 November 2021 (the "**Repayment Date**"), unless otherwise requested by Dadi Century Beijing and approved by Nan Hai Zhichen.
- Default payment:** If Dadi Century Beijing fails to repay the principal or fails to pay the interest on the Repayment Date, interest on the unpaid amount shall accrue, from the date of non-payment to the date of actual payment, at an annual interest rate of 1.5 times the applicable interest rate of the Loan.

REASONS FOR AND BENEFITS OF THE FINANCIAL ASSISTANCE

Dadi Century Beijing owns 82.49% equity interest of GD Cinema Circuit, which business includes motion picture distribution (cinema circuit); agency of ticketing; agency of advertising; 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 Loan to Dadi Century Beijing can help to maintain a strategic relationship with GD Cinema Circuit. In addition, the Loan has been provided with the internal resources of the Group and can provide additional interest income for the Group. The terms of the Loan Extension Agreement, 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 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 Loan Extension Agreement are fair and reasonable, and the transactions contemplated under the Loan Extension Agreement 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 and other media related businesses); (ii) property development; and (iii) enterprise cloud 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. Meanwhile, the Group also involved in business segments such as "News Media" and "Innovative Business".

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 82.49% equity interest of GD Cinema Circuit, the business scope of which is motion picture distribution (cinema circuit); agency of ticketing; agency of advertising; 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 relevant authorities.

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 contemplated under the Loan Extension Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The transactions contemplated under the Loan Extension Agreement 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 Loan Extension Agreement exceed(s) 0.1% but are all less than 5%, the transactions contemplated under the Loan Extension Agreement 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 Loan Extension Agreement and the transactions contemplated under the Loan Extension Agreement. Since Ms. Liu has a material interest in Dadi Century Beijing, she has abstained from voting on the relevant resolution of the Board to approve the Loan Extension Agreement and the transactions contemplated under the Loan Extension Agreement. For good corporate governance purposes, Mr. YPH has also abstained from voting on the relevant resolution of the Board to approve the Loan Extension Agreement and the Loan.

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
“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
“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 82.49% equity interest of GD Cinema Circuit
“Director(s)”	the director(s) of the Company
“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
“Loan”	the loan in the principal amount of RMB200,000,000 provided by Nan Hai Zhichen to Dadi Century Beijing
“Loan Extension Agreement”	the loan extension agreement entered into between Nan Hai Zhichen and Dadi Century Beijing on 1 April 2020 in relation to the Loan
“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 November 2021, unless otherwise requested by Dadi Century Beijing and approved by Nan Hai Zhichen
“RMB”	Renminbi, the lawful currency of the PRC

“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
Liu Rong
Executive Director and Chief Executive Officer

Hong Kong, 1 April 2020

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

<i>Executive Directors:</i>	<i>Non-executive Director:</i>	<i>Independent non-executive Directors:</i>
Mr. Yu Pun Hoi Ms. Liu Rong	Mr. Lam Bing Kwan	Mr. Lau Yip Leung Mr. Xiao Sui Ning Mr. Ho Yeung Nang