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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)

PROFIT WARNING

This announcement is made by Nan Hai Corporation Limited (the “**Company**”, and together with its subsidiaries, collectively as the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The board of directors of the Company (the “**Board**”) hereby informs the shareholders and potential investors of the Company that the Group is expected to record a loss of approximately HK\$2.6 billion to approximately HK\$2.9 billion for the year ended 31 December 2020 as compared to a loss of approximately HK\$641.4 million for the year ended 31 December 2019.

The Board considered that such loss was primarily due to:

1. During the year, the results for culture and media services segment of the Group experienced a significant drop as compared to the corresponding period in 2019 due to the severe impact of the COVID-19 epidemic (“**Epidemic**”) on the cinema industry. According to requirements for epidemic prevention and control in all regions and industry regulatory requirements in the PRC, more than 500 cinemas of the Group have suspended operations since the end of January 2020, and gradually resumed operations starting from July 2020. As such, year-on-year revenue dropped significantly during the year, while we still incurred fixed costs such as depreciation of cinema equipment, leasehold improvements and right-of-use assets, amortisation of intangible assets and employee salaries.

* For identification purpose only

2. Due to the Epidemic and its continuing impact on the macro economy, as a matter of prudence, the Group made provision for impairment of property, plant and equipment, goodwill and other intangible assets in the culture and media services and innovative business segments of approximately HK\$1.2 billion to approximately HK\$1.35 billion. Such impairment was calculated in accordance with Hong Kong Accounting Standard 36 — Impairment of Assets. The provision for impairment was a non-cash item and had no impact on the operations and working capital of the Group.

The information contained in this announcement is solely based on a preliminary assessment by the management of the Company on the unaudited consolidated management accounts of the Group for the year ended 31 December 2020, which have not been audited or reviewed by the auditors or audit committee of the Company. Such financial information will be subject to finalization and necessary adjustments. The Company expects to publish an announcement on the Group's annual results for the year ended 31 December 2020 later this month, and the corresponding 2020 annual report will be published subsequently.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board of
Nan Hai Corporation Limited
Liu Rong
*Executive Director and
Chief Executive Officer*

Hong Kong, 5 March 2021

As at the date of this announcement, the directors of the Company are:

Executive directors:

Mr. Yu Pun Hoi

Ms. Liu Rong

Non-executive director:

Mr. Lam Bing Kwan

Independent non-executive directors:

Mr. Lau Yip Leung

Mr. Xiao Sui Ning

Mr. Ho Yeung Nang