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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)

INSIDE INFORMATION LIMITED PARTNERSHIP'S INTEREST TRANSFER AGREEMENTS

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong).

DADI DREAMWORKS LIMITED PARTNERSHIP'S INTEREST TRANSFER AGREEMENTS

On 3 April 2023 (after trading hours), Ms. Liu Rong (an executive Director and chief executive officer of the Company) and Dadi Shichuang Beijing entered into the Dadi Dreamworks Limited Partnership's interest Transfer Agreement, pursuant to which Ms. Liu Rong agreed to sell and Dadi Shichuang Beijing agreed to buy, 50% interest in Dadi Dreamworks for a total consideration of RMB1.

On 3 April 2023 (after trading hours), Ms. Yu Xin (a former director of certain subsidiaries of the Company who left the Group with effect from 31 August 2019) and Dadi Logic Link Beijing entered into the Dadi Dreamworks Limited Partnership's interest Transfer Agreement, pursuant to which Ms. Yu Xin agreed to sell and Dadi Logic Link Beijing agreed to buy, 50% interest in Dadi Dreamworks for a total consideration of RMB1.

NINGBO YISHAN LIMITED PARTNERSHIP'S INTEREST TRANSFER AGREEMENT

On 3 April 2023 (after trading hours), Ms. Liu Rong and Dadi Shichuang Beijing entered into the Ningbo Yishan Limited Partnership's interest Transfer Agreement, pursuant to which Ms. Liu Rong agreed to sell and Dadi Shichuang Beijing agreed to buy, 20% interest in Ningbo Yishan for a total consideration of RMB1.

* For identification purposes only

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dadi Dreamworks is owned as to 50% and 50% by Ms. Liu Rong and Ms. Yu Xin respectively. Ms. Liu Rong is the general partner of Dadi Dreamworks and Ms. Yu Xin is the limited partner of Dadi Dreamworks. As such, Dadi Dreamworks is an associate of Ms. Liu Rong, and thus a connected person of the Company under Chapter 14A of the Listing Rules.

Further, as at the date of this announcement, 20% interest in Ningbo Yishan is held by Ms. Liu Rong and 80% interest in Ningbo Yishan is held by Dadi Dreamworks. As such, Ningbo Yishan is an associate of Ms. Liu Rong and thus a connected person of the Company under Chapter 14A of the Listing Rules.

Upon completion of the Transfers of Interest in Limited Partnership, the Target Companies will become indirect wholly-owned subsidiaries of the Company and the equity interest of the Group in Guangdong Dadi will be increased to 100%.

The above-mentioned transactions are fully exempted from the announcement and reporting requirements under Rule 14A.76 of the Listing Rules as all the percentage ratios are less than 5% and the total consideration is less than HK\$3,000,000.

DADI DREAMWORKS LIMITED PARTNERSHIP'S INTEREST TRANSFER AGREEMENTS

The Board hereby announces that on 3 April 2023 (after trading hours), Ms. Liu Rong and Ms. Yu Xin entered into the Dadi Dreamworks Limited Partnership's interest Transfer Agreements with Dadi Shichuang Beijing and Dadi Logic Link Beijing, respectively. Their major terms and conditions are as follows:

Date: 3 April 2023

Parties: (1) Ms. Liu Rong; and
(2) Dadi Shichuang Beijing

AND

(3) Ms. Yu Xin; and
(4) Dadi Logic Link Beijing

Subject matter: Ms. Liu Rong agreed to sell and Dadi Shichuang Beijing agreed to buy, 50% interest in Dadi Dreamworks; and Ms. Yu Xin agreed to sell and Dadi Logic Link Beijing agreed to buy, 50% interest in Dadi Dreamworks.

Consideration and payment term: RMB1 each payable in cash within 3 business days from the date of the above-mentioned agreements are signed and become effective.

NINGBO YISHAN LIMITED PARTNERSHIP'S INTEREST TRANSFER AGREEMENT

The Board hereby announces that on 3 April 2023 (after trading hours), Ms. Liu Rong and Dadi Shichuang Beijing entered into the Ningbo Yishan Limited Partnership's interest Transfer Agreement. Its major terms and conditions are as follows:

Date:	3 April 2023
Parties:	(1) Ms. Liu Rong; and (2) Dadi Shichuang Beijing
Subject matter:	Ms. Liu Rong agreed to sell and Dadi Shichuang Beijing agreed to buy, 20% interest in Ningbo Yishan.
Consideration and payment term:	RMB1 payable in cash within 3 business days from the date of the above-mentioned agreement is signed and become effective.

BASIS OF THE CONSIDERATION

The consideration for the Transfers of Interest in Limited Partnership was determined by the parties after arm's length negotiations with reference to the total appraised value of approximately -RMB4,287,000 in respect of the Target Companies as at 30 September 2022 as determined by an independent valuer using market approach. The negative appraised value is because the Target Companies were in net liabilities position as adjusted for the assessed value of their major assets. Based on the above, the Directors (including the independent non-executives directors) consider that the consideration for the Transfers of Interest in Limited Partnership are fair and reasonable.

INFORMATION ON THE PARTIES AND TARGET COMPANIES

The Company

The Company is an investment holding company, the securities of which 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. In the meantime, the Group is also engaged in news media business and innovative business.

Dadi Dreamworks

Dadi Dreamworks is a limited partnership and is principally engaged in management of investment. Dadi Dreamworks was used as a platform for employees of Guangdong Dadi who have made significant contributions to Guangdong Dadi to hold the equity interests of Guangdong Dadi they acquired pursuant to the Incentive Scheme.

Ningbo Yishan

Ningbo Yishan is a limited partnership established in the PRC. It is principally engaged in investment management.

Dadi Shichuang Beijing

Dadi Shichuang Beijing is a limited liability company established in the PRC. It is principally engaged in investment management. It is an indirect wholly-owned subsidiary of the Company.

Dadi Logic Link Beijing

Dadi Logic Link Beijing is a limited liability company established in the PRC. It is principally engaged in technological development. It is an indirect wholly-owned subsidiary of the Company.

Ms. Liu Rong

Ms. Liu Rong is an executive director and chief executive officer of the Company and director of certain subsidiaries of the Company.

Ms. Yu Xin

Ms. Yu Xin is a former director of certain subsidiaries of the Company who left the Group with effect from 31 August 2019.

INFORMATION ON TARGET COMPANIES

Dadi Dreamworks

Ms. Liu Rong and Ms. Yu Xin originally subscribed for 50% interest in Dadi Dreamworks respectively for a consideration of RMB500,000 each.

The unaudited consolidated financial information of Dadi Dreamworks is set out as below:

	For the year ended 31 December 2021 <i>HK\$'000</i>	For the year ended 31 December 2022 <i>HK\$'000</i>
Net loss before taxation	(24)	(25)
Net loss after taxation	(24)	(25)

According to the unaudited consolidated financial statements of Dadi Dreamworks, the total assets and net assets of Dadi Dreamworks as at 31 December 2022 were approximately HK\$170,915,000 and HK\$988,000, respectively.

Ningbo Yishan

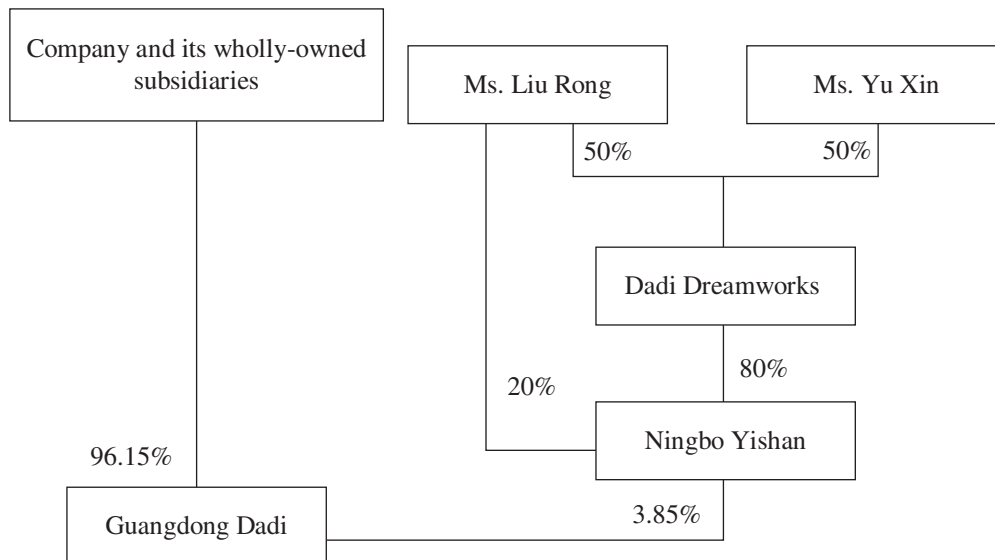
Ms. Liu Rong originally subscribed for 20% interest in Ningbo Yishan for a consideration of RMB200,000.

The unaudited consolidated financial information of Ningbo Yishan is set out as below:

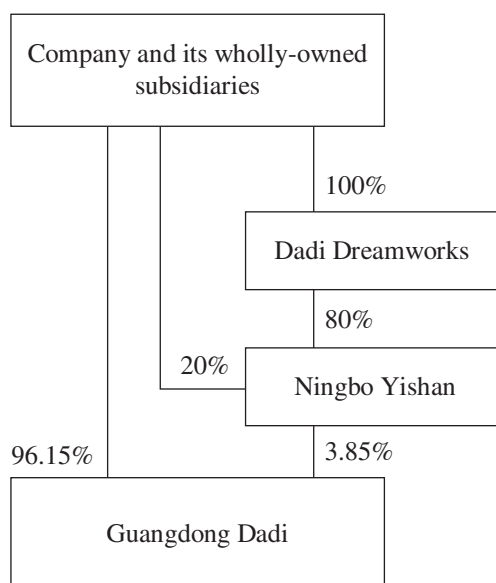
	For the year ended 31 December 2021 HK\$'000	For the year ended 31 December 2022 HK\$'000
Net loss before taxation	(2)	(4)
Net loss after taxation	(2)	(4)

According to the unaudited financial statements of Ningbo Yishan, the total assets and net assets of Ningbo Yishan as at 31 December 2022 were approximately HK\$169,223,000 and HK\$1,130,000 respectively.

As at the date of this announcement, the simplified shareholding structure before the Transfers of Interest in Limited Partnership is set out below:



The simplified shareholding structure after the Transfers of Interest in Limited Partnership is set out below:



REASONS AND BENEFITS FOR THE TRANSFERS OF INTEREST IN LIMITED PARTNERSHIP

References are made to the Company’s (1) the announcement dated 11 November 2016 and circular dated 19 December 2016 regarding the discloseable and connected transaction in relation to the transfer of 10% equity interest in Guangdong Dadi (the “**Guangdong Dadi Equity Transfer**”) whereby 大地時代電影文化傳播(北京)有限公司 (Dadi Century Film Culture Media (Beijing) Company Limited*) agreed to sell and Dadi Dreamworks agreed to buy, 10% equity interest in Guangdong Dadi for a total consideration of RMB150,000,000; (2) announcement dated 26 February 2018 and circular dated 28 March 2018 regarding the entrusted fund contract and entrusted loan contract whereby an indirect wholly-owned subsidiary of the Company entrusted a trust company with the entrusted loan in the principal amount of RMB148,500,000 to Dadi Dreamworks, with a term of five years which became due on 25 February, 2023; and (3) announcement dated 24 February 2023.

The Guangdong Dadi Equity Transfer was entered into to establish an equity incentive platform for core employees of Guangdong Dadi. Dadi Dreamworks had obtained funds from a third party to settle the consideration for the Guangdong Dadi Equity Transfer. In order to serve the purpose of alleviating the financial burden in servicing the loans that the employees had previously obtained to settle the consideration payable for the Guangdong Dadi Equity Transfer, the Company had provided an interest-free entrusted loan to Dadi Dreamworks. Dadi Dreamworks had repaid its borrowing obtained from a third party in respect of the Guangdong Dadi Equity Transfer upon receipt of the interest-free loan from the Company.

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As the Company's cinema business segment has faced severe challenges as a result of the COVID-19 epidemic in the past few years, the Board is of the view that the Incentive Scheme and the entrusted loan aimed to alleviate the financial burden have not been effective in incentivizing employees under the current business environment. Accordingly, the Board has approved the abolition of the Incentive Scheme and the Transfers of Interest in Limited Partnership. The Company will consider implementing new incentive scheme as and when appropriate in the future.

The Directors (comprising the independent non-executive Directors) consider that the terms of the Transfers of Interest in Limited Partnership are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

FINANCIAL IMPACTS OF THE TRANSFERS OF INTEREST IN LIMITED PARTNERSHIP

Upon completion of the Transfers of Interest in Limited Partnership, the Target Companies will become indirect wholly-owned subsidiaries of the Company and their assets, liabilities and financial results will be consolidated to the consolidated financial statements of the Company.

As the underlying set of assets and liabilities of the Target Companies are not integrated in forming the businesses to generate revenue, the Directors consider the Transfers of Interest in Limited Partnership is purchase of net assets/liabilities which do not constitute business combination for accounting purposes.

Upon completion of the Transfers of Interest in Limited Partnership, the Group will increase its equity interests in Guangdong Dadi from 96.15% to 100%. Guangdong Dadi will become an indirect wholly-owned subsidiary of the Company. As the transaction will not change the control of Guangdong Dadi, the transaction will be classified as transaction with owners in their capacity as owners and any change in equity interests will be recognized in equity directly. The Group expects to record no gain or loss in its consolidated income statement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Dadi Dreamworks is owned as to 50% and 50% by Ms. Liu Rong and Ms. Yu Xin, respectively. Ms. Liu Rong is the general partner of Dadi Dreamworks and Ms. Yu Xin is the limited partner of Dadi Dreamworks. As such, Dadi Dreamworks is an associate of Ms. Liu Rong, and thus a connected person of the Company under Chapter 14A of the Listing Rules.

Further, as at the date of this announcement, 20% interest in Ningbo Yishan is held by Ms. Liu Rong and 80% interest in Ningbo Yishan is held by Dadi Dreamworks. As such, Ningbo Yishan is an associate of Ms. Liu Rong and thus a connected person of the Company under Chapter 14A of the Listing Rules.

Upon completion of the Transfers of Interest in Limited Partnership, the Target Companies will become indirect wholly-owned subsidiaries of the Company and the equity interest of the Group in Guangdong Dadi will be increased to 100%.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong). The above-mentioned transactions are fully exempted from the announcement and reporting requirements under Rule 14A.76 of the Listing Rules as all the percentage ratios are less than 5% and the total consideration is less than HK\$3,000,000.

APPROVAL BY THE BOARD

To avoid any conflicts of interests, Ms. Liu Rong, an executive Director who owns 50% interests in Dadi Dreamworks and 20% interest in Ningbo Yishan, has abstained from voting on the Board resolutions for approving the Limited Partnership's interest Transfer Agreements.

Save as disclosed above, none of the Directors has a material interest in the Limited Partnership's interest Transfer Agreements nor was required to abstain from voting on the relevant Board resolutions approving the Limited Partnership's interest Transfer Agreements and the transactions contemplated thereunder.

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
“China” or “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
“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 Dreamworks”	北京大地夢工廠投資合夥企業(有限合夥) (Beijing Dadi Dreamworks Investment Partnership (Limited Partnership)*), a limited partnership established in the PRC and is owned as to 50% and 50% by Ms. Liu Rong (an executive Director of the Company and the chairlady of Guangdong Dadi) and Ms. Yu Xin (a former director of certain subsidiaries of the Company and the former general manager of Guangdong Dadi) respectively, and a connected person of the Company

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“Dadi Logic Link Beijing”	大地互聯邏輯(北京)科技有限公司 (Dadi Logic Link (Beijing) Technology Co., Ltd.*), a company established in the PRC, an indirect wholly-owned subsidiary of the Company
“Dadi Shichuang Beijing”	大地時創投資管理(北京)有限公司 (Dadi Shichuang Investment Management (Beijing) Co., Ltd.*) , a company established in the PRC, an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangdong Dadi”	廣東大地影院建設有限公司 (Guangdong Dadi Cinema Construction Limited*), a company established in the PRC, an indirect non-wholly owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Incentive Scheme”	the incentive scheme adopted by Guangdong Dadi to provide incentives to employees of Guangdong Dadi who have made significant contributions to Guangdong Dadi as mentioned in the announcement of the Company dated 11 November 2016. The Incentive Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules
“Limited Partnership’s interest Transfer Agreements”	the Dadi Dreamworks Limited Partnership’s interest Transfer Agreements regarding the transfer of the aggregate of 100% interest in the limited partnership of Dadi Dreamworks from Ms. Liu Rong and Ms. Yu Xin to Dadi Shichuang Beijing and Dadi Logic Link Beijing, respectively; and the Ningbo Yishan Limited Partnership’s interest Transfer Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ningbo Yishan”	寧波移山影視投資管理合夥企業(有限合夥) (Ningbo Yishan Cinema Investment Partnership (Limited Partnership)*), a limited partnership established in the PRC and a connected person of the Company
“RMB”	Renminbi, the lawful currency of the PRC

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“SFO”	Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	Dadi Dreamworks and Ningbo Yishan
“Transfers of Interest in Limited Partnership”	the transfer of the aggregate of 100% interest in Dadi Dreamworks from Ms. Liu Rong and Ms. Yu Xin to Dadi Shichuang Beijing and Dadi Logic Link Beijing, respectively, pursuant to the Dadi Dreamworks Limited Partnership’s interest Transfer Agreements; and the transfer of 20% interest in Ningbo Yishan from Ms. Liu Rong to Dadi Shichuang Beijing pursuant to the Ningbo Yishan Limited Partnership’s interest Transfer Agreement
“%”	per cent.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange have been suspended with effect from 9:00 a.m. on 1 April 2022 and will remain suspended until the Company fulfils the Resumption Guidance (as defined in the Company’s announcement dated 13 July 2022).

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
Nan Hai Corporation Limited
Lam Bing Kwan
Non-executive Director

Hong Kong, 3 April 2023

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

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