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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO INSIDE INFORMATION — LIMITED PARTNERSHIP’S
INTEREST TRANSFER AGREEMENTS**

This announcement is made by the Company pursuant to Rules 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).

References are made to the announcements of the Company (i) dated 11 November 2016 and circular dated 19 December 2016 in relation to the discloseable and connected transaction in relation to the transfer of 10% equity interest in Guangdong Dadi; (ii) dated 26 February 2018 and circular dated 28 March 2018 in relation to the entrusted fund contract and entrusted loan contract; (iii) dated 24 February 2023 in relation to the inside information; and (iv) dated 3 April 2023 in relation to Limited Partnership’s Interest Transfer Agreements (collectively the “**Announcements**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Entrusted Loan expired on 25 February 2023. Dadi Dreamworks failed to repay the outstanding principal amount of RMB148,500,000 under the Entrusted Loan Contract constituted an event of default and breach of such contract. Upon completion of the Transfers of Interest in Limited Partnership, Dadi Dreamworks became an indirect wholly-owned subsidiary of the Company. As Dadi Dreamworks became an indirect wholly-owned subsidiary of the Company, the Entrusted Fund and Entrusted Loan originally provided by another indirect wholly-owned subsidiary of the Company to Dadi Dreamworks will be eliminated in preparing the consolidated financial statements of the Group, and such default did not have a material impact on the operation of the Group. According to the independent valuer’s valuation report, the appraised value of the Target Companies as at 30 September 2022 was approximately RMB -4,287,000, the negative appraised value is because of the difference between the appraised value of 3.85% equity interests in Guangdong Dadi of approximately RMB143,333,000 which represents the main asset held by the Target Companies, less the outstanding principal amount of the Entrusted Loan of RMB148,500,000 and other sundry items. Based on the reasons as mentioned below, the Company will not take any other action to recover the shortfall.

* For identification purposes only

Guangdong Dadi has always been managed and controlled by the Group, taking into account the purpose of the establishment of the Incentive Scheme and Entrusted Loan and the severe challenges brought by the COVID-19, amicably dealing with the Entrusted Loan and Incentive Scheme through the Transfers of Interest in Limited Partnership will prevent the Company from falling into a costly and potentially protracted litigation process. Upon completion of the Transfers of Interest in Limited Partnership, the Group increased its equity interests in Guangdong Dadi from 96.15% to 100%, any change in equity interests are recognized in equity directly. The Group expects to record no gain or loss in its consolidated income statement. The Board consider that the arrangement of the Transfers of Interest in Limited Partnership is fair and reasonable, and in the interests of the Company and its shareholders as a whole. The Company will consider implementing new incentive scheme as and when appropriate in the future.

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
Mr. Lam Bing Kwan
Non-executive Director

Hong Kong, 25 May 2023

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

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