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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)**

## **UPDATE ON MAJOR TRANSACTIONS IN RELATION TO THE ACQUISITION**

Reference is made to the announcements (the “**Announcements**”) of Nan Hai Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 25 January 2017, 17 February 2017, 7 March 2017 and 15 June 2017, 22 June 2017, 20 July 2017 and 28 July 2017, and the circular of the Company dated 23 June 2017 (the “**Circular**”) in relation to, amongst other things, the SPA that provided for the acquisition by True Vision Limited (a wholly-owned subsidiary of the Company) (the “**Purchaser**”) of over 70 cinemas with over 500 screens from Giant Harvest Limited (the “**Vendor**”). Capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements and the Circular unless otherwise stated.

On 27 September 2018, the Identified Lease (which relates to the cinema operation in a mall in Shenzhen, PRC known as The MIXC Shenzhen (萬象城)) expired. Contrary to the SPA, the Vendor did not procure the extension of such lease nor did it enter into any contract for substitute cinemas (替代影院資產的租賃協議) which comply with the conditions, whether express or implied, under Schedule 5 to the SPA.

By reason of the aforesaid, the Vendor is, in accordance with the terms of the SPA, required to pay compensation to the Purchaser in the amount of RMB380,000,000 (the “**Sum**”) within 10 business days from the Expiry Date. In breach of such obligation, the Vendor failed to pay the Sum or any part thereof to the Purchaser within 10 business days from the Expiry Date.

Pursuant to the SPA, the Vendor Guarantor, Orange Sky Golden Harvest Entertainment (Holdings) Limited, undertook to compensate the Purchaser for any loss arising from any breach of the SPA by the Vendor.

\* For identification purpose only

In order to preserve and protect the Group's interest, the Purchaser issued a writ of summons dated 31 October 2018 against the Vendor as the 1st defendant (the "**1st Defendant**") and the Vendor Guarantor as the 2nd defendant (the "**2nd Defendant**"), seeking, inter alia, the following orders against the Defendants:

- (1) an order that the 1st Defendant do pay the Sum to the Purchaser;
- (2) an order that the 2nd Defendant do pay the Sum to the Purchaser;
- (3) interest on the Sum pursuant to sections 48 and 49 of the High Court Ordinance (Cap. 4) and/or the equitable jurisdiction of the Court;
- (4) further or other relief; and
- (5) costs.

The Company will keep the shareholders of the Company and potential investors informed of any further material developments in connection with such proceedings by way of further announcement(s) as and when appropriate.

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

Hong Kong, 31 October 2018

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

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