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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, 15 June 2017, 22 June 2017, 20 July 2017, 28 July 2017 and 31 October 2018, 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.

Under the SPA, the Vendor provided certain representations and warranties concerning the subject matter which the Purchaser agreed to acquire pursuant to the terms of the SPA (the “**Representations**”). The Vendor further undertook that: (i) the Vendor should procure the Target Group to carry on its business in its usual course and as it was being conducted, and to exercise commercially reasonable endeavours to guarantee the satisfactory operation of all its major assets from the date of the signing of the SPA, i.e. 25 January 2017 (the “**Signing Date**”), to the Completion Date, i.e. 28 July 2017 (the “**Completion Date**”); and (ii) the Target Group should only develop its business in the normal and usual course of business, should only make routine payments, and should not make or enter into any major agreement, arrangement, guarantee, compensation or transaction outside of the ordinary course of business from the Signing Date to the Completion Date (the “**Undertakings**”). The Vendor was in breach of the Representations and the Undertaking.

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*

By reason of the aforesaid, the Purchaser issued a writ of summons dated 8 November 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 1st and 2nd Defendants:

- (1) an order that the 1st Defendant do pay damages for its breaches of the SPA in the amount of RMB82,145,795.38, or alternatively in an amount to be assessed (the “**Damages Amount**”);
- (2) an order that the 2nd Defendant do pay the Damages Amount;
- (3) interest on the Damages Amount 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, 8 November 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