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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)

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

1. On 1 January 2009, Dadi Cinema entered into a cooperation agreement with GD Cinema Circuit, pursuant to which GD Cinema Circuit shall supply Dadi Cinema various motion pictures and license Dadi Cinema to project such motion pictures in its digital cinemas in the PRC for a fixed term of five (5) years, having a provision of automatic extension of one (1) year upon the end of the fixed term, i.e. a total period of six (6) years, from 1 January 2009 to 31 December 2014. Upon expiration of extended term under the cooperation agreement on 31 December 2014, Dadi Cinema and GD Cinema Circuit entered into the Dadi Cinema Cooperation Agreement on 1 January 2015, pursuant to which GD Cinema Circuit shall (1) supply various motion pictures and license Dadi Cinema to project such motion pictures in its digital cinemas in the PRC; and (2) provide Dadi Cinema (i) advisory services in respect of interior design and operations of each of its digital cinemas and (ii) various analyses, for a fixed term of five (5) years, having a provision of automatic extension of one (1) year upon the end of the fixed term, i.e. a total period of six (6) years, from 1 January 2015 to 31 December 2020.

* For identification purpose only

2. On 4 February 2009, Dadi Development entered into a cooperation agreement with GD Cinema Circuit, pursuant to which GD Cinema Circuit shall supply Dadi Development various motion pictures and license Dadi Development to project such motion pictures in its digital cinemas in the PRC for a fixed term to 31 December 2013, having a provision of automatic extension of one (1) year upon the end of the fixed term, i.e. from 4 February 2009 to 31 December 2014. Upon expiration of extended term under the cooperation agreement on 31 December 2014, Dadi Development and GD Cinema Circuit entered into the Dadi Development Cooperation Agreement on 1 January 2015, pursuant to which GD Cinema Circuit shall (1) supply various motion pictures and license Dadi Development to project such motion pictures in its digital cinemas in the PRC; and (2) provide Dadi Development (i) advisory services in respect of interior design and operations of each of its digital cinemas and (ii) various analyses, for a fixed term of five (5) years, having a provision of automatic extension of one (1) year upon the end of the fixed term, i.e. a total period of six (6) years, from 1 January 2015 to 31 December 2020.
3. On 1 January 2014, Oristar entered into the Oristar Cooperation Agreement with GD Cinema Circuit, pursuant to which Oristar shall use its reasonable endeavours to sale the Projection Equipment (or any part of it) (including installation and training) to GD Cinema Circuit upon fulfillment of certain conditions for coping with its business development during a fixed term of six (6) years, from 1 January 2014 to 31 December 2019.

LISTING RULES IMPLICATIONS

On 19 August 2015, Ms. Liu, a director of the Company, who is a connected person of the Company under Rule 14A.07 of the Listing Rules, (1) acquires 80% of Dadi Century Beijing which directly owns 85% equity interest of GD Cinema Circuit; and (2) gains an effective control of 15% equity interest of GD Cinema Circuit through Dadi Legend which is an associate of Ms. Liu. Given the foregoing, Ms. Liu gains control in GD Cinema Circuit, and each of Dadi Century Beijing and GD Cinema Circuit becomes an associate of Ms. Liu pursuant to Rule 14A.12 of the Listing Rules. As a result, the continuing transactions contemplated under the Dadi Cinema Cooperation Agreement, Dadi Development Cooperation Agreement and the Oristar Cooperation Agreement become continuing connected transactions effect from 19 August 2015.

Mr. YCH, an associate of Mr. YPH, who is a connected person of the Company under Rule 14A.07 of the Listing Rules, owns 20% of Dadi Century Beijing.

Given the continuing transactions contemplated under each of the Dadi Cinema Cooperation Agreement, the Dadi Development Cooperation Agreement and the Oristar Cooperation Agreement subsequently become continuing connected transactions, the Company must comply with annual review, disclosure requirements including publishing an announcement and annual reporting during the term from 19 August 2015 to 31 December 2020 for both the Dadi Cinema Cooperation Agreement and the Dadi Development Cooperation Agreement and from 19 August 2015 to 31 December 2019 for Oristar Cooperation Agreement, and when any Dadi Cinema Cooperation Agreement, Dadi Development Cooperation Agreement or the Oristar Cooperation Agreement is renewed upon expiration of its term or any other terms thereof are varied, the Company must comply with all continuing connected transactions requirements pursuant to Rule 14A.60 of the Listing Rules.

INTRODUCTION

1. On 1 January 2009, Dadi Cinema entered into a cooperation agreement with GD Cinema Circuit, pursuant to which GD Cinema Circuit shall supply Dadi Cinema various motion pictures and license Dadi Cinema to project such motion pictures in its digital cinemas in the PRC, for a fixed term of five (5) years, having a provision of automatic extension of one (1) year upon the end of the fixed term, i.e. a total period of six (6) years, from 1 January 2009 to 31 December 2014. Upon expiration of extended term under the cooperation agreement on 31 December 2014, Dadi Cinema and GD Cinema Circuit entered into the Dadi Cinema Cooperation Agreement on 1 January 2015, pursuant to which GD Cinema Circuit shall (1) supply various motion pictures and license Dadi Cinema to project such motion pictures in its digital cinemas in the PRC; and (2) provide Dadi Cinema (i) advisory services in respect of interior design and operations of each of its digital cinemas and (ii) various analyses, for a fixed term of five (5) years, having a provision of automatic extension of one (1) year upon the end of the fixed term, i.e. a total period of six (6) years, from 1 January 2015 to 31 December 2020.
2. On 4 February 2009, Dadi Development entered into a cooperation agreement with GD Cinema Circuit, pursuant to which GD Cinema Circuit shall supply Dadi Development various motion pictures and license Dadi Development to project such motion pictures in its digital cinemas in the PRC for a fixed term to 31 December 2013, having a provision of automatic extension of one (1) year upon the end of the fixed term, i.e. from 4 February 2009 to 31 December 2014. Upon expiration of extended term under the cooperation agreement on 31 December 2014, Dadi Development and GD Cinema Circuit entered into the Dadi Development Cooperation Agreement on 1 January 2015, pursuant to which GD Cinema Circuit shall (1) supply various motion pictures and license Dadi Development to project such motion pictures in its digital cinemas in the PRC; and (2) provide Dadi Development (i) advisory services in respect of interior design and operations of each of its digital cinemas and (ii) various analyses, for a fixed term of five (5) years, having a provision of automatic extension of one (1) year upon the end of the fixed term, i.e. a total period of six (6) years, from 1 January 2015 to 31 December 2020.

3. On 1 January 2014, Oristar entered into the Oristar Cooperation Agreement with GD Cinema Circuit, pursuant to which Oristar shall use its reasonable endeavours to sale the Projection Equipment (or any part of it) (including installation and training) to GD Cinema Circuit upon fulfillment of certain conditions for coping with its business development during a fixed term of six (6) years, from 1 January 2014 to 31 December 2019.

MAJOR TERMS OF THE DADI CINEMA COOPERATION AGREEMENT/THE DADI DEVELOPMENT COOPERATION AGREEMENT

Date: 1 January 2015

Parties: (1) Dadi Cinema/Dadi Development; and
(2) GD Cinema Circuit

Term: Five (5) years, having a provision of automatic extension of one (1) year upon the end of five (5) years, i.e. a total period of six (6) years, from 1 January 2015 to 31 December 2020 (both days inclusive) (“Term”)

Major terms: (1) Provision of motion pictures and advisory services

- (a) GD Cinema Circuit shall supply various motion pictures to Dadi Cinema/Dadi Development from time to time and license Dadi Cinema/Dadi Development to project such motion pictures in digital cinemas operated by Dadi Cinema/Dadi Development in the PRC during the Term; and
- (b) GD Cinema Circuit shall provide advisory services in respect of interior design and operations of each digital cinema operated by Dadi Cinema/Dadi Development.

(2) Sharing of Net Box Office

- (a) During the period from 1 January 2015 to 30 June 2015:
 - (i) Licensed Motion Picture: the Net Box Office of each Licensed Motion Picture shall be distributed in the following sequences:
 - (aa) pay all license fees payable to the distributor for obtaining a license to sub-license the Licensed Motion Picture to Dadi Cinema/Dadi Development for projection of the Licensed Motion Picture in its cinemas; and
 - (bb) the whole portion of the Net Box Office after deduction of the amount in (aa) shall belong to Dadi Cinema/Dadi Development, i.e. the GD Cinema Circuit shall not be entitled to share the Net Box Office of the Licensed Motion Picture; and

- (ii) Fixed-Term Motion Picture: the sharing ratio of the Net Box Office of all Fixed-Term Motion Pictures between GD Cinema Circuit and Dadi Cinema/Dadi Development is 1:1, i.e. the Net Box Office is equally shared between GD Cinema Circuit and Dadi Cinema/Dadi Development (however, GD Cinema Circuit shall be solely responsible for all costs and expenses incurred in obtaining a fixed-term license to sub-license each Fixed-Term Motion Picture to Dadi Cinema/Dadi Development for projection in its cinemas).

 - (b) During the period from 1 July 2015 till the end of the Term:
 - (i) Licensed Motion Picture: the Net Box Office of each Licensed Motion Picture shall be distributed in the following sequences:
 - (aa) pay all license fees payable to the distributor for obtaining license to sub-license the Licensed Motion Picture to Dadi Cinema/Dadi Development for projection of the License Motion Picture in its cinemas;
 - (bb) pay 1% of the Net Box Office of the Licensed Motion Picture to GD Cinema Circuit for supplying and licensing the Licensed Motion Picture and providing advisory services and analyses; and
 - (cc) the whole portion of the Net Box Office of the Licensed Motion Picture after deduction of the amounts in (aa) and (bb) shall belong to Dadi Cinema/Dadi Development; and
 - (ii) Fixed-Term Motion Picture: the sharing ratio of the Net Box Office of all Fixed-Term Motion Pictures between GD Cinema Circuit and Dadi Cinema/Dadi Development is 1:1, i.e. the Net Box Office is equally shared between GD Cinema Circuit and Dadi Cinema/Dadi Development (however, GD Cinema Circuit shall be solely responsible for all costs and expenses incurred in obtaining a fixed-term license to sub-license each Fixed-Term Motion Picture to Dadi Cinema/Dadi Development for projection in its cinemas).
- (3) Ticketing system

Dadi Cinema/Dadi Development shall use a ticketing software which is in compliance with the requirements set out by SAPPRFT, and shall ensure its ticketing system to link up the system of GD Cinema Circuit.

- (4) Box office reporting and settlement
- (a) During the period from the day following the first show day to the day following the last show day of each motion picture, Dadi Cinema/Dadi Development shall report GD Cinema Circuit the box office of each of such motion pictures received by the cinemas operated by Dadi Cinema/Dadi Development;
 - (b) Dadi Cinema/Dadi Development shall report GD Cinema Circuit the total box office of each motion picture within two (2) days following the last show day of each of such motion pictures;
 - (c) Dadi Cinema/Dadi Development shall deliver GD Cinema Circuit a settlement account (the data in the settlement account shall be consistent with the total box office reported to GD Cinema Circuit as mentioned in (b) above); and
 - (d) Dadi Cinema/Dadi Development shall settle GD Cinema Circuit's entitlement in the Net Box Office in the manner set out under the heading of "Sharing of Net Box Office" of this announcement within fifteen (15) days after the last show day.
- (5) Rights and obligations of GD Cinema Circuit
- (a) Shall be responsible for sourcing of and obtaining licenses from distributors for sub-licensing to and projection of motion pictures by Dadi Cinema/Dadi Development, and shall ensure provision of various motion pictures in an uninterrupted manner;
 - (b) Shall be responsible for scheduling of all motion pictures supplied to Dadi Cinema/Dadi Development, and provision of promotion policy, promotion materials, copyright certification and authorization of projection of all such motion pictures to Dadi Cinema/Dadi Development;
 - (c) Shall be responsible for delivery portable hard disk of each motion picture to each cinema operated by Dadi Cinema/Dadi Development for ensuring each motion picture can be projected on a timely manner in each cinema operated by Dadi Cinema/Dadi Development;
 - (d) Shall be responsible for delivery a notice of showtime of each motion picture to Dadi Cinema/Dadi Development;
 - (e) Shall have right to observe the condition of projection of motion pictures in any cinema operated by Dadi Cinema/Dadi Development;

- (f) Shall be responsible for provision of advisory services in respect of interior design and operations of each cinema operated by Dadi Cinema/Dadi Development; and
 - (g) Shall use its endeavours to assist Dadi Cinema/Dadi Development in filing all necessary documents with and in applying grants for cinemas from governing authorities in the PRC.
- (6) Rights, obligations and undertakings of Dadi Cinema/Dadi Development
- (a) Shall complete the registration procedures set out by the governing authorities in the PRC in respect of joining in GD Cinema Circuit by all cinemas newly erected by Dadi Cinema/Dadi Development (GD Cinema Circuit shall give all necessary assistances in this respect);
 - (b) Shall not edit or change the name of any motion picture without obtaining GD Cinema Circuit's consent, and shall not sub-license any other party to project any motion picture, or shall not project any motion picture in any place other than the cinemas operated by Dadi Cinema/Dadi Development;
 - (c) Shall use endeavours to prevent from any piracy, and Dadi Cinema/Dadi Development shall be responsible for all damages and other legal liabilities in the event of piracy;
 - (d) Shall safeguard the portable hard disk of a motion picture supplied by GD Cinema Circuit;
 - (e) Shall strictly adhere to the minimum ticket price set out in the notice of showtime of each motion picture, and shall not violate the policy of minimum ticket price;
 - (f) Shall warrant box office and such other data as number of shows and number of attendees provided to GD Cinema Circuit are timely, complete and accurate;
 - (g) Shall settle all related taxes and GD Cinema Circuit's entitlement in the Net Box Office on time;
 - (h) Shall give priority to GD Cinema Circuit in respect of publication of advertisements in the cinemas of Dadi Cinema/Dadi Development on the condition that the terms and conditions offered by GD Cinema Circuit are at least same as those offered by the clients of Dadi Cinema/Dadi Development;

- (i) Shall allow GD Cinema Circuit and other motion picture distributors to access the projection room, machine room and ticketing office for ascertaining conditions of motion picture projection, usage of portable hard disks and sales of tickets;
- (j) Shall comply with the requirements of the software for ticketing management system set out by the SAPPRFT and obtain a certification of compliance of such;
- (k) Shall install and use only one software for the ticketing management system at any time;
- (l) Shall apply for inspection by the governing authority upon installation of the software for the ticketing management system;
- (m) Shall report to the governing authority any upgrading or enhancement of the software for the ticketing management system;
- (n) Shall undertake the ticketing management system will convey box office information to the integrated system of SAPPRFT on time, and no variation of such information;
- (o) Shall report to the governing authority any change in the basic information of Dadi Cinema/Dadi Development (including name of cinema, number of houses and seats of each cinema, address of cinema, the legal representative and communication means etc.);
- (p) Shall undertake each ticket is printed out by the ticketing management system, having complied with all necessary technical requirements, including the disclosure of name of cinema, name of motion picture, show time, ticket price, house name, seat number and bar code etc.;
- (q) Shall exchange all motion picture cards, coupons, receipts of tickets purchased on internet for computerized tickets upon presentation and recognition;
- (r) Shall undertake that the ticket price shown in the ticket is same as the price actually paid by the audience;
- (s) Shall undertake not to use the motion picture projector in any place other than in the cinemas operated by Dadi Cinema/Dadi Development; and
- (t) Shall not project any motion picture without having a valid permit for public projection.

REASONS FOR AND BENEFITS OF ENTERING INTO THE DADI CINEMA COOPERATION AGREEMENT AND THE DADI DEVELOPMENT COOPERATION AGREEMENT

Pursuant to 《關於改革電影發行放映機制的實施細則(試行)》(Pilot practices regarding reform of distribution and projection of motion pictures) (“Pilot Practices”) issued by SAPPRFT and MCPRC, both producers and distributors of motion pictures shall directly supply motion pictures to cinema circuit companies. In addition, a cinema operator shall join in as a member of a cinema circuit company (a cinema operator shall not join in more than one cinema circuit company) as per the provision set out in the Pilot Practices. In view of the foregoing, only a cinema circuit company in the PRC shall have right to license and acquire motion pictures directly from motion picture producers and distributors, and to subsequently sub-license the licensed or acquired motion pictures to its cinema operator members, i.e. the only way for a cinema operator projecting motion pictures in its cinema(s) is to become a member of a cinema circuit company in the PRC.

Both Dadi Cinema and Dadi Development are cinema operators in the PRC, having an aggregate of approximately 270 cinemas on a nationwide basis in the PRC. Given the aforesaid mandatory requirement, each of Dadi Cinema and Dadi Development has been in cooperation with GD Cinema Circuit for the purpose of being licensed to project various motion pictures in its digital cinemas in a continuous manner since 1 January 2009 and 4 February 2009 respectively.

The prevailing license fee usually paid by a cinema circuit company to a motion picture distributor or producer for a Licensed Motion Picture in the PRC is approximately 43% of the Net Box Office. In light of the normal market rate of sharing of the Net Box Office of a Licensed Motion Picture by a cinema circuit company in the PRC, ranging from approximately 1% to 7%, the entitlement of 1% of the Net Box Office given to GD Cinema Circuit for a Licensed Motion Picture as stipulated in the Dadi Cinema Cooperation Agreement/Dadi Development Cooperation Agreement is at the lower range of the market. As all Fixed-Term Motion Pictures have their peak periods lapsed, such motion pictures would only be projected in non-peak hours, so it would not be expected to generate significant box office. Notwithstanding an equal sharing of the Net Box Office of a Fixed-Term Motion Picture between a cinema operator and a cinema circuit company is normal in the market, such equal sharing of the Net Box Office would not have any significant impact on Dadi Cinema or Dadi Development’s box office.

In addition to the attractive sharing percentage of approximately 56% entitled by Dadi Cinema and Dadi Development, GD Cinema Circuit provides Dadi Cinema and Dadi Development such value-added services as (a) advisory services in respect of interior design and operations of each of their respective digital cinemas; and (b) various analyses covering market, economy and customers in a number of cities in the PRC, which are useful in formulating and implementing strategic, marketing and operation plans, and in improving and enhancing management and business performance levels in Dadi Cinema and Dadi Development’s cinema business.

GD Cinema Circuit is operating on a nationwide basis, it has approximately 540 join-in cinemas, including approximately 270 cinemas operated by Dadi Cinema and Dadi Development. Having such a huge base of cinemas, GD Cinema Circuit’s bargaining power

in distribution terms and conditions with motion picture distributors and producers should be stronger than a number of small scale cinema circuit companies, which in turn would be beneficial to its join-in cinema operators, including Dadi Cinema and Dadi Development.

As per a report published by SAPPRFT, the box office during the period from January to September in 2014 of GD Cinema Circuit was approximately RMB1,790,000,000, which is just ranking behind the market leader, Wanda cinema circuit. The well established brand name of “Dadi” would also be an effective platform for Dadi Cinema and Dadi Development’s cinema business expansion.

MAJOR TERMS OF THE ORISTAR COOPERATION AGREEMENT

Date: 1 January 2014

Parties: (1) Oristar; and
(2) GD Cinema Circuit

Term: Six (6) years, from 1 January 2014 to 31 December 2019 (both days inclusive)

Major terms: (1) Undertakings of Oristar

Oristar shall use its reasonable endeavours to provide the Projection Equipment (or any part of it) (including appropriate installation and training) for GD Cinema Circuit within a reasonable period of time for the purpose of coping with GD Cinema Circuit’s business development.

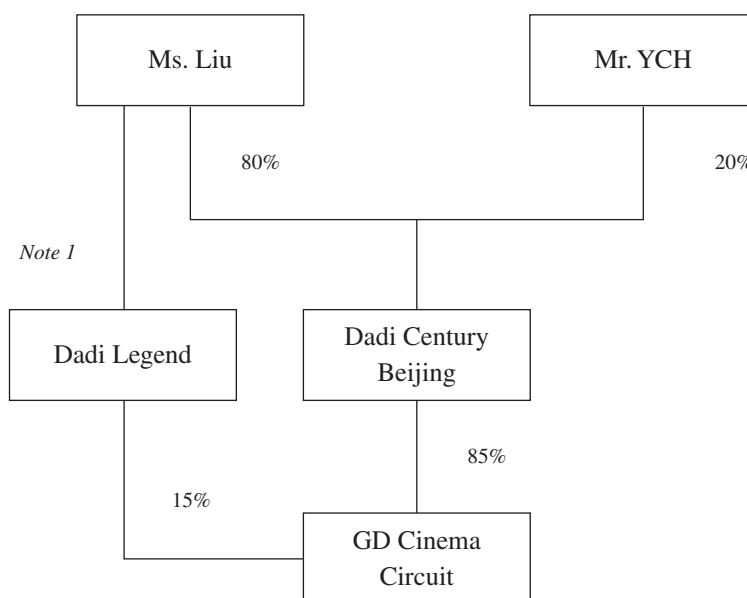
(2) Undertakings of GD Cinema Circuit

GD Cinema Circuit shall purchase the Projection Equipment (or any part of it) from Oristar on the conditions that (a) the selling price of the Projection Equipment (or any part of it) quoted by Oristar shall not be higher than the selling price of (i) such Projection Equipment (or any part of it) or (ii) any other compatible equipment, apparatus or system, quoted by other suppliers obtained by GD Cinema Circuit; and (b) the quality of the Projection Equipment (or any part of it) (including but not limited to functionality and operation) and after-sales service (including but not limited to maintenance and repair) quoted by Oristar shall not be lower and less than those quoted by other suppliers obtained by GD Cinema Circuit.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ORISTAR COOPERATION AGREEMENT

It is expected that GD Cinema Circuit's business will keep expanding for securing its strong market share. By entering into the Oristar Cooperation Agreement, Oristar may secure a continuous business from GD Cinema Circuit. In fact, Oristar has been in cooperation with GD Cinema Circuit since 1 January 2014, which brought to Oristar a sales revenue of approximately RMB3,000,000 during the period from 1 January 2014 to 31 December 2014, representing approximately 2% of the total sales revenue of Oristar. In addition, a total sales revenue from GD Cinema Circuit during the first six (6) months in 2015 was approximately RMB9,000,000, representing approximately 10% of the total sales revenue of Oristar. In view of the foregoing, it is expected that GD Cinema Circuit will continue to bring revenue to Oristar in an increasing rate. As a result, the Oristar Cooperation Agreement will only be seen as a means of bringing a positive impact on Oristar.

SHAREHOLDING STRUCTURE OF GD CINEMA CIRCUIT AFTER GAINING CONTROL BY MS. LIU



Note 1: Ms. Liu shall have right to fully control all matters of Dadi Legend as per the partnership agreement despite Ms. Liu has 50% interest in Dadi Legend. Therefore, Ms. Liu shall be deemed to control Dadi Legend. The independent third party owner of the remaining 50% interest in Dadi Legend shall only be entitled to share 50% profit or loss of Dadi Legend as per the partnership agreement.

INFORMATION ON THE COMPANY

The Company is an investment holding company whose securities are listed and traded on the Main Board of the Stock Exchange. Nan Hai Group is principally engaged in culture and media services (including cinema and its related businesses being carried out by Dadi Cinema, Dadi Development and Oristar) and property development, and through Sino-i engages in provision of corporate IT application services.

INFORMATION ON DADI CINEMA

Dadi Cinema is a limited liability company, incorporated in the PRC, which is effectively 100% controlled by the Company. Its business scope includes erection or re-erection of cinemas; operations of cinema; motion pictures projection; advertising business; production and sale of hot and cold drinks and other snacks; provision of technical, information, visual, cultural, investment, corporate sales planning and management advisory services.

INFORMATION ON DADI DEVELOPMENT

Dadi Development is a limited liability company, incorporated in the PRC, which is wholly-owned by Dadi Cinema. Its business scope includes cinema investment; projection of motion pictures; advertisement; retailing; production and sales of food; and convention planning.

INFORMATION ON ORISTAR

Oristar is a limited liability company, incorporated in the PRC, which is effectively 100% controlled by the Company. Its business scope includes provision of technical services, transfer and advices in respect of digital motion picture, internet, new media technology, technology development of computer hardware and software; and digital motion picture projection equipment and its ancillary parts.

INFORMATION ON GD CINEMA CIRCUIT

To the best information, knowledge and belief of the Board, GD Cinema Circuit is a limited liability company incorporated in the PRC. Its business scope is motion picture distribution (cinema circuit); design, production, publication and agency of various advertisements; sale, installation and maintenance of motion picture projection equipment and other cinema operation facilities; motion picture projection technical services; leasing of equipment and arenas. GD Cinema Circuit has obtained a permit of cross-province cinema circuit issued by SAPPRFT. During the period before Ms. Liu controls GD Cinema Circuit, none of GD Cinema Circuit's equity interest beneficial owners and directors were connected persons of the Company or any of its subsidiaries.

CONNECTED PERSON

Ms. Liu is an executive director of the Company, therefore, she is a connected person of the Company under Rule 14A.07 of the Listing Rules. Upon gaining control of GD Cinema Circuit by Ms. Liu as more particularly set out under the heading of "Listing Rules Implications" of this announcement, the transactions contemplated in the Dadi Cinema Cooperation Agreement, the Dadi Development Cooperation Agreement and the Oristar Cooperation Agreement shall constitute continuing connected transactions under Rule 14A.60 of the Listing Rules.

LISTING RULES IMPLICATIONS

On 19 August 2015, Ms. Liu, a director of the Company, who is a connected person of the Company under Rule 14A.07 of the Listing Rules, (1) acquires 80% of Dadi Century Beijing which directly owns 85% equity interest of GD Cinema Circuit; and (2) gains an effective control of 15% equity interest of GD Cinema Circuit through Dadi Legend which is an associate of Ms. Liu. Given the foregoing, Ms. Liu gains control in GD Cinema Circuit, and each of Dadi Century Beijing and GD Cinema Circuit becomes an associate of Ms. Liu pursuant to Rule 14A.12 of the Listing Rules. As a result, the continuing transactions contemplated under the Dadi Cinema Cooperation Agreement, Dadi Development Cooperation Agreement and Oristar Cooperation Agreement become continuing connected transactions effect from 19 August 2015.

Mr. YCH, an associate of Mr. YPH, who is a connected person of the Company under Rule 14A.07 of the Listing Rules, owns 20% of Dadi Century Beijing.

Given the continuing transactions contemplated under each of the Dadi Cinema Cooperation Agreement, the Dadi Development Cooperation Agreement and the Oristar Cooperation Agreement subsequently become continuing connected transactions, the Company must comply with annual review, disclosure requirements including publishing an announcement and annual reporting during the term from 19 August 2015 to 31 December 2020 for both the Dadi Cinema Cooperation Agreement and the Dadi Development Cooperation Agreement and from 19 August 2015 to 31 December 2019 for Oristar Cooperation Agreement, and when any Dadi Cinema Cooperation Agreement, Dadi Development Cooperation Agreement or the Oristar Cooperation Agreement is renewed upon expiration of its term or any other terms thereof are varied, the Company must comply with all continuing connected transactions requirements pursuant to Rule 14A.60 of the Listing Rules.

Ms. Liu shall abstain from voting in respect of all resolutions of the Board and the board of directors of each of Dadi Cinema, Dadi Development and Oristar to approve all transactions with GD Cinema Circuit, Dadi Century Beijing or Dadi Legend in view of her controlling interest in each of GD Cinema Circuit, Dadi Century Beijing and Dadi Legend, and save and except for Ms. Liu, no other director of the Company shall be required to abstain from voting at the meeting of the Board for considering and approving (a) all transactions with any one of GD Cinema Circuit, Dadi Century Beijing and Dadi Legend; and (b) the annual cap of each of the Dadi Cinema Cooperation Agreement, the Dadi Development Cooperation Agreement and the Oristar Cooperation Agreement upon renewal or variation of any terms thereof.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of directors of the Company

“Dadi Century Beijing”	大地時代文化傳播(北京)有限公司, a company incorporated in the PRC, which is an associate of Ms. Liu and holds 85% equity interest of GD Cinema Circuit
“Dadi Cinema”	廣東大地影院建設有限公司, a company incorporated in the PRC (details of it are set out under the heading of “Information on Dadi Cinema” of this announcement)
“Dadi Cinema Cooperation Agreement”	a cooperation agreement entered into between Dadi Cinema and GD Cinema Circuit on 1 January 2015 (major terms of which are set out under the heading of “Major Terms of the Dadi Cinema Cooperation Agreement/the Dadi Development Cooperation Agreement” of this announcement)
“Dadi Development”	大地影院發展有限公司, a company incorporated in the PRC (details of it are set out under the heading of “Information on Dadi Development” of this announcement)
“Dadi Development Cooperation Agreement”	a cooperation agreement entered into between Dadi Development and GD Cinema Circuit on 1 January 2015 (all terms of which are same as those set out in the Dadi Cinema Cooperation Agreement)
“Dadi Legend”	北京大地傳奇投資合夥企業, a partnership enterprise, equally owned by Ms. Liu and an independent third party, and is an associate of Ms. Liu and holds 15% equity interest of GD Cinema Circuit
“Fixed-Term Motion Picture(s)”	a motion picture sub-licensed by GD Cinema Circuit to Dadi Cinema/Dadi Development for projection of the motion picture in its cinemas in the PRC within a fixed period upon obtaining a license from the distributor of the motion picture by GD Cinema Circuit subsequent to payment of a fixed sum by GD Cinema Circuit to the distributor who shall not have right to share any box office from the motion picture
“GD Cinema Circuit”	廣東大地電影院線有限公司, a company incorporated in the PRC (details of it are set out under the heading of “Information on GD Cinema Circuit” of this announcement)
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Licensed Motion Picture(s)”	a motion picture sub-licensed by GD Cinema Circuit to Dadi Cinema/Dadi Development for projection of the motion picture in its cinemas in the PRC within a fixed period upon obtaining a license by GD Cinema Circuit from the distributor of the motion picture who shall have right to share a fixed percentage of the box office from the motion picture

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“MCPRC”	Ministry of Culture of the PRC (中華人民共和國文化部)
“Mr. YCH”	Mr. Yu Cheung Hoi (于常海先生), elder brother of Mr. YPH, who is not a substantial shareholder or director or chief executive of the Company or any of its subsidiaries (including Sino-i)
“Mr. YPH”	Mr. Yu Pun Hoi (于品海先生), a controlling shareholder of the Company and a director of the Company and a number of its subsidiaries (including Sino-i)
“Ms. Liu”	Ms. Liu Rong (劉榮女士), a citizen of the PRC, who is an executive director of both the Company and Sino-i, but she is not a substantial shareholder of the Company and its subsidiaries (including Sino-i)
“Nan Hai Group”	The Company and its subsidiaries (including Sino-i)
“Net Box Office”	total box office of a motion picture from projection in the cinemas operated by Dadi Cinema/Dadi Development after deduction of (i) 國家電影事業發展專項資金 (the national motion picture business development special funds) administered by SAPPRT (equivalent to 5% of box office); (ii) 增值稅 (value-added tax) (equivalent to 3% of box office); (iii) 城建稅 (city construction tax) (equivalent to 7% of value-added tax); (iv) 教育費附加 (education additional fee) (equivalent to 3% of value-added tax); and (v) 地方教育費附加 (local education additional fee) (equivalent to 2% of value-added tax)
“Oristar”	數碼辰星科技發展(北京)有限公司, a company incorporated in the PRC (details of it are set out under the heading of “Information on Oristar” of this announcement)
“Oristar Cooperation Agreement”	a cooperation agreement entered into between Oristar and GD Cinema Circuit on 1 January 2014 (major terms thereof are set out under the heading of “Major Terms of the Oristar Cooperation Agreement” of this announcement)
“PRC”	The People’s Republic of China, excluding Hong Kong, The Macau Special Administrative Region and Taiwan for the purpose of this announcement
“Projection Equipment”	(a) a projection device (including (i) 4K digital projector; (ii) 3D lens; (iii) 3D lens filter; (iv) mercury lamp; and (v) device stand); and (b) an SMS projection server system

“RMB”	Renminbi, the lawful currency of the PRC
“SAPPRFT”	State Administration of Press, Publication, Radio, Film and Television of the PRC (中華人民共和國國家新聞出版廣電總局), formerly known as the State Administration of Radio, Film, and Television of the PRC (中華人民共和國國家廣播電影電視總局)
“Sino-i”	Sino-i Technology Limited, a company listed on the Stock Exchange, which is a subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
NAN HAI CORPORATION LIMITED
Chen Dan
Director

Hong Kong, 19 August 2015

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

<i>Executive directors:</i>	<i>Non-executive directors:</i>	<i>Independent non-executive directors:</i>
Mr. Yu Pun Hoi	Mr. Wang Gang	Prof. Jiang Ping
Ms. Chen Dan	Mr. Lam Bing Kwan	Mr. Hu Bin
Ms. Liu Rong		Mr. Lau Yip Leung