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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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF (1) THE SALE SHARES AND (2) THE SALE PREFERENCE SHARES

Financial Adviser to the Company

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

THE SPA

The Board announces that on 15 December 2015 (after trading hours), the Purchasers, the Vendor, the Company and LIM entered into the SPA, pursuant to which the Purchasers conditionally agreed to acquire and the Vendor conditionally agreed to sell (i) the Sale Shares; and (ii) the Sale Preference Shares at the Transaction Consideration, being US\$175 million (equivalent to approximately HK\$1,356.25 million) (subject to adjustment), which shall be satisfied by internal resources or borrowings of GGC and OBL respectively and be settled by way of cash. Upon Completion, the Target Company will become a non-wholly-owned subsidiary of the Company.

* For identification purposes only

IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

As at the date of this announcement, LIM, one of the shareholders of the Vendor, holds approximately 12.85% of the total issued share capital of the Company and is therefore a connected person of the Company as defined under Chapter 14A of the Listing Rules. As some of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major and connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under the Listing Rules.

As such, the SPA and the transactions contemplated thereunder shall be subject to the approval of the Independent Shareholders by way of poll vote at the SGM, and LIM and his associates shall abstain from voting.

Save and except LIM as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the other ultimate beneficial owners of the Vendor are third parties independent of the Company and not connected persons of the Company on the date of this announcement.

GENERAL

The SGM will be convened for the purpose of the Independent Shareholders to consider and, if thought fit, to approve the SPA and the transactions contemplated thereunder. Save for LIM and his associates who shall abstain from voting at the SGM, no Shareholder is required to abstain from voting on the resolutions to be proposed at the SGM.

The Independent Board Committee has been established to advise the Independent Shareholders on the fairness and reasonableness of the terms of the SPA and the transactions contemplated thereunder. An independent financial adviser will be appointed to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the same.

A circular containing, among other things, further details of the SPA and the Acquisition; the financial information of the Target Group; the letter of recommendation from the Independent Board Committee; a letter of advice from the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the SPA and the transactions contemplated thereunder; and a notice of the SGM will be dispatched to the Shareholders on or before 26 April 2016 as the Company requires more time to prepare and finalize the information to be included in the circular.

As the transactions contemplated under the SPA are subject to the fulfillment of a number of Conditions, the Acquisition may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

On 15 December 2015 (after trading hours), the Purchasers, the Vendor, the Company and LIM entered into the SPA, pursuant to which the Purchasers conditionally agreed to acquire and the Vendor conditionally agreed to sell (i) the Sale Shares; and (ii) the Sale Preference Shares at the Transaction Consideration, being US\$175 million (equivalent to approximately HK\$1,356.25 million) (subject to adjustment), which shall be satisfied by internal resources or borrowings of GGC and OBL respectively and be settled by way of cash. Upon Completion, the Target Company will become a non-wholly-owned subsidiary of the Company.

THE SPA

Date: 15 December 2015 (after trading hours)

Parties:

- (i) GGC and OBL as the Purchasers;
- (ii) C&E Capital Ltd. as the Vendor;
- (iii) LIM as a guarantor of the Vendor; and
- (iv) The Company as a guarantor of GGC

Acquisition:

- (i) the Purchasers conditionally agreed to acquire and the Vendor as beneficial owner conditionally agreed to sell the Sale Shares (79,974,647 representing approximately 70% of the Sale Shares and 34,274,848 representing approximately 30% of the Sale Shares are to be acquired by GGC and OBL respectively) upon Completion free from encumbrances and together with all rights from the date of the SPA and thereafter attaching or accruing thereto including but not limited to all rights to any dividends paid, declared or made in respect of thereof after Completion at the Share Consideration; and
- (ii) the Purchasers conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Preference Shares (3,293,850 representing 70% of the Crabtree & Evelyn (Overseas) Limited Redeemable Preference Shares and 126,474 representing approximately 70% of Crabtree & Evelyn, Ltd. Shares of Redeemable Preferred Stock are to be acquired by GGC; and 1,411,650 representing 30% of the Crabtree & Evelyn (Overseas) Limited Redeemable Preference Shares and 54,203 representing approximately 30% of the Crabtree & Evelyn, Ltd. Shares of Redeemable Preferred Stock are to be acquired by OBL) upon Completion free from encumbrances and together with all rights from the date of the SPA and thereafter attaching or accruing thereto including but not limited to all rights to any dividends paid, declared or made in respect of thereof after Completion at the Preference Share Consideration.

**Consideration and
Payment Terms:**

The Transaction Consideration (subject to adjustment as shown below) shall be payable by the Purchasers (payable by GGC and OBL in the proportion of 70% and 30% respectively) to the Vendor for the purchase of the Sale Shares and the Sale Preference Shares.

In the event that during the Due Diligence Review the Purchasers assert that there is any adverse change or deterioration in the legal, financial, taxation, corporate, operations and affairs, contractual, property, trading positions and/or business condition of any member of the Target Group which is material to the Target Group taken as a whole from those positions and/or conditions existing as at the date of SPA, both the Purchasers and the Vendor shall discuss and mutually agree in good faith, among other things, an amount of downward adjustment of the Transaction Consideration which is reasonable in the circumstances to reflect such adverse change or deterioration, no later than three (3) Business Days prior to the Completion Date.

The Purchasers shall pay (or procure the affiliates of the Purchasers to pay) the Deposit to the Vendor as deposit and part of the payment of the Transaction Consideration within seven (7) Business Days after the date of the SPA or any other later date to be mutually agreed in writing by the Vendor and the Purchasers. The balance of the Transaction Consideration shall be payable by the Purchasers (or the affiliates of the Purchasers) to the Vendor in full upon Completion.

The Deposit is non-refundable except where the condition set out in paragraph (d) under the section “Conditions precedent to Completion” of this announcement has not been satisfied by 5:00 p.m. on the Long Stop Date (the Deposit shall be refunded to the Purchasers without interest within five (5) Business Days); or the Vendor fails to complete the sale of the Sale Shares and/or the Sale Preference Shares in accordance with the terms and conditions of the SPA (otherwise than due to the default of the Purchasers or due to the non-satisfaction of other Conditions on the Long Stop Date).

**Basis of the
Transaction
Consideration:**

The Transaction Consideration was determined after arm’s length negotiations between the Purchasers and the Vendor with reference to the following factors:

- (a) a preliminary view of the valuation on the entire equity interest of the Target Company;
- (b) the Accounts and the Management Accounts; and

- (c) the reasons and benefits of the Acquisition as stated under the section headed “Reasons for and benefits of the Acquisition under the SPA” in this announcement.

Having considered the above, the Directors (excluding all independent non-executive Directors who will form their views after considering the recommendation of the independent financial adviser) consider that the Transaction Consideration is fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Conditions precedent to Completion:

Completion is conditional upon the following Conditions having been satisfied:

- (a) the passing of the necessary resolutions by the Shareholders (other than those who are required to abstain from voting by any applicable law or regulation including the Listing Rules and the incorporation documents of the Company) at a special general meeting of the Company approving the execution, delivery and performance of the SPA and the other Transaction Documents and the transactions contemplated hereunder and thereunder;
- (b) in relation to the antitrust laws enforced by the USFTC and the USDOJ (if applicable):
 - (i) all necessary notifications and filings required under the federal premerger notification program in respect of the sale and purchase contemplated under the SPA having been made;
 - (ii) all applicable waiting periods having passed, expired or been officially terminated; and
 - (iii) no injunction having been granted by any federal district court to prohibit consummation of the sale and purchase contemplated under the SPA;
- (c) in relation to the antitrust laws enforced by any Relevant Competition Authority other than USFTC and the USDOJ (if applicable):
 - (i) all necessary filings and notifications having been done; and
 - (ii) all necessary consents and approvals having been obtained;

- (d) the Company having obtained the clearance/approval from the Stock Exchange for issuing the circular in respect of the execution, delivery and performance of the SPA and the other Transaction Documents and the transactions contemplated hereunder and thereunder; and
- (e) no written notice from the Purchasers having been received by the Vendor, on or before the date falling on the expiration of three (3) months from the date of the SPA, that the Purchasers are not satisfied at their absolute discretion with the results of the Due Diligence Review.

Each of the Purchasers shall use its reasonable endeavors to procure the fulfillment of all the Conditions set out in paragraphs (a) to (d) above before the Long Stop Date. None of the Conditions may be waived. If, at any time during the period from 26 February 2016 to 4 March 2016 (both days inclusive), the Purchasers have reasonable grounds to believe that any of the Conditions will not be satisfied by 5:00 p.m. on 15 March 2016, the Purchasers may, by notice in writing given to the Vendor, extend the Long Stop Date to 16 June 2016.

**Pre-completion
Undertakings:**

The Vendor covenants with each of the Purchasers, among other things, the following:

- (a) it shall not further dispose of any interest in or create any new encumbrances over the Sale Shares and the Sale Preference Shares from the date of the SPA.
- (b) from the date of the SPA up to Completion, it shall procure each member of the Target Group shall not do, take or carry out any action without the prior written consent of the Purchasers (such consent shall not be unreasonably withheld or delayed) except for transactions contemplated under the SPA or in the ordinary and usual course of business or day-to-day operations.
- (c) it shall procure the Target Group to provide the Purchasers full access to the Target Group's properties, books and records, books of accounts, incorporation documents, bank accounts details, licenses, agreements and such other documents which are material to the Target Group's management and operation, and guarantees and security documents.

- (d) it shall notify the Purchasers in writing at least six (6) Business Days prior to the Completion Date the particulars of the amounts in relation to the Advance which shall be paid by the Purchasers in form of shareholder's loan or otherwise as the Purchasers may think necessary, upon Completion, provided that:
 - (i) the Purchasers shall have right to verify such particulars of the amounts;
 - (ii) the Advance shall not exceed US\$46 million; and
 - (iii) each of the Vendor and the Purchasers shall discuss in good faith (where necessary) and agree such particulars of the amounts by no later than two (2) Business Days prior to the Completion Date.

Completion:

Subject to the Purchasers' satisfaction of the Conditions, Completion shall take place on the Completion Date.

At Completion, the Vendor shall comply with certain completion obligations set forth in the SPA. If such obligations are not fully complied with on Completion, the Purchasers may at their sole discretion:

- (a) waive, in writing, all or any of the compliance of such completion obligations; or
- (b) defer Completion to a date not more than fourteen (14) days after the Completion Date; or
- (c) proceed to Completion so far as practicable (without prejudice to their rights under the SPA); or
- (d) rescind the SPA, and the Purchasers shall be entitled to: (i) take any action against the Vendor and/or LIM for damages and/or for specific performance of the SPA; or (ii) the Deposit paid by the Purchasers shall be refunded to the Purchasers without interest within five (5) Business Days, and thereupon the Purchasers shall have no further claim of whatsoever nature against the Vendor and/or LIM (otherwise than due to the default of the Purchasers or due to the non-satisfaction of the Conditions by the Purchasers on the Long Stop Date).

If the Purchasers fail to pay the Deposit or complete the purchase in accordance with the terms and conditions of the SPA (otherwise than due to the default of the Vendor or due to the non-satisfaction of the Conditions on the Long Stop Date), then the Vendor shall be entitled to (a) take any action against the Purchasers and/or the Company for damages and/or for specific performance of the SPA; or (b) rescind the SPA and the Purchasers shall forfeit the Deposit as liquidated damages, and thereupon the Vendor shall have no further claim against any of the Purchasers and/or the Company.

If the Vendor fails to complete the sale in accordance with the terms and conditions of the SPA (otherwise than due to the default of the Purchasers or due to the non-satisfaction of the Conditions on the Long Stop Date), then the Purchasers shall be entitled to (a) take any action against the Vendor and/or LIM for damages and/or for specific performance of the SPA; or (b) rescind the SPA and the Deposit shall be refunded to the Purchasers within five (5) Business Days, and thereupon the Purchasers shall have no further claim against the Vendor and/or LIM.

Upon Completion, the Target Company will become a subsidiary of the Company and its financial results will be consolidated into the financial results of the Company.

Liability of the Vendor:

The liability of the Vendor in respect of any Purchasers' Claim shall be limited (save and except such limitation on the liabilities of the Vendor shall not apply in the event of fraud on the part of the Vendor) as follows:

- (a) The Vendor shall be under no liability in respect of any Purchasers' Claim unless the Vendor shall have received written notice from the Purchasers prior to the date falling twelve (12) months after the Completion Date, and any such Purchasers' Claim shall be deemed to have been waived at the expiration of eighteen (18) months after the Completion Date unless proceedings in respect of any such Purchasers' Claim shall have been commenced against the Vendor.
- (b) No liability shall attach to the Vendor unless the aggregate amount thereof (excluding any cost and expenses incurred in ascertaining the existence or the amount thereof) shall exceed US\$3 million (or the equivalent thereof) in which case the Vendor shall be liable for the full amount thereof.

- (c) The Vendor shall have no liability in respect of any individual matter unless the liability of the Vendor in respect thereof shall exceed an amount of US\$0.3 million (or the equivalent thereof) (excluding any cost and expenses incurred in ascertaining the existence or the amount thereof); and for the avoidance of doubt any such individual matter shall be disregarded for the purpose of the paragraph (b) above, and the Purchasers agree and undertake not to make any Purchasers' Claim in respect of any such individual matter.
- (d) The aggregate amount of the liability of the Vendor (including the reasonable costs and expenses properly incurred in ascertaining the existence or the amount thereof) shall not exceed the amount of US\$52.5 million (equivalent to approximately HK\$406.88 million) or the amount of the Transaction Consideration and the Advance actually paid and settled by the Purchasers (whichever is lower) save and except that such aggregate amount of limitation of the liability shall be automatically adjusted upwards to the aggregate amount of the Transaction Consideration and the Advance actually paid and settled by the Purchasers in the event that the Vendor shall be in breach of its obligation under the SPA to transfer of the Sale Shares and/or the Sale Preference Shares to the Purchasers upon Completion to enable the Purchasers to be registered as the holders of the Sale Shares and the Sale Preference Shares, or otherwise fail to complete the sale in accordance with the terms and conditions of the SPA (otherwise than due to the default of the Purchasers or due to the non-satisfaction of the Conditions by 5:00 p.m. on the Long Stop Date).

Guarantor of the Vendor:

LIM unconditionally and irrevocably guarantees to the Purchasers as a primary obligor and not merely as a surety the due and punctual performance and observance by the Vendor of all its obligations arising out of or in connection with, and the punctual discharge of all the liabilities of the Vendor under or pursuant to the SPA and all other Transaction Documents.

The guarantee given by LIM shall be a continuing guarantee, which shall remain in full force and effect until all the obligations of the Vendor under the SPA and each Transaction Document shall have been performed or satisfied and is in addition to, and without prejudice to, and not in substitution for, any rights or security which the Purchasers may have for the performance and observance of the obligations, commitments, undertakings and warranties of the Vendor under or in connection with the SPA and each Transaction Document.

The Purchasers may enforce the guarantee without first being required to take any proceedings, to make demand or to take any other steps against the Vendor or any other person.

The total liability of LIM under the SPA and the tax covenant shall not exceed the aggregate amount of the liability of the Vendor under the SPA (for the avoidance of doubt, the total liability of the Vendor and LIM under the SPA and the tax covenant shall not exceed the aggregate amount of the liability of the Vendor under the SPA).

Guarantor of GGC: The Company unconditionally and irrevocably guarantees to the Vendor as a primary obligor and not merely as a surety the due and punctual performance and observance by GGC of all its obligations arising out of or in connection with, and the punctual discharge of all the liabilities of GGC under or pursuant to the SPA and all other Transaction Documents.

The guarantee given by the Company shall be a continuing guarantee, which shall remain in full force and effect until all the obligations of the GGC under the SPA and each Transaction Document shall have been performed or satisfied and is in addition to, and without prejudice to, and not in substitution for, any rights or security which the Vendor may have for the performance and observance of the obligations, commitments, undertakings and warranties of GGC under or in connection with the SPA and each Transaction Document.

The total liability of the Company shall not exceed the amount of US\$52.5 million (equivalent to approximately HK\$406.88 million) save and except that such total liability limitation shall be automatically adjusted upwards to 70% of the aggregate amount of the Transaction Consideration and the Advance in the event of failure to settle the Transaction Consideration and the outstanding amount of the Advance in full, or otherwise fail to complete the purchase in accordance with the terms and conditions of the SPA (otherwise than due to the default of the Vendor or due to the non-satisfaction of the Conditions by 5:00 p.m. on the Long Stop Date).

Restrictive Covenants and Protection of Goodwill: In order to ensure the Purchasers, among other things, to obtain the full benefit and value of the goodwill and relationships of the Target Group and the Business, the Vendor undertakes to each of the Purchasers that except with the Purchasers' prior written consent, it shall not, and shall procure its affiliate not to, whether by itself, through its employees or agents or otherwise and whether on its own account or in conjunction with others whether directly or indirectly:

- (a) for a period of twelve (12) months after the Completion Date be financially or otherwise concerned with, engaged or interested in, or connected with, any business, in competition with any member of the Target Group or any part of the Business carried on by the Target Group as at the Completion Date or at any time prior to the Completion Date in any geographical area in which any member of the Target Group carried on the Business or any part of it as at the Completion Date;
- (b) for a period of twelve (12) months after the Completion Date, solicit, entice, employ, seek to employ, conclude any contract for services with, offer or procure or facilitate the making of such offer by any other person, any person who was an officer or employed in a significant technical/skilled or managerial or above position by any member of the Target Group at any time from the date of this SPA up to the Completion Date (save and except any person who responds to a recruitment advertisement or whose employment with the Target Group has ceased, provided that such response or cessation was not solicited or induced directly or indirectly by the Vendor or its affiliate);
- (c) disclose to any third party any Business Information, save and except where such disclosure is permitted under certain provisions of the SPA; or
- (d) at any time after the Completion Date, use any trade mark, trade name or domain name, design or logo, including the expressions of “Crabtree & Evelyn” or “Crabtree & Evelyn London” or any email address used by any member of the Target Group at any time prior to the Completion Date or any other name which, in the reasonable opinion of the Purchasers, is intended or likely to be confused with such trade or domain name or email address.

REASONS FOR AND BENEFITS OF THE ACQUISITION UNDER THE SPA

As the world’s second largest economy, the PRC has maintained a high gross domestic product (“GDP”) growth rate over the past decade and its total household wealth has also increased significantly. As per the Global Wealth Report 2015 released by Credit Suisse in October 2015, which reveals that (1) the total wealth PRC is 22.8 trillion US dollars, which is behind the USA, the world’s wealthiest country having 85.9 trillion US dollars; and (2) the number of middle class adults in the PRC are 109 million, which is the largest among other major countries. In view of the above data, the high potentiality in consumption in the PRC is embedded.

In view of the favourable macro environment, the Company has been actively developing its business in the segments of culture and media, property development and IT applications. The Company has successfully developed and operated the nationwide cinema brand of “Dadi Cinema” in the PRC since its start-up in 2007. The Company has more than 270 cinemas in operation and more than 300 cinemas which have signed leasing agreements but yet been in operation on a nationwide base and over 64 million viewing times as at 30 November 2015, who have contributed over RMB2 billion in box office (increased by 47% as compared with the corresponding period in 2014). Given accumulated significant management experience in retail-chain operations and developing retail terminals, information technology management and standard operational procedures through cinema and IT businesses on a nationwide base in the PRC, the Company aims at expanding its retail businesses by stepping towards globalisation. The maturity of the Target Group’s global retail distribution and online sales network are viewed as a significant enlargement to the Company’s retail-chain business, operations and globalisation intentions. It is expected that the Acquisition will benefit the Company’s expansion beyond its media platform to create a retail and entertainment integrated ecosystem.

As a manufacturer and distributor of a brand that has over 40 years of history and heritage in offering quality personal care products and everyday luxury lifestyle, its products are sold in over 40 countries through more than 4,000 points of sales, including more than 200 wholly-owned branded retail stores of which 30 stores are in Hong Kong. Although the Target Group’s performance in the past financial year has declined, especially in the North East Asia and North America markets, the Board is confident that with a series of restructuring initiatives including integration of resources, remodeling of the brand, supply chain optimization, development of new product lines and implementation of an effective strategy in the PRC, the Target Group is expected to have its business performance improved, especially after integrating with the nationwide distribution network of Dadi Cinema, which in turn will be beneficial to the Company and the Shareholders as a whole.

IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

As at the date of this announcement, LIM, one of the shareholders of the Vendor, holds approximately 12.85% of the total issued share capital of the Company and is therefore a connected person of the Company as defined under Chapter 14A of the Listing Rules. As some of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major and connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement, circular and the Independent Shareholders’ approval requirements under the Listing Rules.

As such, the SPA and the transactions contemplated thereunder shall be subject to the approval of the Independent Shareholders by way of poll vote at the SGM, and LIM and his associates shall abstain from voting.

Save and except LIM as disclosed above, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the other ultimate beneficial owners of the Vendor are third parties independent of the Company and not connected persons of the Company on the date of this announcement.

GENERAL

The SGM will be convened for the purpose of the Independent Shareholders to consider and, if thought fit, to approve the SPA and the transactions contemplated thereunder. Save for LIM and his associates shall abstain from voting at the SGM, no Shareholder is required to abstain from voting on the resolutions to be proposed at the SGM.

The Independent Board Committee has been established to advise the Independent Shareholders on the fairness and reasonableness of the terms of the SPA and the transactions contemplated thereunder. An independent financial adviser will be appointed to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the same.

A circular containing, among other things, further details of the SPA and the Acquisition; the financial information of the Target Group; the letter of recommendation from the Independent Board Committee; a letter of advice from the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the terms of the SPA and the transactions contemplated thereunder; and a notice of the SGM will be dispatched to the Shareholders on or before 26 April 2016 as the Company requires more time to prepare and finalize the information to be included in the circular.

As the transactions contemplated under the SPA are subject to the fulfillment of a number of Conditions, the Acquisition may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

GENERAL INFORMATION RELATING TO THE PARTIES TO THE SPA

Purchasers

GGC is an indirect wholly-owned subsidiary of the Company, which is primarily used for investment holding purpose.

OBL is an investment holding company, which is ultimately 100% owned by an independent third party of the Company.

Vendor

C&E Capital Ltd. is the holding company of the Target Company, which is primarily used as the investment holding vehicle of the Target Company by the shareholders of the Vendor. To the best of the knowledge, information and belief of the Board after making reasonable enquiry, other than LIM who together with his associate indirectly owns 40% of all the issued shares of the Vendor, the other ultimate beneficial owners of the Vendor are third parties independent of the Company and not the connected persons of the Company.

The Company

The Company is an investment holding company whose securities are listed and traded on the Main Board of the Stock Exchange. The Group is principally engaged in (i) culture and media (mainly in cinemas business on a nationwide basis in the PRC in addition to film distribution and other media related businesses); (ii) property development (two large scale property projects, namely “The Peninsula” in Shenzhen and “Free Man Garden” in Guangzhou, the PRC); and (iii) corporate IT application services (through its listed subsidiary, Sino-i Technology Limited (stock code: 250), a company having its shares listed and traded on the Main Board of the Stock Exchange) as at the date of this announcement.

LIM

LIM is a Malaysian entrepreneur, and has been the executive chairman of Malton Berhad since 2001. Malton Berhad is a listed company in Malaysia, whose main business is property development.

The Target Company

The Target Company is engaged in manufacturing and global distribution of a wide range of botanic-based personal care products under the trade mark, trade name, design or logo, including the expressions of “Crabtree & Evelyn” or “Crabtree & Evelyn London”. The Target Company’s products are sold in over 40 countries through more than 4,000 points of sales, including wholly-owned branded retail stores, distributor stores, specialty retailers and department stores, e-commerce and travel retail (in-flight sales, duty free shops and hotels).

The audited consolidated net profits/loss (both before and after taxation) attributable to shareholders of the Target Company for the two financial years immediately preceding the Acquisition are as follows:

	For the year ended 31 March	
	2014	2015
	(audited)	(audited)
	<i>US\$'000</i>	<i>US\$'000</i>
Net profit/(loss) before tax	2,110	(22,202)
Net profit/(loss) after tax	1,078	(23,130)

The audited consolidated total assets and net assets of the Target Company were approximately US\$136.4 million and US\$72.9 million respectively as at 31 March 2015.

The Target Company's results suffered a significant decline for the year ended 31 March 2015 as compared to the year ended 31 March 2014 primarily due to the following reasons:

1. Turnover for the Target Group has decreased by 14.3% for the year ended 31 March 2015 as compared to year ended 31 March 2014. The drop in turnover was primarily attributable to the declining retail performance in North East Asia and North America markets; and
2. For the year ended 31 March 2015, the Target Group also recorded one-off costs in an aggregate sum of approximately US\$10.8 million, mainly due to (i) loss on foreign currency of approximately US\$5.4 million; (ii) write-off on investment costs of approximately US\$1.7 million; (iii) provisions for impairment on onerous leases of approximately US\$1.4 million; (iv) loss on sale of fixed assets of approximately US\$0.9 million; (v) restructuring costs of approximately US\$0.7 million and (vi) other items of approximately US\$0.7 million.

In case of any inconsistency between the English version and Chinese version of this announcement, the English version shall prevail.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Accounts”	the consolidated audited accounts of the Target Group for the financial year ended 31 March 2015, comprising a consolidated balance sheet and profit and loss account, notes, directors' and auditors' reports
“Acquisition”	the acquisition of the Sale Shares and the Sale Preference Shares by the Purchasers pursuant to the SPA
“Advance”	the aggregate amount of the advance made by the Vendor, its shareholders and their respective affiliates and certain other parties to the Target Group (after taking into account of all payments and repayments by any member of the Target Group) owing by the Target Group to the Vendor, its shareholders and their respective affiliates and certain other parties as at Completion
“Board”	the board of Directors

“Business”	the business of product development, manufacturing and global distribution of a wide range of botanic-based personal care products comprising: fragrances, bath and shower gels, soaps, home spa products, body lotions, hand therapies, home fragrances, gifts and food; and all other activities including those ancillary or incidental to or in connection with such business as carried on by the Target Group as at the date of the SPA; and which are sold through four principal sales channels namely, retail, wholesale, export distribution and e-commerce
“Business Days”	any day (other than a Saturday, Sunday, public holiday or any day on which a tropical cyclone warning signal number 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for general commercial business
“Business Information”	all data or information (whether technical, commercial, financial or of any other type) in any form acquired under, pursuant to or in connection with the SPA and any information used in or relating to the Business, including information relating to the Target Group’s products (bought, manufactured, produced, distributed or sold), services (bought or supplied), operations, plans, strategy, product information, know-how, design rights, trade secrets, market opportunities, customer lists, commercial relationships, marketing, sales materials and general business affairs which are confidential to the Target Group
“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)
“Completion”	completion of the sale and purchase of the Sale Shares and the Sale Preference Shares pursuant to the SPA
“Completion Date”	31 March 2016 or (as the case may be) 30 June 2016 if the Purchasers during the period from 26 February 2016 to 4 March 2016 (both days inclusive) have reasonable ground to believe that any of the Conditions will not be satisfied by 5:00 p.m. on 15 March 2016
“Conditions”	the conditions precedent to Completion

“Crabtree & Evelyn, Ltd. Shares of Redeemable Preferred Stock”	180,677 shares of redeemable preferred stock with US\$100 par value each in Crabtree & Evelyn, Ltd., a company incorporated under the laws of the State of Connecticut, USA and an indirect wholly-owned subsidiary of the Target Company, representing 100% of all the issued redeemable preferred stock in Crabtree & Evelyn, Ltd.
“Crabtree & Evelyn (Overseas) Limited Redeemable Preference Shares”	4,705,500 redeemable preference shares of GBP0.10 each in Crabtree & Evelyn (Overseas) Limited, a company incorporated in the UK and an indirect wholly-owned subsidiary of the Target Company, representing 100% of all the issued redeemable preference shares in Crabtree & Evelyn (Overseas) Limited
“Deposit”	the deposit of US\$8.75 million payable by the Purchasers to the Vendor pursuant to the SPA (payable by GGC and OBL in the proportion of 70% and 30% respectively)
“Director(s)”	director(s) of the Company
“Due Diligence Review”	a review of the legal, financial, taxation, corporate, operations and affairs, contractual, property and trading positions of the Target Group to be carried out by the Purchasers during a period of three (3) months from the date of the SPA
“GBP”	the Great Britain pounds, the lawful currency of the UK
“GGC”	Glory Grace Corporation Limited, an indirect wholly-owned subsidiary of the Company, with limited liability incorporated and existing under the laws of Hong Kong
“Group”	the Company and its subsidiaries (including Sino-i Technology Limited)
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	the Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board which comprises all independent non-executive Directors who are Prof. Jiang Ping, Mr. Hu Bin and Mr. Lau Yip Leung on the date of this announcement
“Independent Shareholders”	the Shareholders other than LIM and his associates who shall abstain from voting at the SGM under the requirements of the Listing Rules

“LIM”	Mr. Lim Siew Choon, a Malaysian Tan Sri, of Level 21, Pavilion Tower, 75, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, varied and/or supplemented from time to time
“Long Stop Date”	15 March 2016 or (as the case may be) 16 June 2016 if the Purchasers have by notice in writing given to the Vendor extended the Long Stop Date pursuant to the SPA
“Macau”	The Macau Special Administrative Region of the PRC
“Management Accounts”	the unaudited consolidated balance sheet and profit and loss account of the Target Group commencing on 1 April 2015 and ended on 31 October 2015
“OBL”	Orange Blossom Limited, an investment holding company, with limited liability incorporated and existing under the laws of the Cayman Islands
“PRC”	The People’s Republic of China, and for the purpose of the SPA excluding Hong Kong, Macau and Taiwan
“Preference Share Consideration”	an amount of US\$20, being the total consideration for the sale and purchase of the Sale Preference Shares
“Purchasers”	GGC and OBL
“Purchasers’ Claim”	a claim (for any liabilities, losses, damages, compensation or any other relief) by any Purchaser under any Warranty or otherwise in connection with the SPA or any other Transaction Documents in respect of any event, matter or circumstance which is inconsistent with, contrary to, or involves, relates to or otherwise is a breach of, any warranty, agreement, undertaking, obligation or covenant or indemnity of the Vendor contained in the SPA or any other Transaction Documents
“Relevant Competition Authority”	any governmental, national or supranational competition or antitrust body or authority which is responsible for enforcing antitrust laws or monitoring anti-competitive mergers and business practices and has jurisdiction over the sale and purchase contemplated under the SPA, including without limitation the USFTC and USDOJ
“RMB”	Renminbi, the lawful currency of the PRC

“Sale Preference Shares”	Crabtree & Evelyn (Overseas) Limited Redeemable Preference Shares; and Crabtree & Evelyn, Ltd. Shares of Redeemable Preferred Stock, which are beneficially owned by the Vendor
“Sale Shares”	the 114,249,495 ordinary shares of US\$1.00 each, comprising the whole of the issued share capital of the Target Company as at the date of the SPA and at Completion, which are issued and fully paid and are beneficially owned by the Vendor
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Acquisition and the transactions contemplated under the SPA
“Share Consideration”	the amount of US\$174,999,980, being the total consideration payable by the Purchasers to the Vendor for the sale and purchase of the Sale Shares
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company or if there has been a sub-division, consolidation, reclassification of or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholders”	registered holders of the Shares
“SPA”	the sale and purchase agreement dated 15 December 2015 in relation to the Sale Shares and the Sale Preference Shares, entered into between and among the Purchasers; the Vendor; LIM and the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Target Company”	CE Holdings Limited, an international business company limited by shares incorporated and existing under the laws of the British Virgin Islands
“Target Group”	the Target Company and its subsidiaries as at the date of the SPA
“Transaction Consideration”	the total consideration payable by the Purchasers to the Vendor for the Sale Shares and the Sale Preference Shares pursuant to the SPA
“Transaction Documents”	the SPA, the disclosure letter and tax covenant and other agreement(s) or document(s) entered into on or after the date of the SPA among any of the parties in connection with the SPA

“UK”	The United Kingdom of Great Britain and Northern Ireland
“USA” or “US”	The United States of America
“US\$”	US dollar, the lawful currency of the USA
“USDOJ”	the US Department of Justice
“USFTC”	the US Federal Trade Commission
“Vendor”	C&E Capital Ltd., a company with limited liability incorporated and existing under the laws of the British Virgin Islands

For the purpose of illustration only, amounts denominated in US\$ in this announcement have been translated into HK\$ at the rate of HK\$7.75 = US\$1. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

By Order of the Board of
Nan Hai Corporation Limited
Yu Pun Hoi
Chairman

Hong Kong, 15 December 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