

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



南海控股有限公司*
NAN HAI CORPORATION LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 680)

DISCLOSEABLE TRANSACTION DISPOSAL OF EQUITY INTEREST IN THE TARGET COMPANY

THE DISPOSAL

The Board is pleased to announce that on 31 December 2021 (after trading hours), the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Company has agreed to sell, and the Purchaser has agreed to acquire, the Sale Shares, at a cash consideration of NT\$754,432,224 (equivalent to approximately HK\$212,576,000).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

THE DISPOSAL

The Board is pleased to announce that on 31 December 2021 (after trading hours), the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Company has agreed to sell, and the Purchaser has agreed to acquire, the Sale Shares, at a cash consideration of NT\$754,432,224 (equivalent to approximately HK\$212,576,000).

As at the date of this announcement, the Company holds 2.74% equity interest in the Target Company, which is accounted for as financial asset at fair value through other comprehensive income in the consolidated financial statements of the Company. Upon

* For identification purpose only

Completion, the Company will not hold any equity interest in the Target Company which will cease to be classified as financial asset at fair value through other comprehensive income of the Company.

The principal terms of the Sale and Purchase Agreement are set out as follows:

Date: 31 December 2021

Vendor: The Company

Purchaser: 富利陽投資股份有限公司 (Fu Li Yang Investment Company Limited*). Based on the information provided by the Purchaser, it is a company incorporated under the laws of Taiwan with the principal business of investment holding and held as to approximately 99% by Ms. Hsueh Ling.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Subject Matter: 2.74% equity interest in the Target Company which is a company incorporated under the laws of Taiwan. Pursuant to the Sale and Purchase Agreement, the subject transaction is required to be approved by the relevant authorities in accordance with the laws of Taiwan.

Upon Completion, the Company will not hold any equity interest in the Target Company which will cease to be classified as financial asset at fair value through other comprehensive income of the Company.

Other Major Terms:

- (1) Unless otherwise agreed by the parties in writing, the Sale and Purchase Agreement shall cease to have effect if the parties have not signed the escrow agreement within one month from the date of the Sale and Purchase Agreement appointing an independent bank for the purposes of dealing with the Consideration of the subject transaction; and
- (2) Unless otherwise agreed by the parties in writing, either party may initiate the rescission of the Sale and Purchase Agreement if the approval by the relevant authorities in Taiwan in respect of the subject transaction cannot be obtained by 30 June 2022.

* For identification purpose only

Consideration:

The Consideration of NT\$754,432,224 under the Sale and Purchase Agreement is to be paid in cash in two instalments as follows:

- (i) NT\$75,000,000 is required to be paid by the Purchaser to the escrow account within three business days after the setting up of the escrow account with an independent bank as mentioned above; and
- (ii) the balance of the Consideration is required to be paid by the Purchaser to the escrow account within ten business days upon the obtaining of approval by the relevant authorities in Taiwan in respect of the subject transaction, where the payment obligation of the Purchaser for such second installment shall be no earlier than 30 March 2022.

The Consideration underlying the Sale and Purchase Agreement has been negotiated between the Company and the Purchaser on an arm's length basis with reference to the carrying value of the Sale Shares in the Company's unaudited consolidated accounts as at 30 June 2021.

INFORMATION ON THE PURCHASER

Based on the information provided by the Purchaser, the Purchaser is a company incorporated under the laws of Taiwan with the principal business of investment holding and is held as to approximately 99% by Ms. Hsueh Ling.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

INFORMATION OF TARGET COMPANY

The Target Company is a limited liability company incorporated in Taiwan. The Target Company is principally engaged in providing commercial banking and related financial services (including deposit-taking, provision of loans and wealth management business) in Taiwan.

Set out below is the audited consolidated financial information of the Target Company and its subsidiaries for the two financial years ended 31 December 2019 and 31 December 2020 prepared in accordance with International Financial Reporting Standards.

	For the year ended 31 December 2019 (NT\$'000)	For the year ended 31 December 2020 (NT\$'000)
Net profit before tax	2,771,165	2,864,793
Net profit after tax	2,319,786	2,415,489

Based on the audited consolidated financial statements of the Target Company, the consolidated net assets of the Target Company and its subsidiaries as at 31 December 2019 was approximately NT\$32,788,256,000 and the consolidated net assets of the Target Company and its subsidiaries as at 31 December 2020 was approximately NT\$36,397,680,000.

INFORMATION ON THE COMPANY

The Company is an investment holding company, the securities of which are listed and traded on the Main Board of the Stock Exchange. The Group is principally engaged in (i) culture and media services (mainly in cinema business on a nationwide basis in the PRC in addition to other media related businesses); (ii) property development; and (iii) enterprise cloud services. In the meantime, the Group is also engaged in news media and innovative business.

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

As at 30 June 2021, the Group recognised an accumulated unrealised gain on fair value change of such equity investment of approximately HK\$64,962,000 in fair value through other comprehensive income reserve (“FVOCI reserve”). Upon Completion, FVOCI reserve is transferred to retained earnings and will not be reclassified to consolidated income statement.

Based on (i) the carrying value of the Sale Shares in the Company’s unaudited consolidated financial statements as at 30 June 2021 of approximately HK\$248,010,000 determined with reference to a valuation report as at 30 June 2021; (ii) the Consideration under the Sale and Purchase Agreement; and (iii) the estimated transaction costs, it is expected that the Group will record an estimated loss of approximately HK\$39,622,000 in respect of the Disposal, subject to audit. The net proceeds from the Disposal are expected to be approximately NT\$739,569,000 (equivalent to approximately HK\$208,388,000), which are required to be applied towards the repayment of the loan obtained by the Group from an Independent Third Party where part of the Sale Shares was charged to such Independent Third Party and the remaining balance will be used as the Group’s general working capital.

Upon Completion, the Company will not hold any equity interest in the Target Company which will cease to be classified as financial asset at fair value through other comprehensive income of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

This transaction provides the Group an opportunity to dispose of its entire investment in the Target Company and to continue to focus the Group's resources in its core businesses. Accordingly, the Directors are of the view that the Disposal is in the interests of the Company and its shareholders as a whole, and the terms of the Sale and Purchase Agreement are fair and reasonable.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Nan Hai Corporation Limited, a company incorporated in Bermuda with limited liability and the ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 680);
“Completion”	the completion of the Disposal pursuant to the terms and conditions of the Sale and Purchase Agreement;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration for the sale and purchase of the Sale Shares pursuant to the terms of the Sale and Purchase Agreement;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the Sale Shares in the Target Company by the Company as contemplated under the Sale and Purchase Agreement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	person(s) who are independent from the Company and its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;

“NT\$”	New Taiwan dollars, the lawful currency of Taiwan;
“PRC”	the People’s Republic of China;
“Purchaser”	富利陽投資股份有限公司 (Fu Li Yang Investment Company Limited*), a company incorporated under the laws of Taiwan and is an Independent Third Party;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 31 December 2021 entered into between the Company and the Purchaser in respect of the sale and purchase of Sale Shares;
“Sale Shares”	2.74% equity interest in the Target Company as held by the Company (being 82,904,640 shares in the Target Company), being the subject of the transactions under the Sale and Purchase Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Sunny Bank Ltd. 陽信商業銀行股份有限公司, a company incorporated in Taiwan with limited liability;
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of NT\$3.549 = HK\$1 has been used for currency translation, where applicable. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or NT\$ has been, could have been or may be converted at such or any other rates.

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

Hong Kong, 31 December 2021

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

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

* *For identification purpose only*