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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)

**ISSUANCE OF U.S.\$500,000,000 3.50% CREDIT
ENHANCED NOTES DUE 2022**

Reference is made to the announcement of the Company dated 28 April 2020 in relation to the Proposed Notes Issuance (the “**Announcement**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board is pleased to announce that on 29 April 2020, the Company, the Issuer and the Sole Lead Manager entered into the Subscription Agreement in connection with the Notes in the aggregate principal amount of U.S.\$500,000,000.

* For identification purpose only

The Notes will only be offered outside the United States in reliance on Regulation S under the Securities Act. No public offer of the Notes will be made in the United States, Hong Kong or in any other jurisdiction where such an offering is restricted or prohibited.

The net proceeds from the Notes are proposed to be used for repayment of mid- to long-term offshore indebtedness due within one year.

The Issuer will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Company, the LC Bank or the Notes.

As the conditions precedent to completion of the Subscription Agreement may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, prospective investors and Shareholders are advised to exercise caution when dealing in the securities of the Company.

Reference is made to the announcement of the Company dated 28 April 2020 in relation to the Proposed Notes Issuance. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

SUBSCRIPTION AGREEMENT

Date: 29 April 2020

Parties:

- (1) the Issuer;
- (2) the Company; and
- (3) China CITIC Bank International Limited, as the Sole Lead Manager.

The Notes, the Guarantee and the Standby Letter of Credit have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes, the Guarantee and the Standby Letter of Credit will only be offered and sold outside the United States in reliance on Regulation S under the Securities Act. No public offer of the Notes will be made in the United States, Hong Kong or in any other jurisdiction where such an offering is restricted or prohibited.

PRINCIPAL TERMS AND CONDITIONS

Notes offered

Subject to satisfaction of conditions precedent to closing, the Issuer will issue the Notes in the aggregate principal amount of U.S.\$500,000,000. The Notes will mature on 8 May 2022, unless earlier redeemed, or purchased and cancelled in accordance with the Terms and Conditions and the Trust Deed. At maturity, the Notes are payable at 100% of the principal amount thereof.

Offer price

The offer price of the Notes will be 100% of the principal amount of the Notes.

Interest

The Notes will bear interest on their outstanding principal amount from and including 8 May 2020 at a rate of 3.50% per annum, payable semi-annually in arrear on 8 May and 8 November in each year, commencing on 8 November 2020. If interest is required to be calculated for a period of less than a complete interest period, interest will be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and in the case of an incomplete month, the number of days elapsed.

Pre-funding

Subject to the applicable provisions under the Terms and Conditions, no later than the Business Day falling eight Business Days prior to the due date of payment of any amount in respect of the Notes, the Issuer or the Company shall pre-fund such payment into a pre-funding account and deliver to the Trustee and the Principal Paying Agent certain required confirmations in accordance with the Terms and Conditions.

Ranking of the Notes

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Events of Default

The events of default under the Notes include, among other things, failure in payment of principal of or interest on any of the Notes; a breach by the Issuer or the Company of its other obligations under the Notes, the Trust Deed or the Guarantee; acceleration of, or a payment default in respect of, certain indebtedness of the Issuer, the Company or any of their subsidiaries that equals or exceeds U.S.\$30 million or its equivalent; legal process is enforced in respect of a material part of the property, assets or revenues of the Issuer, the Company or any of their principal subsidiaries; the Standby Letter of Credit is not enforceable, valid or in full force and effect; acceleration of, or a payment default in respect

of, certain of the LC Bank's indebtedness that exceeds U.S.\$25 million or its equivalent in any other currency; and the insolvency or winding-up of the LC Bank, the Issuer, the Company, or any of their principal subsidiaries.

If an event of default under the Notes occurs, then the Trustee may, subject to applicable provisions under the Terms and Conditions, give written notice to the Issuer declaring the Notes to be due and payable, whereupon they shall become immediately due and payable at their principal amount together (if applicable) with accrued interest.

Covenants

In accordance with the Terms and Conditions, the Issuer undertakes that, among other things, so long as any Notes remain outstanding:

- (1) it will not conduct any business or any activities other than issuances of notes which will have the benefit of an irrevocable standby letter of credit issued by commercial banks, including the Notes, and the lending of the proceeds thereof to any of the Company's subsidiaries and affiliates and any other activities reasonably incidental thereto; and
- (2) save with the approval of an extraordinary resolution of the holders of the Notes, the Issuer will use its best endeavours to maintain a rating on the Notes by a rating agency.

Redemption

Unless previously redeemed, or purchased and cancelled in accordance with the Terms and Conditions, the Notes will be redeemed at their principal amount on 8 May 2022.

In accordance with the Terms and Conditions, the Notes may be redeemed in any of the following circumstances:

- (1) the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time upon giving not less than 30 nor more than 60 days' notice to the holders of the Notes, at their principal amount, together with interest accrued to, but excluding, the date fixed for redemption, at the time in the event of certain changes affecting taxes of the British Virgin Islands, Bermuda or the PRC as set out in the Terms and Conditions;
- (2) at any time following the occurrence of a change of control as set out in the Terms and Conditions, the holder of any Notes will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Notes at a redemption price equal to 100% of their principal amount together with accrued interest, 14 days after the later of 30 days following a change of control and 30 days following a notice given to the holders of the Notes by the Issuer as set out in the Terms and Conditions;
- (3) the Notes shall be redeemed at their principal amount, together with accrued interest, on the interest payment date immediately falling after the date the pre-funding failure notice is given to the holders of the Notes by the Trustee as a result of a failure of the pre-funding requirements as set out in the Terms and Conditions; and

- (4) the Issuer may, at any time on or after 8 May 2021, upon giving not more than 60 nor less than 30 days' irrevocable notice to the holders of the Notes, redeem all or some of the Notes at their principal amount, together with any interest accrued to the date fixed for redemption.

STANDBY LETTER OF CREDIT

The Notes will have the benefit of an irrevocable Standby Letter of Credit issued by the LC Bank in favour of the Trustee. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of the holders of the Notes upon the presentation of a demand sent by or on behalf of the Trustee in the event that (i) each of the Issuer and the Company has failed to comply with the pre-funding requirements under the Terms and Conditions or (ii) an event of default occurs and the Trustee has given notice to the Issuer that the Notes are due and payable in accordance with the Terms and Conditions.

GUARANTEE

The Company will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Notes and the Trust Deed. The Company's obligations in that respect will be contained in the Trust Deed (and any supplement thereto).

PROPOSED USE OF NET PROCEEDS

The net proceeds from the Notes are proposed to be used for repayment of mid- to long-term offshore indebtedness due within one year.

LISTING AND RATING

The Issuer will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Company, the LC Bank or the Notes.

The Notes are rated "BBB+" by S&P Global Ratings. The rating reflects the assessment of S&P Global Ratings of the likelihood of timely payment of the principal of and interest on the Notes. The rating does not address the payment of any additional amounts and does not constitute a recommendation to buy, sell or hold the Notes inasmuch as such rating does not comment as to market price or suitability for a particular investor. There can be no assurance that the rating will remain in effect for any period or that the rating will not be suspended, upgraded, reduced or withdrawn by S&P Global Ratings. in the future if, in their judgment, circumstances so warrant. Such rating should be evaluated independently of any other rating on the Notes, on any other securities of the Issuer or the Company or on the Issuer or the Company.

GENERAL

As the conditions precedent to completion of the Subscription Agreement may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events, prospective investors and Shareholders are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday or a public holiday) on which commercial banks and foreign exchange markets are generally open for business in Hong Kong, Beijing, Shenzhen, London and New York City
“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)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee provided by the Company in relation to the Notes
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issuer”	Amber Treasure Ventures Limited, a company incorporated with limited liability in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“LC Bank”	China CITIC Bank Corporation Limited, Shenzhen Branch
“Notes”	the U.S.\$500,000,000 3.50% credit enhanced notes due 2022 to be issued by the Issuer
“Principal Paying Agent”	The Bank of New York Mellon, London Branch
“Securities Act”	the United States Securities Act of 1933, as amended
“Shareholder(s)”	holder(s) of the shares of the Company
“Sole Lead Manager”	China CITIC Bank International Limited
“Standby Letter of Credit”	an irrevocable standby letter of credit issued by the LC Bank in favour of the Trustee in relation to the Notes

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	a subscription agreement dated 29 April 2020 entered into among the Issuer, the Company and the Sole Lead Manager
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Terms and Conditions”	the terms and conditions of the Notes, which will be appended to the Trust Deed
“Trust Deed”	the trust deed proposed to be entered into between the Issuer, the Company and the Trustee in relation to the Notes, as amended or supplemented from time to time
“Trustee”	The Bank of New York Mellon, London Branch
“U.S.” or “United States”	the United States of America
“U.S.\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

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

Hong Kong, 29 April 2020

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

<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