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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)

**CLARIFICATION ANNOUNCEMENT
REVISED ANNOUNCEMENT OF FINAL RESULTS FOR
THE YEAR ENDED 31 DECEMBER 2008
AND RESUMPTION OF TRADING**

CLARIFICATION OF THE ANNOUNCEMENT

Reference is made to the announcement of the Company dated 17 April 2009 in relation to the Final Results for the year ended 31 December 2008 (the "Announcement"). Capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement, unless otherwise stated therein.

The board of the directors of the Company (the "Board") would like to clarify that an interest payable of HK\$131,967,000 to Sino-i Technology Limited ("Sino-i"), a listed subsidiary of the Company, for the year ended 31 December 2008 was omitted in the Announcement. Interest payable of HK\$131,967,000 is derived from the payment term under the agreement ("Agreement") entered into between the Company as a purchaser and Sino-i as a vendor on 13 November 2007 in respect of the sale and purchase of 51% issued share capital of Listar Properties Limited ("Listar") and the inter-company loan of Listar due to Sino-i and its subsidiaries. As per the payment term under the Agreement, the total consideration of HK\$1,645,530,000 to be satisfied in cash within 18 months upon completion or any other date to be mutually agreed by the parties thereof together with an interest of 8% per annum accrued on the total consideration remains unpaid following the completion. As the completion was taken place on 31 December 2007, there was no interest effect on the Group for the year ended 31 December 2007. The omission of interest payable in the final results of the Group for the year ended 31 December 2008 was accidentally oversight by the Company.

Resulting from the omission of interest payable, despite such interest payable will be eliminated on consolidation, interest payable to minority shareholders and income tax liabilities of the Group were understated, and other relevant figures in the Consolidated Income Statement and Consolidated Balance Sheet shall be revised accordingly.

In order to ensure no such omission will happen in the future, the Company will enhance internal training of its accounting staff, and will work closely with both its audit committee and the auditors.

The correct figures of the loss of the Group for the year 2008 should be HK\$534,763,000 instead of HK\$518,308,000.

* For identification purpose only

Adjustments in the related items and figures between the Announcement and this Revised Announcement are summarized as follows:–

Consolidated Income Statement

Items	Announcement <i>HK\$'000</i>	Revised Announcement <i>HK\$'000</i>
Income tax credit/(expense)	11,083	(5,372)
Loss for the year	(518,308)	(534,763)
Loss attributable to equity holders of the Company	(431,779)	(492,238)
Loss attributable to minority interests	(86,529)	(42,525)
Basic loss per share	HK cents (0.6290)	HK cents (0.7171)
Diluted loss per share	HK cents (0.6290)	N/A

Consolidated Balance Sheet

Items	Announcement <i>HK\$'000</i>	Revised Announcement <i>HK\$'000</i>
Provision for tax	69,013	85,468
Reserves	3,137,440	3,076,981
Equity attributable to the Company's equity holders	3,823,890	3,763,431
Minority interests	850,336	894,340
Net assets/Total equity	4,674,226	4,657,771

Saved and except for the above, the Directors confirm that the contents of the Announcement are accurate.

The following revised result announcement has incorporated all of the above adjustments:

RESULTS

The directors of Nan Hai Corporation Limited (the "Company") hereby announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008, together with the comparative figures for the year ended 31 December 2007 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	2008 HK\$'000	2007 HK\$'000
Revenue/Turnover	3(a)	494,861	673,031
Cost of sales and services provided		(188,711)	(131,996)
Gross profit		306,150	541,035
Other operating income	3(b)	57,605	13,972
Gain arising on acquisition of additional interests in subsidiaries		9,991	30,292
Gain/(Loss) on disposal and dissolution of subsidiaries	5	56,626	(7,685)
Selling and marketing expenses		(284,952)	(221,962)
Administrative expenses		(321,167)	(250,045)
Other operating expenses		(150,055)	(106,478)
Finance costs	6	(186,586)	(46,194)
Impairment loss on goodwill		(17,000)	–
Share of results of associates		(3)	–
Loss before income tax	7	(529,391)	(47,065)
Income tax (expense)/credit	8	(5,372)	68,602
(Loss)/Profit for the year		(534,763)	21,537
Attributable to :			
Equity holders of the Company		(492,238)	(14,570)
Minority interests		(42,525)	36,107
(Loss)/Profit for the year		(534,763)	21,537
		HK cents	HK cents
Loss per share for loss attributable to the equity holders of the Company during the year	9		
– Basic		(0.7171)	(0.0213)
– Diluted		N/A	N/A

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Notes	2008 HK\$'000	2007 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		264,941	137,426
Investment property		12,015	–
Prepaid land lease payments under operating leases		58,111	55,915
Interest in associates		2,623	–
Available-for-sale financial assets		324	324
Deposits		176,084	58,989
Intangible assets		303,073	298,655
Deferred tax assets		7,990	6,400
		825,161	557,709
Current assets			
Inventories		7,921,036	6,769,600
Financial assets at fair value through profit or loss		346,432	5,048
Trade receivables	10	28,256	86,268
Deposits, prepayments and other receivables		1,367,513	585,318
Amount due from an associate		20	–
Time deposits		–	213,561
Cash and cash equivalents		211,145	232,146
		9,874,402	7,891,941
Current liabilities			
Trade payables	11	129,046	136,737
Other payables and accruals		671,552	481,956
Deferred revenue		54,731	50,261
Provision for tax		85,468	63,401
Amount due to a director		24,361	132,461
Amounts due to shareholders		5,006	5,006
Amount due to a minority shareholder		12,000	12,000
Amount due to an associate		5,507	5,507
Bank and other borrowings		1,430,658	310,148
Finance lease liabilities		249	335
		2,418,578	1,197,812
Net current assets		7,455,824	6,694,129
Total assets less current liabilities		8,280,985	7,251,838
Non-current liabilities			
Bank and other borrowings		831,172	1,587,400
Finance lease liabilities		56	509
Finance from a third party		2,128,047	–
Amounts due to shareholders		437,482	407,070
Deferred tax liabilities		226,457	212,977
		3,623,214	2,207,956
Net assets		4,657,771	5,043,882
EQUITY			
Equity attributable to the Company's equity holders			
Share capital	12	686,450	686,450
Reserves		3,076,981	3,402,074
		3,763,431	4,088,524
Minority interests		894,340	955,358
Total equity		4,657,771	5,043,882

Notes:

1. GENERAL INFORMATION

The Company is a limited liability company incorporated and domiciled in Bermuda. The address of the Company's registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and, its principal place of business is 39th Floor, New World Tower I, 16-18 Queen's Road Central, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The Company and its subsidiaries (the "Group") are principally engaged in property development, culture and media services, corporate IT application services, financial information services and distance learning education services.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules").

2. ADOPTION OF NEW AND AMENDED HKFRSs

2.1 Impact of new and amended HKFRSs which are effective during the year

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2008.

HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets

The new HKFRSs had no material effect on how the results and financial position for the current or prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

2.2 Impact of new and amended HKFRSs which are issued but not yet effective

At the date of authorisation of these financial statements, the following new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKAS 39 (Amendment)	Eligible Hedged Items ²
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ²
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ¹
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Reassessment of Embedded Derivatives and Financial Instruments: Recognition and Measurement – Embedded Derivatives ⁵
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁴
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ²
HK(IFRIC) – Int 18	Transfers of Assets from Customers ²
Various	Annual Improvements to HKFRSs 2008 ⁶

Note

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 July 2008

⁴ Effective for annual periods beginning on or after 1 October 2008

⁵ Effective for annual periods ending on or after 30 June 2009

⁶ Generally effective for annual periods beginning on or after 1 January 2009 unless otherwise stated in the specific HKFRS

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncements.

Among these new standards and interpretations, HKAS 1 (Revised) Presentation of Financial Statements is expected to be relevant to the Group's financial statements. This amendment affects the presentation of owner changes in equity and introduces a statement of comprehensive income. The Group will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of other comprehensive income). This amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

In addition, HKFRS 8 Operating Segments may result in new or amended disclosures. The directors are in the process of identifying reportable operating segments as defined in HKFRS 8.

The directors are currently assessing the impact of the other new or amended HKFRSs upon initial application but are not yet in a position to state whether they would have material financial impact on the Group's results and financial position.

3. REVENUE /TURNOVER AND OTHER OPERATING INCOME

(a) The Group's turnover represents revenue from:

	2008 HK\$'000	2007 HK\$'000
Distance learning education services	7,171	7,095
Corporate IT application business	394,323	628,064
Property management	8,288	6,922
Financial information services	22,549	21,647
Culture and media services	16,325	9,166
Ticketing income	39,536	–
Confectionery sales	6,669	–
Others	–	137
	494,861	673,031

(b) Other operating income:

	2008 HK\$'000	2007 HK\$'000
Exchange gain	4,270	–
Interest income	22,287	2,845
Dividend income	80	134
Other interest income	15,769	–
Net fair value gain on financial assets at fair value through profit or loss	–	3,262
Rental income	4,483	–
Write back of sundry creditors	4,161	3,829
Government grants	2,242	372
Sundry income	4,313	3,530
	57,605	13,972

Government grants have been received from the PRC governmental bodies in the form of the subsidies to the design, research and development of new products by certain subsidiaries of the Group. The purpose of the subsidy is to encourage innovation by granting financial assistance to commercial entities whose research and development projects meet certain criteria. There are no unfulfilled conditions or contingencies attaching to these grants.

4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

In accordance with the Group's internal financial reporting policy, its segment information is presented by way of two segments format: (a) on a primary segment reporting basis, by business segment; and (b) on a secondary segment reporting basis, by geographical segment.

Summary of details of the business segments are as follows:

- (a) Financial information services
- (b) Corporate IT application services
- (c) Property development
- (d) Distance learning education services
- (e) Culture and media services
- (f) Other segment include trading of securities and property management

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the locations of the customers, and assets are attributed to the segments based on the locations of the assets.

The Group's inter-segment sales during the year were related to the provision of corporate IT application services and distance learning education services. Inter-segment revenue is determined by directors and is based on pricing policies similar to those contracted with independent third parties, where applicable.

4(a). BUSINESS SEGMENTS

2008

	Financial information services HK\$'000	Corporate IT application services HK\$'000	Property development HK\$'000	Distance learning education services HK\$'000	Culture and media services HK\$'000	Other segments HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue								
Sales to external customers	22,549	394,323	-	7,171	62,530	8,288	-	494,861
Inter-segment sales	-	33,704	-	2,415	-	-	(36,119)	-
	22,549	428,027	-	9,586	62,530	8,288	(36,119)	494,861
Segment results								
	(37,942)	(193,917)	(62,281)	(1,744)	(30,686)	(6,101)	(33,704)	(366,375)
Interest income								38,056
Gain arising on acquisition of additional interests in subsidiaries								9,991
Gain on disposal and dissolution of subsidiaries								56,626
Unallocated corporate expenses								(81,100)
Finance costs								(186,586)
Share of results of associates								(3)
Loss before income tax								(529,391)
Income tax expense								(5,372)
Loss for the year								(534,763)
Segment assets								
	7,770	678,127	9,502,250	5,732	177,010	6,119	-	10,377,008
Unallocated assets								319,932
Interest in associates								2,623
Total assets								10,699,563
Segment liabilities								
	(21,683)	(131,974)	(437,736)	(2,172)	(76,861)	(4,608)	-	(675,034)
Loan liabilities								(4,390,182)
Unallocated liabilities								(976,576)
Total liabilities								(6,041,792)
Other information								
Capital expenditure	111	40,991	18,716	12	124,408	1,182	-	185,420
Depreciation	799	29,964	1,594	402	8,530	483	-	41,772
Amortisation	-	36,366	88	-	-	-	-	36,454
Impairment loss on goodwill	-	17,000	-	-	-	-	-	17,000
Other non-cash expenses	404	14,879	3,412	358	655	2,531	-	22,239

2007

	Financial information services HK\$'000	Corporate IT application services HK\$'000	Property development HK\$'000	Distance learning education services HK\$'000	Culture and media services HK\$'000	Other segments HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue								
Sales to external customers	21,647	628,064	–	7,095	9,166	7,059	–	673,031
Inter-segment sales	15,485	–	–	9,859	–	–	(25,344)	–
	37,132	628,064	–	16,954	9,166	7,059	(25,344)	673,031
Segment results								
	(17,290)	111,930	(34,685)	(1,659)	(8,690)	84	(15,485)	34,205
Interest income								2,845
Gain arising on acquisition of additional interests in subsidiaries								30,292
Loss on disposal and dissolution of subsidiaries								(7,685)
Unallocated corporate expenses								(60,528)
Finance costs								(46,194)
Loss before income tax								(47,065)
Income tax credit								68,602
Profit for the year								
								21,537
Segment assets	8,311	602,466	7,758,331	11,974	23,068	6,088	–	8,410,238
Unallocated assets								39,412
Total assets								
								8,449,650
Segment liabilities								
	(17,336)	(90,306)	(436,149)	(2,323)	(10,662)	(34,460)	–	(591,236)
Loan liabilities								(1,898,392)
Unallocated liabilities								(916,140)
Total liabilities								
								(3,405,768)
Other information								
Capital expenditure	1,525	194,145	2,548	281	1,123	1,473	–	201,095
Depreciation	747	19,622	272	401	162	696	–	21,900
Amortisation	–	23,199	–	–	–	–	–	23,199
Other non-cash expenses	1,259	15,550	–	852	–	7,572	–	25,233

4(b). GEOGRAPHICAL SEGMENTS

2008

	Europe, other than United Kingdom HK\$'000	Hong Kong HK\$'000	Mainland China HK\$'000	Total HK\$'000
Segment revenue				
Sales to external customers	–	172	494,689	494,861
Other segment information				
Segment assets	612	1,603,554	9,095,397	10,699,563
Capital expenditure	–	71,051	114,369	185,420

2007

	Europe, other than United Kingdom HK\$'000	Hong Kong HK\$'000	Mainland China HK\$'000	Total HK\$'000
Segment revenue				
Sales to external customers	–	53,390	619,641	673,031
Other segment information				
Segment assets	612	139,696	8,309,342	8,449,650
Capital expenditure	–	932	200,163	201,095

5. DISPOSAL AND DISSOLUTION OF SUBSIDIARIES

	2008 HK\$'000	2007 HK\$'000
Net assets disposed of:		
Property, plant and equipment	2,036	–
Inventories	328,141	–
Deposits, prepayments and other receivables	16,839	4,996
Cash and cash equivalents	53	–
Goodwill	–	20,433
Interest in an associate	–	18,967
Trade payables	(2,155)	–
Other payables and accruals	(9,848)	(273)
Amounts due to group companies	(65,554)	–
Amount due to a director	(70,654)	–
	198,858	44,123
Exchange reserve released on disposal	(47,844)	(3,076)
Capital reserve released on disposal	–	4,374
Gain /(loss) on disposal and dissolution of subsidiaries	56,626	(7,685)
	207,640	37,736
Satisfied by:		
Cash received	54,353	37,736
Consideration receivable	153,287	–
	207,640	37,736

6. FINANCE COSTS

	2008 HK\$'000	2007 HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	187,047	99,845
Interest on other loans wholly repayable within five years	–	241
Finance costs on finance from a third party wholly repayable within five years	148,734	–
Interest on other payables	1,894	20,641
Interest on finance leases	75	39
Interest on amounts due to shareholders	30,411	30,411
Total finance costs on financial liabilities not at fair value through profit or loss	368,161	151,177
Less: Amount directly attributable to properties held for and under development capitalised *	(181,575)	(104,983)
	186,586	46,194

* The finance costs have been capitalised at a rate of 6.93% to 8.34% (2007: 5.58% to 8.22%) per annum.

7. LOSS BEFORE INCOME TAX

	2008 HK\$'000	2007 HK\$'000
Loss before income tax is arrived at after charging/(crediting):		
Amortisation of intangible assets other than goodwill*	35,159	23,199
Auditors' remuneration	4,877	4,269
Bad debts written off*	995	11,226
Cost of provision of corporate IT application services	115,361	105,078
Cost of confectionery	3,164	–
Cost of provision of financial information services	10,875	9,163
Cost of provision of culture and media services	50,504	8,846
Cost of inventories sold – distance learning materials	1,279	3,220
Cost of provision of property management services	7,528	5,689
Cost of sales and services provided	188,711	131,996
Gross depreciation of property, plant and equipment – owned assets	40,753	21,635
Less: Amounts included in cost of provision of corporate IT application services	(158)	(105)
Amounts capitalised in intangible assets	(84)	(145)
Amount included in research and development expenses	(120)	–
Net depreciation of owned assets*	40,391	21,385
Depreciation of leased assets*	376	265
Depreciation of investment property*	643	–
Write-off of property, plant and equipment*	1,162	452
Loss/(Gain) on disposal of property, plant and equipment*	730	(54)
Net fair value loss/(gain) on financial assets at fair value through profit or loss*	8,950	(3,262)
Net foreign exchange (gain)/loss	(4,270)	725
Gross operating lease charges on land and buildings	53,078	44,562
Less: Amounts included in cost of provision of corporate IT application services	(804)	(1,251)
Amounts capitalised in intangible assets	(244)	(1,403)
Amounts included in research and development expenses	(156)	–
Net operating lease charges on land and buildings	51,874	41,908
Operating lease charges on prepaid land lease	1,295	738
Provision for impairment of receivables, net*	19,681	12,539
Write-off of intangible assets*	–	1,070
Research and development expenses*	10,335	–

* included in other operating expenses

8. INCOME TAX EXPENSE/(CREDIT)

	2008 HK\$'000	2007 HK\$'000
The tax expense/(credit) comprises:		
Current tax		
– Hong Kong Profits Tax		
Tax charge for the year	12,184	–
– PRC Enterprise Income Tax		
Tax (credit)/ charge for the year	(5,563)	5,309
(Over)/Under-provision in respect of prior years	(79)	439
	6,542	5,748
Deferred tax		
– Credited for the year	(1,170)	(6,400)
– Attributable to decrease in tax rates	–	(67,950)
	(1,170)	(74,350)
	5,372	(68,602)

For the year ended 31 December 2008, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year.

For the year ended 31 December 2007, no Hong Kong profits tax was provided in the financial statements as the companies within the Group either did not derive any assessable profit in Hong Kong or had unused tax losses brought forward to offset against the current year's assessable profits in Hong Kong.

PRC Enterprise Income Tax ("EIT") has been provided on the estimated assessable profits of subsidiaries operating in Mainland China at 25% (2007: 33%), unless preferential rates are applicable in the cities where the subsidiaries are located.

Certain subsidiaries of the Group are wholly-owned foreign enterprises in accordance with the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises and are entitled to full exemption from EIT for two years and a 50% reduction in the following three years thereafter starting from the first profit making year after offsetting prior years' tax losses.

In addition, certain subsidiaries that are located in the Beijing Economic-Technological Development Area are entitled to preferential PRC EIT rate of 15% (2007: 15%).

The Hong Kong SAR Government enacted a reduction in the profits tax rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009. Pursuant to the tax law passed by the tenth National People's Congress on 16 March 2007, the new EIT rates for domestic and foreign enterprises in Mainland China are unified at 25% with effective from 1 January 2008.

9. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the equity holders of the Company of HK\$492,238,000 (2007: HK\$14,570,000) and on the weighted average of 68,645,035,794 (2007: 68,365,627,780) ordinary shares in issue during the year.

The share options have no dilutive effect on the loss per share for the year ended 31 December 2008 as the exercise price of the options outstanding during the year exceeds the average market price of ordinary shares.

Diluted earnings per share for the year ended 31 December 2007 was not presented because the impact of the exercise of the share options was anti-dilutive.

10. TRADE RECEIVABLES

	2008 HK\$'000	2007 HK\$'000
Trade receivables analysed according to aging :		
0 – 90 days	8,768	14,320
91 – 180 days	1,688	79,987
181 – 270 days	1,308	1,669
271 – 360 days	934	1,226
Over 360 days	30,611	27,626
Trade receivables, gross	43,309	124,828
Less : Provision for impairment of receivables	(15,053)	(38,560)
Trade receivables, net	28,256	86,268

Trade receivables are due on presentation of invoices.

11. TRADE PAYABLES

	2008 HK\$'000	2007 HK\$'000
Trade payables analysed according to aging :		
0 – 90 days	65,811	35,516
91 – 180 days	6,740	9,129
181 – 270 days	1,589	32,350
271 – 360 days	1,039	242
Over 360 days	53,867	59,500
	129,046	136,737

12. SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each	HK\$'000
Authorised :		
At 1 January 2007, 31 December 2007 and 31 December 2008	500,000,000,000	5,000,000
Issued and fully paid :		
At 1 January 2007	68,209,035,794	682,090
Issue of ordinary shares upon exercise of share options	436,000,000	4,360
At 31 December 2007 and 31 December 2008	68,645,035,794	686,450

FINAL DIVIDEND

The directors of the Company have resolved not to recommend the declaration of any final dividend for the year ended 31 December 2008 (2007: Nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 8 June 2009. For details of the annual general meeting, please refer to the Notice of Annual General Meeting which is expected to be published on or before 30 April 2009.

CLOSURE OF REGISTER

The register of members will be closed from 2 June 2009 to 8 June 2009, both days inclusive, during which period no transfer of shares will be effected for the purpose of determining the identity of members who are entitled to attend and vote at the forthcoming annual general meeting. In order to register the transfers, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 1 June 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year, the Company was principally engaged in property development, and through its listed subsidiary, Sino-i engaged in corporate IT application services, financial information services and distance learning education services. Also through its subsidiary, Dadi Entertainment Limited, focused on culture and media services. During the year, the turnover was HK\$494.9 million (2007: HK\$673.0 million) and the net loss was HK\$534.8 million (2007: a net profit of HK\$21.5 million). The net assets of the Group including minority interests were HK\$4,657.8 million (2007: HK\$5,043.9 million), representing a value of HK\$0.068 per share.

1. Property Development

The Company's property development schedule was delayed resulting from the Chinese government's continuous adjustments in policies. During the year, this division did not launch any sales, so no turnover was recorded (2007: Nil).

The Company's flagship project – "The Peninsula" in Shekou, Shenzhen, started the pre-sale of 2,020 units in its Phase 2 in January 2009. Given the slack market condition, the Group at the very beginning launched about 20% of the overall units. The Group is confident in selling more units during this year, and a strong cash inflow is expected in 2009.

2. IT Sector

Corporate IT Application Services

Due to the adverse effect by such factors as market deterioration by macro-economic control and slowing down of the development in IT industry, the business results of the Group emerged a certain extent of slump in 2008. Despite the severe market competition, this division kept making adjustment and improvement by launching innovative products and comprehensive services. During the year, the turnover of this division was approximately HK\$428.0 million (2007: HK\$628.1 million) and the net loss was approximately HK\$193.9 million (2007: a net profit of HK\$111.9 million). In recent years, the business results and contribution of various subsidiaries of the Company in this division have been accredited from different sectors in the society, and won many awards.

CE Dongli Technology Group Company Limited, a subsidiary of the Company, was awarded many titles, such as “Top 100 High-Growth Enterprises of China’s Creative Industry”, “2008 Golden Software Award” and “2008 Beijing E-Business Credit Enterprise”.

北京新網數碼信息技術有限公司 (Beijing Xinnet Cyber Information Company Limited) (“Xinnet”), a subsidiary of the Company, was certified as “2007 CN Domain Name Gold Medal Registration Service Organization”, and was accredited as “Five-star Registration Service Organization” by CNNIC (China Internet Network Information Center) twice in 2008. Meanwhile, Xinnet was also one of the pioneers participating in establishing the Anti-Phishing Alliance of China, and contributing substantial effort in maintaining a clean internet environment and eliminating illegal information.

北京紅旗中文貳仟軟件技術有限公司 (Beijing Redflag Chinese 2000 Software Technology Company Limited) (“Redflag 2000”), a subsidiary of the Company, had encouraging results in the areas of specialized project tendering and award assessment. Redflag 2000 obtained the development fund support by successfully bidding the “Optimizing Domestic Office Software Suit based on UOF Standard” project under the 2008 Ministry of Industry and Information Technology Development Fund. Meanwhile, it also obtained the support from the 2008 Small and Medium Technology Enterprise Innovative Fund, and its “Optimizing and Application of Linux Desktop Office Environment for e-Government Services” project also obtained the support from Beijing Technology Project. Besides, Redflag 2000 also obtained many other awards such as “High-tech Enterprise of China Recommended by Editors of China Information World in 2007”, “Outstanding Domestic Software Provider of County-Level e-Government Solutions” and “2008 China Open Source Software Productivity Booster Award”.

Financial Information Services

During the year, turnover of this division was approximately HK\$22.5 million (2007: HK\$37.1 million) and the net loss was approximately HK\$37.9 million (2007: HK\$17.3 million).

北京世華國際金融信息有限公司 (Beijing Shihua International Financial Information Company Limited), a subsidiary of the Company, will continue to invest in a prudent manner and promote its product line. The Group is confident that the business performance of this division will be improved in the near future, which in turn will generate satisfactory return for the Group.

Distance Learning Education Services

During the year, turnover of this division was approximately HK\$9.6 million (2007: HK\$17.0 million) and the net loss was HK\$1.7 million (2007: HK\$1.7 million).

In terms of business strategies, 北京華夏大地遠程教育網絡服務有限公司 (Beijing Chinese Dadi Distance Education Company Limited) (“Chinese Dadi”), a subsidiary of the Company, will continue to strengthen its market share through cooperation with educational institutes. Chinese Dadi has begun to expand its product range from merely sales of online study course materials to online interactive learning programs. The management also decided to cut down all technical outsource service since profit from this business is sporadic. The management will continue to closely monitor the business development of this division and will expect the performance of this division will be improved further in the near future.

Chinese Dadi was accredited “Top 10 National Online Education Institute” and “2007 Top 10 Online Education Institute”.

Technology Development

北京中企開源信息技術有限公司 (Beijing CE Open Source Software Co., Ltd.), a subsidiary of the Company, was awarded the “2008 Top Business Innovation Award in China’s Information Service Industry” and “2008 Annual High-development Enterprise Award in China’s Information Industry”.

3. Culture and Media

Resulting from the strategic decision in focusing on the initial development of digital cinema business in both Shenzhen and Guangzhou and its respective surrounding areas, which in turn will have a synergy effect on the Company's property projects in Shenzhen and Guangzhou, the culture and media business segment was repositioned from Sino-i to the Company in 2008 and has become one of the main businesses.

During the year, the turnover of this division was approximately HK\$62.5 million (2007: HK\$9.2 million) and the net loss was approximately HK\$30.7 million (2007: HK\$8.7 million). The Group operated 21 digital cinemas contributing box-office of HK\$39.5 million (2007: Nil), which proved a successful mode of business operation. In addition to cinema business, the Group by means of CEPA (Closer Economic Partnership Arrangement) tapped into the film distribution market in China by distributing films.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL

The Group continues to adopt prudent funding and treasury policies. As at 31 December 2008, the net assets of the Group attributable to the equity holders amounted to approximately HK\$3,763.4 million (2007: HK\$4,088.5 million), including cash and bank balances of approximately HK\$211.1 million (2007: HK\$445.7 million) (which were denominated mainly in US dollars, Renminbi and Hong Kong dollars). As at 31 December 2008, the Group's aggregate borrowings including shareholders' loan were HK\$4,827.7 million (2007: HK\$2,305.5 million), including approximately HK\$2,566.1 million (2007: HK\$408.2 million) were bearing interest at fixed rates while approximately HK\$2,261.6 million (2007: HK\$1,897.3 million) were bearing interest at floating rates. The gearing ratio of the Group, which is net debt divided by the adjusted capital plus net debt, increased from 26.94% as at 31 December 2007 to 49.78% as at 31 December 2008. The material increase in gearing ratio was mainly due to the provision of a fund in the sum of US\$275 million from a financial institution for financing construction costs and expenditures of "The Peninsula" project. Such high gearing ratio is expected to be reduced when the loans are to be repaid by the sales proceeds generated from the Phase 2 of "The Peninsula" in 2009.

The Group's contingent liabilities at 31 December 2008 were HK\$77.7 million due to the guarantees given in connection with credit facilities.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATE

The majority of the Group's borrowings and transactions were denominated in US dollars, Renminbi and Hong Kong dollars. Both the operating expenses and revenues were primarily in Renminbi. It is expected that the exchange rate of Renminbi will continue to appreciate resulting from the continuous economic growth in China. The Group's reporting assets, liabilities and profits may be affected by the Renminbi exchange rate. Although the Renminbi exchange risk exposure is not significant during the year under review, the Group will keep on reviewing and monitoring the exchange risks between Renminbi and Hong Kong dollars. For the funding in US dollars, Hong Kong dollars has been linked to US dollars, and Hong Kong dollars are the reporting functional currency of the Group, the management of the Group considers the exposure on exchange risk is not significant. The Group may proceed to have some kind of foreign exchange hedging arrangements when appropriate and necessary.

EMPLOYEE

The Company employs and remunerates its employees based on their qualifications, experience and performance. In addition to basic salary payments, other benefits include housing, contributions to mandatory provident fund, group medical insurance, group personal accident insurance and examination leave. Employees are eligible to be granted share options under the Company's share option scheme at the discretion of the Board. In general, salary review is conducted annually. As at 31 December 2008, the Group had approximately 7,539 employees (2007: 8,489 employees). The salaries of and allowances for employees for the year ended 31 December 2008 were approximately HK\$465.6 million (2007: HK\$375.7 million).

PROSPECT

In 2008, economic development progress in China slowed down due to the global economic crisis. However, there were no significant changes in both domestic financial system and economic operating system, on the other hand, the Chinese government enhanced her abilities in adjustment of the economic development. Under the background of macro-economic development, the Group's management persistently pursued the strategic objectives determined by the Board, seriously considered and analyzed the current situation, prudently established operating strategies and tuned the Group to adjust and develop in the same pace.

In 2009, the Group's management will strive to build up a property product brand name, timely increase its land reserve and control the timing of project development and sales. Meanwhile, the Group will continue to focus on development and innovation of the core businesses – corporate IT application services and culture and media services, and to launch and perfect competitive products and services. In addition, the Group is committed to enlarge its market share through such measures as internal resources integrations as well as external acquisitions and mergers so as to solidify its leading position and competitive edge in various business sectors.

Looking forward, in the fresh round of economic development, the Chinese government's enhancement of standard in managing the economy and the adjustments and changes to domestic industry structure, together with the confidence and efforts of all employees, will continuously motivate the implementation of the Group's sustainable development strategies.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2008, except for the deviations mentioned below:

Code Provision A.2.1 stipulated that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual.

The Company has not appointed a CEO. The role of CEO is also performed by Mr. Yu Pun Hoi who is the chairman of the Company. The Board believes that vesting the roles of both chairman and CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

Code Provision A.4.1 stipulated that non-executive directors should be appointed for a specific term subject to re-election.

The non-executive directors of the Company are not appointed for a specific term. However, all non-executive directors are subject to the retirement and rotation requirements in accordance with the Company's Bye-Laws. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Code Provision A.4.2 stipulated that every director including those appointed for a specific term should be subject to retirement by rotation at least once every three years.

According to Bye-law 99, every Director, including those appointed for a specific term, shall (save for any executive Chairman or Managing Director) be subject to retirement by rotation at the annual general meeting at least once every three years. In the opinion of the Board, stability and continuation are key factors to the successful implementation of business plans. The Board believes that it is beneficial to the Group that there is continuity in the role of the Chairman and, therefore, the Board is of the view that the Chairman should be exempt from this arrangement at the present time.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company has reviewed the revised annual results of the Company for the year. The figures in respect of the revised announcement of the Group's results for the year ended 31 December 2008 have been agreed by the Company's auditors, Grant Thornton, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton on the revised announcement.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Hong Kong Stock Exchange and the Company (<http://www.nanhaicorp.com>). The 2008 annual report of the Company containing all the relevant information required by Appendix 16 to the Listing Rules will be published on the websites of the Hong Kong Stock Exchange and the Company and despatched to shareholders of the Company on or before 30 April 2009.

2008 INTERIM RESULTS

The Board would also like to clarify that the interest payable to Sino-i for the six months ended 30 June 2008 in the amount of HK\$65,984,000 was also omitted in the interim results for the six months ended 30 June 2008. As a result, interest payable to minority shareholders and income tax liabilities of the Group were understated. The correct figures of the loss of the Group for the six months ended 30 June 2008 should be HK\$131,116,000 instead of HK\$101,408,000.

Consolidated Income Statement

<i>Items</i>	<i>Announcement</i> <i>HK\$'000</i>	<i>Revised</i> <i>Announcement</i> <i>HK\$'000</i>
Income tax credit	9,935	2,535
Loss for the period	(133,193)	(140,593)
Loss attributable to equity holders of the Company	(101,408)	(131,116)
Loss attributable to minority interests	(31,785)	(9,477)
Basic loss per share	HK cents (0.148)	HK cents (0.191)

Consolidated Balance Sheet

<i>Items</i>	<i>Announcement</i> <i>HK\$'000</i>	<i>Revised</i> <i>Announcement</i> <i>HK\$'000</i>
Provision for tax	69,167	76,567
Reserves	3,399,033	3,369,325
Equity attributable to the Company's equity holders	4,085,483	4,055,775
Minority interests	916,366	938,674
Net assets/Total equity	5,001,849	4,994,449

RESUMPTION OF TRADING

Trading in the shares of the Company on the Hong Kong Stock Exchange was suspended with effect from 9:30 a.m. on 23 April 2009 at the request of the Company pending the release of this announcement. Application has been made to the Hong Kong Stock Exchange for a resumption of trading in the shares of the Company with effect from 9:30 a.m. on 27 April 2009.

By order of the Board

Yu Pun Hoi

Chairman

Hong Kong, 24 April 2009

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

Executive directors:

*Mr. Yu Pun Hoi, Mr. Qin Tian Xiang, Ms. Chen Dan, Mr. Wang Gang and
Ms. Liu Rong*

Non-executive director:

Mr. Lam Bing Kwan

Independent non-executive directors:

Mr. Huang Yaowen, Prof. Jiang Ping and Mr. Lau Yip Leung