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HAICHANG OCEAN PARK HOLDINGS LTD.

海昌海洋公園控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2255)

DISCLOSABLE TRANSACTION IN RELATION TO THE DISPOSAL AND THE ABS

THE ASSET SALE AND PURCHASE AGREEMENT AND THE DISPOSAL

The Board is pleased to announce that on 9 September 2018, Qingdao Oceanpark, as the seller, entered into the Asset Sale and Purchase Agreement with Xinyuan Capital Management as the purchaser, pursuant to which Qingdao Oceanpark agreed to sell, and Xinyuan Capital Management agreed to purchase, the Underlying Asset at a total consideration of RMB1,000,000,000.

THE ABS

Qingdao Oceanpark has appointed Xinyuan Capital Management as the project manager, who will issue the ABS which can be traded on SZSE under the Asset-backed Special Program. The Group intends to use the net proceeds from the Disposal for the subsequent construction and operation of the theme park in Shanghai owned by the Group which is under construction and capital expenditures for other projects. For the purpose of the ABS, the Company and Dalian Haichang entered into the Payment Undertaking and Differential Payment Undertaking and Qingdao Oceanpark entered into the Sale and Repurchase Undertaking, Asset Sale and Purchase Agreement, service agreement, supervision agreement, proceeds supervision agreement, Sale and Repurchase Agreement and the Asset Pledge Agreement with the project manager.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 14.09(9) of the Listing Rules) in relation to the transactions contemplated under the Transaction Agreements exceed 5% but below 25%, the transactions contemplated thereunder constitute discloseable transaction of the Company under Chapter 14 of the Listing Rules.

THE ASSET SALE AND PURCHASE AGREEMENT

The Board is pleased to announce on 9 September 2018, Qingdao Oceanpark, as the seller, entered into the Asset Sale and Purchase Agreement with Xinyuan Capital Management as the purchaser, pursuant to which Qingdao Oceanpark agreed to sell, and Xinyuan Capital Management agreed to purchase, the Underlying Asset at a total consideration of RMB1,000,000,000.

The principal terms of the Asset Sale and Purchase Agreement are summarised below:–

Date: 9 September 2018

Parties: (1) Qingdao Oceanpark as the seller; and
(2) Xinyuan Capital Management as the purchaser

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Assets to be transferred: the Underlying Asset

Consideration and payment terms: The consideration for the Underlying Asset shall be RMB1,000,000,000 and shall be settled in the following manner:

- (1) part of the consideration will be used to repay the loan made by Qingdao Oceanpark;
- (2) the remaining part of the consideration shall be transferred to Qingdao Oceanpark.

The consideration was arrived at following arm's length negotiations between Qingdao Oceanpark and Xinyuan Capital Management.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Asset Sale and Purchase Agreement and the Disposal are on normal commercial terms and fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions Precedents:

Completion of the Asset Sale and Purchase Agreement is conditional upon, inter alia,

- (1) Xinyuan Capital Management has signed and delivered to Qingdao Oceanpark the Asset Sale and Purchase Agreement and other relevant documents under the Asset-backed Special Program;
- (2) Xinyuan Capital Management has obtained all permissions or authorisations required for the fulfilment of its obligations under the Asset Sale and Purchase Agreement and other relevant documents under the Asset-backed Special Program;
- (3) Qingdao Oceanpark has received copies of Xinyuan Capital Management' latest qualification certificate for the client asset management business, business licence and articles of association;
- (4) Qingdao Oceanpark has delivered documents in relation to the Underlying Asset to Xinyuan Capital Management or Xinyuan Capital Management's agent on or before the establishment date of the Asset-backed Special Program;
- (5) Xinyuan Capital Management has received copies of Qingdao Oceanpark's latest business licence and articles of association;
- (6) Qingdao Oceanpark has received all permissions or authorisations required for the fulfilment of its obligations under the Asset Sale and Purchase Agreement, including but not limited to Qingdao Oceanpark signing and fulfilling the copy of resolution of the board of directions of the Asset Sale and Purchase Agreement and other internal authorisation documents;
- (7) the Asset-backed Special Program is established in accordance with the terms agreed under the standard causes; and
- (8) as of the date Xinyuan Capital Management pays the consideration to Qingdao Oceanpark, Qingdao Oceanpark has not breached any representations or warranties made in the Asset Sale and Purchase Agreement or other documents under the Asset-backed Special Program.

Completion:

Subject to the above conditions precedents, completion shall take place upon the signing of the completion confirmation by Qingdao Oceanpark and Xinyuan Capital Management.

THE ABS

Qingdao Oceanpark has appointed Xinyuan Capital Management as the project manager, who will issue the ABS which can be traded on SZSE under the Asset-backed Special Program. The Group intends to use the net proceeds from the Disposal for the subsequent construction and operation of the theme park in Shanghai owned by the Group which is under construction and capital expenditures for other projects. For the purpose of the ABS, the Company and Dalian Haichang entered into the Payment Undertaking and Differential Payment Undertaking and Qingdao Oceanpark entered into the Sale and Repurchase Undertaking, Asset Sale and Purchase Agreement, service agreement, supervision agreement, proceeds supervision agreement, Sale and Repurchase Agreement and the Asset Pledge Agreement with the project manager.

The ABS is comprised of two classes, namely senior and secondary class ABS. The senior class ABS holders shall have priority in receiving the distribution of the ABS prior to the secondary class ABS holders. There are five tranches under the senior class ABS, namely Ocean Park 01 ABS, Ocean Park 02 ABS, Ocean Park 03 ABS, Ocean Park 04 ABS and Ocean Park 05 ABS. The senior class ABS shall bear interest at a rate to be determined whereas secondary class ABS shall bear no interest. The senior class ABS shall rank senior to secondary class ABS in relation to the repayment of the principal amount of the ABS. The principal sum of senior class ABS is RMB950 million, which are to be subscribed by not more than 200 professional and institutional investors in the PRC. The principal sum of secondary class ABS is RMB50 million, which are to be subscribed by Qingdao Oceanpark. Details of which are set out in the table below:

Tranche	Ocean Park 01 ABS	Ocean Park 02 ABS	Ocean Park 03 ABS	Ocean Park 04 ABS	Ocean Park 05 ABS	Secondary class ABS
Principal amount (RMB)	150,000,000	180,000,000	200,000,000	200,000,000	220,000,000	50,000,000
Maturity date	20 September 2019	20 September 2020	20 September 2021	20 September 2022	20 September 2023	20 September 2023

THE SERVICE AGREEMENT

On 9 September 2018, Xinyuan Capital Management, as the project manager, entered into a service agreement with Qingdao Oceanpark, pursuant to which Xinyuan Capital Management appointed Qingdao Oceanpark as the asset service agency of the Asset-backed Special Program.

Qingdao Oceanpark shall set up a supervision account on or before the date of establishment of the Asset-backed Special Program. The supervision account shall be used specifically to receive the Ticket Sales Income generated from the Underlying Asset. During the period where Qingdao Oceanpark serves as the asset service agency, according to the terms and conditions under the Transaction Agreements, the Ticket Sales Income received shall be transferred to the supervision account on the day of ticket collection. The Ticket Sales Income in the supervision account will then be deposited into an account under the Asset-backed Special Program. Subsequently, Xinyuan Capital Management will pay the agreed interest and repay the principal of the relevant ABS to the ABS holders out of the account under the Asset-backed Special Program. Xinyuan Capital Management is not required to pay any service fee to Qingdao Oceanpark.

THE PAYMENT UNDERTAKING

On 8 August 2018, the Company entered into a Payment Undertaking with Xinyuan Capital Management, pursuant to which the Company undertook if Qingdao Oceanpark, for whatever reasons, during the course of the Asset-backed Special Program, has insufficient cash flows to maintain the cash balance to cover the operating costs and other expenses of the ABS, and to fulfil Qingdao Oceanpark's payment obligations under the Sale and Repurchase Undertaking, where necessary, to provide assistance in maintaining its cash flow liquidity.

The term of the Payment Undertaking shall be from the effective date of the Payment Undertaking until all outstanding principal balance and the interest of the senior class ABS under the Asset-backed Special Program has been settled. The Payment Undertaking does not require the Company to pay any undertaking fee in relation to the differential payments, payment of any reserved fund and any payment in support of cash liquidity.

THE DIFFERENTIAL PAYMENT UNDERTAKING

On 8 August 2018, Xinyuan Capital Management entered into a Differential Payment Undertaking with Dalian Haichang, pursuant to which Dalian Haichang undertook if Qingdao Oceanpark, for whatever reasons, during the course of the Asset-backed Special Program, has insufficient cash flows to maintain the cash balance to cover the operating costs and other expenses of the ABS, and to fulfil Qingdao Oceanpark's payment obligations under the Sale and Repurchase Undertaking, where necessary, to provide assistance in maintaining its cash flow liquidity.

The term of the Differential Payment Undertaking shall be from the effective date of the Differential Payment Undertaking until all outstanding principal balance and interest of the senior class ABS under the Asset-backed Special Program has been settled. The Differential Payment Undertaking does not require Dalian Haichang to pay any undertaking fee in relation to the differential payments and any payment in support of cash liquidity.

THE SALE AND REPURCHASE UNDERTAKING

On 9 September 2018, Xinyuan Capital Management, as the project manager, entered into a Sale and Repurchase Undertaking with Qingdao Oceanpark, as the promisor, pursuant to which Qingdao Oceanpark agreed to undertake to Xinyuan Capital Management its sale and repurchase payment obligations in relation to the sale and repurchase of Ocean Park 04 ABS and Ocean Park 05 ABS.

Pursuant to the Sale and Repurchase Undertaking, Xinyuan Capital Management shall announce on the sale registration day that Ocean Park 04 ABS and Ocean Park 05 ABS will be eligible for sale and repurchase upon registration. The holders of Ocean Park 04 ABS and Ocean Park 05 ABS shall have the right to apply to Xinyuan Capital Management to register for sale of their respective Ocean Park 04 ABS and Ocean Park 05 ABS entirely or partially to other investors or to Qingdao Oceanpark. Separately, Qingdao Oceanpark can decide whether to repurchase the senior class ABS during the repurchase announcement period.

There shall be no undertaking fee under the Sale and Repurchase Undertaking.

THE ASSET PLEDGE AGREEMENT

On 10 September 2018, Qingdao Oceanpark, as the pledgor, will also enter into the Asset Pledge Agreement with Xinyuan Capital Management, as the pledgee, pursuant to which Qingdao Oceanpark will agree to provide guarantee in favour of Xinyuan Capital Management in relation to the settlement of payment obligation (if any) under the Payment Undertaking and Differential Payment Undertaking.

The principal terms of the Asset Pledge Agreement are as follows:

Date:	10 September 2018
Parties:	(1) Qingdao Oceanpark, as the pledgor; and (2) Xinyuan Capital Management, as the pledgee.
Term:	The pledge shall become effective from the date of the Asset Pledge Agreement and expire on the date of full settlement of obligation (if any) under the Asset Pledge Agreement and cancellation of registration of the right of the pledgee.
Asset to be pledged:	The land premised at No.52, 3/F, Laoshan qu, Donghai Dong Lu, with real estate title of Qingfang County No.2010102755, with a gross site area of 23.46m ² The land premised at No.52, 1/F, Laoshan qu, Donghai Dong Lu, with real estate title of Qingfang County No.2010102757, with a gross site area of 6110.10m ² The land premised at No.52, 2/F, Laoshan qu, Donghai Dong Lu, with real estate title of Qingfang County No. 20101027585, with a gross site area of 120.71m ² The land premised at No.60, 1/F, Laoshan qu, Donghai Dong Lu, with real estate title of Qingfang County No. 2010102759, with a gross site area of 39103.14m ²
Scope of mortgage security:	The maximum liability of Qingdao Oceanpark under the Asset Pledge Agreement is approximately RMB1,198 million (i.e. the principal amount and interest of the ABS and other expense).

THE SUPERVISION AGREEMENT

On 9 September 2018, Xinyuan Capital Management, as the project manager, entered into a supervision agreement with JZCTB, as the supervising bank and Qingdao Oceanpark, as the original beneficial holder and the asset service agency, pursuant to which JZCTB agreed to supervise and manage a supervision account from September 2018 to August 2023.

Xinyuan Capital Management shall have the right to review the Ticket Sales Income and outflow situations of the supervision account at any time, and to inspect relevant materials, such as payment records, payment receipts and bank statements of the account. Xinyuan Capital Management shall also pay a supervision fee to the JZCTB.

THE PROCEEDS SUPERVISION AGREEMENT

On 4 September 2018, Qingdao Oceanpark entered into a proceeds supervision agreement with JZCTB, as the supervising bank and Xinyuan Capital Management, as the project manager, pursuant to which Qingdao Oceanpark and Xinyuan Capital Management agreed to appoint JZCTB as the supervising bank to supervise and manage the proceeds account of the Asset-backed Special Program from September 2018 to August 2023.

Qingdao Ocean park undertakes that the net proceeds from the Disposal in the proceeds account shall only be applied to the subsequent construction and operation of the theme park in Shanghai owned by the Group which is under construction and capital expenditures for other projects.

THE SALE AND REPURCHASE SUPERVISION AGREEMENT

On 9 September 2018, Qingdao Oceanpark entered into a sale and repurchase supervision agreement with JZCTB, as the supervising bank and Xinyuan Capital Management, as the project manager, pursuant to which Qingdao Oceanpark and Xinyuan Capital Management agreed to appoint JZCTB as the supervising bank to supervise the sale and repurchase supervision account.

The term of the sale and repurchase supervision agreement shall be from the date of the agreement to the date on which the principal and interest of the ABS has been fully paid pursuant to the Asset-backed Special Program. JZCTB is required to set up a sale and repurchase supervision account to receive payments from any repurchases under the Asset-backed Special Program.

REASONS AND BENEFITS FOR THE ISSUANCE OF ABS AND THE ENTERING OF THE DISPOSAL

The issuance of ABS by Xinyuan Capital Management and the entering of the Disposal is beneficial to the Group as it provides the Group with desirous funding in advance for business development, which allows the Group to meet liquidity development needs and diversify the funding sources of the Group. It also serves to optimize the assets structure, increase capital efficiency and enhance operational capabilities. Meanwhile, it reflects the high recognition of the capital market for the company's ocean-themed park operation capacity and sustainable profitability.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Disposal and the terms of the Asset Sale and Purchase Agreement are on normal commercial terms and fair and reasonable and the transactions contemplated thereunder and the Asset-backed Special Program are in the interest of the Group and the Shareholders as a whole.

INFORMATION OF THE GROUP

The Group is principally engaged in the development and operation of theme parks and ancillary commercial properties in the PRC.

INFORMATION OF THE PARTIES TO THE TRANSACTION AGREEMENTS

The Company is an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. It is principally engaged in the development, construction and operation of theme parks, property development and investment and hotel operations in the PRC.

Qingdao Oceanpark is an indirect wholly-owned subsidiary of the Company and is principally engaged in the operation of ocean-themed parks.

Dalian Haichang is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

Xinyuan Capital Management is an independent third party. It is principally engaged in capital management, asset securitization and investments.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 14.09(9) of the Listing Rules) in relation to the transactions contemplated under the Transaction Agreements exceed 5% but below 25%, the transactions contemplated thereunder constitute discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following words and expressions shall have the following meanings when used herein:

“ABS”	two classes of asset-backed securities to be issued by Xinyuan Capital Management backed by the Underlying Asset and to be subscribed by investors, who shall be entitled to interest pursuant to its terms
“Asset-backed Special Program”	a special program set up by Xinyuan Capital Management in relation to the ABS
“Asset Pledge Agreement”	the asset pledge agreement to be entered into between Qingdao Oceanpark as the pledgor and Xinyuan Capital Management as the pledgee on 10 September 2018, in relation to the pledge of certain assets of Qingdao Oceanpark in favour of Xinyuan Capital Management
“Asset Sale and Purchase Agreement”	the asset sale and purchase agreement entered into between Qingdao Oceanpark, as the seller, and Xinyuan Capital Management, as the purchaser on 9 September 2018 in relation to the Disposal
“Board”	the board of Directors
“Company”	Haichang Ocean Park Holdings Limited (海昌海洋公園控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Dalian Haichang”	大連海昌旅遊集團有限公司, an indirect wholly-owned subsidiary of the Company

“Differential Payment Undertaking”	the differential payment undertaking entered into between Xinyuan Capital Management, as the project manager and Dalian Haichang, as the promisor on 9 September 2018 in relation to the payment obligations by Dalian Haichang to Xinyuan Capital Management
“Director(s)”	the director(s) of the Company
“Disposal”	the conditional disposal of the Underlying Asset by Qingdao Oceanpark to Xinyuan Capital Management pursuant to the Asset Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JZCTB”	Bank of China Travel Service Co.,Ltd. Jiaozuo, the supervising bank pursuant to the supervision agreement and the sale and repurchase supervision agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ocean Park 04 ABS”	ABS named of Ocean Park 04, being one of the tranches of senior class ABS
“Ocean Park 05 ABS”	ABS named of Ocean Park 05, being one of the tranches of senior class ABS
“Payment Undertaking”	the payment undertaking entered into between the Company and Xinyuan Capital Management on 8 August 2018 in relation to the payment obligations by the Company to Xinyuan Capital Management
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Qingdao Oceanpark”	青島極地海洋世界有限公司, a wholly owned subsidiary of the Company
“Qingdao Theme Park”	Qingdao Haichang Polar Ocean Park, the theme park owned by Qingdao Oceanpark
“Sale and Repurchase Undertaking”	the sale and repurchase undertaking entered into between Xinyuan Capital Management, as the project manager and Qingdao Oceanpark, as the promisor on 9 September 2018, in relation to the sale and repurchase of Ocean Park 04 ABS and Ocean Park 05 ABS

“Shareholder(s)”	the holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning given to it under the Listing Rules
“SZSE”	the Shenzhen Stock Exchange
“Ticket Sales Income”	the income derived from the ticket sales of the Underlying Asset
“Transaction Agreements”	the agreements entered into for the purpose of the Asset-backed Special Payment, namely the Payment Undertaking, Differential Payment Undertaking, Sale and Repurchase Undertaking, Asset Sale and Purchase Agreement, Asset Pledge Agreement, service agreement, supervision agreement, proceeds supervision agreement and sale and repurchase supervision agreement entered or to be entered into between the Company, Dalian Haichang or Qingdao Oceanpark and Xinyuan Capital Management
“Underlying Asset”	the Qingdao Theme Park admission tickets which support the issuance of the ABS by Xinyuan Capital Management from September 2018 to August 2023
“Xinyuan Capital Management”	Xinyuan Capital Management Co., Ltd., a company established in the PRC, the project manager of the Asset-backed Special Program
“%”	per cent.

By order of the Board
Haichang Ocean Park Holdings Ltd.
Wang Xuguang
Executive Director and Chief Executive Officer

Shanghai, the People’s Republic of China, 9 September 2018

As at the date of this announcement, the executive directors are Mr. Wang Xuguang, Mr. Qu Cheng and Mr. Gao Jie; the non-executive directors are Mr. Qu Naijie, Mr. Li Hao and Mr. Yuan Bing; and the independent non-executive directors are Mr. Chen Guohui, Mr. Sun Jianyi and Ms. Zhang Meng.