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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)**

### **CONTINUING CONNECTED TRANSACTIONS PROPERTY LEASING AGREEMENTS**

The Board would like to announce that, on 9 September 2019 and 21 November 2019, the Group entered into two Property Leasing Agreements with each of the Connected Counterparties, pursuant to which certain ancillary commercial properties owned by the Group in Dalian, PRC, are leased by the Group to the Connected Counterparties for a term from 19 September 2019 to 18 September 2020 and from 1 January 2020 to 31 December 2020, respectively.

Mr. Qu, a non-executive Director and a controlling shareholder of the Company, holds approximately 62.27% and 60% equity interests in Haichang Corporation Development and Haichang Group Co, respectively. As East Water City is an indirect wholly-owned subsidiary of Haichang Corporation Development and Haichang Corporation Development is a wholly-owned subsidiary of Haichang Group Co, each of the Connected Counterparties is an associate of Mr. Qu and thus a connected person of the Company. Accordingly, the transactions contemplated under the Property Leasing Agreements constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules.

Since the Existing Leases and the Property Leasing Agreements are similar in nature, the Existing Leases and the Property Leasing Agreements are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio, as defined under the Listing Rules, in aggregate for the transactions under the Existing Leases and the Property Leasing Agreements is more than 0.1% but less than 5% on an annual basis and the highest annual cap is more than HK\$3,000,000, the Property Leasing Agreements are subject to reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DETAILS OF THE PROPERTY LEASING AGREEMENTS

The Board would like to announce that, on 9 September 2019 and 21 November 2019, the Group entered into two Property Leasing Agreements with each of the Connected Counterparties, pursuant to which certain ancillary commercial properties owned by the Group in Dalian, PRC, had been and will be leased by the Group to the Connected Counterparties for a term commencing from 19 September 2019 to 18 September 2020 and from 1 January 2020 to 31 December 2020, respectively. The details of the Property Leasing Agreements are as follows:

### 1. Agreement One

<b>Date:</b>	9 September 2019
<b>Parties:</b>	(1) Haichang China, as lessor; and (2) East Water City, as lessee.
<b>Leased Properties:</b>	Shop No. 701 in Dalian Laohutan Fishermen's Wharf, Zhongshan District, Dalian, with a GFA of approximately 1,717.25 sq.m.
<b>Term:</b>	For a term of one year commencing from 19 September 2019 to 18 September 2020.  East Water City may, by giving Haichang China a written notice not later than six months before the expiry of the term of the agreement, request renewal of the lease. If the renewal is agreed upon, Haichang China and East Water City shall enter into a new property leasing agreement for the renewal within one month from the date of the written notice.
<b>Usage:</b>	Office. The leased properties shall not be subleased or assigned to any other third party.
<b>Rental:</b>	RMB4.41 per sq.m. per day (exclusive of property management fee and utilities). Accordingly, the monthly rental payable is approximately RMB230,347.58.  Payable annually in advance and shall be paid on the forty-fifth day prior to the due date.
<b>Rental Free Period:</b>	Nil.
<b>Property Management Fee:</b>	Payable to Haichang China or a property management company outside the Group to be appointed by Haichang China, subject to entering into a property management agreement.
<b>Deposit:</b>	RMB210,000 and shall be refunded with no interest to East Water City within three months upon the expiry of the term of the agreement.

## 2. Agreement Two

<b>Date:</b>	21 November 2019
<b>Parties:</b>	(1) Haichang China, as lessor; and (2) Haichang Corporation Development, as lessee.
<b>Leased Properties:</b>	The property located at No. 137 Huale Street, Zhongshan District, Dalian, with a GFA of approximately 6,365.07 sq.m.
<b>Term:</b>	For a term of one year commencing from 1 January 2020 to 31 December 2020.
<b>Usage:</b>	Office. The leased properties shall not be used for other purposes without authorisation, or be subleased to any other third party.
<b>Rental:</b>	The monthly rental is RMB400,000 (exclusive of property management fee and utilities).
<b>Rental Free Period:</b>	Nil.

### AGGREGATE ANNUAL CAPS AND THE BASIS FOR DETERMINATION

Reference is made to the Announcements. As disclosed in the Announcements, Haichang China as lessor and Haichang Corporation Development as lessee on 15 December 2018 entered into the Existing Lease A for a term from 1 January 2019 to 31 December 2019; Yantai Fishermen as lessor and Yantai Tourism Development as lessee on 22 September 2017 entered into the Existing Lease B for a term from 19 September 2017 to 18 September 2020; and Haichang China as lessor and East Water City as lessee entered into the Existing Lease C for a term from 19 September 2018 to 18 September 2019. Details of which are set out as follows:

<b>Date of Agreement</b>	<b>Parties</b>	<b>Location</b>	<b>GFA (sq.m.)</b>	<b>Monthly Rental (RMB)</b>
Existing Lease A 15 December 2018	Haichang China, as lessor Haichang Corporation Development, as lessee	Dalian	approximately 6,365.07	400,000
Existing Lease B 22 September 2017	Yantai Fishermen, as lessor Yantai Tourism Development, as lessee	Yantai	approximately 1,373.58	approximately 120,743 (first year) approximately 127,010 (second year) approximately 133,277 (third year)
Existing Lease C 21 December 2018	Haichang China, as lessor East Water City, as lessee	Dalian	approximately 1,717.25	approximately 230,347.6

Since the Existing Leases and the Property Leasing Agreements are similar in nature and each of the Connected Counterparties is an associate of Mr. Qu, the transactions contemplated under the Existing Leases and the Property Leasing Agreements are aggregated pursuant to Rule 14A.81 of the Listing Rules. The aggregate annual caps for the Existing Leases and the Property Leasing Agreements are set out as follows:

	<b>For the year ending 31 December 2019</b>	<b>For the year ending 31 December 2020</b>
<b>Property Leasing Agreements</b>	RMB800,000 (equivalent to approximately HK\$892,000)	RMB6,900,000 (equivalent to approximately HK\$7,693,500)
<b>Existing Leases</b>	RMB8,500,000 (equivalent to approximately HK\$9,477,500)	RMB1,200,000 (equivalent to approximately HK\$1,338,000)
<b>Total</b>	RMB9,300,000 (equivalent to approximately HK\$10,369,500)	RMB8,100,000 (equivalent to approximately HK\$9,031,500)

The annual caps are determined by the Directors with reference to the rental amounts to be received by the Group pursuant to the Property Leasing Agreements and the Existing Leases. The rental amounts under the Property Leasing Agreements are determined with reference to the prevailing market rates of rentals for comparable properties in the PRC close to the date of the relevant agreements. The Directors, including the independent non-executive Directors, considered that the annual caps are fair and reasonable and in the interests of the Group and its shareholders as a whole.

## **REASONS AND BENEFITS FOR ENTERING INTO THE PROPERTY LEASING AGREEMENTS**

In addition to the operation of theme parks in the PRC, the Group also derives its revenue from leasing out certain of its ancillary commercial properties as part of its business. In order to better utilise the Group's assets and to generate revenue for the Group, the Group would put its ancillary commercial properties for lease in the market. The Directors considered that the Property Leasing Agreements will allow the Group to utilise its ancillary commercial properties to create an additional source of income and thus will increase its revenue and enhance its profitability. Based on the above, the Directors are of the view that entering into the Property Leasing Agreements is beneficial to the Group's business development and is thus in the interest of the Group.

The terms of the Property Leasing Agreements are determined after arm's length negotiations between Haichang China and the Connected Counterparties. The rental amounts under the Property Leasing Agreements are determined with reference to the prevailing market rates of rentals for comparable properties in the PRC close to the date of the Property Leasing Agreements. The Directors, including the independent non-executive Directors, are of the view that the Property Leasing Agreements are entered into in the ordinary and usual course of business of the Group and that the terms of the Property Leasing Agreements are on normal commercial terms or better, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE GROUP AND THE CONNECTED COUNTERPARTIES**

The Group is principally engaged in development and operation of theme parks and ancillary commercial properties in the PRC. Haichang China is an indirect wholly-owned subsidiary of the Company, which is also principally engaged in development and operation of theme parks and ancillary commercial properties in the PRC.

East Water City is principally engaged in real estate development and holding in the PRC, and is an indirect wholly-owned subsidiary of Haichang Corporation Development.

Haichang Corporation Development is principally engaged in real estate development in the PRC.

## **IMPLICATIONS UNDER THE LISTING RULES**

Mr. Qu, a non-executive Director and a controlling shareholder of the Company, holds approximately 62.27% and 60% equity interests in Haichang Corporation Development and Haichang Group Co, respectively. As East Water City is an indirect wholly-owned subsidiary of Haichang Corporation Development and Haichang Corporation Development is a wholly-owned subsidiary of Haichang Group Co, each of the Connected Counterparties is an associate of Mr. Qu and thus a connected person of the Company. Accordingly, the transactions contemplated under the Property Leasing Agreements constitute continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules.

Since the Existing Leases and the Property Leasing Agreements are similar in nature, the Existing Leases and the Property Leasing Agreements are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio, as defined under the Listing Rules, in aggregate for the transactions under the Existing Leases and the Property Leasing Agreements is more than 0.1% but less than 5% on an annual basis and the highest annual cap is more than HK\$3,000,000, the Property Leasing Agreements are subject to reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Qu, a non-executive Director and a controlling shareholder of the Company, has material interests in the transactions contemplated under the Property Leasing Agreements and has abstained from voting on the Board resolutions approving the Property Leasing Agreements and the transactions contemplated thereunder. Furthermore, Mr. Wang Xuguang, an executive Director, has also abstained from voting on the above resolutions as he is a non-executive director of Haichang Group Co and a non-executive director and general manager of Haichang Corporation Development.

## DEFINITIONS

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

“Agreement One”	the property leasing agreement dated 9 September 2019 entered into between Haichang China as lessor and East Water City as lessee to renew the tenancy under the Existing Lease C
“Agreement Two”	the property leasing agreement dated 21 November 2019 entered into between Haichang China as lessor and Haichang Corporation Development as lessee to renew the tenancy under the Existing Lease A
“Announcements”	the announcement of the Company dated 21 December 2018 in relation to Existing Lease A and Existing Lease C; and the announcement of the Company dated 28 November 2017 in relation to Existing Lease B
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Haichang Ocean Park Holdings Ltd., a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Connected Counterparties”	collectively, East Water City and Haichang Corporation Development
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“East Water City”	大連東方水城發展有限公司 (Dalian East Water City Development Co., Ltd.*), a company established in the PRC
“Existing Lease A”	the lease dated 15 December 2018 entered into between Haichang China as lessor and Haichang Corporation Development as lessee in relation to the leasing of premises located at No. 137 Huale Street, Zhongshan District, Dalian, for office use, with a term from 1 January 2019 to 31 December 2019

“Existing Lease B”	the lease dated 22 September 2017 entered into between Yantai Fishermen as lessor and Yantai Tourism Development as lessee in relation to the leasing of premises located in Yantai for office use, with a term from 19 September 2017 to 18 September 2020
“Existing Lease C”	the lease dated 21 December 2018 entered into between Haichang China as lessor and East Water City as lessee in relation to the leasing of premise located in Shop No. 701 in Dalian Laohutan Fishermen’s Wharf, Zhongshan District, Dalian for office use, with a term from 19 September 2018 to 18 September 2019
“Existing Leases”	collectively, Existing Lease A, Existing Lease B and Existing Lease C
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Haichang China”	海昌(中國)有限公司(Haichang (China) Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Haichang Corporation Development”	大連海昌企業發展有限公司(Dalian Haichang Corporation Development Co., Ltd*), a company established in the PRC
“Haichang Group Co”	大連海昌集團有限公司(Dalian Haichang (Group) Co., Ltd.*), a company established in the PRC
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Qu”	Mr. Qu Naijie, a non-executive Director and a controlling shareholder of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Property Leasing Agreements”	collectively, Agreement One and Agreement Two
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Yantai Fishermen”	煙台漁人碼頭投資有限公司 (Yantai Fishermen’s Wharf Investment Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Yantai Tourism Development”	煙台海昌旅遊發展有限公司 (Yantai Haichang Tourism Development Co., Ltd.*), a company established in the PRC, an associate of Mr. Qu and hence a connected person of the Company
“%”	per cent.

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

Shanghai, the PRC, 6 December 2019

*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 and Ms. Zhang Meng.*

*In this announcement, RMB has been converted to HK\$ at the rate of RMB1 = HK\$1.1150 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.*

\* *For identification purposes only*