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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)

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Board would like to announce that, on 25 March 2019 and 18 June 2019, Discoveryland entered into a hotel alternation agreement (i.e. the Agreement One) and an agreement in relation to the park maintenance and renovation and civil engineering, decoration and construction (i.e. the Agreement Two) with Dalian Property Management. The total consideration under the above two agreements was RMB3,748,994. In addition, on 1 October 2017 and 2 April 2019, the Group entered into a strategic cooperation agreement in relation to the maintenance and reconstruction (ordinary decoration engineering) (i.e. the Agreement Three) and the continuous safety management services agreement (i.e. the Agreement Four) with Dalian Property Management.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Qu, a non-executive Director and a then controlling shareholder of the Company, held 60% equity interests in Haichang Group Co. Therefore, Haichang Group Co was an associate of Mr. Qu and thus a connected person of the Company. As Dalian Property Management was a direct subsidiary of Haichang Group Co, Dalian Property Management was an associate of Mr. Qu and thus a connected person of the Company. Accordingly, the transactions contemplated under the Agreement One and Agreement Two constituted connected transactions for the Company under Rule 14A.25 of the Listing Rules, and the transactions contemplated under the Agreement Three and Agreement Four constituted continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules.

Since the Four Agreements were entered into between Discoveryland and Dalian Property Management and transactions had been carried out under the Four Agreements during the financial year ended 31 December 2019, pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Four Agreements shall be aggregated for the purpose of calculating the percentage ratio. As the respective highest applicable percentage ratio, as defined under the Listing Rules, calculated through aggregating the total consideration of the transactions under the Agreement One and Agreement Two and the annual caps of the transactions under the Agreement Three and Agreement Four was more than 0.1% but less than 5%, the transactions under the Four Agreements were subject to reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. The Agreement One

Date: 25 March 2019

Parties: (1) Discoveryland; and
(2) Dalian Property Management

Subject Matter: Dalian Property Management shall be responsible for the alternation works to Discoveryland's vacation hotel located at No. 36 Jinshi Road, Economic and Technological Development Area, Dalian, which includes the removal and replacement of the original wallpaper and carpet; the replacement of the Japan-style rooms' tatami; the replacement of the spotlights in the hallway, meeting rooms and guest rooms; the relay of the wiring of the switches and sockets in certain rooms; and piecemeal household maintenance in guest rooms.

Term: From 1 December 2018 to 30 March 2019

Fee: RMB2,930,000 (approximately HK\$3,259,332), including fees for materials, labour, transportation, loading and unloading, management and equipment, profit, charges and tax and others

The fee shall be paid by Discoveryland upon Dalian Property Management completes the entire work under the Agreement One, which shall pass the check and be approved by Discoveryland. The fee under the Agreement One was determined by the parties after arm's length negotiation, with reference to the prevailing price of the similar services on the markets.

Warranty Period: Two years

2. The Agreement Two

Date: 18 June 2019

Parties: (1) Discoveryland; and
(2) Dalian Property Management

Subject Matter: Dalian Property Management shall be responsible for the park maintenance and civil engineering, decoration and construction works at Discoveryland's Dalian Haichang Discoveryland Theme Park located at No. 36 Jinshi Road, Economic and Technological Development Area, Dalian, which includes garbage cans' maintenance, coloring and renovation; leisure seat's maintenance and coloring; fluorocarbon paint for balustrades; wall painting; the maintenance of the amusement park, gift shops and restaurants; the replacement of guide signs; plumbing maintenance; lighting construction and other repair and renovation work.

Term: From 15 December 2018 to 15 December 2019

Fee: RMB818,994 (approximately HK\$911,048.9), including fees for materials, labour, transportation, loading and unloading, keeping, equipment and management, profit, charges and tax and others

The fee shall be paid by Discoveryland upon Dalian Property Management completes the entire work under the Agreement Two, which shall pass the check and be approved by Discoveryland. The fee under the Agreement Two was determined by the parties after arm's length negotiation, with reference to the prevailing price of the similar services on the markets.

Warranty Period: One year

3. The Agreement Three

Date: 1 October 2017

Parties: (1) Discoveryland; and
(2) Dalian Property Management

Subject Matter: Dalian Property Management shall be responsible for the park maintenance and reconstruction works (ordinary decoration engineering works) at Discoveryland's Dalian Haichang Discoveryland Theme Park located at No. 36 Jinshi Road, Economic and Technological Development Area, Dalian, which includes the daily civil installation, maintenance and reconstruction and ordinary decoration works in the park.

Term: From 1 October 2017 to 30 September 2019

Fee: RMB1,959,502 (approximately HK\$2,179,750) during 2019, including fees for design, materials, labour, machinery, packaging and transportation, finished products protection, utility for the construction purpose, measures, test and inspection and management, profit, charges and tax and others

The fee under the Agreement Three was determined by the parties after arm's length negotiation, with reference to the prevailing price of the similar services on the markets.

Warranty Period: Two years

4. The Agreement Four

Date: 2 April 2019

Parties: (1) Discoveryland; and
(2) Dalian Property Management

Subject Matter: Dalian Property Management shall be responsible for the continuous safety management services at Discoveryland's Dalian Haichang Discoveryland Theme Park located at No. 36 Jinshi Road, Economic and Technological Development Area, Dalian, which includes 24-hours safeguarding within the park and at the main entrances and exits; the management and registration of outsiders and supplies entering the park; crime prevention in the park; ensuring personal and property safety of the visitors and employees within the park, etc.

Term: From 1 January 2019 to 31 December 2019

Fee: RMB1,217,955.6 (approximately HK\$1,354,853.8)

The fee shall be payable on a monthly basis. Upon Dalian Property Management completes its services and the attendance of staff is checked each month, Discoveryland shall pay the fee for the month before the 20th day of the next month. The fee under the Agreement Four was determined by the parties after arm's length negotiation, with reference to the prevailing price of the similar services on the markets.

ANNUAL CAPS AND THE BASIS FOR DETERMINATION

As both of the Agreement Three and the Agreement Four were entered into between Discoveryland and Dalian Property Management, the annual caps shall be considered as a whole pursuant to Rule 14A.81 of the Listing Rules. The annual caps are set out as follows:

| | From 1 January 2019 to 31 December 2019 <i>(RMB)</i> |
|----------------------|--|
| Agreement Three | RMB1,960,000 (equivalent to approximately HK\$2,180,304) |
| Agreement Four | RMB1,220,000 (equivalent to approximately HK\$1,357,128) |
| Combined annual caps | RMB3,180,000 (equivalent to approximately HK\$3,537,432) |

The annual caps for the transactions under the Agreement Three and the Agreement Four were determined by the Directors with reference to (i) the expected construction fees under the Agreement Three in 2019 and (ii) the security and management fee payable under the similar agreements in the past, respectively. The Directors, including the independent non-executive Directors, considered that the proposed annual caps were fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

REASONS AND BENEFITS FOR ENTERING INTO FOUR AGREEMENTS

The Group focuses on providing our visitors with an integrated travel experience by combining a memorable theme park visit with other travel-related services supplied by businesses on the ancillary commercial properties adjacent to our theme parks. Therefore, the Group has been dedicated to providing safe park visit environment and high-quality park visit experience to visitors. As Dalian Property Management primarily engages in property management and maintenance, renovation and engineering works, thus the Group will be benefited from its expertise in providing safety management service and maintenance and renovation engineering service, more efficiently improving the quality of safety management service and ensuring the quality of park facilities.

As a result of the foregoing, the Directors, including the independent non-executive Directors, are of the view that the Four Agreements and the transactions contemplated thereunder were entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better, and the terms of the transactions were 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. Discoveryland 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 Dalian.

Dalian Property Management is principally engaged in property management and maintenance, renovation and engineering works, and is a direct subsidiary of Haichang Group Co.

Haichang Group Co. is principally engaged in investment holding.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Qu, a non-executive Director and a then controlling shareholder of the Company, held 60% equity interests in Haichang Group Co. Therefore, Haichang Group Co was an associate of Mr. Qu and thus a connected person of the Company. As Dalian Property Management was a direct subsidiary of Haichang Group Co, Dalian Property Management was an associate of Mr. Qu and thus a connected person of the Company. Accordingly, the transactions contemplated under the Agreement One and Agreement Two constituted connected transactions for the Company under Rule 14A.25 of the Listing Rules, and the transactions contemplated under the Agreement Three and Agreement Four constituted continuing connected transactions for the Company under Rule 14A.31 of the Listing Rules.

Since the Four Agreements were entered into between Discoveryland and Dalian Property Management and transactions had been carried out under the Four Agreements during the financial year ended 31 December 2019, under Rule 14A.81 of the Listing Rules, the transactions contemplated under the Four Agreements shall be aggregated for the purpose of calculating the percentage ratio. As the respective highest applicable percentage ratio, as defined under the Listing Rules, calculated through aggregating the total consideration of the transactions under the Agreement One and Agreement Two and annual caps for the transactions under the Agreement Three and Agreement Four was more than 0.1% but less than 5%, the transactions under the Four Agreements were 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 of the Company, had material interests in the transactions contemplated under the Four Agreements and abstained from voting on the Board resolutions approving the Four Agreements and the transactions contemplated thereunder. Furthermore, Mr. Wang Xuguang, an executive Director, also abstained from voting on the above resolutions as he was a non-executive director of Haichang Group Co.

DEFINITIONS

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

| | |
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| “Agreement One” | the agreement dated 25 March 2019 entered into between Discoveryland and Dalian Property Management in relation to the provision of hotel alternation service to Dalian Haichang Discoveryland Theme Park owned by the Group |
| “Agreement Two” | the agreement dated 18 June 2019 entered into between Discoveryland and Dalian Property Management in relation to the provision of park maintenance and civil engineering, decoration and construction service to Dalian Haichang Discoveryland Theme Park owned by the Group |
| “Agreement Three” | the agreement dated 1 October 2017 entered into between Discoveryland and Dalian Property Management in relation to the provision of maintenance and reconstruction service (ordinary decoration engineering) to Dalian Haichang Discoveryland Theme Park owned by the Group |
| “Agreement Four” | the agreement dated 2 April 2019 entered into between Discoveryland and Dalian Property Management in relation to the provision of safety management service to Dalian Haichang Discoveryland Theme Park owned by the Group |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” or “Board of Directors” | the board of directors |
| “Company” or “our 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 person(s)” | has the meaning ascribed to it under the Listing Rules |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules |
| “Dalian Property Management” | Dalian Haichang Property Management Co., Ltd.*(大連海昌物業管理有限公司), a company established in the PRC and a connected person of the Company |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |

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|---------------------|---|
| “Discoveryland” | Dalian Haichang Discoveryland Theme Park Co., Ltd.* (大連海昌發現王國主題公園有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company |
| “Haichang Group Co” | 大連海昌集團有限公司(Dalian Haichang (Group) Co., Ltd.*), a company established in the PRC and a connected person of the Company |
| “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 |
| “Four Agreements” | collectively, Agreement One, Agreement Two, Agreement Three and Agreement Four |
| “Mr. Qu” | Mr. Qu Naijie, a non-executive Director of the Company |
| “PRC” | the People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

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, 5 March 2020

As at the date of this announcement, the executive Directors of the Company 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. Wang Jun and Ms. Zhang Meng.

In this announcement, RMB has been converted to HK\$ at the rate of RMB1 = HK\$1.1124 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.

* For identification purposes only