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If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Haichang Ocean Park Holdings Ltd.**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Haichang Ocean Park Holdings Ltd.

海昌海洋公園控股有限公司

(incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 2255)

MAJOR TRANSACTION
ACQUISITION OF LAND USE RIGHTS IN SANYA

A letter from the Board is set out on pages 5 to 11 of this circular.

17 December 2020

CONTENTS

| | <i>Page</i> |
|--|-------------|
| DEFINITIONS | 1 |
| LETTER FROM THE BOARD | 5 |
| APPENDIX I – FINANCIAL INFORMATION OF THE GROUP | 12 |
| APPENDIX II – GENERAL INFORMATION | 14 |

DEFINITIONS

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

| | |
|------------------------------|---|
| “Acquisition” | the acquisition of the land use rights of the Land pursuant to the Land Use Rights Grant Contract |
| “Auction” | the public auction held by Resources and Planning Bureau of Sanya on 25 September 2020 at which the Land was offered for sale |
| “Bid Confirmation” | the bid confirmation (掛牌出讓成交確認書) in connection with the Acquisition issued by the Organiser to and executed by Haichang Jiade on 25 September 2020 confirming the successful bidding |
| “Board” | the board of Directors |
| “Capital Increase Agreement” | the capital increase agreement (together with the cooperation agreement and the supervision agreement) entered into among Haichang Travel, Chang’an Trust and the Haichang Jiayue on 30 October 2020. For more details, see the announcement “Discloseable Transaction – Deemed Disposal of 95% Equity interest in a Wholly-Owned Subsidiary” published by the Company on 6 November 2020 |
| “Chang’an Trust” | Chang’an International Trust Co., Ltd.* (長安國際信託股份有限公司), a company established in the PRC with limited liability |
| “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 |
| “Director(s)” | the director(s) of the Company |
| “GFA” | gross floor area |
| “Group” | collectively, the Company and its subsidiaries |

DEFINITIONS

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|---|---|
| “Haichang Group Co” | Dalian Haichang (Group) Co., Ltd.* (大連海昌集團有限公司), a company established in the PRC and a connected person of the Company |
| “Haichang Jiade” | Dalian Haichang Jiade Real Estate Development Co., Ltd.* (大連海昌嘉德置業發展有限公司), a company incorporated in Dalian with limited liability on 4 September 2020 and a direct wholly-owned subsidiary of Haichang Jiayue |
| “Haichang Jiayue” | Dalian Haichang Jiayue Real Estate Development Co., Ltd.* (大連海昌嘉悅置業發展有限公司), a limited liability company established in the PRC on 24 September 2020 |
| “Haichang Travel” | Dalian Haichang Travel Group Co., Ltd.* (大連海昌旅遊集團有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “HK\$” | Hong Kong Dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Land” | the parcel of land numbered G-01-02 and located at Linwang District, Haitang Bay, Sanya* (三亞市海棠灣林旺片區G-01-02地塊) |
| “Land Premium” | the consideration of the Acquisition |
| “Land Use Rights Grant Contract” | the land use rights grant contract (國有建設用地使用權出讓合同) in connection with the Acquisition entered into between Haichang Jiade and Resources and Planning Bureau of Sanya on 13 October 2020 |
| “Land Use Rights Grant Supplemental Contract” | the land use rights grant supplemental contract (國有建設用地使用權出讓合同補充協議) entered into between Haichang Jiade, Sanya Haiyue Jiade and Resources and Planning Bureau of Sanya on 10 November 2020 which supplements the Land Use Rights Grant Contract |
| “Latest Practicable Date” | 13 November 2020, being the latest practicable date for ascertaining certain information referred to in this circular prior to its printing |

DEFINITIONS

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|--|---|
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Organiser” | Hainan South Auction Market Limited* (海南南部拍賣市場有限公司) |
| “PRC” | the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “PRC Government Body” | has the meaning as defined in Rule 19A.04 of the Listing Rules |
| “Qualified Property Acquisition” | has the same meaning as defined in Rule 14.04(10C) of the Listing Rules |
| “Resources and Planning Bureau of Sanya” | Resources and Planning Bureau of Sanya City* (三亞市自然資源和規劃局), a PRC Government Body responsible for administering land resources under the Sanya City People’s Government |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sanya Haiyue Jiade” | Sanya Haiyue Jiade Real Estate Development Co., Ltd.* (三亞海悅嘉德置業發展有限公司), a limited liability company established in the PRC on 12 October 2020, a direct wholly-owned subsidiary of Haichang Jiade |
| “Sanya Project” | the development of auxiliary theme hotels and leisure and vacation properties under the Sanya Haichang Fantasy Town project |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) |
| “Share” | the ordinary share(s) of the Company with nominal value of US\$0.0001 each |
| “Shareholder(s)” | shareholder(s) of the Company |
| “sq.m.” | square metres |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

DEFINITIONS

| | |
|----------------------------|--|
| “Yantai Fishermen’s Wharf” | Yantai Fishermen’s Wharf Investment Co., Ltd.* (煙台漁人碼頭投資有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company |
| “%” | per cent |

English names marked with “” are translations of their Chinese names and are included in this circular for identification purpose only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

In this circular, RMB has been converted to HK\$ at the rate of RMB1 = HK\$1.1225 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.

LETTER FROM THE BOARD



Haichang Ocean Park Holdings Ltd.

海昌海洋公園控股有限公司

(incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 2255)

Executive Directors:

Mr. Wang Xuguang
Mr. Qu Cheng
Mr. Gao Jie

Registered office:

PO Box 309, Uglan House
Grand Cayman, KY1-1104
Cayman Islands

Non-executive Directors:

Mr. Qu Naijie
Mr. Li Hao
Mr. Yuan Bing

Head office in the PRC:

31st Floor, Building A
Foresore Beach World Trade Centre Phase 1
No. 4, Lane 255, Dongyu Road
Pudong New District
Shanghai, the PRC

Independent non-executive Directors:

Mr. Chen Guohui
Mr. Wang Jun
Ms. Zhang Meng

Principal place of business in Hong Kong:

Unit 804, 8th Floor
K11 ATELIER
Victoria Dockside
18 Salisbury Road
Tsim Sha Tsui, Kowloon
Hong Kong

17 December 2020

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION ACQUISITION OF LAND USE RIGHTS IN SANYA

ACQUISITION OF THE LAND

On 27 September 2020, the Board announced that Haichang Jiade, an indirectly wholly-owned subsidiary of the Company at the time, has succeeded in the bid of the land use rights of the Land offered for sale by Resources and Planning Bureau of Sanya through the

LETTER FROM THE BOARD

listing-for-sale process organised by the Organiser on 25 September 2020 for a consideration of RMB1,333,330,000 and has executed the Bid Confirmation on the same day. The Land will be used for the development of ancillary theme hotels and leisure and vacation properties of the Group's Sanya Haichang Fantasy Town Project. Organiser has issued the Bid Confirmation. The Land Use Rights Grant Contract was entered into on 14 October 2020.

The purpose of this circular is to provide you with, among other things, further details of the Acquisition and other information required under the Listing Rules.

CAPITAL INCREASE AGREEMENT IN RELATION TO HAICHANG JIAYUE

Pursuant to the Capital Increase Agreement, the equity interest in Haichang Jiayue of the Group was diluted from 100% to 5% upon the capital contribution by Chang'an Trust to the registered capital of Haichang Jiayue. The industrial and commercial registration of change was completed on 6 November 2020 and that additional capital of RMB190,000,000 (equivalent to approximately HK\$213,275,000) was already paid by Chang'an Trust to Haichang Jiayue on 6 November 2020. Accordingly, Haichang Jiayue and Haichang Jiade have ceased to be subsidiaries of the Company and their financial results will not be consolidated into the consolidated financial statements of the Group. The deposit for the acquisition of the Land of RMB263,970,000 (equivalent to approximately HK\$296,306,325) paid by Haichang Jiade was mainly financed by shareholders' loan which will be repaid to the Group. The shareholders' loan was entirely contributed by the Group through Haichang Travel to Haichang Jiade to finance the payment of the Land Premium and related costs and expenses. When the loan was made, Haichang Jiade was still a wholly-owned subsidiary of Haichang Travel. The shareholders' loan was made on 23 September 2020 and is due on 31 December 2020. Interest is payable on the actual period of lending until repayment. The sum of RMB200,000,000 (equivalent to approximately HK\$224,500,000) is subject to an interest rate of 13.2% p.a., whereas the remaining balance of RMB63,970,000 (equivalent to approximately HK\$71,806,325) is subject to an interest rate of 13.8% p.a.. The interest shall be paid when the principal loan is repaid. Haichang Jiayue is responsible for the subsequent payment of the Land Premium and development and construction of the Land.

The Board believes that the construction of theme hotels and leisure and vacation properties will help optimise and strengthen the types of operation of the Sanya Project. Even if Haichang Jiayue will be held by a third party due to non-exercise of the right of repurchase by the Group in the future, the Group will still have further opportunities to provide planning and design, construction management and other consultancy and advisory services in respect of the development and construction of the Land, and to provide operation management and other asset-light services for hotels. The creation of effective synergy by the hotels and vacation properties on the Land to the Sanya Project will enhance the quality and promote the upgrade of the Sanya Project, and further strengthen the attractiveness and profitability of the Sanya Project.

For more details, see the announcement "Discloseable Transaction – Deemed Disposal of 95% Equity interest in a Wholly-Owned Subsidiary" published by the Company on 6 November 2020.

LETTER FROM THE BOARD

INFORMATION OF THE LAND

The Land is located at the center of Sanya Haitang Bay on the national coast, east to Haitang South Road, west to Longjiang River, south to Tonghai Road and north to Sanya Haichang Fantasy Town, Linwang District, Sanya City, the PRC with a site area of 164,022.11 sq.m., a total GFA of 127,937.24 sq.m. and permitted plot ratio of not over 0.78. The Land is designated for hotel use with the term of use of 40 years.

MAJOR TERMS OF THE LAND USE RIGHTS GRANT CONTRACT

| | |
|--|---|
| Date: | 13 October 2020 |
| Parties: | Haichang Jiade (as transferee); and Resources and Planning Bureau of Sanya (as transferor) |
| Location of the land: | Located at the center of Sanya Haitang Bay on the national coast, east to Haitang South Road, west to Longjiang River, south to Tonghai Road and north to Sanya Haichang Fantasy Town |
| Site area: | A total of 164,022.11 sq.m. |
| GFA: | A total of 127,937.24 sq.m. |
| Land Premium: | RMB1,333,330,000 (equivalent to approximately HK\$1,496,662,925) |
| Nature of the land use rights: | Hotel use |
| Term of the land use rights: | 40 years |
| Plot ratio: | Not over 0.78 |
| Building height limit: | 40 metres |
| Green space ratio: | Not below 30% |
| Building density: | Not over 30% |
| Payment terms of the consideration: | (1) A sum of RMB263,970,000 (equivalent to approximately HK\$296,306,325) has been paid by Haichang Jiade on 23 September 2020 as the security deposit for the Auction. |

LETTER FROM THE BOARD

- (2) A sum of RMB536,030,000 (equivalent to approximately HK\$601,693,675) has been paid by Haichang Jiade on 12 November 2020.
- (3) A sum of RMB533,330,000 (equivalent to approximately HK\$598,662,925), being the balance of the consideration, will be payable on or before 31 December 2020. As a condition to pay the consideration in two instalments, Haichang Jiade shall pay an interest on the sum of RMB533,330,000 (equivalent to approximately HK\$598,662,925) for the period between 12 November 2020 and payment date of this sum at the lending rate announced by the People's Bank of China on 12 November 2020.

As of the Latest Practicable Date, the sum of RMB800,000,000 (equivalent to approximately HK\$898,000,000) has been paid.

| | |
|-------------------------------|----------------------------|
| Handover date of the Land: | On or before 13 March 2021 |
| Commencement of Construction: | On or before 13 June 2021 |
| Completion of construction: | On or before 13 June 2023 |

At the request of the Resources and Planning Bureau of Sanya, Haichang Jiade, Sanya Haiyue Jiade and Resources and Planning Bureau of Sanya entered into the Land Use Rights Grant Supplemental Contract on 10 November 2020, under which all the rights and obligations of Haichang Jiade under the Land Use Rights Grant Contract were transferred to Sanya Haiyue Jiade, a direct wholly-owned subsidiary of Haichang Jiade.

The Board considers that the Land Premium is fair and reasonable having taken into account minimum bidding price, the demand of land of the Group, current market conditions, the location and development potential of the Land. The deposit for the acquisition of the Land of RMB263,970,000 (equivalent to approximately HK\$296,306,325) paid by Haichang Jiade was mainly financed by shareholders' loan which will be repaid to the Group. The shareholders' loan was entirely contributed by the Group through Haichang Travel to Haichang Jiade to finance the payment of the Land Premium and related costs and expenses. When the loan was made, Haichang Jiade was still a wholly-owned subsidiary of Haichang Travel. The shareholders' loan was made on 23 September 2020 and is due on 31 December 2020. Interest is payable on the actual period of lending until repayment. The sum of RMB200,000,000 (equivalent to approximately HK\$224,500,000) is subject to an interest rate of 13.2% p.a.,

LETTER FROM THE BOARD

whereas the remaining balance of RMB63,970,000 (equivalent to approximately HK\$71,806,325) is subject to an interest rate of 13.8% p.a.. The interest shall be paid when the principal loan is repaid. Haichang Jiayue is responsible for the subsequent payment of the Land Premium and development and construction of the Land.

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

The Acquisition is also a Qualified Property Acquisition under Rule 14.04(10C) of the Listing Rules as it involves an acquisition of the land use rights of a state-owned land in the PRC from a PRC Governmental Body through tender, auction or listing-for-sale governed by PRC law (as defined under Rule 19A.04 of the Listing Rules). Under Rule 14.33A of the Listing Rules, the Acquisition is exempt from the shareholders' approval requirement as it is undertaken on a sole basis by the Company (through Haichang Jiade) in its ordinary and usual course of business.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the development, construction and operation of theme parks, property development and investment, hotel operation and provision of consultancy and management services in the PRC.

Sanya Haichang Fantasy Town (the “**Sanya Town Project**”) was officially put into operation on 20 January 2019 with a site area of approximately 232,500 sq.m. and a plot ratio-based GFA of approximately 68,000 sq.m.. Located at the center of Sanya Haitang Bay on the national coast (No. 168, Coastal Avenue, Haitang District, Sanya City, Hainan Province), the Sanya Town Project is an immersive marine recreation complex which integrates cultural tourism, entertainment experience and innovative business. With operation for over a year, the project has effectively enriched the in-depth travel experience in Sanya and has become one of the benchmark projects of Sanya’s “night-time economy”.

In June 2020, the “Master Plan for the Construction of Hainan Free Trade Port” (《海南自由貿易港建設總體方案》) was introduced, proposing the focus on the construction of an international tourism and consumption center to promote the in-depth integration of tourism and related industries, develop characteristic tourism industrial clusters, cultivate new formats and new models of tourism, build a demonstration province in all-for-one tourism, and vigorously develop tourism industry as an important part of the construction of the master plan system, which brings new development opportunities for Hainan and Sanya.

The Land is adjacent to the Sanya Town Project and will be used for the development and operation of ancillary theme hotels and leisure and vacation properties. The Board believes that the construction of theme hotels and leisure and vacation properties will help optimise and strengthen the types of operation of the Sanya Town Project, enhance the quality and promote the upgrade of the Sanya Town Project, and further nourish the attractiveness and profitability of the Sanya Town Project.

LETTER FROM THE BOARD

The Directors consider that the Acquisition is in the ordinary and usual course of business. The Directors further consider that the Acquisition is in the interests of the Company and its Shareholders as a whole and the terms thereof are on normal commercial terms which are fair and reasonable.

INFORMATION OF THE GROUP AND RESOURCES AND PLANNING BUREAU OF SANYA

The Group

The Group is principally engaged in the development, construction and operation of theme parks, property development and investment, hotel operation and provision of consultancy and management services in the PRC.

Haichang Jiade is principally engaged in tourism business, property management, hotel management, real estate development and operation and corporate management in the PRC.

Resources and Planning Bureau of Sanya

Resources and Planning Bureau of Sanya is a PRC Government Body and is responsible for, among other things, the environment protection and planning, administering, protecting and reasonably using of land and mineral resources in Sanya and issuances of different land certificates.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, Resources and Planning Bureau of Sanya and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (within the meaning ascribed to it under the Listing Rules).

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

The Acquisition is also a Qualified Property Acquisition under Rule 14.04(10C) of the Listing Rules as it involves an acquisition of the land use rights of a state-owned land in the PRC from a PRC Governmental Body through tender, auction or listing-for-sale governed by PRC law (as defined under Rule 19A.04 of the Listing Rules). Under Rule 14.33A of the Listing Rules, the Acquisition is exempt from the shareholders' approval requirement as it is undertaken on a sole basis by the Company (through Haichang Jiade) in its ordinary and usual course of business. Under Rule 14.33B(3) of the Listing Rules, the circular needs not contain a valuation report.

LETTER FROM THE BOARD

To the best of the knowledge, information, and belief of the Directors, after having made all reasonable enquiries, no Shareholder has material interests in the Acquisition, and no Shareholder would be required to abstain from voting where the Company is to convene a general meeting for approving the Acquisition. However, the Acquisition is subject to reporting and announcement requirements but is exempt from shareholders' approval requirements pursuant to the Listing Rules. The Company will not be required to convene an extraordinary general meeting for approving the Acquisition.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully

By Order of the Board

Haichang Ocean Park Holdings Ltd.

Wang Xuguang

Executive Director and Chief Executive Officer

1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Financial information of the Group for the year ended 31 December 2017, 2018 and 2019 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.haichangoceanpark.com>):

- annual report of the Company for the year ended 31 December 2017 published on 16 April 2018 (pages 153 to 295);
- annual report of the Company for the year ended 31 December 2018 published on 30 April 2019 (pages 165 to 354); and
- annual report of the Company for the year ended 31 December 2019 published on 28 April 2020 (pages 200 to 393).

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the expected completion of the Acquisition and the financial resources and the banking facilities available to the Group (including the existing financial assistance) and in the absence of unforeseen circumstances, the Group will have sufficient working capital to meet its requirements for at least 12 months from the date of this circular.

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 October 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group has outstanding borrowings of approximately RMB8,789.07 million, comprising lease liabilities of approximately RMB636.58 million (among which RMB477.41 million are guaranteed and RMB159.17 million are secured), bank loans secured and guaranteed of approximately RMB7,289.18, and other loans secured and guaranteed of approximately RMB1,499.89 million. The unused credit line of the Group was approximately RMB742.18 million. The Group's facilities and financial guarantees in respect of mortgage loan facilities provided to the Group's properties buyers were secured by certain land and buildings, investment properties, properties under development and pledged deposits of the Group with total carrying value of approximately RMB184.60 million. In addition, shares of certain subsidiaries of the Group are pledged to secure certain bank and financial institutions facilities granted to the Group. Certain bank and financial institutions facilities were guaranteed by related companies, which were controlled by Mr. Qu together with his spouse. None of the assets of the Group was pledged to these related companies in respect of the guarantees.

As at 31 October 2020, the Group provided financial guarantees in respect of mortgage facilities provided by certain banks in connection with the mortgage loans entered into by the Group's properties buyers amounting to approximately RMB184.60 million. These guarantees

will be released upon the earlier of (i) the repayment of the mortgage loan by the buyers of the property; and (ii) the issuance of the property ownership certificate for the mortgage property and the completion of the deregistration of the mortgage.

Save as aforesaid and apart from the intra-group liabilities, as at the close of business on 31 October 2020, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

4. FINANCIAL EFFECTS OF THE ACQUISITION OF THE COMPANY

The deposit for the acquisition of the Land of RMB263,970,000 (equivalent to approximately HK\$296,306,325) paid by Haichang Jiade was mainly financed by shareholders' loans which will be repaid to the Group. Haichang Jiayue is responsible for the subsequent payment of the Land Premium and development and construction of the Land. Accordingly, it is expected that there would be no material financial effect on the Group's total assets and total liabilities upon completion of the Acquisition. The Company considers that there will not be any material effect on the earnings of the Group immediately upon the Acquisition. In order to lower the operation risk and capital expenditure, the Company considers to introduce investors to cooperate in construction and operation in the future and further expand the Company's asset-light business.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Following completion of the Acquisition, the Group will continue to be principally engaged in the operation and development of theme parks and ancillary commercial properties, and look for investment opportunities which strengthen profitability under the acceptable risks.

Haichang Jiayue will finance the payment of the Land Premium and subsequent development of the Land by the capital contribution and the subsequent investment made or to be made by Chang'an Trust pursuant to the Capital Increase Agreement. For more details, see the announcement "Discloseable Transaction – Deemed Disposal of 95% Equity interest in a Wholly-Owned Subsidiary" published by the Company on 6 November 2020.

The Group seeks to manage the level of its liquid assets to ensure the availability of sufficient cash flows to meet any unexpected cash requirements arising from its business operations. The Group will also continue to assess available financial resources in support of its business needs on an ongoing basis and plan and adjust its development schedule or implement cost control measures if necessitated by its then-existing financial conditions and cash requirements.

The Group intends to continue to utilise existing capital resources, and to seek new sources of funding, to maintain and grow its business on a cost-effective basis.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

| Name of Director | Capacity/Nature of Interest | Number of Shares | Approximate Percentage of Total Issued Shares (<i>Note 2</i>) |
|-----------------------------------|-------------------------------------|------------------|---|
| Mr. Qu Cheng (<i>Note 1</i>) | Interest in controlled corporations | 1,811,848,524(L) | 45.30% |
| | Beneficial owner | 13,561,063(L) | 0.34% |
| Mr. Wang Xuguang | Beneficial owner | 8,000,000(L) | 0.20% |
| Mr. Gao Jie | Beneficial owner | 4,695,000(L) | 0.12% |

(L) denotes a long position in the Shares

Notes:

1. These 1,811,848,524 Shares comprise:

- (a) 1,684,092,524 Shares beneficially held by Haichang Group Limited, representing approximately 42.10% of the total issued share capital of the Company;

- (b) 127,756,000 Shares beneficially held by Speedy Journey Investment Limited, representing approximately 3.19% of the total issued share capital of the Company; and
- (c) The entire issued share capital of Haichang Group Limited and Speedy Journey Investment Limited are wholly-owned by Mr. Qu Cheng. Therefore, Mr. Qu Cheng is deemed to be interested in 1,811,848,524 Shares as disclosed above, representing approximately 45.30% of the total issued share capital of the Company.
2. This percentage has been compiled based on 4,000,000,000 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations, within the meaning of Part XV of the SFO, which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

At the Latest Practicable Date, save as disclosed below, none of the Directors or the proposed Directors was a director or employee of a company which had an interest or short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

| Name of Director | Names of Companies which had such discloseable interest or short position | Position within such companies |
|-------------------------|--|--|
| Qu Cheng | Haichang Group Limited | Director |
| Qu Cheng | Speedy Journey Investment Limited | Director |
| Li Hao | ORIX Corporation | Executive Director Deputy Head of East Asia Business Headquarters Managing Director of Greater China Group |
| Li Hao | ORIX (China) Investment Company Limited | Director & President |
| Li Hao | Mountain Tai Peak Apollo Investment Limited | Director |
| Li Hao | ORIX Asia Capital Limited | Director & President |
| Yuan Bing | Hony Group Management Limited | Director |
| Yuan Bing | Hony Capital Fund V GP Limited | Director |
| Yuan Bing | Time Dynasty Limited | Director |

3. SERVICE CONTRACTS

At the Latest Practicable Date, none of the Directors had entered into, with any member of the Group, a service agreement which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS OF DIRECTORS

Mr. Qu Naijie, a non-executive Director, and Mr. Qu Cheng, an executive Director, and their close associates engage in a diversified business portfolio including residential and commercial real estate developments in the PRC, as more fully described in the section headed “Relationship with Our Controlling Shareholders” of the Company’s listing prospectus dated 28 February 2014.

The Company has entered into (i) a deed of non-competition dated 27 February 2014 with Mr. Qu Naijie and Haichang Group Limited; and (ii) a deed of non-competition dated 14 January 2020 with Mr. Qu Cheng, Haichang Group Limited and Speedy Journey Investment Limited pursuant to which Mr. Qu Naijie, Mr. Qu Cheng, and Haichang Group Limited have severally undertaken, inter alia, not to compete with the principal business of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors (not being the independent non-executive Directors) and their close associates are considered to have interests in the businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules.

5. DIRECTORS’ INTERESTS IN CONTRACTS

Mr. Qu Naijie, a non-executive Director, holds 60% equity interests in Haichang Group Co. Therefore, Haichang Group Co is an associate of Mr. Qu Naijie and thus a connected person of the Company. As Dalian Property Management is a direct subsidiary of Haichang Group Co, Dalian Property Management is an associate of Mr. Qu and thus a connected person of the Company. As at the Latest Practicable Date, Discoveryland, an indirect wholly-owned subsidiary of the Company, has entered into the following contracts with Dalian Property Management which were subsisting and were significant in relation to the business of the Group:

- (a) a park maintenance and civil engineering, decoration and construction agreement dated 15 July 2020 pursuant to which 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. The term of the contract is from 15 July 2020 to 15 December 2020. The aggregate annual cap of the contract is RMB2,000,000.

- (b) a park maintenance and reconstruction (ordinary decoration engineering works) agreement dated 15 July 2020 pursuant to which 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. The term of the contract is from 15 July 2020 to 31 August 2021. The aggregate annual cap of the contract is RMB600,000.
- (c) a continuous safety management services agreement dated 14 January 2020 pursuant to which 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. The term of the contract is from 1 January 2020 to 31 December 2020. The aggregate annual cap of the contract is RMB1,400,000.

For more details of the above contracts, see the announcement "Connected Transactions and Continuing Connected Transactions" issued by the Group dated 15 July 2020.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, which was subsisting and was significant in relation to the business of the Group.

6. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors was interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019 (being the date to which the latest published audited financial statements of the Group were made up).

7. MATERIAL LITIGATION

At the Latest Practicable Date, there was no litigation or claim of material importance that is known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding the date of this circular:

- (a) Capital Increase Agreement;
- (b) The Land Use Rights Grant Contract;

- (c) On 25 September 2020, the Company executed the Bid Confirmation with the Organiser in relation to the Auction. For more details, see the announcement “Major Transaction Acquisition of Land Use Rights in Sanya” published by the Company on 27 September 2020;
- (d) On 14 July 2020, the Group has completed the issue of non-public corporate bonds in the aggregate principal amount of RMB200 million to professional investors with a coupon rate of 7.5% for a term of 3 years. All subscription monies have been received by the Company on 15 July 2020. For more details, see the announcement “Voluntary Announcement Shanghai Haichang Tourism Group Co., Ltd. Issuance of Non-Public Corporate Bonds” published by the Company on 16 July 2020; and
- (e) On 14 June 2019, Yantai Fishermen’s Wharf, an indirect wholly-owned subsidiary of the Company, and Haichang Group Co entered into an equity transfer agreement, pursuant to which Yantai Fishermen’s Wharf agreed to acquire 49% equity interest of Yantai Haichang Tourism Development Co., Ltd.* (煙台海昌旅遊發展有限公司) from Haichang Group Co for a total consideration of RMB63,700,000. For more details, see the announcement “Connected Transaction Equity Transfer Agreement” published by the Company on 14 June 2019.

9. MATERIAL ADVERSE CHANGE

Since 31 December 2019, being the date to which the latest published audited consolidated financial statement of the Company were made up, and as at the Latest Practicable Date, the COVID-19 pandemic exerted a huge influence on all industries of the national economy. Tourism, as a highly market-oriented industry, is one that suffers the most revenue reduction. The pandemic significantly impacted the operation of the parks under the Group, leading to a severe downturn in turnover. All theme parks have been closed fully for over two months since late January and then undergone a semi-open period for a long time. It was not until 1 June 2020 that all 10 theme parks of the Group resumed full operation. The Group incurred a net loss of RMB890,667,000 during the six-month period ended 30 June 2020.

For more details of the impact of the pandemic on the financial or trading position of the Group, see “Chairman’s Statement”, “Management Discussion and Analysis” and the financial information in the Interim Report for the six months ended 30 June 2020 published by the Group on 24 September 2020.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statement of the Company were made up.

10. GENERAL

- (a) The registered office of the Company is situated at PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is situated at Unit 804, 8th Floor, K11 ATELIER, Victoria Dockside, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (c) The share registrar of the Company in Cayman Islands is Maples Fund Services (Cayman) Limited, which is situated at PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.
- (d) The share registrar of the Company in Hong Kong is Tricor Investor Services Limited, which is situated at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The company secretary of the Company is Ms. Kho Polien. Ms. Kho Polien is an associate member of the Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators respectively.
- (f) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company at Unit 804, 8th Floor, K11 ATELIER, Victoria Dockside, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two years ended 31 March 2018 and 2019;
- (c) the material contracts referred to under the section headed "Material Contracts" in this appendix; and
- (d) this circular.