THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Haichang Ocean Park Holdings Ltd. (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

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)

(1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
(2) APPLICATION FOR WHITEWASH WAIVER;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company

CITIC SECURITIES

Financial adviser to the Subscriber

华泰国际
HUATAI INTERNATIONAL

Independent Financial Adviser to the Independent Board Committee

SOMERLEY CAPITAL LIMITED

Capitalised terms used herein shall have the meanings set out in the section headed "Definitions" of this circular.

A notice convening an extraordinary general meeting (the "EGM") of the Company to be held at Large Meeting Room, 31st Floor, Building A, Foreshore Beach World Trade Centre Phase 1, No. 4, Lane 255, Dongyu Road, Pudong New District, Shanghai, the PRC on Tuesday, 19 August 2025 at 3:00 p.m. is set out on pages 93 to 95 of this circular. A form of proxy for use for your Shareholders at the EGM is enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited located at 17/F, Far East Finance Centre 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

This circular together with the form of proxy will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.haichangoceanpark.com).

31 July 2025

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

"acting in concert"	has the same meaning as ascribed to it under the Takeovers Code
"Anhui Xianghuiyuan"	Anhui Xianghuiyuan Enterprise Management Co., Ltd.* (安徽祥卉源企業管理有限公司), a company established under the laws of the PRC with limited liability and one of the shareholders of Shanghai Sunriver Yuancun
"Anhui Yuanyinxiang Partnership"	Anhui Yuanyinxiang Enterprise Management Consulting Partnership (Limited Partnership)* (安徽源胤祥企業管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC with limited liability, and one of the shareholders of SH Sunriver Xinghai
"Announcement"	the announcement of the Company dated 2 June 2025 in relation to, among other things, the Subscription, the Specific Mandate, the Whitewash Waiver, the Increase in Authorised Share Capital and the respective transactions contemplated thereunder
"associate"	has the same meaning as ascribed to it under the Takeovers Code
"Board"	the board of Directors
"Business Day"	a day on which banks in Hong Kong are generally open for business and the Stock Exchange is open for trading in securities (excluding Saturdays)
"CITIC Securities"	CITIC Securities (Hong Kong) Limited (中信証券(香港)有限公司), the financial adviser to the Company
"Company"	Haichang Ocean Park Holdings Limited 海昌海洋公園控股有限公司, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2255)
"Completion"	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement

"connected person(s)"	has the same meaning as ascribed to it under the Listing Rules
"controlling shareholder"	has the same meaning as ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"EGM"	the extraordinary general meeting to be convened and held at Large Meeting Room, 31st Floor, Building A, Foreshore Beach World Trade Centre Phase 1, No. 4, Lane 255, Dongyu Road, Pudong New District, Shanghai, the PRC on Tuesday, 19 August 2025 at 3:00 p.m. for the Independent Shareholders to consider and, if thought fit, approve the Subscription, the Specific Mandate, the Whitewash Waiver, the Increase in Authorised Share Capital and the respective transactions contemplated thereunder
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
"FY2022"	financial year ended 31 December 2022
"FY2023"	financial year ended 31 December 2023
"FY2024"	financial year ended 31 December 2024
"Group"	the Company and its subsidiaries
"Hefei Kunyou"	Hefei Kunyou Enterprise Management Consulting Co., Ltd.* (合肥堃佑企業管理諮詢有限公司), a company established under the laws of the PRC with limited liability, and the general partner of Anhui Yuanyinxiang Partnership
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Huatai"	Huatai Financial Holdings (Hong Kong) Limited, financial adviser to the Subscriber, a wholly-owned subsidiary of Huatai Securities Co., Ltd. (華泰證券股份有限公司; Stock code: 6886.HK)
"Huatai-PineBridge"	Huatai-PineBridge Fund Management Co., Ltd (華泰柏瑞基金管理有限公司), which is owned as to 49% by Huatai Securities Co., Ltd. (華泰證券股份有限公司; Stock code: 6886.HK)
"Increase in Authorised Share Capital"	has the meaning ascribed to it in the paragraph headed "Proposed Increase in Authorised Share Capital" in the Letter from the Board of this circular
"Independent Board Committee"	an independent board committee, comprises Mr. Yuan Bing and Mr. Go Toutou, who are non-executive Directors, and all the independent non- executive Directors, namely Mr. Wang Jun, Mr. Zhu Yuchen and Ms. Shen Han, to advise the Independent Shareholders as to the fairness and reasonableness of the Subscription Agreement and the Whitewash Waiver and as to voting
"Independent Financial Adviser" or "Somerley Capital"	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
"Independent Shareholders"	Shareholders other than (i) the Subscriber, its ultimate beneficial owner and its associates; any parties acting in concert with the Subscriber or its ultimate beneficial owner; and (ii) the Shareholders involved or interested in the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder at the EGM
"IP(s)"	intellectual property(ies)
"Latest Practicable Date"	28 July 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Committee"	has the meaning ascribed to it under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Long Stop Date"	31 December 2025 or such other time or date as the Company and the Subscriber shall agree in writing
"Mr. Wang"	Mr. Wang Xuguang, an existing non-executive Director
"Mr. Yu"	Mr. Yu Fa-xiang (俞發祥), the ultimate largest beneficial owner and controller of the Subscriber
"PRC"	the People's Republic of China (which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan)
"Relevant Period"	the period commencing on 2 December 2024, being six months before 2 June 2025 (i.e. the date of the Announcement), up to the Latest Practicable Date (both dates inclusive)
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SH Sunriver Xinghai"	Shanghai Sunriver Xinghai Tourism Development Co., Ltd.* (上海祥源星海旅遊發展有限公司), a company established under the laws of the PRC with limited liability, which is indirectly interested in the entire share capital of the Subscriber through its wholly-owned subsidiary and is owned as to approximately 85.71% by Shengzhou Sunriver Partnership and 14.29% by Anhui Yuanyinxiang Partnership
"Shanghai Sunriver Yuancun"	Shanghai Sunriver Yuancun Economic Development Co., Ltd.* (上海祥源原村經濟發展有限公司), a company established under the laws of the PRC with limited liability and one of the limited partners of Shengzhou Sunriver Partnership
"Share(s)"	ordinary share(s) of US$0.00005 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)

"Shengzhou Sunriver Partnership"	Shengzhou Sunriver Equity Investment Partnership (Limited Partnership)* (嵊州市祥源股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC and one of the shareholders of SH Sunriver Xinghai
"Shengzhou Yisheng Partnership"	Shengzhou Yisheng Enterprise Management Consulting Partnership (Limited Partnership)* (嵊州藝嵊企業管理諮詢合夥企業(有限合夥)), a limited partnership established under the laws of the PRC and one of the limited partners of Shengzhou Sunriver Partnership
"Specific Mandate"	the specific mandate to be granted to the Directors by the Independent Shareholders to allot and issue the Subscription Shares at the EGM
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber"	Sunriver Starrysea Tourism (Cayman) Co., Ltd., an exempted company incorporated in the Cayman Islands with limited liability, which is indirectly wholly controlled by Sunriver
"Subscription"	the subscription of the Subscription Shares pursuant to the Subscription Agreement
"Subscription Agreement"	the subscription agreement entered into among the Company, the Sunriver and the Subscriber dated 2 June 2025
"Subscription Price"	HK$0.45 per Subscription Share
"Subscription Shares"	5,100,000,000 new Shares to be subscribed for by the Subscriber under the Subscription Agreement
"Sunriver"	Sunriver Holding Group Co., Ltd.* (祥源控股集團有限責任公司), a company incorporated in the PRC with limited liability
"Sunriver Original Information"	Shanghai Sunriver Original Information Consulting Co., Ltd. (上海祥源原信息諮詢有限公司), a company incorporated in the PRC with limited liability and a shareholder of Sunriver, of which Mr. Yu was the sole shareholder and director as at the Latest Practicable Date

"Sunriver Starrysea HK"	Sunriver Starrysea Tourism (Hong Kong) Co., Limited (祥源星海旅遊(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability and the direct sole shareholder of the Subscriber
"Takeovers Code"	the Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong as amended from time to time
"US$"	United States dollars, the lawful currency of United States of America
"Whitewash Waiver"	a waiver from the Executive of the requirement under Rule 26.1 of the Takeovers Code in respect of any obligation of the Subscriber to make a general offer for all the Shares not already owned or agreed to be acquired by the Subscriber upon completion of the Subscription
"%"	percentage

* *In this circular, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

The expected timetable for implementation of the Subscription is set out below:

Event	Time and Date
Despatch of circular with notice and form of proxy of the EGM	31 July 2025
Latest time for lodging transfer documents and relevant share certificates to be eligible to attend and vote at the EGM	4:30 p.m. on Wednesday, 13 August 2025
Closure of register of members for the purpose of ascertaining the Shareholder's eligibility to attend and vote at the EGM	Thursday, 14 August 2025 to Tuesday, 19 August 2025 (both days inclusive)
Latest time for lodging the forms of proxy for the EGM	3:00 p.m. on Sunday, 17 August 2025
Record date for determining Shareholders' eligibility to attend and vote at the EGM	Tuesday, 19 August 2025
Date and time of the EGM	3:00 p.m. on Tuesday, 19 August 2025
Publication of announcement on results of the EGM	Tuesday, 19 August 2025
Register of members re-opens	Wednesday, 20 August 2025
The following events are conditional on the results of the EGM	
Increase in Authorised Share Capital becoming effective	Tuesday, 19 August 2025

The following events are conditional on (i) the results of the EGM; (ii) the fulfilment of the conditions for the implementation of the Subscription; and (iii) completion of the Subscription

Completion of the Subscription and issuance of the Shares and despatch of certificates for the Shares to the Subscriber	A date to be fixed after the fulfilment of the conditions precedent, which is tentatively expected to be not later than 30 September 2025

All times and dates specified in the timetable above refer to Hong Kong times and dates.

The timetable is tentative only. Any subsequent change to the expected timetable will be announced by the Company as and when appropriate.

Note: Further announcement(s) will be made by the Company to inform the Shareholders of the timetable of the trading arrangement in respect of the Shares as and when appropriate

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)

Executive Directors:
Mr. Qu Naijie (Chairman)
Mr. Qu Cheng
Mr. Li Kehui

Non-executive Directors:
Mr. Wang Xuguang
Mr. Go Toutou (Former name Wu Tongtong)
Mr. Yuan Bing

Independent non-executive Directors:
Mr. Zhu Yuchen
Mr. Wang Jun
Ms. Shen Han

Registered office:
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

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

Principal place of business in Hong Kong:
Unit 804, 8th Floor
K11 ATELIER
Victoria Dockside
18 Salisbury Road
Tsim Sha Tsui, Kowloon
Hong Kong

31 July 2025

To the Shareholders

Dear Sir or Madam,

(1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
(2) APPLICATION FOR WHITEWASH WAIVER;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the Announcement in relation to, among others, the Subscription, the Specific Mandate, the Whitewash Waiver and the Increase in Authorised Share Capital.

The purpose of this circular is to provide the Shareholders with, among other things, (i) details of the Subscription, the Whitewash Waiver and the Increase in Authorised Share Capital; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Subscription and the Whitewash Waiver; (iv) a notice convening the EGM; and (v) other information as required under the Listing Rules and the Takeovers Code.

On 2 June 2025 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber and Sunriver, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 5,100,000,000 new Shares at the Subscription Price under the Specific Mandate.

2. THE SUBSCRIPTION AGREEMENT

Date

2 June 2025 (after trading hours)

Parties

Issuer: The Company

Subscriber: Sunriver Starrysea Tourism (Cayman) Co., Ltd.

Sunriver: Sunriver Holding Group Co., Ltd.* (祥源控股集團有限責任公司)

The Subscriber and its ultimate beneficial owner are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules).

The Subscription Shares

The Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 5,100,000,000 new Shares at the Subscription Price of HK$0.45 per Subscription Share to the Subscriber, with an aggregate consideration of HK$2,295,000,000 payable by the Subscriber to the Company upon Completion. The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate to be obtained from the Independent Shareholders at the EGM. The Subscription Shares will rank pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Subscription Shares.

The Subscription Shares represents (i) approximately 62.85% of the existing issued share capital of the Company as at the date of the Subscription Agreement; and (ii) 38.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is US$255,000.

The Subscription Price

The Subscription Price of HK$0.45 per Subscription Share represents:

(i) a discount of approximately 44.44% over the closing price of HK$0.8100 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 46.43% to the closing price of HK$0.8400 per Share as quoted on the Stock Exchange on 2 June 2025, being the date of the Subscription Agreement (the "**Last Trading Day**");

(iii) a discount of approximately 45.12% to the average closing price of HK$0.8200 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day;

(iv) a discount of approximately 45.32% to the average closing price of HK$0.823 per Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Last Trading Day;

(v) a discount of approximately 41.23% to the average closing price of HK$0.7657 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to the date of the Subscription Agreement;

(vi) a discount of approximately 36.26% to the average closing price of HK$0.7060 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days immediately prior to the date of the Subscription Agreement;

(vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 17.9167%, represented by the theoretical diluted price of approximately HK$0.6895 per Share to the benchmarked price of approximately HK$0.8400 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the Subscription Agreement of HK$0.8400 per Share; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement of HK$0.8220 per Share);

(viii) a premium of approximately 99.95% to the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK$0.2251 (based on the latest published audited consolidated net assets attributable to the Shareholders of approximately RMB1,722,760,000 (equivalent to approximately HK$1,826,126,000) as disclosed in the annual results of the Company as at 31 December 2024 and 8,114,002,000 issued Shares as at the date of the Subscription Agreement).

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber after taking into account the prevailing market price of the Shares and the financial condition of the Group.

Prevailing market price of the Shares

During the period from 1 June 2024 to the Latest Practicable Date (the "**Review Period**"), the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK$1.01 recorded on 7 October 2024 and HK$0.40 recorded on 28 November 2024 respectively, and the average closing price of the Shares was approximately HK$0.68.

The closing price of the Shares fluctuated between HK$0.68 and HK$0.77 since the start of the Review Period from 3 June 2024 to 23 September 2024. After that, the closing price of Shares increased sharply, reaching the peak at HK$1.01 on 7 October 2024. From 7 October 2024 to 28 November 2024, the closing price of the Shares was on a general decreasing trend, reaching the low at HK0.40 on 28 November 2024. The Company is of the view that the aforesaid movement of the closing price of the Shares from late September 2024 to late November 2024 is generally in line with the overall stock market performance in Hong Kong. Since then, the closing price of the Shares showed a general increasing trend again, reaching HK$0.88 on 17 April 2025. During the period from 22 April 2025 to 2 June 2025, being the date of the Subscription Agreement, the closing price of the Shares fluctuated between HK$0.65 and HK$0.85.

Financial condition of the Group

Assets and liabilities

The financial performance of the Group had been affected by the COVID-19 pandemic and the complex external market environment in recent years (including but not limited to positive factor of the post pandemic rebound of the consumer market in early 2023 as compared to 2022 following the easing of pandemic prevention and control measures; and the negative factors including (i) the continued sluggish stock and property market in 2024 which affected consumers' desire to spend; (ii) tighter financing environment which increased the difficulty in financing and caused surging finance costs, creating financial pressure to the Group in project development and transformation and operation improvement; and (iii) the impact brought by platform economy and traffic mechanisms, including the shift of consumers' focus to social media platform and the increase in influence in social media platform in driving sales, forcing the Group to continue to invest in online marketing and private domain on different social media platforms (e.g., building up of different official channels, and operating and promoting official mini programs or livestream rooms) to adapt to the trend of traffic fragmentation, which increased marketing and management costs), the Group's liquidity position deteriorated, with a debt defaults for RMB50 million principal plus RMB13.8 million interest in November 2024. Such debt had been repaid in full subsequently.

The Group recorded total assets of approximately RMB10.34 billion as at 31 December 2024, majority of which represented theme parks related non-current assets of the Group's principal business. The Group recorded total liabilities of approximately RMB8.52 billion as at 31 December 2024, majority of which represented interest-bearing bank and other borrowings.

As at 31 December 2024, the Group had cash and cash equivalents, interest-bearing bank and other borrowings and lease liabilities of approximately RMB64.74 million, RMB5.90 billion and RMB295.35 million respectively. As at 31 December 2024, the Group's cash and cash equivalents, in particular, represented a substantial decrease of approximately 96.20% as compared to that as at 31 December 2023 and a substantial decrease of approximately 94.80% as compared to that as at 31 December 2022. Such decrease in the Group's cash and cash equivalents was mainly attributable to the net cash flow used in the investing activities for development of its projects and financing activities for repayment of bank and other loans of the Group.

The Group recorded receivables (including (i) long-term prepayments, receivables and deposits and (ii) prepayments and other receivables) and payables (including (i) trade and bill payables, (ii) other payables and accruals and (iii) long-term payables) of approximately RMB1.10 billion and approximately RMB1.81 billion respectively as at 31 December 2024.

The Group had net debt to equity ratio (being interest-bearing bank and other borrowings, and lease liabilities, less cash and cash equivalents, divided by net assets) of approximately 150.32%, 182.53% and 337.63% respectively as at 31 December 2022, 31 December 2023 and 31 December 2024. The net debt to equity ratio was on a deteriorating trend from 2022 to 2024, especially from end of 2023 to end of 2024. The aforesaid increase in net debt to equity ratio was mainly due to the decrease in cash and cash equivalents during FY2024 and the increase in the interest-bearing bank and other borrowings during FY2023, indicating a higher level of leverage and reliance on debt financing.

Profit and loss

During FY2023, the Group recorded revenue of approximately RMB1.82 billion, representing a substantial increase of approximately 129.11% as compared to that for FY2022. As disclosed in the 2023 annual report of the Company, such increase in revenue was mainly attributable to the increase in revenue of the park operation business and operation as a service ("**OAAS**") business as a result of the rebound of tourism & leisure market, as well as the opening of the Zhengzhou Park in 2023. The Group recorded gross profit of approximately RMB457.46 million for FY2023, as compared to gross loss of approximately RMB278.73 million recorded for FY2022. Such turnaround from gross loss to gross profit was attributable to the substantial increase in revenue post-pandemic.

The Group recorded loss attributable to owners of the Group of approximately RMB197.26 million for FY2023, representing a substantial decrease of approximately 85.87% as compared to that for FY2022. Such decrease in loss was mainly attributable to the aforesaid increase in revenue with a gross profit for the year, the increase in other income and gains, the decrease in administration expenses and the decrease in other expenses.

During FY2024, the Group recorded revenue of approximately RMB1.82 billion, which was maintained at a similar level as compared to that for FY2023. Despite a 16.1% year-on-year increase in park entries to 10.79 million visitors, a significant 13.8% decline in per-capita spending and weak secondary consumption of the Group's customers occurred due to the aforesaid challenging external market environment. Per-capita spending represents the total amount of spending by the visitors (including tickets and secondary consumption within the theme parks) divided by the number of visitors, while secondary consumption represents the spending by the visitors within the theme parks (such as catering, souvenirs and special experience projects) but excluding the ticket costs. The Group recorded gross profit of approximately RMB418.97 million for FY2024, representing a decrease of approximately 8.41% as compared to that for FY2023.

As disclosed in the 2024 annual report of the Company, such decrease in gross profit was attributable to the increase in cost as a result of the newly opened Zhengzhou Park experiencing its first complete operating year in FY2024.

Tourism and leisure industry in China was affected in recent years as a result of the COVID-19 pandemic and recovered following the easing of epidemic prevention and control measures in 2023. The market still faces uncertainties under complicated external economic environment. On the other hand, Chinese government heightened its focus on cultural and tourism consumption. The Group's revenue over the past three years is from two main sources: (1) park operations; and (2) cultural tourism services and solutions, both of which are in the cultural and tourism consumption sector. Therefore, despite facing short-term liquidity constraints and profitability pressures, the Group maintains a steadfast strategic confidence in the future development prospects of China's tourism industry. To seize the current window of opportunity, facilitating immediate capital inflow through the issuance of new shares to introduce a new controlling shareholder is required.

The Directors (including members of the Independent Board Committee, after considering the advice of the Independent Financial Adviser) consider that the Subscription Price and the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The factors considered by the Directors are set out below:

Premium to Net Asset Value: The Subscription Price of HK$0.45 per Share represents a premium of approximately 99.95% to the audited consolidated net asset value per Share attributable to Shareholders (HK$0.2251 as at 31 December 2024). This indicates that the Subscription Price is nearly double the Company's book value per Share, which is a positive indicator from an asset perspective. As a reference, China Travel International Investment

Hong Kong Limited (stock code: 308) ("**China Travel**"), a company listed on the main board of the Stock Exchange with a business model comparable to that of the Company – generating 50% or more of its revenue from the operation of amusement parks and/or arcade-related facilities in the PRC – had a price-to-book ratio of approximately 0.51 as at the Latest Practicable Date. The Company had a price-to-book ratio of approximately 3.58 as at the Latest Practicable Date.

Except for China Travel, the Directors identified four listed companies, namely, Six Flags Entertainment (NYSE:FUN), Coast Entertainment Holdings Ltd. (ASX: CEH), United Parks & Resorts Inc. (NYSE: PRKS), and Sim Leisure Group Ltd. (SP: SLGL), whose revenue from amusement parks and/or theme park-related facility operations accounts for 50% or more of their total revenue. Together with China Travel, the above mentioned companies can be regarded as comparable companies based on the following considerations: (i) these companies are engaging in the same industry with similar business model of the Company; and (ii) these companies are listed on other developed markets and that the trading multiples would be able to demonstrate the pricing by public investors in such developed markets on companies comparable to the Company. Among these comparable companies, except for United Parks & Resorts Inc. (NYSE: PRKS) whose price-to-book ratio is not applicable as it recorded net liabilities based on the latest published financial report as at the Latest Practicable Date, the price-to-book ratios of the others range from 0.64 to 3.02 times, with an average of about 1.51 times. The implied price-to-book ratio of the current subscription is approximately 1.99 times, which falls within the range of the comparable companies' price-to-book ratios and is higher than both the average of the comparable companies and that of China Travel.

Market Practice and Negotiation: The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber, a strategic new investor to the Company, with reference to the prevailing market price of the Shares and the Company's overall circumstances. A review has been conducted of announcements issued since 1 January 2025, by companies listed on the Stock Exchange regarding the introduction of investors through the issuance of new shares for cash subscription under specific mandates.

When selecting comparable transactions for pricing reference, placements to connected parties are excluded because the commercial context and dynamics of such transactions can differ from those involving independent third parties. Connected party transactions may be influenced by factors unique to the relationship between the parties, which could affect the comparability of pricing outcomes. A common type of relationship between the parties is when an investor already holds a significant proportion of equity in the listed company, or when the investor holds an important position within the company, which may lead the investor to consider factors in evaluating the transaction that would differ from those when they had no prior connection with the listed company.

Excluding such transactions, there are five such cases that meet the above criteria:

Stock Code	Company Name	Announcement Date	Transaction Type	(Discount)/Premium to Previous Closing Price
1611.HK	Sino Technology Holdings Limited	2025/6/29	(1) Subscriptions of new shares under specific mandate (2) Connected transaction in relation to subscriptions of new shares under specific mandate (3) Proposed increase in authorised shares and (4) Proposed amendments to memorandum and articles	(29.66%)
0673.HK	China Health Group Limited ("**China Health Group**")	2025/5/22	(i) Subscriptions of new shares under specific mandate; (ii) Proposed rights issue on the basis of three (3) rights shares for every ten (10) shares held on the record date; (iii) Connected transaction and special deal in relation to the underwriting agreement; (iv) Special deal in relation to the placing agent agreement; (v) Application for whitewash waiver; (vi) Appointment of independent financial adviser; and (vii) Resumption of trading	(28.60%)
2211.HK	Universal Health International Group Holding Limited	2025/5/13	Subscription of new shares under specific mandate	(1.23%)
1870.HK	Acme International Holdings Limited	2025/3/17	(1) Placing of new shares under general mandate (2) Subscription of new shares under specific mandate	(19.77%)
0515.HK	China Silver Technology Holdings Limited	2025/3/7	Subscription of new shares under specific mandate	23.46%

Among these five transactions, four were conducted at a discount to the closing price on the trading day prior to the announcement, accounting for 80% of the cases.

Given the nature of these transactions, which are similar to the current case – namely, the issuance of a large number of new shares and the introduction of new strategic investors – it is not uncommon for share subscriptions of this nature to be priced at a discount to market price.

Furthermore, the performance disclosed by the above-mentioned companies in their most recent results announcements indicates that they are all under a certain degree of financial pressure, such as facing a significant decline in revenue or a substantial drop in profits/continued losses and other adverse situations. The financial performance of the above-mentioned companies as disclosed in their latest published financial statements are summarised as follows:

Stock Code	Company Name	Reporting Period	Year-over-year ("YoY") Revenue Change	YoY Change in Profit/Loss Attributable to Owners
1611.HK	Sino Technology Holdings Limited	Six months ended 31 March 2025 (Interim)	+427.1%	Turned from a profit of HK$99.8 million to a loss of HK$12.3 million
0673.HK	China Health Group	Year ended 31 March 2025 (Annual)	-35.0%	Loss widened from HK$40.2 million to HK$67.8 million
2211.HK	Universal Health International Group Holding Limited	Six months ended 31 December 2024 (Interim)	-25.4%	Loss narrowed from RMB20.9 million to RMB8.0 million
1870.HK	Acme International Holdings Limited	Year ended 31 December 2024 (Annual)	+4.3%	Profit decreased from HK$20.0 million to HK$4.4 million
0515.HK	China Silver Technology Holdings Limited	Twelve months ended 31 December 2024 (Second Interim)	-84.6%	Loss widened from HK$21.9 million to HK$51.4 million

As disclosed above, due to the impact of the COVID-19 pandemic and the complex external market environment in recent years, the Company's business recovery has been slower than expected, resulting in continued operating losses and, consequently, periodic liquidity pressures. Therefore, from a financial perspective, the Company and the five companies involved in the above cases are all facing a certain degree of pressure and share some similarities.

Among the cases mentioned above, only China Health Group involved a whitewash transaction, with its placement price representing a 28.60% discount to the most recent trading day. The Directors have chosen to focus on transactions involving listed companies that were under certain financial pressure and issued a significant number of new shares pursuant to specific mandates. The primary objective in these cases was to introduce new investors in order to improve the financial and business conditions of the listed companies. The Directors believe that these circumstances closely mirror the current situation of the Company, making such transactions the most relevant benchmarks for comparison.

The Directors have prioritized the underlying financial motivation and the structural features of the transactions – namely, the need to raise capital to address financial challenges and the use of share issuances to bring in new investors. This approach is considered more pertinent than focusing on whether a whitewash waiver was involved in the transaction. In the meantime, the Directors have not categorically excluded transactions that involved a whitewash waiver. Instead, they have taken a pragmatic view, recognizing that the presence or absence of a whitewash waiver does not fundamentally alter the comparability of the transaction if the core circumstances – financial pressure and the need for capital injection – are aligned with those of the Company.

Certainty and Timeliness of Capital Injection: The Subscription will provide the Company with a significant and immediate capital inflow of approximately HK$2,295 million. This capital is intended to support the Company's ongoing operations, business development, and financial flexibility. The certainty and timeliness of this capital raise are important considerations, especially in the context of the Company's financial position and its plans for future growth and business development.

Strategic and Long-Term Benefits: The introduction of a new controlling Shareholder with relevant industry experience and resources is expected to bring additional strategic value to the Company. This is anticipated to support the Company's long-term development and enhance its competitiveness.

Conditions precedent

Completion of the Subscription shall be conditional upon satisfaction (or waiver) (if applicable) of the following conditions:

(a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares (either unconditionally or subject to conditions which are acceptable to both parties);

(b) the Executive granting the Whitewash Waiver, and the Whitewash Waiver not being revoked or withdrawn;

(c) the Subscriber and the Company having completed internal decision-making procedures and obtained internal approvals (including but not limited to board approvals and the passing of the necessary resolutions at the duly convened EGM by (i) the Independent Shareholders to approve the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; and (ii) the Shareholders to approve the Increase in Authorised Share Capital), in accordance with applicable laws, regulations, and internal rules for the Subscription, the Whitewash Waiver and the Increase in Authorised Share Capital;

(d) the Subscriber and the Company having obtained all relevant regulatory approvals for the Subscription, i.e., the clearance from the Executive and the Stock Exchange in respect of the shareholders' circular to be despatched for the purpose of, inter alia, the Subscription;

(e) the Subscriber having completed the necessary external approval procedures for the funds required for the Subscription and made arrangements for the delivery of the Subscription Shares in Hong Kong, including but not limited to completing the necessary ODI (Overseas Direct Investment) approvals/filings with the Commission of Commerce, the Development & Reform Commission and the State Administration of Foreign Exchange (as applicable) in the PRC;

(f) the Company having obtained consent from banks and other major financial institutions, as well as relevant government departments, or having fulfilled notification obligations (if applicable) regarding the Subscription; and the Company having obtained written waivers from relevant parties (if applicable) to ensure that the normal conduct of the Company's existing business will not be affected, including but not limited to consents and waivers to be obtained from banks, financial institutions, and government authorities to prevent a breach of change-of-control provisions under certain loan agreements and project agreements, as well as notification to the Company's business partners under certain operating contracts in respect of the change-of-control; and

(g) the Subscriber having completed the filing of the concentrations of undertakings of the PRC under the Subscription Agreement to the State Administration for Market Regulation (if required), and the Company having confirmed that it will provide assistance.

Conditions (a) to (e) and (g) cannot be waived and (f) can be waived by Sunriver and the Subscriber. If the above conditions precedent are not satisfied or waived (if applicable) on or before the Long Stop Date or such later date as may be agreed among the parties in writing, the Subscription Agreement will terminate and neither party to the Subscription Agreement may have any claim against each other save for antecedent breaches. Therefore, among other things, if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders at the EGM, the Subscription will not proceed.

As at the Latest Practicable Date, condition (d) and the board approvals requirement under condition (c), and the concentration of undertakings filing requirement under condition (g) have been satisfied, while conditions (a) and (b), as well as the Independent Shareholders' and Shareholders' approvals under condition (c), have not yet been satisfied. The ODI approvals/filings under condition (e) are being reviewed by the relevant PRC authorities. The Subscriber has been in regular contact with the relevant PRC authorities to follow up on the approval status. As at the Latest Practicable Date, the Subscriber is in the process of preparing supplemental documents based on the feedback received and will arrange to submit them as soon as possible. Barring any unforeseen circumstances, the Subscriber does not expect any impediment in obtaining these ODI approvals/filings. Based on its communication with the relevant PRC authorities, it is expected that condition (e) will be fulfilled by the end of August.

In relation to condition (f), the Subscription aims to improve liquidity and pursue high-quality, sustainable development, which will benefit the Company's future stable operations and performance growth. The interests of banks and government institutions have been fully safeguarded. As at the Latest Practicable Date, the Company had requested and continued to communicate with the relevant parties to obtain all necessary consents and waivers. Currently, the Company is not aware of any legal impediments or other circumstances that would prevent it from obtaining such consents or waiver.

Completion

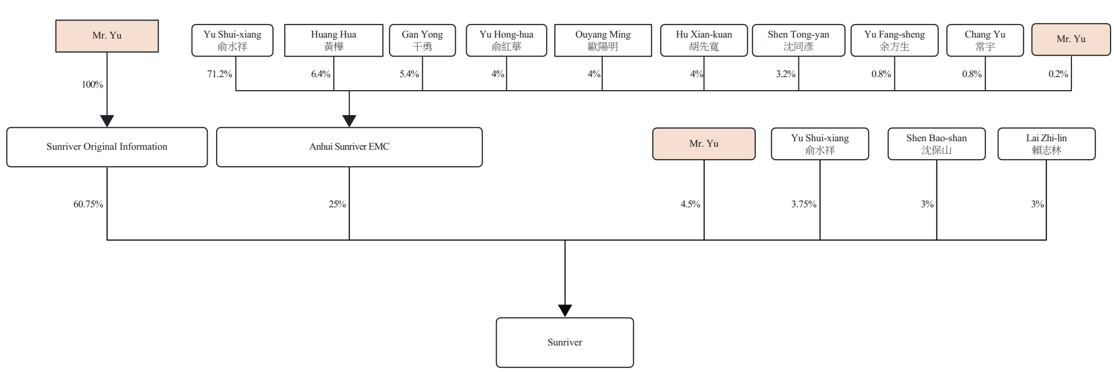
Completion shall take place on the third Business Day after satisfaction or waiver (if applicable) of the last of the conditions precedent of the Subscription Agreement or at such date and time as agreed by the Company and the Subscriber (the "**Completion Date**"). At Completion, among other things, (i) the Subscriber shall make full payment of the consideration of HK$2,295,000,000 in immediately available funds by direct transfer to the Company's designated bank account; and (ii) the Company shall allot and issue the Subscription Shares to the Subscriber.

Immediately after Completion, the Subscriber will be interested in 38.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming no other change in the share capital of the Company before Completion.

3. INFORMATION ON SUNRIVER AND THE SUBSCRIBER

Sunriver is a company established under the laws of the PRC. Its primary business focuses on investing in and operating multiple companies within the cultural tourism sector. It is the actual controller of Zhejiang Sunriver Culture Tourism Co., Ltd.* 浙江祥源文旅股份有限公司 (stock code: 600576.SH) and Anhui Gourgen Traffic Construction Co., Ltd.* 安徽省交通建設股份有限公司 (stock code: 603815.SH).

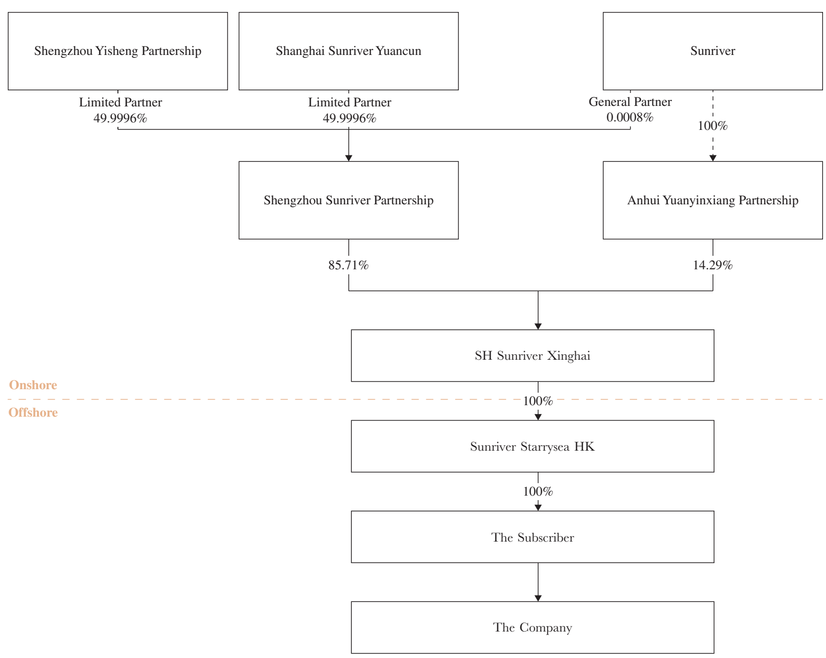
The following diagram sets forth the shareholding structure of Sunriver as at the Latest Practicable Date:



As at the Latest Practicable Date, Sunriver is owned as to approximately (i) 60.75% by Sunriver Original Information, (ii) 25.00% by Anhui Xiangyu Enterprise Management Consulting Co., Ltd.* (安徽祥譽企業管理諮詢有限公司) ("**Anhui Sunriver EMC**"), (iii) 4.50% by Mr. Yu, (iv) 3.75% by Mr. Yu Shui-xiang (俞水祥) (brother of Mr. Yu), (v) 3.00% by Mr. Shen Bao-shan (沈保山), and (vi) 3.00% by Mr. Lai Zhi-lin (賴志林). Sunriver Original Information is wholly owned by Mr. Yu. Anhui Sunriver EMC is in turn owned as to approximately (i) 71.2% by Mr. Yu Shui-xiang (俞水祥), (ii) 6.4% by Huang Hua (黃樺), (iii) 5.4% by Gan Yong (干勇), (iv) 4.0% by each of Ms. Yu Hong-hua (俞紅華), Ouyang Ming (歐陽明) and Hu Xian-kuan (胡先寬), (v) 3.2% by Shen Tong-yan (沈同彥), (vi) 0.8% by each of Yu Fang-sheng (余方生) and Chang Yu (常宇), and (vii) 0.2% by Mr. Yu. Sunriver is therefore ultimately controlled as to 65.3% by Mr. Yu.

As at the Latest Practicable Date, the board of directors of Sunriver comprised Mr. Yu, Mr. Lai Zhi-lin (賴志林), Ms. Yu Hong-hua (俞紅華) and Mr. Gan Yong (幹勇).

The following diagram sets forth the shareholding structure of the Subscriber as at the Latest Practicable Date:

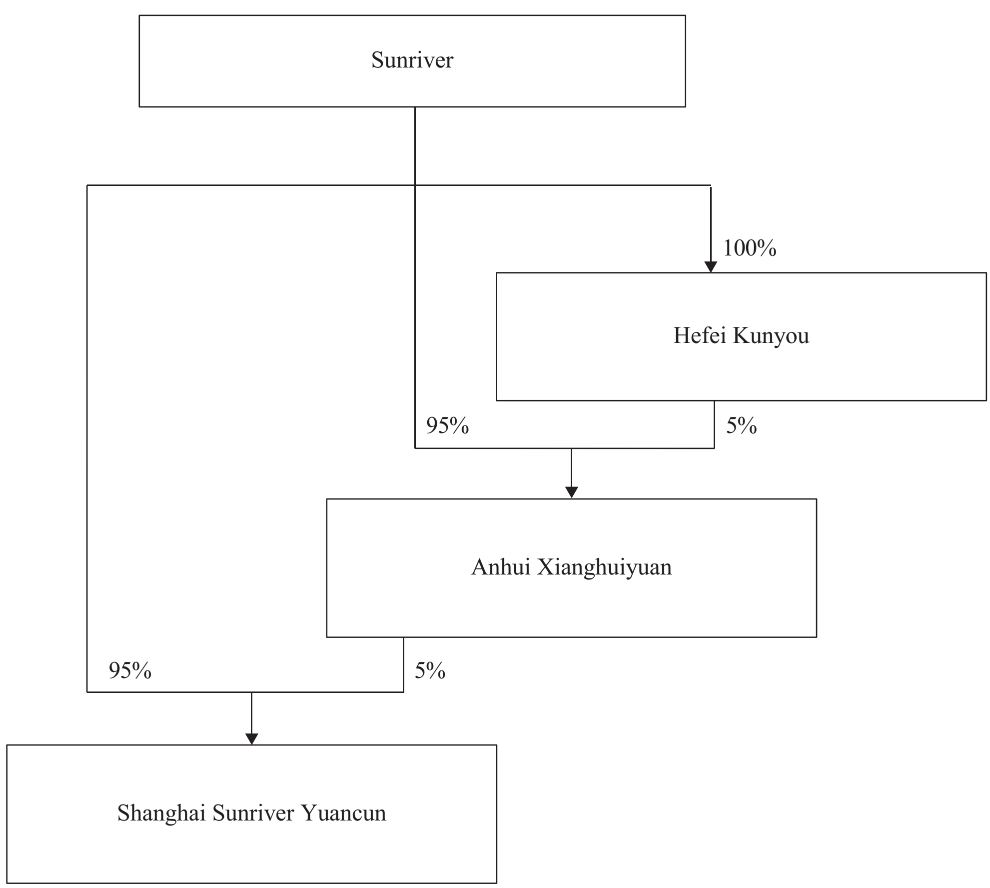


The Subscriber is a company incorporated under the laws of Cayman Islands with limited liability, which is indirectly wholly controlled by Sunriver. It is a special purpose vehicle incorporated for the purpose of subscribing for the Subscription Shares and assumes the relevant obligations under the Subscription Agreement.

The Subscriber is wholly-owned by Sunriver Starrysea Tourism (Hong Kong) Co., Limited, which is in turn wholly owned by SH Sunriver Xinghai. SH Sunriver Xinghai is owned as to approximately 85.71% by Shengzhou Sunriver Partnership and 14.29% by Anhui Yuanyinxiang Partnership. Shengzhou Sunriver Partnership and Anhui Yuanyinxiang Partnership will contribute approximately RMB1.2 billion and RMB0.2 billion, respectively, towards the share capital of SH Sunriver Xinghai.

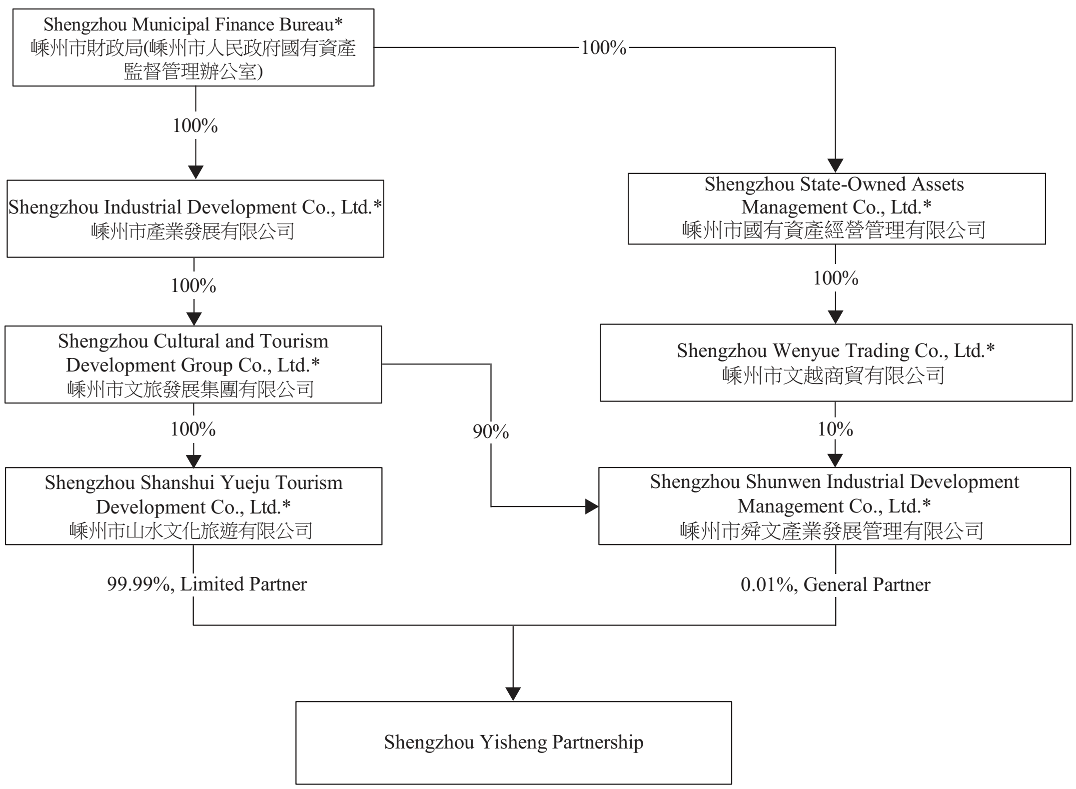
Shengzhou Sunriver Partnership is a limited partnership established in the PRC. Sunriver is the general partner, and Shanghai Sunriver Yuancun and Shengzhou Yisheng Partnership are the limited partners of Shengzhou Sunriver Partnership. Each of Shanghai Sunriver Yuancun and Shengzhou Yisheng Partnership will provide capital contribution of RMB0.6 billion to the partnership. Shanghai Sunriver Yuancun is an indirect wholly-owned subsidiary of Sunriver.

The following diagram sets forth the shareholding structure of Shanghai Sunriver Yuancun as at the Latest Practicable Date:



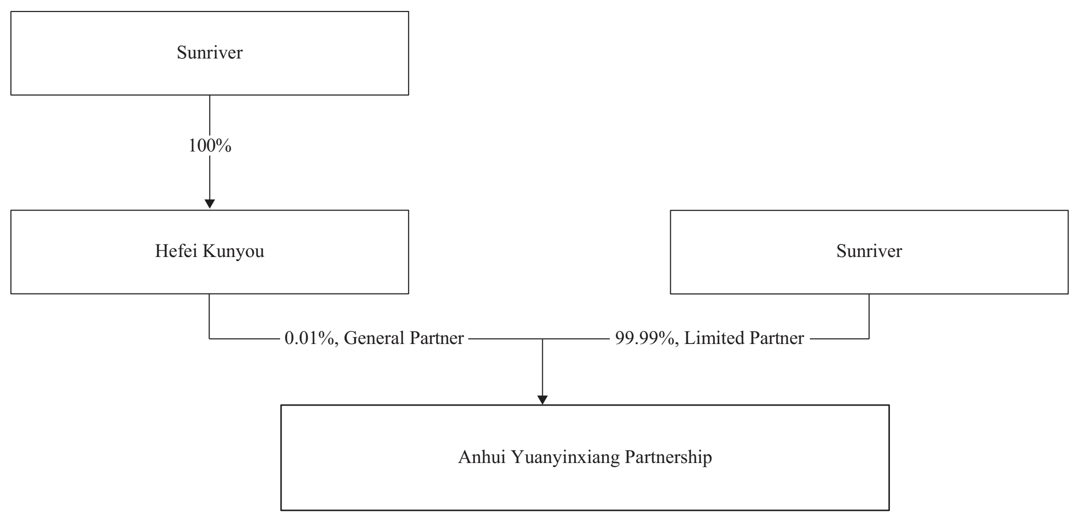
Shanghai Sunriver Yuancun is owned as to approximately 95% by Sunriver and 5% by Anhui Xianghuiyuan. Anhui Xianghuiyuan is in turn owned as to approximately 95% by Sunriver and 5% by Hefei Kunyou, which is in turn wholly-owned by Sunriver. Accordingly, Shanghai Sunriver Yuancun is indirectly wholly owned by Sunriver.

The following diagram sets forth the shareholding structure of Shengzhou Yisheng Partnership as at the Latest Practicable Date:



Based on the public information available, Shengzhou Yisheng Partnership is a limited partnership which is ultimately wholly-owned by the Shengzhou Municipal Finance Bureau (嵊州市財政局). Sunriver as the general partner is responsible for the daily management and operations of Shengzhou Sunriver Partnership, including but not limited to decisions relating to investment, use of proceeds and expenses and daily operations.

The following diagram sets forth the shareholding structure of Anhui Yuanyinxiang Partnership as at the Latest Practicable Date:



Anhui Yuanyinxiang Partnership is a limited partnership established in the PRC. Hefei Kunyou, a direct wholly-owned subsidiary of Sunriver, is the general partner, and Sunriver is the limited partner of Anhui Yuanyinxiang Partnership. It is owned as to approximately 99.99% by Sunriver and 0.01% by Hefei Kunyou.

As at the Latest Practicable Date, the ultimate largest beneficial owner and controller of the Subscriber is Mr. Yu.

Source of funds for the Subscription

Sunriver will fund its portion of capital contributions of Shengzhou Sunriver Partnership and Anhui Yuanyinxiang Partnership through its internal funds. In addition to the capital contributions of approximately RMB1.2 billion from Shengzhou Sunriver Partnership and RMB0.2 billion from Anhui Yuanyinxiang Partnership which will contribute towards the total consideration for the Subscription, the remaining RMB0.8 billion of the total consideration for the Subscription will be financed through borrowing from financial institutions by the Subscriber or its direct or indirect controlling shareholders.

As at the Latest Practicable Date, Sunriver is negotiating the borrowing terms with several banks, one of which has issued a letter of intent in relation to the provision of RMB0.8 billion loan. The relevant bank is undergoing its internal procedures, which include reviewing the necessary documents. Barring any unforeseen circumstances, the relevant bank's internal procedures are expected to be completed by the end of August.

4. INFORMATION ON THE GROUP

The Group is principally engaged in (i) the development, construction and operation of theme parks, management of the Group's developed and operating properties surrounding the theme parks for rental income, hotel operation and the provision of services to visitors; (ii) the delivery of entire process of planning, designing, construction, animal conservation, and operation and management to external tourism and leisure projects, and (iii) the integration of world-class intellectual properties (IP) into theme parks, scenic spots, lifestyle hotels, commercial buildings and other on-ground consumption, in the PRC.

5. REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

Reasons for and Benefits of the Subscription

Due to the continued impact of the COVID-19 pandemic and the complex external market environment in recent years, the Company's business recovery has lagged behind expectations, resulting in sustained operating losses and phased liquidity pressure. As China places "vigorous stimulation of consumption" at the top of its agenda and rolls out a series of consumption- stimulating policies, these policies not only help restore consumer confidence and spending power, but also invigorate tourism consumption, further underscore the important role of cultural-tourism consumption in driving high-quality economic development, and provide a solid policy foundation and vast market space for the future growth of the cultural-tourism industry. Against this policy and industry backdrop, the Company has actively evaluated and promoted various financing tools and capital structure optimisation plans to improve its asset-liability structure and support long-term business development. Despite making in-depth attempts in the following areas, these efforts have not been successfully implemented due to objective conditions:

(a) *Syndicated loan restructuring negotiations:* Throughout 2024, the Company engaged in multiple rounds of communication and restructuring negotiations with the member banks of the original Shanghai project syndicate regarding existing loan arrangements. However, due to the Company's high overall debt ratio, the syndicate remained cautious about the loan risk exposure post-restructuring for non-state-owned enterprises;

(b) *Exploration of public REITs issuance:* The Company also explored the feasibility of issuing infrastructure REITs for certain mature cultural and tourism assets, aiming to revitalise quality assets and broaden financing channels. During the evaluation process, it was found that the relevant supporting policies are still being refined, and the cultural and tourism projects have not yet established a market-recognised valuation system in terms of asset pricing, lease stability, and cash flow predictability. The Company concluded that the current conditions are not mature enough and ultimately decided not to proceed with the public issuance;

(c) *Equity transfer:* The Company's controlling shareholder engaged in preliminary negotiations to transfer controlling rights to a well-known domestic cultural and tourism group, intending to leverage its brand, capital, and resource advantages to enhance the Company's overall competitiveness. However, after an in-depth assessment of the Company's operating conditions and capital needs, the potential investor determined that merely transferring equity would not provide substantial incremental capital support and would not fundamentally resolve the Company's current capital difficulties;

(d) *Introduction of strategic investors through convertible bonds:* The Company also discussed structural financing plans for issuing convertible bonds with some potential investors, aiming to introduce medium- to long-term strategic shareholders. However, after multiple rounds of evaluation and negotiations, the relevant parties concluded that the scale of the convertible bonds would not support the Company's sustainable development for the next few years; and

(e) *Rights issue/open offer:* A rights issue or open offer, both of which require existing shareholders to inject additional capital, may not be successful if shareholders are unwilling or unable to subscribe for new Shares. The Company recognized that, given its high overall debt ratio and recent financial performance, there was a significant risk that a rights issue or open offer would not be fully subscribed, potentially leaving the Company with insufficient new capital and a weakened share price.

The Subscription, if proceeded, will introduce a new controlling Shareholder, which will effectively provide the Company with additional strategic development resources, as well as help replenish the Company's working capital, reduce financial costs and support the Company in continuing to advance the upgrading and transformation of its existing projects and enhancing park operating efficiencies. The Company will utilise this financing opportunity to, while focusing on the development of its core theme park business, further strengthen the expansion of its cultural- tourism operation as a service (OAAS) and IP operations business, thereby building a new engine for future growth and establishing an international comprehensive tourism and leisure group with oceanic culture as its core. The proceeds from the Subscription will also provide the Company with much-needed liquidity to support daily operations, replenish working capital, promote the development of its core business, and repay part of its existing debts. This immediate capital injection is critical for stabilizing the Company's financial position and supporting its ongoing business development.

Due to sustained operating losses and liquidity pressure, the Company requires further stabilization of financial position. Although the Company maintained stable revenue levels in FY2024, its net loss increased by approximately 312.04% from approximately RMB181.9 million in FY2023 to approximately RMB749.5 million in FY2024. The Company's net debt-to-equity ratio also sharply increased from approximately 182.53% as of 31 December 2023, to approximately 337.63% as of 31 December 2024.

The Company has made attempts to improve its financial position through measures such as syndicate loan restructuring negotiations, exploration of public REITs issuance, equity transfers, introduction of strategic investors through convertible bonds, rights issues/public offerings, etc. However, due to objective external constraints, these efforts have not been successfully implemented prior to the Subscription. Introducing the Subscriber as the Company's new controlling shareholder is crucial, as the certainty and timeliness of the fundraising will support the Company's continued operations, business development, and financial flexibility, providing urgently needed liquidity for the Company.

Use of Proceeds

The gross proceeds and net proceeds from the Subscription are expected to be approximately HK$2,295 million and HK$2,284 million respectively. The Company intends to apply the net proceeds from the Subscription as follows:

(i) 20% will be used to support the daily operations of the Group and replenish working capital;

(ii) 40% will be used to promote the development of the Company's core business (including theme park operations, OAAS and IP), with such initiatives expected to be completed within 1 to 2 years; and

(iii) 40% will be used to repay part of the Group's existing debts, of which 30% will be applied toward repayment of principal and interest to banks and financial institutions, and 10% will be used to settle payables to suppliers and project-related debts. None of these existing debts to be repaid are owed to the Shareholders. This repayment is expected to be completed within 1 to 2 years.

The Company's business plan for the development of its core business is summarized as follows:

Theme Park Operations:

The Company intends to continue the development of Phase II of the Zhengzhou project, which is expected to commence operations in 2026, as well as the upgrade and renovation of other projects under the Group. These upgrades will include the introduction of various leading domestic and international IPs into immersive in-park entertainment, the renovation of theme hotels, upgrades to food and beverage and retail facilities both inside and outside the parks, enhancements to supporting service facilities, the introduction of large signature rides and attractions, and the development of smart park systems.

OAAS:

Under this business model, the Company's business partners are responsible for major capital expenditures, such as land acquisition and property development, while the Company is responsible for operations and management. To ensure the attractiveness of its projects and maintain long-term cooperative relationships with partners, the Company needs to invest in pre-opening preparations and operations. The Phase II project in Shanghai has completed its main structural capping and is scheduled to open in 2026. The Beijing project has commenced construction and is scheduled to open in 2027. Fuzhou, Nanjing, Ningbo, Saudi Arabia and other projects are also under continuous planning and reserve expansion.

IP Operation:

In addition to its self-operated parks, the Company has successfully introduced Ultraman IP-themed pavilions to third-party destinations, such as the Dalian Forest Zoo, and has already launched IP-themed stores in shopping malls. The Company plans to select high-quality commercial properties and scenic locations nationwide to rapidly deploy corresponding IP products. These product formats include IP hotels, IP-themed pavilions and stores. The goal is to continuously expand brand influence and scale up the IP business.

Upon Completion, the net proceeds from the Subscription will be recognised as cash and cash equivalents. Thus, the Group's working capital and liquidity positions will be improved as the cash and cash equivalents will be increased by the net proceeds from the Subscription of approximately HK$2,295 million.

The Group had net debt to equity ratio of approximately 337.63% as at 31 December 2024. As a result of the Subscription, assuming the Subscription had been completed on 31 December 2024, the Group's net assets would increase by the amount of net proceeds of the Subscription, and hence the net debt to equity ratio would decrease to approximately 100.56%.

Taking into account the above considerations, the Directors (including members of the Independent Board Committee, after considering the advice of the Independent Financial Adviser) consider that the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

6. FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activity in the past twelve months immediately before the Latest Practicable Date.

After Completion, the Company is expected to have sufficient funds to meet its financial needs for the next twelve months and currently has no plans for additional equity financing. The second phase of construction at Zhengzhou Haichang Ocean Park is anticipated to result in new bank loans, which are currently being arranged with the bank.

7. EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company had 8,114,002,000 Shares in issue. The following table summarises the shareholding structure of the Company as at the Latest Practicable Date and immediately upon allotment and issue of the Subscription Shares (assuming that there is no other change in the share capital of the Company prior to Completion):

	As at the Latest Practicable Date		**Immediately upon allotment and issue of the Subscription Shares**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
The Subscriber	–	–	5,100,000,000	38.60
Directors				
Mr. Qu Cheng	24,332,592	0.30	24,332,592	0.18
Mr. Wang Xuguang	20,780,000	0.25	20,780,000	0.16
Substantial Shareholders				
Zeqiao Holdings Limited (formerly known as Haichang Group Limited) *(Note 1)*	3,837,231,048	47.29	3,837,231,048	29.04
Mountain Tai Apollo Investment Limited *(Note 2)*	786,768,000	9.70	–	–
ORIX Asia Capital Limited *(Note 2)*	400,000,000	4.93	–	–
Public Shareholders				
Mountain Tai Apollo Investment Limited *(Note 2)*	–	–	786,768,000	5.95
ORIX Asia Capital Limited *(Note 2)*	–	–	400,000,000	3.03
Other public Shareholders	3,044,890,360	37.53	3,044,890,360	23.04
Total	8,114,002,000	100.00	13,214,002,000	100.00

Notes:

1. Zeqiao Holdings Limited is wholly owned by Zeqiao International (BVI) Limited, which is in turn wholly owned by Cantrust (Far East) Limited, the trustee of Generation Qu Trust, which is a discretionary trust set up by Mr. Qu Cheng as settlor for the benefit of himself and his family.

2. Mountain Tai Apollo Investment Limited holds 786,768,000 Shares. Mountain Tai Apollo Investment Limited is wholly owned by ORIX (China) Investment Company Limited, which is in turn wholly owned by ORIX Corporation. ORIX Asia Capital Limited holds 400,000,000 Shares and is wholly owned by ORIX Corporation. Accordingly, ORIX Corporation is deemed to be interested in the 786,768,000 Shares held by Mountain Tai Apollo Investment Limited and the 400,000,000 Shares held by ORIX Asia Capital Limited.

Save as disclosed above, the Company has no other outstanding securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

8. APPLICATION FOR WHITEWASH WAIVER

Huatai is the sole financial adviser to the Subscriber in respect of the Subscription. Accordingly, Huatai and persons controlling, controlled by or under the same control as Huatai are presumed to be acting in concert with the Subscriber in accordance with class (5) of the definition of "acting in concert" under the Takeovers Code.

As at the Latest Practicable Date, neither the Subscriber nor any party acting in concert with it owns, controls or directs any Shares or convertible securities, warrants or options (or outstanding derivatives) in respect of Shares.

Assuming there is no other change in the share capital of the Company from the Latest Practicable Date up to and including the date of Completion, the Subscriber will hold 5,100,000,000 Shares upon Completion, representing 38.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with it unless the Whitewash Waiver is obtained from the Executive. In this regard, an application has been made by the Subscriber to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the allotment and issue of the Subscription Shares.

The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the approval by at least 75% of the votes cast by the Independent Shareholders either in person or by proxy in respect of the Whitewash Waiver at the EGM; and (ii) the approval by more than 50% of the votes cast by the Independent Shareholders in respect of the Subscription (including the Specific Mandate) that are cast either in person or by proxy at the EGM. As obtaining the Whitewash Waiver is one of the conditions precedent to the Subscription Agreement and such condition is not waivable, the Subscription will not proceed if the Whitewash Waiver is not granted by the Executive, or is not approved by the Independent Shareholders.

As at the date of the Latest Practicable Date, the Company did not believe that the Subscription, the Specific Mandate and the Whitewash Waiver and the respective transactions contemplated thereunder would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription, the Specific Mandate or the Whitewash Waiver does not comply with other applicable rules and regulations. Should any concerns be raised regarding the Subscription, the Specific Mandate, or the Whitewash Waiver not being in compliance with other applicable rules and regulations, the Company will endeavor to address and resolve such issues.

9. FUTURE INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP AND REASONS FOR THE SUBSCRIBER'S SUBSCRIPTION

As at the Latest Practicable Date, the Company (i) had no intention, arrangement, agreement, understanding or negotiation (concluded or otherwise) to downsize or dispose of the existing business; and (ii) did not expect to enter into any other arrangement or transaction with the Subscriber and or its associate apart from the Subscription. Upon Completion, the Subscriber will become a controlling shareholder (as defined under the Listing Rules) of the Company. The Subscriber intends to continue the existing principal businesses of the Group. Save for the personnel changes disclosed in the section headed "Proposed Change in Board Composition" below, the Subscriber has no intention to introduce any major changes to the existing operation and business of the Company, including to (i) discontinue the employment of any employees of the Group other than in the ordinary course of business; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business. In terms of the long-term commercial justification for the Subscription, the Subscriber shares the view of the Directors as disclosed in the paragraph headed "Reasons for and benefits of the Subscription and use of proceeds" above, and wishes to emphasise the following additional considerations:

The Company possesses irreplaceable unique advantages in the industry

The Company owns and operates seven cultural tourism projects themed around marine culture in major central and tourist cities across China. It is also planning to launch a new large-scale marine theme park in Beijing, giving its asset portfolio a distinctive nationwide presence. The Company is the world's first theme park operator to bring the international IP "Ultraman" to life in a real-world entertainment setting, demonstrating outstanding product innovation capabilities. Additionally, opportunities for the transfer or sale of controlling stakes in large theme park groups are rare in the market.

Current market capitalization is at a low point, with high certainty of investment returns

Due to previous debt burdens and the impact of the pandemic, the Company's market capitalization has long been at a historical low. However, the Subscriber has strong confidence in its asset quality–especially in core parks such as Shanghai, and its cash flow is recovering rapidly, indicating strong potential for swift profitability restoration.

To illustrate the high quality of the core parks of the Company, the Shanghai park of the Company is located in Shanghai Lingang and forms an industrial cluster with surrounding cultural tourism developments. As a rare large-scale marine-themed park in the Yangtze River Delta region, it covers China's most economically dynamic urban clusters and high-spending customer groups, enjoying first-mover advantages and strong growth potential. Additionally, serving as the Group's flagship project with an ocean culture theme, it features six themed pavilions – including the Volcano Shark Pavilion and Arctic Iceberg Pavilion – three animal performance venues such as the Orca Theater, two themed hotels, and more than ten large and medium-sized amusement facilities, offering a rich and diversified product mix. Furthermore, as a leader in marine wildlife conservation, the core team boasts nearly 20 years of experience in marine park operations and marine life preservation. Moreover, since 2022, globally renowned IPs like Ultraman and One Piece have been introduced to expand offline entertainment offerings, with new Ultraman-themed entertainment zones (including exhibition areas, theaters, themed restaurants, shops, amusement centers, and an electronic music plaza), themed hotels, and One Piece-themed stores already opened, more renowned IPs are planned for future integration to further enhance visitor appeal. The park also caters to various customer groups including families, couples, and children, the park combines marine-themed exploration, amusement facilities, immersive IP experiences, themed shows and animal interactions, as well as dining, retail, and leisure entertainment, creating an all-day, full-cycle recreational experience.

The Subscription Price carries a certain premium over the Company's net assets, reflecting the Subscriber's recognition of the Company's intrinsic value. Nevertheless, the overall investment cost (i.e. the aggregate consideration of HK$2,295,000,000 payable by the Subscriber to the Company upon Completion) is more cost-effective compared to building cultural tourism content and projects from scratch, based on the following considerations:

– *Strategic nationwide presence*: The Company's projects have been established in central cities and tourist destinations such as Shanghai, Zhengzhou, Sanya, and Dalian, achieving a nationwide chain layout with high entry barriers for competitors.

– *Building a complete business ecosystem is extremely costly; the Subscription enables one-stop access to full-chain capabilities*: The Company integrates ocean culture, polar animals, performing arts content, amusement facilities, hotel and catering, commercial entertainment, and IP operations into an integrated solution, forming a comprehensive full-chain operation platform. Building this from scratch would require crossing multiple professional thresholds, years of accumulation, and multiple rounds of trial and error, making short-term replication difficult.

– *Established high annual visitor traffic and brand recognition*: The Company's parks have a high annual visitor traffic, high industry brand recognition and strong customer loyalty.

– *Driving growth through comprehensive tourism and leisure solutions*: The Company's tourism and leisure services and solutions business offers a full range of early-stage services – including design planning and construction consulting – to third-party clients, in addition to managing the operations of completed projects. This business model leverages the advantages of platform expansion and economies of scale, creating a secondary engine for profitable growth.

Provides high-quality industry operations and management capabilities

Comprehensive operational capability is crucial for the sustainable development of companies in the theme park industry. The Company has over 20 years of experience in the development and operation of the cultural tourism industry, with its core management team each having more than 10 years of industry experience. The Company possesses deep industry insight and experience in theme park investment cooperation, overall planning, design, development and construction, IP customization and application, animal care, and ongoing operational management.

Synergy effects between the Group and Sunriver

Sunriver focuses on "cultural content + ecological tourism + leisure vacation," with resource-based scenic areas mainly featuring mountainous regions, covering areas such as Greater Western Hunan, Greater Huangshan, and the Yangtze River Delta. Its customer base is widely distributed and relatively balanced. The Company, on the other hand, is deeply engaged in "marine IP + technological experience + immersive interaction," with flagship projects in cities like Dalian, Sanya, and Shanghai, targeting families and young urban groups. The two companies differ in product types, regional layouts of business operations, customer structures, and business models, allowing for mutual learning and resource integration. Based on their shared understanding, after Completion of the Subscription, the Company's series of brands, development strategy, core business, and core team will remain unchanged, and both parties will work together to empower and promote the Company's sustainable development.

The Subscriber and the Company also intend to maintain the listing of the Shares on the Stock Exchange following the Completion. The Board is aware of the Subscriber's future intentions on the business and operation of the Group and considers that there will be no material change to the existing business and employment of the existing employees of the Group as a result of the Subscription, save for the personnel changes disclosed in the section headed "Proposed Change in Board Composition" section below.

10. PROPOSED CHANGE IN BOARD COMPOSITION

The Board is currently made up of nine Directors, comprising three executive Directors, being Mr. Qu Naijie (Chairman), Mr. Qu Cheng and Mr. Li Kehui, three non-executive Directors, being Mr. Wang Xuguang, Mr. Go Toutou and Mr. Yuan Bing, and three independent non-executive Directors, being Mr. Zhu Yuchen, Mr. Wang Jun and Ms. Shen Han.

It is expected that there will be a change in composition of the Board. As stated under the Subscription Agreement, after Completion, the Company shall cooperate in completing the change in the composition of the Board and the replacement of senior management personnel of the Company. As at the Latest Practicable Date, the Subscriber and the Company have not decided on the changes to be made. Any change to the Board composition will be made in compliance with the Takeovers Code and the Listing Rules.

11. FORMATION OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Yuan Bing and Mr. Go Toutou, who are non- executive Directors, and all the independent non-executive Directors, has been formed under Rule 2.1 of the Takeovers Code to advise the Independent Shareholders in respect of the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder. As Mr. Wang was involved in the negotiations of the Subscription, which may compromise his ability to provide an impartial assessment to the Shareholders as a member of the Independent Board Committee, he will not serve as a member of the Independent Board Committee.

None of the members of the Independent Board Committee has any interest or involvement in the Subscription Agreement, the Specific Mandate, the Whitewash Waiver and/or the Increase in Authorised Share Capital.

12. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Somerley Capital Limited has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee in compliance with Rule 2.1 of the Takeovers Code, to advise the Independent Board Committee and the Independent Shareholders on the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder.

13. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is US$500,000 divided into 10,000,000,000 Shares of nominal value of US$0.00005 each, of which 8,114,002,000 Shares are in issue.

To ensure that the Company has adequate share capital to facilitate the Subscription and to support its ongoing and future business expansion, the Board proposes to increase the authorised share capital of the Company to US$750,000 divided into 15,000,000,000 Shares by the creation of additional 5,000,000,000 new Shares (the "**Increase in Authorised Share Capital**"). Such new Shares, upon issue, shall rank pari passu in all respects with the existing Shares.

The proposed Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of passing an ordinary resolution at the EGM.

The Directors are of the view that the Increase in Authorised Share Capital is in the interest of the Company and its Shareholders as a whole.

14. EGM

The EGM will be held to consider and, if thought fit, pass resolutions to approve, among other matters, the Subscription Agreement, the Specific Mandate, the Whitewash Waiver, the Increase in Authorised Share Capital and the respective transactions contemplated thereunder.

In accordance with the Listing Rules and the Takeovers Code, (i) Mr. Yu, the Subscriber and its associates; (ii) any parties acting in concert with Mr. Yu or the Subscriber; and (iii) the Shareholders involved or interested in the Subscription or the Whitewash Waiver, will be required to abstain from voting on the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder at the EGM. Mr. Wang, a non-executive Director, was involved in the negotiations of the Subscription and will therefore abstain from voting on the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder at the EGM.

Mr. Wang will also voluntarily abstain from voting on the resolution to approve the Increase in Authorised Share Capital at the EGM.

Save as disclosed above, as at the Latest Practicable Date, no other Shareholder had any material interest in the Subscription, the Specific Mandate, the Whitewash Waiver and the Increase in Authorised Share Capital, and no other Shareholder was required to abstain from voting at the EGM on the resolutions approving the Subscription, the Specific Mandate, the Whitewash Waiver and the Increase in Authorised Share Capital.

A notice convening the EGM to be held at Large Meeting Room, 31st Floor, Building A, Foreshore Beach World Trade Centre Phase 1, No. 4, Lane 255, Dongyu Road, Pudong New District, Shanghai, the PRC on Tuesday, 19 August 2025 at 3:00 p.m. is set out on pages 93 to 95 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the EGM or any adjournment thereof should you so wish. An announcement on the results of the vote by poll will be made by the Company after the EGM in accordance with the Listing Rules and the Takeovers Code.

For determining eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 14 August 2025 to Tuesday, 19 August 2025, both days inclusive, during which period no transfer of the Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer of the Shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 13 August 2025.

The Subscription is subject to the satisfaction (or waiver) (as the case may be) of a number of conditions precedent set out under the section headed "Conditions precedent" in this circular, including approval by the Independent Shareholder s at the EGM for the Subscription and the Whitewash Waiver, and the granting of the Whitewash Waiver by the Executive.

As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

15. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee, which contains the recommendation of the Independent Board Committee to the Independent Shareholders concerning, among other things, the Subscription and the Whitewash Waiver and as to voting; and (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription and the Whitewash Waiver. The Directors (including the Independent Board Committee, after considering the advice of the Independent Financial Adviser) consider that the Subscription and the Whitewash Waiver are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the Increase in Authorised Share Capital to be proposed at the EGM.

16. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular and the notice of the EGM.

By order of the Board
Haichang Ocean Park Holdings Ltd.
Qu Naijie
Executive Director, Chairman of the Board
and Chief Executive Officer

The following is the full text of a letter from the Independent Board Committee setting out its recommendation for the purpose of inclusion in this circular.

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)

31 July 2025

To the Independent Shareholders

Dear Sirs or Madams,

(1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE; AND (2) APPLICATION FOR WHITEWASH WAIVER

We refer to the circular of the Company dated 31 July 2025 (the "**Circular**") of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Subscription and the transactions contemplated thereunder and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and to advise the Independent Shareholders how to vote at the EGM.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of the advice of Somerley Capital Limited are contained in its letter set out on pages 39 to 73 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

Having taken into account the terms of the Subscription and the advice from the Independent Financial Adviser, we consider that the Subscription and the transactions contemplated thereunder (including but not limited to the Specific Mandate) and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Subscription and the transactions contemplated thereunder and the special resolution to be proposed at the EGM to approve the Whitewash Waiver.

Yours faithfully
Independent Board Committee

Mr. Go Toutou
Non-executive Director

Mr. Yuan Bing
Non-executive Director

Mr. Zhu Yuchen
Independent non-executive Director

Mr. Wang Jun
Independent non-executive Director

Ms. Shen Han
Independent non-executive Director

The following is the letter of advice from Somerley Capital Limited, the Independent Financial Adviser, to the Independent Board Committee, which has been prepared for the purpose of inclusion in this circular.

SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

31 July 2025

To: the Independent Board Committee

Dear Sir or Madam,

(1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE; AND (2) APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the independent board committee of Haichang Ocean Park Holdings Limited (the "**Company**") in relation to the proposed subscription of new shares of the Company by Sunriver Starrysea Tourism (Cayman) Co., Ltd. and the application for whitewash waiver (the "**Transactions**"). Details of the Transactions are set out in the "Letter from the Board" (the "**Board Letter**") contained in the circular of the Company to the Shareholders dated 31 July 2025 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein.

On 2 June 2025 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber and Sunriver, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue the Subscription Shares, being 5,100,000,000 new Shares, at the Subscription Price under the Specific Mandate.

As at the date of the Announcement and as at the Latest Practicable Date, neither the Subscriber nor any party acting in concert with it owns, controls or directs any Shares or convertible securities, warrants or options (or outstanding derivatives) in respect of Shares. Assuming there is no other change in the share capital of the Company from the Latest Practicable Date up to and including the date of Completion, the Subscriber will hold 5,100,000,000 Shares upon Completion, representing approximately 38.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with it unless the

Whitewash Waiver is obtained from the Executive. In this regard, an application has been made by the Subscriber to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the allotment and issue of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the approval by at least 75% of the votes cast by the Independent Shareholders either in person or by proxy in respect of the Whitewash Waiver at the EGM; and (ii) the approval by more than 50% of the votes cast by the Independent Shareholders in respect of the Subscription (including the Specific Mandate) that are cast either in person or by proxy at the EGM.

The Independent Board Committee, comprising Mr. Yuan Bing and Mr. Go Toutou, who are non-executive Directors, and all the independent non-executive Directors including Mr. Zhu Yuchen, Mr. Wang Jun and Ms. Shen Han, has been formed under Rule 2.1 of the Takeovers Code to advise the Independent Shareholders in respect of the Subscription, the Whitewash Waiver and the respective transactions contemplated thereunder. As Mr. Wang Xuguang was involved in the negotiations of the Subscription, which may compromise his ability to provide an impartial assessment to the Shareholders as a member of the Independent Board Committee, he will not serve as a member of the Independent Board Committee. We, Somerley Capital Limited, have been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in this regard (the "**Engagement**").

We are not associated with the Company, the Subscriber or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Subscription and the Whitewash Waiver. During the past two years prior to the Latest Practicable Date, there have been no engagements between Somerley Capital Limited and the Company or the Subscriber and parties acting in concert with it. Apart from normal professional fees paid or payable to us in connection with the Engagement, no arrangement exists whereby we will receive any payment or benefits from the Company, the Subscriber or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company (the "**Management**") and we have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects. Should there be any material changes to our opinion or information provided in this letter after the Latest Practicable Date, the Independent Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also sought and received confirmation from the Directors that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter. However, we have not conducted any independent investigation into the business and affairs of the Group or the Subscriber, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion with respect to the Subscription and the Whitewash Waiver, we have taken into account the principal factors and reasons set out below.

A. The Share Subscription

1. Information on the Group

1.1. Business

The Group mainly carries out its operations in the PRC and is principally engaged in (i) the development, construction and operation of theme parks, management of the Group's developed and operating properties surrounding the theme parks for rental income, hotel operation and the provision of services to visitors; (ii) the delivery of entire process of planning, designing, construction, animal conservation, and operation and management to external tourism and leisure projects, and (iii) the integration of world-class intellectual properties (IP) into theme parks, scenic spots, lifestyle hotels, commercial buildings and other on-ground consumption.

We have reviewed the 2024 annual report of the Company (the "**2024 Annual Report**"), and based on which the Group owned and operated seven tourism and leisure projects as at 31 December 2024 with details set out as follows:

Park	Year of opening	Site area (in approximate square metre)
Shanghai Haichang Ocean Park	2018	297,000
Zhengzhou Haichang Ocean Park	2023	425,000
Dalian Haichang Discoveryland Theme Park	2006	467,000
Sanya Haichang Fantasy Town	2019	233,000
Dalian Laohutan Ocean Park	2002	23,000
Chongqing Haichang Caribbean Water Park	2009	240,000
Yantai Haichang Ocean Park	2011	157,000

1.2. Financial information

We have reviewed the 2023 annual report of the Company (the "**2023 Annual Report**") and the 2024 Annual Report. Based on the aforesaid annual reports of the Company, we have set out below a summary of the consolidated financial information of the Group for each of the three years of FY2022, FY2023 and FY2024:

	For the year ended 31 December		
	2024	**2023**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	1,818,358	1,816,842	792,988
– Park operation	*1,685,242*	*1,687,376*	*748,941*
– Operation as a service	*133,116*	*129,466*	*44,047*
Gross profit/(loss)	418,965	457,455	(278,728)
Other income and gains	103,829	306,497	181,525
Selling and distribution expenses	(170,225)	(139,222)	(85,029)
Administrative expenses	(719,290)	(469,794)	(606,375)
Reversal of impairment losses/(impairment losses) on financial assets	450	8,091	(76,362)
Other expenses	(48,151)	(26,551)	(238,556)
Finance costs	(346,497)	(322,580)	(314,864)
Income tax credit	11,408	4,197	9,531
(Loss) attributable to owners of the Company	(739,719)	(197,259)	(1,395,911)

	As at 31 December		
	2024	**2023**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	64,738	1,702,264	1,244,633
Pledged deposits	Nil	5,912	5,075
Property, plant and equipment	6,237,390	6,523,087	5,166,069
Right-of-use assets	1,592,207	1,484,515	1,476,716
Investment properties	745,500	257,349	122,477
Properties under development	299,996	299,849	299,789
Completed properties held for sale	7,086	22,498	22,498
Investment properties classified as held for sale	Nil	374,897	387,836
Receivables (including (i) long-term prepayments, receivables and deposits and (ii) prepayments and other receivables)	1,099,665	542,317	1,208,546

	As at 31 December		
	2024	**2023**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	(5,898,417)	(6,142,868)	(5,149,167)
– *Current*	*(1,560,983)*	*(1,403,535)*	*(1,461,220)*
– *Non-current*	*(4,337,434)*	*(4,739,333)*	*(3,687,947)*
Lease liabilities	(295,348)	(156,104)	(118,563)
– *Current*	*(27,353)*	*(35,087)*	*(25,833)*
– *Non-current*	*(267,995)*	*(121,017)*	*(92,730)*
Payables (including (i) trade and bill payables, (ii) other payables and accruals and (iii) long-term payables)	(1,814,057)	(2,188,167)	(1,761,052)
Total assets	10,339,553	11,522,744	10,210,925
Total liabilities	(8,524,253)	(9,004,382)	(7,534,598)
Net assets	1,815,300	2,518,362	2,676,327
Net assets attributable to owners of the Company	1,722,760	2,416,030	2,623,757

1.2.1. Financial performance

<u>FY2023 vs FY2022</u>

During FY2023, the Group recorded revenue of approximately RMB1.82 billion, representing a substantial increase of approximately RMB1.02 billion or 129.11% as compared to that for FY2022. According to the 2023 Annual Report, such increase in revenue was mainly attributable to the increase in revenue of the park operation business and operation as a service ("**OAAS**") business (being the provision of consultancy, management and recreation services for full cycle of operation of tourism and leisure projects covering the entire process of planning, designing, construction, animal conservation, and operation and management) as a result of the rebound of tourism & leisure market, as well as the newly opening of the Zhengzhou Park in 2023. The Group recorded gross profit of approximately RMB457.46 million for FY2023, as compared to gross loss of approximately RMB278.73 million recorded for FY2022. According to the 2023 Annual Report, such turnaround from gross loss to gross profit was attributable to the substantial increase in revenue post the pandemic.

The Group recorded (i) other income and gains of approximately RMB306.50 million for FY2023 (representing an increase of approximately 68.85% as compared to that for FY2022, which, according to the 2023 Annual Report, was primarily due to the fair value gains on investment properties, gain on disposal of an associate and dividend income from financial assets); (ii) selling and marketing expenses of approximately RMB139.22 million for FY2023 (representing an increase of approximately 63.73% as compared to that for FY2022, which, according to the 2023 Annual Report, was primarily attributable to the strengthened marketing efforts post pandemic and increased selling and marketing expenses incurred as a result of the opening of Zhengzhou Park); (iii) administrative expenses of approximately RMB469.79 million for FY2023 (representing a decrease of approximately 22.52% as compared to that for FY2022, which, as advised by the Management, was primarily attributable to the absence of significant long-term assets impairment during FY2023 as compared to approximately RMB148 million recorded in FY2022); and (iv) finance costs of approximately RMB322.58 million for FY2023 (representing an increase of approximately 2.45% as compared to that for FY2022, which, according to the 2023 Annual Report, was primarily due to the increase in interest-bearing debt in FY2023 in order to support Zhengzhou Park).

The Group's gross profitability improved significantly in FY2023 as compared to FY2022, despite still recording a net loss position. The Group recorded loss attributable to owners of the Company of approximately RMB197.26 million for FY2023, representing a substantial decrease of approximately RMB1.20 billion or 85.87% as compared to that for FY2022. As advised by the Management, such decrease in loss attributable to owners of the Company was mainly attributable to (i) the aforesaid increase in revenue resulting in a gross profit for FY2023, (ii) the increase in other income and gains, (iii) the decrease in administration expenses and (iv) the decrease in other expenses.

FY2024 vs FY2023

During FY2024, the Group recorded revenue of approximately RMB1.82 billion, representing a slight increase of 0.08% as compared to that for FY2023. As set out in the Board Letter, despite a 16.1% year-on-year increase in park entries to 10.79 million visitors, a significant 13.8% decline in per-capita spending and weak secondary consumption of the Group's visitors occurred due to the challenging external market environment. Per-capita spending represents the total amount of spending by the visitors (including tickets and secondary consumption within the theme parks) divided by the number of visitors, while secondary consumption represents the spending by the visitors within the theme parks (such as catering, souvenirs and special experience projects) but excluding the ticket costs. As such, the decline in per-capita spending and the weak secondary consumption affected the Group' gross profit during FY2024. The Group recorded gross profit of approximately RMB418.97 million for FY2024, representing a decrease of approximately 8.41% as compared to that for FY2023. According to the 2024

Annual Report, such decrease in gross profit was attributable to the increase in cost as a result of the newly opened Zhengzhou Park experiencing its first complete operating year in FY2024. As advised by the Management, despite the year-on-year ("**YOY**") increase in the number of domestic tourists and overall spending of domestic tourists of the PRC in 2024, the overall performance of the theme park segment declined to a certain extent compared to that of 2023. Based on the knowledge of the Management on the market and the industry trend, the Management noted that the theme park segment generally faced similar challenges, and the Management considers that the operating performance of the Group in FY2024 was affected by the industry trend. Based on the knowledge of the Management about the market and the industry trend, the Management noted that the number of tourists of the theme park segment has declined in certain areas in the PRC, mainly due to more rational consumer spending and lower frequency of visits to theme parks due to extreme weather. Based on the knowledge of the Management about the market and the industry trend, the Management also noted that secondary consumption in theme parks (such as catering, souvenirs and special experience projects) has also declined generally, with a decline of 10% to 30% as compared to previous year in the market, reflecting that tourists are more conservative in consumption and less willing to accept higher-premium services and entertainment. The Management considers that the operating performance of the Group in FY2024 reflects the above industry trends. We acknowledge the Management's view on the industry trends and consider that such trends had impacted the financial performance of the Group in FY2024.

The Group recorded (i) other income and gains of approximately RMB103.83 million for FY2024 (representing a decrease of approximately 66.12% as compared to that for FY2023, which, according to the 2024 Annual Report, was primarily due to the absence of gain on disposal of a related company and dividend income from financial assets during FY2024); (ii) selling and marketing expenses of approximately RMB170.23 million for FY2024 (representing an increase of approximately 22.27% as compared to that for FY2023, which, according to the 2024 Annual Report, was primarily attributable to the corresponding increase in selling and marketing expenses as a result of the newly opened Zhengzhou Park experiencing its first complete operating year in 2024); (iii) administrative expenses of approximately RMB719.29 million for FY2024 (representing an increase of approximately 53.11% as compared to that for FY2023, which, according to the 2024 Annual Report, was primarily due to the increase in administrative expenses in Zhengzhou Park and one-off impairment of approximately RMB190.4 million recorded in FY2024); and (iv) finance costs of approximately RMB346.50 million for FY2024 (representing an increase of approximately 7.41% as compared to that for FY2023, which, according to the 2024 Annual Report, was primarily due to the higher amount of interest capitalized in FY2023).

The Group recorded loss attributable to owners of the Company of approximately RMB739.72 million for FY2024, representing an increase of approximately 275.00% as compared to that for FY2023. As advised by the Management, such increase in loss attributable to owners of the Company was mainly attributable to the decrease in other income and gains (primarily due to the absence of gain on disposal of a related company and dividend income from financial assets during FY2024) and the increase in administration expenses (primarily due to the increase in administrative expenses in Zhengzhou Park and one-off impairment of approximately RMB190.36 million relating to property, plant and equipment).

1.2.2. Financial position

The Group recorded total assets of approximately RMB10.34 billion as at 31 December 2024, majority of which represented theme parks related non-current assets of the Group's principal business. The Group recorded total liabilities of approximately RMB8.52 billion as at 31 December 2024, majority of which represented interest-bearing bank and other borrowings. Other than the aforesaid non-current assets and bank and other borrowings, the Group also recorded receivables (including (i) long-term prepayments, receivables and deposits and (ii) prepayments and other receivables) and payables (including (i) trade and bill payables, (ii) other payables and accruals and (iii) long-term payables) of approximately RMB1.10 billion and approximately RMB1.81 billion respectively as at 31 December 2024.

We have further reviewed the liquidity position of the Group. As at 31 December 2024, the Group had cash and cash equivalents, interest-bearing bank and other borrowings and lease liabilities of approximately RMB64.74 million, RMB5.90 billion and RMB295.35 million respectively. As at 31 December 2024, we noted that the Group's cash and cash equivalents, in particular, represented a substantial decrease of approximately RMB1.64 billion or 96.20% as compared to that as at 31 December 2023 and a substantial decrease of approximately 94.80% as compared to that as at 31 December 2022. As advised by the Management, such decrease in the Group's cash and cash equivalents was mainly attributable to the net cash flow used in the investing activities for development of its projects and financing activities for repayment of bank and other loans of the Group (which mainly included (i) the payment for development of the Group's projects (including the purchases of items of property and prepayment and deposits) in accordance with the development plans of the Group's projects, resulting in a net cash outflow of approximately RMB1.30 billion and RMB1.21 billion in FY2023 and FY2024 respectively and (ii) repayment of bank and other loans of approximately RMB1.91 billion and RMB1.05 billion during FY2023 and FY2024 respectively).

The Group had net debt to equity ratio (being interest-bearing bank and other borrowings, and lease liabilities, less cash and cash equivalents, divided by net assets) of approximately 150.32%, 182.53% and 337.63% respectively as at 31 December 2022, 31 December 2023 and 31 December 2024. The net debt to equity ratio was on a deteriorating trend from 2022 to 2024, especially from end of 2023 to end of 2024. As advised by the Management, the aforesaid increase in net debt to equity ratio was mainly due to the decrease in cash and cash equivalents during FY2024 and the increase in the interest-bearing bank and other borrowings during FY2023.

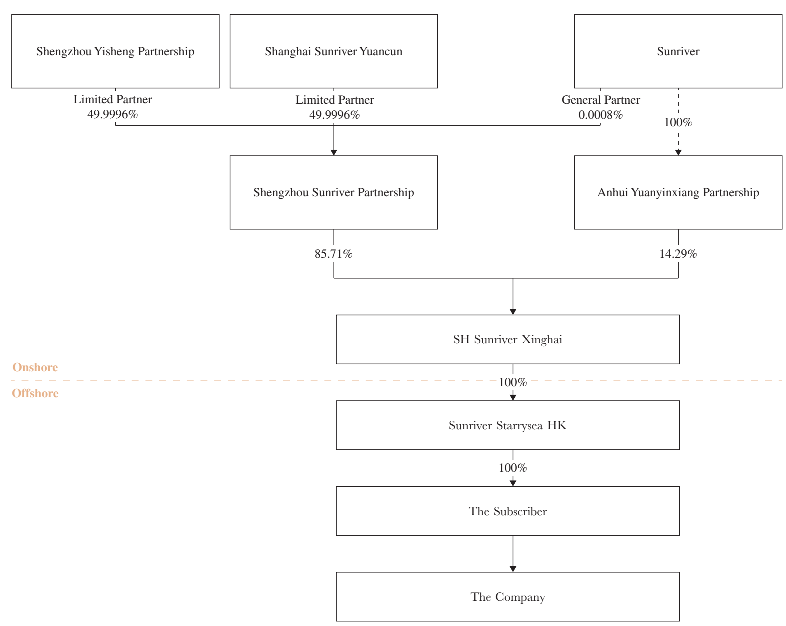
1.2.3. Our view

Based on the above analysis, we noted that the Group had recovered from the pandemic with a significant increase in revenue in FY2023 and a stable revenue in FY2024. However, the Group faced challenges as a result of the changes in the customers' spending and challenging market environment, evidenced by the decline in per-capita spending and weak secondary consumption of the Group's customers as compared to year 2019 before the pandemic. The improvement in the tourism industry of the PRC as evidenced by the increase in number and spending of domestic tourists also did not translate into a corresponding increase in the Group's revenue during FY2024 as a result of the deterioration in liquidity position of the Group and the lower average fee level of the Zhengzhou Park in the early stage of operation. The financial position of the Group deteriorated in FY2024 as compared to FY2023. The Group recorded an increased loss attributable to owners of the Company in FY2024 which equals to around 3.75 times of loss attributable to owners of the Company in FY2023. Liquidity position of the Group also deteriorated in FY2024, with a significant increase in net debt to equity ratio of approximately 155.10 percentage points and a significant decrease in cash and cash equivalents of approximately RMB1.64 billion at the end of the year, as compared to FY2023.

2. *Information on the Subscriber and Sunriver*

2.1. The Subscriber

As set out in the section headed "3. INFORMATION ON SUNRIVER AND THE SUBSCRIBER" of the Board Letter, the Subscriber is a company incorporated under the laws of Cayman Islands with limited liability, which is indirectly wholly controlled by Sunriver. It is a special purpose vehicle incorporated for the purpose of subscribing for the Subscription Shares and assumes the relevant obligations under the Subscription Agreement. The shareholding structure of the Subscriber as at the Latest Practicable Date is illustrated in the diagram below:



The Subscriber is wholly-owned by Sunriver Starrysea HK, which is in turn wholly-owned by SH Sunriver Xinghai. SH Sunriver Xinghai is owned as to approximately 85.71% by Shengzhou Sunriver Partnership and 14.29% by Anhui Yuanyinxiang Partnership.

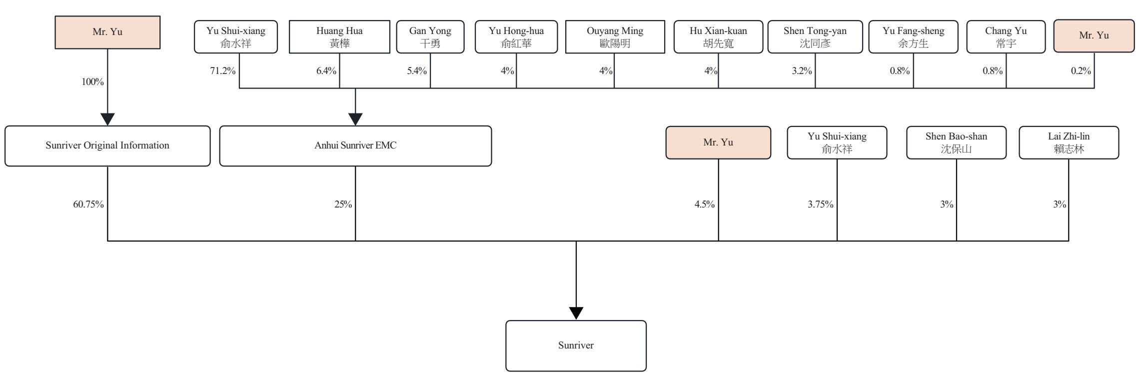
Shengzhou Sunriver Partnership is a limited partnership established in the PRC. Sunriver is the general partner, and Shanghai Sunriver Yuancun and Shengzhou Yisheng Partnership are the limited partners of Shengzhou Sunriver Partnership. Sunriver as the general partner is responsible for the daily management and operations of Shengzhou Sunriver Partnership, including but not limited to decisions relating to investment, use of proceeds and expenses and daily operations. Regarding Shanghai Sunriver Yuancun, it is an indirect wholly-owned subsidiary of Sunriver. On the other hand, based on the public information available, Shengzhou Yisheng Partnership is a limited partnership which is ultimately wholly-owned by the Shengzhou Municipal Finance Bureau (嵊州市財政局).

Anhui Yuanyinxiang Partnership is a limited partnership established in the PRC. Hefei Kunyou, a direct wholly-owned subsidiary of Sunriver, is the general partner, and Sunriver is the limited partner of Anhui Yuanyinxiang Partnership. It is owned as to approximately 99.99% by Sunriver and 0.01% by Hefei Kunyou.

For further details of the structure, capital contribution amount and information of partners of Shengzhou Sunriver Partnership and Anhui Yuanyinxiang Partnership, please refer to the section headed "3. INFORMATION ON SUNRIVER AND THE SUBSCRIBER" of the Board Letter.

2.2. Sunriver

As set out in the section headed "3. INFORMATION ON SUNRIVER AND THE SUBSCRIBER" of the Board Letter, Sunriver is a company established under the laws of the PRC and its primary business focuses on investing in and operating multiple companies within the cultural tourism sector. It is the actual controller of Zhejiang Sunriver Culture Tourism Co., Ltd 浙江祥源文旅股份有限公司 (stock code: 600576.SH) ("**Zhejiang Sunriver**") and Anhui Gourgen Traffic Construction Co., Ltd. 安徽省交通建設股份有限公司(stock code: 603815.SH) ("**Anhui Gourgen**"). The shareholding structure of Sunriver as at the Latest Practicable Date is illustrated in the diagram below:



As at the Latest Practicable Date, Sunriver is therefore ultimately controlled as to 65.3% by Mr. Yu (Mr. Yu Fa-xiang (俞發祥)).

2.3. Zhejiang Sunriver and Anhui Gourgen

As mentioned above, Sunriver is the actual controller of Zhejiang Sunriver and Anhui Gourgen. We have reviewed the 2024 annual reports of each of Zhejiang Sunriver and Anhui Gourgen and noted that (i) Sunriver was interested in an aggregate of approximately 58% interest in Zhejiang Sunriver as at 31 December 2024; and (ii) Sunriver directly held approximately 44% of the total issued shares in Anhui Gourgen as at 31 December 2024. Zhejiang Sunriver is principally engaged in tourism services and recorded a revenue of approximately RMB864 million and a net profit attributable to owner of the company of approximately RMB147 million for FY2024. Anhui Gourgen is principally engaged in construction services and recorded a revenue of approximately RMB4 billion and a net profit attributable to owner of the company of approximately RMB130 million for FY2024.

2.4. Future intentions of the Subscriber regarding the Group

As set out in the section headed "9. FUTURE INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP AND REASONS FOR THE SUBSCRIBER'S SUBSCRIPTION" of the Board Letter, as at the Latest Practicable Date, the Company (i) had no intention, arrangement, agreement, understanding or negotiation (concluded or otherwise) to downsize or dispose of the existing business; and (ii) did not expect to enter into any other arrangement or transaction with the Subscriber and or its associate apart from the Subscription. Upon Completion, the Subscriber will become a controlling shareholder (as defined under the Listing Rules) of the Company. The Subscriber intends to continue the existing principal businesses of the Group. Save for the personnel changes disclosed below, the Subscriber has no intention to introduce any major changes to the existing operation and business of the Company, including to (i) discontinue the employment of any employees of the Group other than in the ordinary course of business; or (ii) redeploy the fixed assets of the Company other than those in its ordinary and usual course of business.

It is expected that there will be a change in composition of the Board after Completion and the Company shall cooperate in completing the change in the composition of the Board and the replacement of senior management personnel of the Company. As at the Latest Practicable Date, the Subscriber and the Company have not decided on the changes to be made.

3. *Reasons for and benefits of the Subscription and use of proceeds*

We have reviewed the sections headed "5. REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS" and "9. FUTURE INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP AND REASONS FOR THE SUBSCRIBER'S SUBSCRIPTION" of the Board Letter, and have also discussed with the Management regarding the reasons for and benefits of the Subscription. Further details are set out in this section below:

(i) Fundraising needs of the Group

We have reviewed the fundraising needs of the Group in terms of (a) financial performance of the Group, (b) business development of the Group, and (c) market and industry development, details of which are set out below.

a. Financial performance of the Group

The financial performance of the Group had been affected by the COVID-19 pandemic and the complex external market environment in recent years (including but not limited to positive factor of the post pandemic rebound of the consumer market in early 2023 as compared to 2022 following the easing of pandemic prevention and control measures; and the negative factors including (i) the continued sluggish stock and property market in 2024 which affected consumers' desire to spend; (ii) tighter financing environment which increased the difficulty in financing and caused surging finance costs, creating financial pressure to the Group in project development and transformation and operation improvement; and (iii) the impact brought by platform economy and traffic mechanisms, including the shift of consumers' focus to social media platform and the increase in influence in social media platform in driving sales, forcing the Group to continue to invest in online marketing and private domain on different social media platforms (e.g. building up of different official channels, and operating and promoting official mini programs or livestream rooms) to adapt to the trend of traffic fragmentation, which increased marketing and management costs). As a result, the Company's business recovery has lagged behind expectations, resulting in sustained operating losses and phased liquidity pressure. As discussed in the section headed "1. Information on the Group" of this letter above, the Group faced a downturn in its operation and financial performance in FY2022 as a result of the resurgence of the COVID-19 pandemic. Business of the Group rebounded in FY2023 as a result of recovery of the tourism and leisure market in the PRC, and the Group recorded significant increase in revenue. The Group had recorded a substantial reduction in net loss during FY2023 despite still recording a net loss position. However, the Group faced challenges as a result of the changes in the customers' spending and challenging market environment, evidenced by the decline in per-capita spending and weak secondary consumption of the Group's customers. The Group maintained a stable level of revenue during FY2024; however, the net loss of the Group increased from approximately RMB181.9 million in FY2023 to approximately RMB749.5 million in FY2024. There was also a significant increase in the Group's net debt to equity ratio from approximately 182.53% as at 31 December 2023 to approximately 337.63% as at 31 December 2024. We also noted that the Group's level of cash and cash equivalents decreased from approximately RMB1.7 billion as at 31 December 2023 to approximately RMB64.7 million as at 31 December 2024, representing a more than 90% decrease. Further details of our analysis on the financial information of the Group are set out in the section headed "1.2 Financial information" of this letter above.

As illustrated in the section headed "6. Financial effects of the Subscription" of this letter below, the Subscription is expected to improve the financial position of the Group. In particular, the net debt to equity ratio is expected to decrease from approximately 337.63% as at 31 December 2024 to approximately 100.56% as if the Subscription had been completed on 31 December 2024.

b. Business development of the Group

The Group is engaged in theme park business. A flagship project, Zhengzhou Haichang Ocean Park, opened in the second half of 2023 and the Group owned and operated seven tourism and leisure projects as at the end of 2024. The Group is also developing its OAAS business and IP(s) operations (being the operation and commercialization of IP product), which helps the Group to build an asset-light operation through OAAS and develop its business model of "IP + tourism & leisure" (being the integration of high-quality IPs into leisure activities, using theme parks as traffic hubs to enhance visitor experiences and drive revenue through diverse consumption options). These two new business segments will be the new engine for the Group's future development. The Group will continue to develop its theme parks, and will also work towards advancing its OAAS business and introducing internationally renowned IPs to empower the operation of theme parks and OAAS business. For example, the Group is working on the development of, among others, its Beijing Haichang Ocean Park Project (currently at construction stage, expected completion in the second half of 2027), Fuzhou Haichang Ocean Park Project (currently at planning stage, expected completion in 2028), Ningbo and Saudi Arabia Haichang Ocean Park Project (both currently at early planning stage). Under such projects, the Group is cooperating with its business partners, who will make necessary capital investment, such as land acquisition and property development, while the Group is responsible for operations and management of the projects. Accordingly, the Management expects that the investments in the aforesaid new projects would be significantly lower than Group's previous asset-heavy model projects. Apart from the use of net proceeds from the Subscription (details of which are set out in the sub-section headed "(iv) use of proceeds" below), as advised by the Management, there is no additional financing demand based on current estimation. The Group will only agree to jointly commence the design and development of the project with its business partners after entering into legally binding cooperation agreements which clearly stipulate the Group's exclusive operating rights, and obtain service income in the process. As advised by the Management, the business partners chose to cooperate with the Group mainly due to its brand and operational capabilities, and accordingly agreed to ensure that the Group will become the exclusive operator in the future through the execution of such agreements.

As advised by the Management, the partnership between the Company and Sunriver (being the parent company of the Subscriber) aims to create a synergistic effect by complementing product forms, coordinating regional layouts, sharing customer advantages, and iterating business models. The combination of the Group's marine content and IP operation and Sunriver's leisure vacation experiences will facilitate cross-conversion of offline customer groups and cover visitors of all ages and different consumption scenarios.

c. Market and industry development

Tourism and leisure industry in China was affected in recent years as a result of the COVID-19 pandemic and recovered following the easing of epidemic prevention and control measures in 2023. The market still faces uncertainties under the aforesaid complicated external market environment. On the other hand, Chinese government heightened its focus on cultural and tourism consumption. As advised by the Management, since 2024, from the Smart Tourism Innovation and Development Action Plan (《智慧旅遊創新發展行動計劃》) to the Opinions on Promoting High-Quality Development of Service Consumption (《關於促進服務消費高質量發展的意見》) as published by the PRC government, a series of policies have formed a multi-pronged strategy of "boosting demand + innovating supply + optimizing environments" which encourages upgrade of tourism facilities, development of smart tourism enterprises and the spending in tourism. As set out in the section headed "5. REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS" of the Board Letter, as the PRC government places "vigorous stimulation of consumption" at the top of its agenda and rolls out a series of consumption-stimulating policies in 2023 to 2025 such as the Notice for Restoring and Expanding Consumption* 《關於恢復和擴大消費的措施》, Opinions on Promoting High-Quality Development of Service Consumption* (《關於促進服務消費高品質發展的意見》), Notice of the Several Measures for Further Fostering New Growth Points and Promoting Cultural and Tourism Consumption* 《關於進一步培育新增長點繁榮文化和旅遊消費的若干措施》 and Special Initiatives to Boost Consumption* (《提振消費專項行動方案》), these policies not only help restore consumer confidence and spending power, but also invigorate tourism consumption, further underscore the important role of cultural-tourism consumption in driving high-quality economic development, and provide a solid policy foundation and vast market space for the future growth of the cultural-tourism industry, the industry in which the Group operates.

We have also performed research on Chinese tourism related data. Based on information announced by the Ministry of Culture And Tourism of the PRC (中華人民共和國文化和旅遊部), the number of domestic tourists in 2024 reached 5.615 billion, a YOY increase of 14.8% over the same period last year. The total spending of domestic tourists was RMB5.75 trillion, a year-on-year increase of 17.1% over the previous year. Set out below is data of domestic tourists in the PRC in different holiday periods in 2025:

	Number of domestic tourists		**Spending of domestic tourists**	
	Number	**YOY increase**	**Amount**	**YOY increase**
Spring Festival	501 million	5.9%	RMB677.0 billion	7.0%
Ching Ming Festival	126 million	6.3%	RMB57.5 billion	6.7%
Labour Day	314 million	6.4%	RMB180.3 billion	8.0%
Tuen Ng Festival	119 million	5.7%	RMB42.7 billion	5.9%

Source: Ministry of Culture And Tourism of the PRC (中華人民共和國文化和旅遊部)

Our view

Against the backdrop of the above factors, including but not limited to (i) the deterioration in the Group's profitability in FY2024; and (ii) the significant increase in the Group's net debt to equity ratio and significant decrease in the Group's level of cash and cash equivalents in FY2024, the Management considers that the Group needed to raise funds to improve its liquidity position and to support the future development of its businesses. While the Group has already taken initiatives to improve its business and operations, including but not limited to the development of OAAS business and IP-operations, such initiatives will take time to implement and bring in effects. On the other hand, with the introduction of different policies by the Chinese government and the improvement in domestic tourism, the Company considers that there is a solid policy foundation while unlocking vast market potential for the Group's future development. We also noted that the tourism market of the PRC had improved in FY2024 as evidenced by the increase in number and spending of domestic tourists. However, such increases did not translate into a corresponding increase in the Group's revenue during FY2024 as a result of the deterioration in liquidity position of the Group and the lower average fee level of the Zhengzhou Park in the early stage of operation. Despite facing short-term liquidity constraints and profitability pressures, the Group maintains a steadfast strategic confidence in the future development prospects of China's tourism industry. The Company is also of the view that to seize the current window of opportunity, facilitating immediate capital inflow through the issuance of new shares to introduce a new controlling shareholder is required. Having taken into account our above analysis, we are also of a view that the Group was in a need to raise funds to improve its financial position and to capture the industry trend to further develop its businesses.

(ii) Background of the Subscriber and Sunriver

As set out in the section headed "2. Information on the Subscriber and Sunriver" of this letter above, the Subscriber is controlled by Sunriver which focuses on investing in and operating multiple companies within the cultural tourism sector. We noted that Sunriver is the actual controller of two listed companies on the Shanghai Stock Exchange, namely Zhejiang Sunriver and Anhui Gourgen. Both Zhejiang Sunriver and Anhui Gourgen recorded net profit for FY2024, and Zhejiang Sunriver is principally engaged in tourism services while Anhui Gourgen is principally engaged in construction services. We have discussed with the Management and they believe that with the extensive experience and resources of Sunriver in the industry, the Subscription would enable the Company to further leverage its core advantages in oceanic cultural resources and mature operation management, and continue to strengthen its businesses such as theme park operation, so as to develop into a more comprehensive tourism-cultural enterprise.

(iii) Future intentions of the Subscriber regarding the Group and reasons for the Subscriber's Subscription

As set out in the section headed "2.4 Future intentions of the Subscriber regarding the Group" of this letter above, the Subscriber intends to continue the existing principal businesses of the Group, and save for the personnel changes disclosed in the section headed "10. Proposed Change in Board Composition" of the Board Letter, the Subscriber has no intention to introduce any major changes to the existing operation and business of the Company. We also noted from the section headed "9. FUTURE INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP AND REASONS FOR THE SUBSCRIBER'S SUBSCRIPTION" of the Board letter that the Subscriber shares the view of the Directors regarding the reasons for and benefits of the Subscription. The Subscriber also has several additional considerations including (a) irreplaceable unique advantages possessed by the Company in the industry, such as the seven cultural tourism projects themed around marine culture in major central and tourist cities and that the Company was the world's first theme park operator to bring the international IP "Ultraman" to life in a real-world entertainment setting, demonstrating outstanding product innovation capabilities; (b) current valuation of the Company is at a low point with high certainty of investment returns; (c) high-quality industry operations and management capabilities; and (d) synergy effects between the Group and Sunriver.

(iv) Use of proceeds

The gross proceeds and net proceeds from the Subscription are expected to be approximately HK$2,295 million and HK$2,284 million respectively. The Directors consider the certainty and timeliness of this capital raise to be important and this capital is intended to support the Company's ongoing operations, business development, and financial flexibility. The proceeds from the Subscription will also provide the Company with much-needed liquidity to support daily operations, replenish working capital, promote the development of its core business, and repay part of its existing debts. This immediate capital injection is critical for stabilizing the Company's financial position and supporting its ongoing business development.

The Board intends to apply the net proceeds from the Subscription as follows: (i) 20% will be used to support the daily operations of the Group and replenish working capital, (ii) 40% will be used to promote the development of the Company's core business (including theme park operations, OAAS and IP), with such initiatives expected to be completed within 1 to 2 years, and (iii) 40% will be used to repay part of the existing debts, of which 30% will be applied towards repayment of principal and interest to banks and financial institutions, and 10% will be used to settle payables to suppliers and project-related debts. This repayment is expected to be completed within 1 to 2 years.

We have discussed with the Management and understand that the Company's development of the core businesses will include.

Theme Park Operations:

The Company intends to continue the development of Phase II of the Zhengzhou project, which is expected to commence operations in 2026, as well as the upgrade and renovation of other projects under the Group. These upgrades will include the introduction of various leading domestic and international IPs into immersive in-park entertainment, the renovation of theme hotels, upgrades to food and beverage and retail facilities both inside and outside the parks, enhancements to supporting service facilities, the introduction of large signature rides and attractions, and the development of smart park systems.

OAAS:

Under this business model, the Company's business partners are responsible for major capital expenditures, such as land acquisition and property development, while the Company is responsible for operations and management. To ensure the attractiveness of its projects and maintain long-term cooperative relationships with partners, the Company needs to invest in pre-opening preparations and operations. The Phase II project in Shanghai has completed its main structural capping and is scheduled to open in 2026. The Beijing project has commenced construction and is scheduled to open in 2027. Fuzhou, Nanjing, Ningbo, Saudi Arabia and other projects are also under continuous planning and reserve expansion.

IP Operation:

In addition to its self-operated parks, the Company has successfully introduced Ultraman IP-themed pavilions to third-party destinations, such as the Dalian Forest Zoo, and has already launched IP-themed stores in shopping malls. The Company plans to select high-quality commercial properties and scenic locations nationwide to rapidly deploy corresponding IP products. These product formats include IP hotels, IP-themed pavilions and stores. The goal is to continuously expand brand influence and scale up the IP business in the PRC.

Our view

As set out above, the net proceeds from the Subscription will be used as to 20% for supporting the Group's daily operation, 40% for business development of the Group and 40% for repayment of debts. As discussed in the section headed "1.2. Financial information" above, the Group faced deterioration in profitability liquidity in FY2024, in particular, the Group had recorded an increase of approximately 275.00% in loss attributable to owners of the Company in FY2024 and a deteriorating net debt to equity ratio of approximately 337.63% as at 31 December 2024. We agree with the Management that net proceeds have to be used to support the Group's daily operations and to repay debts to improve the Group's financial position. Also, as mentioned in the sub-section headed "(i) Fundraising needs of the Group" above, the Group also needs funds to capture the industry trend to further develop its businesses. Based on our discussion with the Management and the analysis on the use of proceeds as set out above, we also concur with the Management that it is appropriate for the Group to utilise part of the net proceeds from the Subscription in business development of the Group as mentioned above.

(v) Other ways of financing

We have also discussed with the Management and understand that they have considered other ways of financing before arriving at the Subscription. As set out in the section headed "5. REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS" of the Board Letter, despite making in-depth attempts in the following areas, these efforts have not been successfully implemented prior to the Subscription due to objective conditions:

a. *Syndicated loan restructuring negotiations:* Throughout 2024, the Company engaged in multiple rounds of communication and restructuring negotiations with the member banks of the original Shanghai project syndicate regarding existing loan arrangements. However, due to the Company's high overall debt ratio, the syndicate remained cautious about the loan risk exposure post-restructuring for non-state-owned enterprises;

b. *Exploration of public REITs issuance:* The Company also explored the feasibility of issuing infrastructure REITs for certain mature cultural and tourism assets, aiming to revitalise quality assets and broaden financing channels. During the evaluation process, it was found that the relevant supporting policies are still being refined, and the cultural and tourism projects have not yet established a market-recognised valuation system in terms of asset pricing, lease stability, and cash flow predictability. The Company concluded that the current conditions are not mature enough and ultimately decided not to proceed with the public issuance;

c. *Equity transfer:* The Company's controlling shareholder engaged in preliminary negotiations to transfer controlling rights to a well-known domestic cultural and tourism group, intending to leverage its brand, capital, and resource advantages to enhance the Company's overall competitiveness. However, after an in-depth assessment of the Company's operating conditions and capital needs, the potential investor determined that merely transferring equity would not provide substantial incremental capital support and would not fundamentally resolve the Company's current capital difficulties;

d. *Introduction of strategic investors through convertible bonds:* The Company also discussed structural financing plans for issuing convertible bonds with some potential investors, aiming to introduce medium- to long-term strategic shareholders. However, after multiple rounds of evaluation and negotiations, the relevant parties concluded that the scale of the convertible bonds would not support the Company's sustainable development for the next few years; and

e. *Rights issue/open offer:* A rights issue or open offer, both of which require existing shareholders to inject additional capital, may not be successful if shareholders are unwilling or unable to subscribe for new Shares. The Company recognized that, given its high overall debt ratio and recent financial performance, there was a significant risk that a rights issue or open offer would not be fully subscribed, potentially leaving the Company with insufficient new capital and a weakened share price.

Our view on the reasons for and benefits of the Subscription

Taking into account the above, in particular that (1) the Subscription will bring in fundings for the Group to improve its working capital, reduce financial costs and support the Company in continuing to advance the upgrading and transformation of its existing projects and enhancing park operating efficiencies; (2) the Subscription, will introduce a new controlling Shareholder, which will effectively provide the Company with additional strategic development resources; (3) the benefits to be brought into the Group with the expected usage of proceeds as discussed above, we consider that although the Subscription is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

4. *Principal terms of the Subscription*

Set out below are the principal terms and conditions of the Subscription Agreement, details of which are set out in the section headed "2. THE SUBSCRIPTION AGREEMENT" of the Board Letter:

Date

2 June 2025

Parties

(1) Issuer: The Company; and

(2) Subscriber: Sunriver Starrysea Tourism (Cayman) Co., Ltd.

(3) Sunriver: Sunriver Holding Group Co., Ltd. (祥源控股集團有限責任公司)

The Subscriber and its ultimate beneficial owner are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules).

The Subscription Shares

The Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 5,100,000,000 new Shares at the Subscription Price of HK$0.45 per Subscription Share to the Subscriber, with an aggregate consideration of HK$2,295,000,000 payable by the Subscriber to the Company upon Completion. The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate to be obtained from the Independent Shareholders at the EGM. The Subscription Shares will rank pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Subscription Shares.

The Subscription Shares represents (i) approximately 62.85% of the existing issued share capital of the Company as at the date of the Subscription Agreement; and (ii) 38.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is US$255,000.

The Subscription Price

The Subscription Price is HK$0.45 per Subscription Share. Further details of our analysis of the Subscription Price, including but not limited to comparison between the Subscription Price and market price, are set out in the section headed "5. Analysis of the Subscription Price" of this letter below.

Conditions precedent

Completion of the Subscription shall be conditional upon satisfaction (or waiver) (if applicable) of the following conditions:

(a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares (either unconditionally or subject to conditions which are acceptable to both parties);

(b) the Executive granting the Whitewash Waiver, and the Whitewash Waiver not being revoked or withdrawn;

(c) the Subscriber and the Company having completed internal decision-making procedures and obtained internal approvals (including but not limited to board approvals and the passing of the necessary resolutions at the duly convened EGM by (i) the Independent Shareholders to approve the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; and (ii) the Shareholders to approve the Increase in Authorised Share Capital), in accordance with applicable laws, regulations, and internal rules for the Subscription, the Whitewash Waiver and the Increase in Authorised Share Capital;

(d) the Subscriber and the Company having obtained all relevant regulatory approvals for the Subscription, i.e., the clearance from the Executive and the Stock Exchange in respect of the shareholders' circular to be despatched for the purpose of, inter alia, the Subscription;

(e) the Subscriber having completed the necessary external approval procedures for the funds required for the Subscription and made arrangements for the delivery of the Subscription Shares in Hong Kong, including but not limited to completing the necessary ODI (Overseas Direct Investment) approvals/filings with the Commission of Commerce, the Development & Reform Commission and the State Administration of Foreign Exchange (as applicable) in the PRC;

(f) the Company having obtained consent from banks and other major financial institutions, as well as relevant government departments, or having fulfilled notification obligations (if applicable) regarding the Subscription; and the Company having obtained written waivers from relevant parties (if applicable) to ensure that the normal conduct of the Company's existing business will not be affected, including but not limited to consents and waivers to be obtained from banks, financial institutions, and government authorities to prevent a breach of change-of-control provisions under certain loan agreements and project agreements, as well as notification to the Company's business partners under certain operating contracts in respect of the change-of-control; and

(g) the Subscriber having completed the filing of the concentrations of undertakings of the PRC under the Subscription Agreement to the State Administration for Market Regulation (if required), and the Company having confirmed that it will provide assistance.

Conditions (a) to (e) and (g) cannot be waived and condition (f) can be waived by Sunriver and the Subscriber. If the above conditions precedent are not satisfied or waived (if applicable) on or before the Long Stop Date or such later date as may be agreed among the parties in writing, the Subscription Agreement will be terminated and neither party to the Subscription Agreement may have any claim against each other save for antecedent breaches. Therefore, among other things, if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders at the EGM, the Subscription will not proceed.

As at the Latest Practicable Date, condition (d) and the board approvals requirement under condition (c), and the concentration of undertakings filing requirement under condition (g) have been satisfied, while conditions (a) and (b), as well as the Independent Shareholders' and Shareholders' approvals under condition (c), have not yet been satisfied. The ODI approvals/filings under condition (e) are being reviewed by the relevant PRC authorities. The Subscriber has been in regular contact with the relevant PRC authorities to follow up on the approval status. As at the Latest Practicable Date, the Subscriber is in the process of preparing supplemental documents based on the feedback received and will arrange to submit them as soon as possible. Barring any unforeseen circumstances, the Subscriber does not expect any impediment in obtaining these ODI approvals/filings. Based on its communication with the relevant PRC authorities, it is expected that condition (e) will be fulfilled by the end of August.

In relation to condition (f), the Subscription aims to improve liquidity and pursue high-quality, sustainable development, which will benefit the Company's future stable operations and performance growth. The interests of banks and government institutions have been fully safeguarded. As at the Latest Practicable Date, the Company had requested and continued to communicate with the relevant parties to obtain all necessary consents and waivers. Currently, the Company is not aware of any legal impediments or other circumstances that would prevent it from obtaining such consents or waiver.

Completion

Completion shall take place on the third Business Day after satisfaction or waiver (if applicable) of the last of the conditions precedent to the Subscription Agreement or at such date and time as agreed by the Company and the Subscriber (the "**Completion Date**"). At Completion, among other things, (i) the Subscriber shall make full payment of the consideration of HK$2,295,000,000 in immediately available funds by direct transfer to the Company's designated bank account; and (ii) the Company shall allot and issue the Subscription Shares to the Subscriber.

Post-Completion Management

After Completion, the Company shall cooperate in completing the change in the composition of the Board and the replacement of senior management personnel of the Company.

5. *Analysis of the Subscription Price*

We have performed different analyses on the Subscription Price, details of which are set out in this section below. For details of our view on the Subscription, including but not limited to the Subscription Price, please refer to the section headed "8. Our view on the Subscription" of this letter.

5.1. Comparison of the Subscription Price to market price

As set out in the Board Letter, the Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber after taking into account the prevailing market price of the Shares and the financial condition of the Group.

The Subscription Price of HK$0.45 per Subscription Share represents:

(i) a discount of approximately 44.44% to the closing price of HK$0.8100 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 46.43% to the closing price of HK$0.8400 per Share as quoted on the Stock Exchange on 2 June 2025, being the date of the Subscription Agreement (the "**Last Trading Day**");

(iii) a discount of approximately 45.12% to the average closing price of approximately HK$0.8200 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 45.32% to the average closing price of approximately HK$0.823 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

(v) a discount of approximately 41.23% to the average closing price of approximately HK$0.7657 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to the Last Trading Day;

(vi) a discount of approximately 36.26% to the average closing price of approximately HK$0.7060 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days immediately prior to the Last Trading Day;

(vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 17.9167%, represented by the theoretical diluted price of approximately HK$0.6895 per Share to the benchmarked price of approximately HK$0.8400 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the date of the Subscription Agreement of HK$0.8400 per Share; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement of HK$0.8220 per Share); and

(viii) a premium of approximately 99.95% to the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK$0.2251 (based on the latest published audited consolidated net assets attributable to the Shareholders of approximately RMB1,722,760,000 (equivalent to approximately HK$1,826,126,000) as disclosed in the annual results of the Company as at 31 December 2024 and 8,114,002,000 issued Shares as at the date of the Subscription Agreement).

5.2. Share price performance

We have reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 1 June 2024, being approximately one year prior to the date of the Subscription Agreement, up to and including the Latest Practicable Date (the "**Review Period**"). In performing our analysis, we consider appropriate to review the performance of the Shares over a period of time to reflect the recent market performance, and at the same time avoiding a too long period which may not be meaningful for arriving at our conclusion as at the date of this letter. We consider that the Review Period of approximately one year represents an appropriate period of time to provide a general overview on the recent market performance of the Shares, and is sufficient to provide a meaningful analysis. The comparison of daily closing price of the Shares and the Subscription Price is illustrated as follows

Source: The Stock Exchange's website

During the Review Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK$1.01 recorded on 7 October 2024 and HK$0.40 recorded on 28 November 2024 respectively, and the average closing price of the Shares was approximately HK$0.69.

The closing price of the Shares fluctuated between HK$0.68 and HK$0.77 since the start of the Review Period from 3 June 2024 to 23 September 2024. After that, the closing price of Shares increased sharply, reaching the peak at HK$1.01 on 7 October 2024. From 8 October 2024 to 28 November 2024, the closing price of Shares was on a general decreasing trend, reaching the low at HK0.40 on 28 November 2024. As advised by the Management, the aforesaid movement of the closing price of the Shares from late September 2024 to late November 2024 is generally in line with the overall stock market performance in Hong Kong. Since then, the closing price of the Shares showed a general increasing trend again, reaching HK$0.88 on 17 April 2024. During the period from 22 April 2025 to 2 June 2025, being the date of the Subscription Agreement, the closing price of the Shares fluctuated between HK$0.65 and HK$0.85.

During the 283 trading days in the Review Period, the Subscription Price was lower than the closing price of the Shares in 274 trading days.

5.3. Comparison with other comparable transactions and comparable companies

Comparable transactions

As part of our analysis, we have searched on the website of the Stock Exchange to identify transactions involving subscription of new shares by new investor(s) under specific mandate for cash with whitewash waiver application (excluding transactions which were terminated/lapsed, transactions by prolonged suspension company with trading suspended for more than three months at the time of the subscription agreement, and transactions involving non-Stock Exchange listed securities) which were announced by companies listed on the Stock Exchange (the "**Comparable Issues**") during the period from 3 June 2024 up to 2 June 2025, being a period of one year prior to and including the date of the Subscription Agreement. We consider that the selection period of one year is fair and reasonable to identify Comparable Issues conducted by other companies under similar market conditions. Nevertheless, we could only identify two transactions which met the said criteria. Given the sample size, we consider that the comparable transactions analysis is impracticable in this case.

Comparable companies

As mentioned earlier, the Company is principally engaged in the theme park business. We consider that an analysis of the Subscription Price based on companies comparable to the Company will be meaningful to the Independent Shareholders as such analysis will demonstrate how the Subscription Price compared to the pricing of other companies comparable to the Company.

In view of the above, we conducted a research to identify companies which (a) are listed on the Stock Exchange; and (b) generated 50% or more of their revenue from the operation of amusement park and/or theme park related facilities in the PRC based on information available from their latest published annual report. For the purpose of our analysis, we have excluded companies which are subject to offer and/or under restructuring and prolonged suspension companies with trading suspended for more than three months as at the Latest Practicable Date as the trading prices of such companies would have been affected by the existence of a possible transaction or may not represent the latest share prices of such companies under regular trading by the public. Based on the above criteria, we have identified one comparable company (the "**Directly Comparable Company**"), namely China Travel International Investment Hong Kong Limited (stock code: 308). Details of the comparison of the Subscription Price with the trading multiples of the Directly Comparable Company are set out in this section below.

In addition to the Directly Comparable Company, we consider that it is also meaningful to perform our analysis on the Subscription Price with listed companies that are listed on other developed markets other than the Stock Exchange. In this regard, we have extended our abovementioned search criteria to cover listed companies in developed markets which generated 50% or more of their revenue from the operation of amusement park and/or theme park related facilities without limitation on the geographic segmentation, and we have identified four additional comparable companies (the "**Indirectly Comparable Companies**", together with the Directly Comparable Companies, the "**Comparable Companies**"). Although the Indirectly Comparable Companies are listed on different stock markets and may have different principal places of businesses with different client base, we consider such analysis to be meaningful for the Independent Shareholders as (a) the Indirectly Comparable Companies are engaging in the same industry with similar business model of the Company; (b) the Indirectly Comparable Companies are listed on other developed markets and that the trading multiples would be able to demonstrate the pricing by public investors in such developed markets on companies comparable to the Company; and (c) it will be able to provide the Independent Shareholders with information about how the Subscription Price compares to the pricing of companies engaging in the same industry and sharing similar business models.

The Comparable Companies listed in this section below is an exhaustive list based on our abovementioned selection criteria and represent a fair and representative list of Comparable Companies for the purpose of our analysis. We consider that our analysis on the Subscription Price based on the Comparable Companies is appropriate to provide the Independent Shareholders with appropriate information for the assessment on the Subscription Price, having considered that (a) comparison with the Directly Comparable Company provides the basis for the Independent Shareholders to assess the Subscription Price with reference to pricing of company that is directly comparable to the Company, with operation and place of listing the same as those of the Company; and (b) inclusion of the Indirectly Comparable Companies allows the analysis to be more comprehensive without placing too much weight on just one single Directly Comparable Company, while the trading multiples of the Indirectly Comparable Companies would provide the Independent Shareholders with information about the pricing of companies engaging in the same industry with similar business model by public investors in other developed markets.

In assessing the fairness and reasonableness of the Subscription Price, we did not consider the price-to-earnings ratio as the Group recorded net loss attributable to owners of the Company for the past three years in FY2022 to FY2024. Instead, we have compared between the price-to-book ratio ("**P/B Ratio**") and the price-to-sales ratio ("**P/S Ratio**"), which are commonly adopted trading multiples for analysis, of the Group implied by the Subscription Price against those of the Comparable Companies. The comparison of the P/B Ratio and the P/S Ratio of the Company (as implied by the Subscription Price) with those of the Comparable Companies is set out below.

Comparable Companies (stock code)	**Principal business** *(Note 1)*	**Location of principal business** *(Note 1)*	**P/B Ratio** *(Note 2)*	**P/S Ratio** *(Note 2)*
China Travel International Investment Hong Kong Limited (308)	Operation of tourism attraction and related business	Hong Kong and Mainland China	0.63	2.18
United Parks & Resorts Inc. (NYSE: PRKS)	Theme park and entertainment business	United States of America	N/A *(note 3)*	1.70
Six Flags Entertainment Corporation (NYSE: FUN)	Theme and water park operation	United States of America	1.73	0.93
Coast Entertainment Holdings Ltd. (ASX: CEH)	Operation of leisure and entertainment facilities	Australia	0.67	1.80

Comparable Companies (stock code)	**Principal business**	**Location of principal business**	**P/B Ratio**	**P/S Ratio**
	(Note 1)	*(Note 1)*	*(Note 2)*	*(Note 2)*
Sim Leisure Group Ltd. (SP: URR)	Design, contracting, management, planning and operation of theme and water parks	Malaysia and Saudi Arabia	3.01	2.09
	Maximum		3.01	2.18
	Minimum		0.63	0.93
	Average		1.51	1.74
The Subscription			1.99	1.89
			(Note 4)	*(Note 5)*

Notes:

1. Based on information from the Stock Exchange's website, Bloomberg and annual reports of the Comparable Companies

2. The P/B Ratio and P/S Ratio of the Comparable Companies are sourced from Bloomberg as at the Latest Practicable Date

3 United Parks & Resorts Inc. recorded net liabilities based on the latest published financial report as at the Latest Practicable Date

4. The implied P/B Ratio of the Subscription is calculated by dividing the Subscription Price with the Group's net assets value per Share (as calculated by the Group's net assets attributable to the owners of the Company divided by the total issued Shares as at 31 December 2024)

5. The implied P/S Ratio of the Subscription is calculated by dividing the Subscription Price with the Group's revenue per Share (as calculated by the Group's revenue for FY2024 divided by the total issued Shares as at 31 December 2024)

6. Figures are subject to rounding

The P/B Ratio of the Directly Comparable Company is 0.63 times, and together with the Indirectly Comparable Companies, the P/B Ratios of all the Comparable Companies range from approximately 0.63 times to approximately 3.01 times, with an average of approximately 1.51 times. The implied P/B Ratio of the Subscription of approximately 1.99 times is within the range of P/B Ratios of the Comparable Companies and is higher than the average P/B Ratio of the that of the Comparable Companies and the P/B Ratio of the Directly Comparable Company.

The P/S Ratio of the Directly Comparable Company is 2.18 times, and together with the Indirectly Comparable Companies, the P/S Ratios of the Comparable Companies range from approximately 0.93 times to approximately 2.18 times, with an average of approximately 1.74 times. The implied P/S Ratio of the Subscription of approximately 1.89 times is within the range of P/S Ratios of the Comparable Companies and is higher than the average P/S Ratio of the Comparable Companies but lower than the P/S Ratio of the Directly Comparable Company.

As set out above, the implied P/B Ratio of the Subscription is higher than the P/E Ratio of the Directly Comparable Company but the implied P/S Ratio of the Subscription is lower than the P/S Ratio of the Directly Comparable Company. This may suggest that the Subscription Price compares better than the current pricing of the Directly Comparable Company in terms of P/B Ratio but not so in terms of P/S Ratio. We therefore compare the implied P/B Ratio and the P/S Ratio of the Subscription to the P/B Ratios and P/S Ratios of all the Comparable Companies for further analysis.

In terms of the comparable with all the Comparable Companies, i.e. including also the Indirectly Comparable Companies, we note that the implied P/B Ratio and the implied P/S Ratio of the Subscription are also within the ranges of those of the Comparable Companies and are higher than the average P/B Ratio and P/S Ratio of the Comparable Companies respectively. These suggest that the Subscription is not underpriced. As set out in the section above, we consider that the analysis including the Indirectly Comparable Companies is meaningful for the Independent Shareholders. We would also like to draw to the attention of the Independent Shareholders that the Indirectly Comparable Companies are listed on the New York Stock Exchange, the Australian Securities Exchange and the Singapore Exchange, where investors may have different attitudes towards valuation of companies. In this regard, we have compared the price-to-earnings ratio ("**P/E Ratio**") of the main index of the stock exchange on which the Indirectly Comparable Companies are listed and the Stock Exchange, details are set out below:

Stock exchange	**Index**	**P/E Ratio** *(Note)*
The Stock Exchange	Hang Seng Index	12.19
New York Stock Exchange	New York Stock Exchange Composite Index	20.17
Australian Securities Exchange	S&P/ASX200	21.33
Singapore Exchange	Straits Times Index	13.01

Note: The P/E Ratios are sourced from Bloomberg as at the Latest Practicable Date.

As set out in the table above, we note that the P/E Ratio of Hang Seng Index is lower than the P/E Ratios of all the main index of the other stock exchanges that the Indirectly Comparable Companies are listed on. We believe that our analysis on the Subscription Price against the Indirectly Comparable Companies would provide a more prudent results, and we maintain our view that the Subscription is not underpriced since the implied P/B Ratio and the implied P/S ratio of the

Subscription are higher than the average P/B Ratio and P/S Ratio of the Comparable Companies (which include both the Directly Comparable Company and the Indirectly Comparable Companies). Our view on the Subscription, including but not limited to the Subscription Price, is set out in the section headed "8. Our view on the Subscription Price" of this letter.

6. Financial effects of the Subscription

Upon Completion, the net proceeds from the subscription will be recognised as cash and cash equivalents. Share capital of the Company will also increase based on the number of Subscription Shares and the nominal value of the Subscription Shares. The difference between the subscription amount and the increase in share capital will be recognised as share premium of the Company.

(i) Liquidity

Upon the Completion, the Group's working capital and liquidity positions will be improved as the cash and cash equivalents will be increased by the net proceeds of the Subscription of approximately HK$2,295 million (equivalent to approximately RMB2,284 million).

(ii) Net asset value

According to the 2024 Annual Report, the Group had net assets attributable to the owners of the Company of approximately RMB1.72 billion and total issued shares of 8,114,002,000 as at 31 December 2024, representing a per Share amount of approximately RMB0.21. As if the Subscription had been completed on 31 December 2024, the net assets attributable to the owners of the Company would increase by the amount of net proceeds of the Subscription, and the net assets attributable to the owners of the Company would increase to approximately RMB3.87 billion as at 31 December 2024. Hence, the net assets attributable to the owners of the Company per Share would increase to approximately RMB0.29, based on 13,214,002,000 Shares in issued upon Completion.

(iii) Net debt to equity ratio

As mentioned in the sub-section headed "1.2.2. Financial position" above, the Group had net debt to equity ratio of approximately 337.63% as at 31 December 2024. As if the Subscription had been completed on 31 December 2024, the Group's net assets would increase by the amount of net proceeds of the Subscription, and hence the net debt to equity ratio would decrease to approximately 100.56%.

7. *Effect on the shareholding interests of the public Shareholders*

The effects of the Subscription on the shareholding structure of the Company are set out in the section headed "7. EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY" of the Board Letter. As set out in the aforesaid section of the Board Letter, the Subscriber will be interested in approximately 38.60% of the interests of the Company upon completion of the Subscription. At the same time, the shareholding interests of the existing public Shareholders would be diluted from approximately 37.53% to 23.04%, representing a dilution of approximately 14.49 percentage points, as a result of the Subscription. We are of the view that a dilution in shareholding of existing shareholders is inevitable in equity fund raising. In this case, the Subscriber is introduced as a new controlling Shareholder which will provide the Company with additional strategic development resources. Furthermore, the liquidity position of the Group deteriorated as at 31 December 2024 with a significant decrease in level of cash and cash equivalents. The amounts raised in the Subscription will be utilised by the Group to, among other things, improve its working capital. Considering (i) the amount of funding needed by the Group; (ii) that the Subscriber is being introduced as a new controlling Shareholder; and (iii) the reasons for and benefits of the Subscription as set out in the section headed "3. Reasons for and benefits of the Subscription and use of proceeds" of this letter above, we are of the view that the said level of dilution to the shareholding interests of the public Shareholders as a result of the Subscription is acceptable

8. *Our view on the Subscription Price*

Factors considered by the Board when determining the Subscription Price

We would like to draw the Independent Shareholders' attention to the basis and factors considered by the Board when determining the Subscription Price. As set out in the sub-section headed "The Subscription Price" of the section headed "2. THE SUBSCRIPTION AGREEMENT" of the Board Letter, the Subscription Price was determined after arm's length negotiations between the Company and the Subscriber, with reference to the prevailing market price of the Shares and the Company's overall circumstances. It is also stated in the aforesaid section that the Directors have also considered other factors, including (a) the Subscription Price represents a premium of approximately 99.95% to the audited consolidated net asset value per Share attributable to Shareholders as at 31 December 2024; (b) the Directors' view that it is not uncommon for share subscriptions of this nature to be priced at a discount to market price; (c) the Subscription will provide certainty and timeliness of capital raise; and (d) the introduction of a new controlling Shareholder with relevant industry experience and resources is expected to bring additional strategic value to the Company.

Our view

Bearing the above factors in mind, we have also reviewed and analysed the financial information of the Group, the reasons for and benefits of the Subscription, the Subscription Price and the effect of the Subscription, details of which are set out in this letter above. Based on our review and analyses, we note that the Subscription Price generally represents a discount to the closing price of the Shares during the Review Period (i.e. the Subscription Price was lower than the closing price of the Shares in most of the trading days during the Review Period (274 out of 283 days)). On the other hand, we also note that:

(i) The Subscription Price represents significant premium of approximately 99.95% over the audited consolidated net asset value per Share attributable to owners of the Company as at 31 December 2024;

(ii) the Subscription is not underpriced as compared to the Comparable Companies from P/B Ratio and P/S Ratio perspective having considered that although the implied P/S Ratio of the Subscription is lower than the P/S Ratio of the Directly Comparable Company, (a) the implied P/B Ratio of the Subscription is higher than the P/B Ratio of the Directly Comparable Company; and (b) both the implied P/B Ratio and the implied P/S Ratio of the Subscription are within the ranges of those of the Comparable Companies and higher than the average P/B Ratio and P/S Ratio of the Comparable Companies respectively);

(iii) The Company's business recovery has lagged behind expectations, resulting in sustained operating losses and phased liquidity pressure. The Subscription will bring in fundings for the Group to improve its working capital, reduce financial costs and support the Company in continuing to advance the upgrading and transformation of its existing projects and enhancing park operating efficiencies;

(iv) The Management had considered other ways of financing before arriving at the Subscription, but were not able to successfully implement such financing exercises due to objective conditions;

(v) The Subscription will introduce a new controlling Shareholder, which will effectively provide the Company with additional strategic development resources;

(vi) The Subscription will provide the Company with a significant and immediate capital inflow of approximately HK$2,295 million. The certainty and timeliness of the funds are important, especially in the context of the Company's financial position and its plans for future growth and business development; and

(vii) As illustrated in the section headed "6. Financial effects of the Subscription" above, the net assets attributable to the owners of the Company per Share and net debt to equity ratio of the Group are expected to improve as a result of the Subscription.

Having considered the above, we are of the view that the Subscription Price is fair and reasonable.

B. The Whitewash Waiver

As at the date of the Announcement and as at the Latest Practicable Date, neither the Subscriber nor any party acting in concert with it owns, controls or directs any Shares or convertible securities, warrants or options (or outstanding derivatives) in respect of Shares. Assuming there is no other change in the share capital of the Company from the Latest Practicable Date up to and including the date of Completion, the Subscriber will hold 5,100,000,000 Shares upon Completion, representing approximately 38.60% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it or parties acting in concert with it unless the Whitewash Waiver is obtained from the Executive.

In this regard, an application has been made by the Subscriber to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the allotment and issue of the Subscription Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) the approval by at least 75% of the votes cast by the Independent Shareholders either in person or by proxy in respect of the Whitewash Waiver at the EGM; and (ii) the approval by more than 50% of the votes cast by the Independent Shareholders in respect of the Subscription (including the Specific Mandate) that are cast either in person or by proxy at the EGM.

The Subscription is conditional upon, amongst other, the granting of the Whitewash Waiver by the Executive, and the Whitewash Waiver not being revoked or withdrawn, the Subscription will not proceed if the Whitewash Waiver is not granted by the Executive, or the Subscription and the Whitewash Waiver are not approved by the Independent Shareholders at the EGM.

In view of (i) the aforesaid reasons for and benefits of the Subscription and that the Subscription is in the interests of the Company and the Shareholders as a whole; and (ii) that the Subscription is fair and reasonable, we are of the opinion that the Whitewash Waiver, which is one of conditions precedent to the Subscription, is (a) in the interests of the Company and the Shareholders as a whole; and (b) fair and reasonable.

OPINION AND RECOMMENDATION

As set out in this letter above, we are of the view that (i) the Subscription is in the interests of the Company and the Shareholders as a whole; and (ii) the Subscription (including but not limited to the Subscription Price) is fair and reasonable. We are also of the opinion that the Whitewash Waiver, which is a one of the conditions precedent to the Subscription, is (a) in the interests of the Company and the Shareholders as a whole; and (b) fair and reasonable.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Subscription (including the Specific Mandate) and the Whitewash Waiver.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Clifford Cheng
Director

Mr. Clifford Cheng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has fifteen years of experience in the corporate finance industry.

* *For identification purpose only*

Note: Unless the context otherwise requires, conversion of RMB into HK$ is based on the exchange rate of 1:1.0644. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in RMB or HK$ have been, could have been or may be converted at such or any other rates or at all.

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three financial years ended 31 December 2022, 2023 and 2024 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.haichangoceanpark.com):

(i) The audited financial information of the Group for the year ended 31 December 2024 is disclosed in the annual report of the Company for the year ended 31 December 2024 published on 24 April 2025, from pages 116 to 291:

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0424/2025042400418.pdf

(ii) The audited financial information of the Group for the year ended 31 December 2023 is disclosed in the annual report of the Company for the year ended 31 December 2023 published on 29 April 2024, from pages 120 to 307:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042901310.pdf

(iii) The audited financial information of the Group for the year ended 31 December 2022 is disclosed in the annual report of the Company for the year ended 31 December 2022 published on 28 April 2023, from pages 125 to 311:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042804463.pdf

(a) Summary of financial information of the Group

The following is a summary of the audited financial results of the Group for the years ended 31 December 2022, 2023 and 2024 as extracted from the relevant annual reports of the Group:

	For the year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	792,988	1,816,842	1,818,358
Cost of sale	(1,071,716)	(1,359,387)	(1,399,393)
Gross profit	(278,728)	457,455	418,965
Other income and gains	181,525	306,497	103,829
Selling and distribution expenses	(85,029)	(139,222)	(170,225)
Administrative expenses	(606,375)	(469,794)	(719,290)

	For the year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Reversal of impairment losses/ (impairment losses) on financial and contract assets, net	(76,362)	8,091	450
Other expenses	(238,556)	(26,551)	(48,151)
Finance costs	(314,864)	(322,580)	(346,497)
Loss before tax	(1,418,389)	(186,104)	(760,919)
Income tax credit	9,531	4,197	11,408
Loss for the year attributable to:			
– Owner of the parent	(1,395,911)	(197,259)	(739,719)
– Non-controlling interests	(12,947)	15,352	(9,792)
	(1,408,858)	(181,907)	(749,511)
Loss per share attributable to ordinary equity holders of the parent			
Basic and diluted			
– Loss for the year (RMB cents per share)	(17.31)	(2.43)	(9.12)

Ernst & Young, the previous auditor of the Company, issued unqualified opinion on the consolidated financial statements of the Group for the financial years ended 31 December 2022 and 2023, respectively. HLB Hodgson Impey Cheng Limited, the current auditor of the Company, issued unqualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2024. No dividend had been paid or proposed for the each of the financial years ended 31 December 2022, 2023 and 2024. There were no material items of income or expense for each of the financial years ended 31 December 2022, 2023 and 2024.

(b) Audited financial statement of the Group for the year ended 31 December 2024

The audited consolidated financial statements of the Group for the year ended 31 December 2024 are contained in the following section in the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**") which was published on 24 April 2025 on the websites of the Company (https://www.haichangoceanpark.com/en/financial-reports-en/annual-report-2024.html) and the Stock Exchange (https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042804463.pdf):

(i) Consolidated Statement of Financial Position as at 31 December 2024:

Please refer to pages 118 to 119 of the 2024 Annual Report.

(ii) Consolidated Statement of Cash Flows for the year ended 31 December 2024:

Please refer to pages 122 to 124 of the 2024 Annual Report.

(iii) Other Consolidated Financial Statements for the year ended 31 December 2024:

(a) Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024:

Please refer to pages 116 to 117 of the 2024 Annual Report.

(b) Consolidated Statement of Changes in Equity for the year ended 31 December 2024:

Please refer to pages 120 to 121 of the 2024 Annual Report.

(iv) Summary of Material Accounting Policies and Notes to the Consolidated Financial Statements for the year ended 31 December 2024

Please refer to pages 125 to 291 of the 2024 Annual Report.

Ernst & Young, the previous auditor of the Company, issued unqualified opinion on the consolidated financial statements of the Group for the financial years ended 31 December 2022 and 2023, respectively. Save as disclosed above, the Company had no items of any income or expense which were material during each of the financial years ended 31 December 2022 and 2023, respectively. No dividend was declared or paid for each of the financial years ended 31 December 2022 and 2023, respectively. No amount was set aside by the Company for the payment of dividend for each of the financial years ended 31 December 2022 and 2023, respectively.

HLB Hodgson Impey Cheng Limited, the current auditor of the Company, issued unqualified opinion on the consolidated financial statements of the Group for the year ended 31 December 2024. Save as disclosed above, the Company had no items of any income or expense which were material during each of the financial years ended 31 December 2024. No dividend was declared or paid for each of the financial years ended 31 December 2024. No amount was set aside by the Company for the payment of dividend for each of the financial years ended 31 December 2024.

Details of material uncertainty related to going concern in the auditor's report for the financial year ended 31 December 2024

An extract of the auditor's report issued by HLB Hodgson Impey Cheng Limited on material uncertainty related to going concern for the financial year ended 31 December 2024 is produced below:

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of RMB749,511,000 for the year ended 31 December 2024 and as of that date, the Group had net current liabilities of RMB2,952,919,000. In addition, bank and other borrowings of approximately RMB496,640,000 were overdue during the year. These conditions, along with other matters as set forth in Note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

2. INDEBTEDNESS OF THE GROUP

At the close of business on 31 May 2025, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follows:

Interest-bearing bank and other borrowings and lease liabilities

As at 31 May 2025, the Group had interest-bearing bank and other borrowings and lease liabilities totaling approximately RMB6,104,440,000, comprising:

(a) bank and other borrowings of approximately RMB5,830,585,000, which were secured and guaranteed by (i) pledges over certain of the Group's property, plant and equipment, right-of-use assets, and investment properties; (ii) pledged 100% equity of the Group's subsidiaries in 重慶海昌加勒比海旅遊發展有限公司 ("Chongqing Caribbean"), 鄭州海昌海洋公園旅遊發展有限公司 ("Zhengzhou Tourism") 上海海昌極地海洋世界有限公司 ("Shanghai Haichang"), 大連海昌發現王國主題公園有限公司 ("Discoveryland"), 煙台漁人碼頭投資有限公司 ("Yantai Park") and 58.3%

equity in 大連老虎灘海洋公園有限公司 ("LHT"); (iii) 大連海昌集團有限公司 ("Dalian Haichang Group"), a related company, provided corporate guarantees; and (iv) personal guarantees by Mr. Qu Naijie and Mr. Qu Cheng, the executive directors of the Company, 程春萍 ("Ms. Cheng") and 楊迪 ("Ms. Yang").

(b) lease liabilities of approximately RMB273,855,000.

Commitments

As at 31 May 2025, the Group had contractual commitments related to the purchase of property, plant and equipment and right-of use assets of approximately RMB715,791,000.

Contingent liabilities

As at 31 May 2025, the Group had no material contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payable, the Group did not have any outstanding bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, other recognised lease liabilities or lease commitments (whether guaranteed, unguaranteed, secured or unsecured), guarantees or other material contingent liabilities at the close of business on 31 May 2025.

3. MATERIAL CHANGE

Save for the Subscription (the details of which are set out in the "Letter from the Board" of this circular), the Directors confirm that there has been no material change in the financial or trading position or outlook of the Company subsequent to 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Takeovers Code. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than information relating to the Subscriber) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the sole director of the Subscriber) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

The information in relation to the Subscriber contained in this circular has been supplied by the sole director of the Subscriber, Mr. Lai Zhi-lin. The sole director of the Subscriber, Mr. Lai Zhi-lin, accepts full responsibility for the accuracy of the information contained in this circular (other than information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this circular (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statements in this circular misleading.

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 Company. 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. All the Shares in issue are fully-paid and rank pari passu in all respects including all rights as to dividends, voting and return of capital. The Subscriber will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Subscription Shares.

2. SHARE CAPITAL AND SHARE OPTIONS

Share capital

The authorised and issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately after the Increase in Authorised Share Capital and allotment and issue of the Subscription Shares are set out as follows:

(a) As at the Latest Practicable Date

Authorised/registered:		*US$*
10,000,000,000	Shares of US$0.00005	500,000
Issued and fully paid up:		*US$*
8,114,002,000	Shares of US$0.00005	405,700.10

(b) Immediately following the Increase in Authorised Share Capital and the allotment and issue of the Subscription Shares

Authorised/registered:		*US$*
15,000,000,000	Shares of US$0.00005	750,000
Issued and fully paid up:		*US$*
13,214,002,000	Shares of US$0.00005	660,700.10

All the Shares in issue are fully-paid and rank pari passu in all respects including all rights as to dividends, voting and return of capital. The Subscriber will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Subscription Shares. The Company had not issued any Shares since 31 December 2024. No application is being made or is currently proposed or sought for the Shares or the Subscription Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options in issue which confer any right to subscribe for, convert or exchange into Shares. Save as set out above, no share or loan capital of the Group had been put under option or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

3. MARKET PRICE

The table below sets out the closing prices of the Shares on the Stock Exchange (i) on the last trading day of each of the calendar months during the Relevant Period; (ii) on the last trading day immediately preceding the date of the Announcement; (iii) on the Last Trading Day; and (iv) on the Latest Practicable Date.

Date	**Closing price per Shares** *(HK$)*
31 December 2024	0.56
28 January 2025	0.56
28 February 2025	0.61
31 March 2025	0.65
30 April 2025	0.67
30 May 2025 (last trading day immediately preceding the date of the Announcement)	0.81
2 June 2025 (being the Last Trading Day)	0.84
30 June 2025	0.79
28 July 2025 (being the Latest Practicable Date)	0.81

The highest and lowest closing market prices of the Shares recorded on the Stock Exchange during the Relevant Period were HK$0.88 on 17 April 2025 and HK$0.43 on 2 December 2024.

4. DISCLOSURE OF INTERESTS

(i) Directors' and chief executives' interests in the Company

As at the Latest Practicable Date, so far as known to any Director or chief executive of the Company, other than as disclosed below, no interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) were held by the Directors and chief executives of the Company which are required (a) 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 were taken or deemed to have under such provisions of the SFO); (b) pursuant to section 352 of the Part XV of the SFO, to be entered in the register referred to therein; (c) pursuant to the Model Code for Securities Transactions by Directors of the Company contained in the Listing Rules to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this circular pursuant to the requirements of the Takeovers Code.

Name of Director	Nature of interest	Number of Shares[(1)]	Approximate percentage of shareholding interest
Mr. Qu Cheng[(2)]	Founder of a discretionary trust	3,837,231,048	47.29%
	Beneficial owner	24,332,592	0.30%
Mr. Wang	Beneficial owner	20,780,000	0.25%

Notes:

(1) All interests stated are long positions.

(2) The 3,837,231,048 Shares comprise:

According to the latest disclosure of interest form of Mr. Qu Cheng filed on 16 December 2022:

Zeqiao Holdings Limited holds 3,837,231,048 Shares. Zeqiao Holdings Limited is wholly owned by Zeqiao International (BVI) Limited, which is in turn wholly owned by Cantrust (Far East) Limited, the trustee of Generation Qu Trust, which is a discretionary trust set up by Mr. Qu Cheng as settlor for the benefit of himself and his family. Therefore, as at the Latest Practicable Date, Mr. Qu Cheng is deemed to be interested in 3,837,231,048 Shares held by Zeqiao Holdings Limited, representing approximately 47.29% of the total issued share capital of the Company.

(ii) Substantial shareholders' interests in the Company

As at the Latest Practicable Date, the following persons (other than the Directors or chief executive of the Company) had or were deemed or taken to have an interest or short position in the Shares, the underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Name	Nature of interest	Number of Shares[(1)]	Approximate percentage of shareholding interest
Cantrust (Far East) Limited[(2)]	Trustee	3,837,231,048	47.29%
Zeqiao Holdings Limited (formerly known as Haichang Group Limited)[(2)]	Beneficial owner	3,837,231,048	47.29%
Zeqiao International (BVI) Limited[(2)]	Interest in controlled corporations	3,837,231,048	47.29%
Subscriber[(3)]	Beneficial owner	5,100,000,000	62.85%
Sunriver[(3)]	Interest in controlled corporations	5,100,000,000	62.85%

Name	Nature of interest	Number of Shares[1]	Approximate percentage of shareholding interest
Shengzhou Yisheng Partnership[3]	Interest in controlled corporations	5,100,000,000	62.85%
Shengzhou Municipal Finance Bureau[3]	Interest in controlled corporations	5,100,000,000	62.85%
Shengzhou Shunwen Industrial Development Management Co., Ltd.* (嵊州市舜文產業發展管理有限公司)[3]	Interest in controlled corporations	5,100,000,000	62.85%
Shengzhou Sunriver Partnership[3]	Interest in controlled corporations	5,100,000,000	62.85%
Shengzhou Cultural and Tourism Development Group Co., Ltd.* (嵊州市文旅發展集團有限公司)[3]	Interest in controlled corporations	5,100,000,000	62.85%
Shengzhou Shanshui Yueju Tourism Development Co., Ltd.* (嵊州市山水文化旅遊有限公司)[3]	Interest in controlled corporations	5,100,000,000	62.85%
Mr. Yu[3]	Interest in controlled corporations	5,100,000,000	62.85%
SH Sunriver Xinghai[3]	Interest in controlled corporations	5,100,000,000	62.85%
Shanghai Sunriver Yuancun[3]	Interest in controlled corporations	5,100,000,000	62.85%
Sunriver Original Information[3]	Interest in controlled corporations	5,100,000,000	62.85%
ORIX Corporation[4]	Interest in controlled corporations	1,186,768,000	14.63%
ORIX (China) Investment Company Limited[4]	Interest in controlled corporations	786,768,000	9.70%
Mountain Tai Apollo Investment Limited[4]	Beneficial owner	786,768,000	9.70%
ORIX Asia Capital Limited[4]	Beneficial owner	400,000,000	4.93%

Notes:

(1) All interests stated are long positions.

(2) Zeqiao Holdings Limited is wholly owned by Zeqiao International (BVI) Limited, which is in turn wholly owned by Cantrust (Far East) Limited, the trustee of Generation Qu Trust, which is a discretionary trust set up by Mr. Qu Cheng as settlor for the benefit of himself and his family.

(3) The number of Shares disclosed was based on the latest disclosure of interest forms filed on 5 June 2025 (the date of relevant event be 2 June 2025) by the Subscriber, Sunriver, Shengzhou Yisheng Partnership, Shengzhou Municipal Finance Bureau, Shengzhou Industrial Development Co., Ltd.* (嵊州市舜文產業發展管理有限公司), Shengzhou Sunriver Partnership, Shengzhou Cultural and Tourism Development Group Co., Ltd.* (嵊州市文旅發展集團有限公司), Shengzhou Shanshui Yueju Tourism Development Co., Ltd.* (嵊州市山水文化旅遊有限公司), Mr. Yu, SH Sunriver Xinghai, Shanghai Sunriver Yuancun and Sunriver Original Information. According to the disclosure of interest forms, the interests in the Shares, as disclosed, relate to the allotment and issuance of the Subscription Shares pursuant to the terms of the Subscription Agreement. The Subscription Shares represent (i) approximately 62.85% of the existing issued share capital of the Company as of the date of the Subscription Agreement; and (ii) 38.60% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares. For details on the shareholding structure of the Subscriber, please refer to the section headed "Information on Sunriver and the Subscriber" in the Letter from the Board of this circular.

(4) The number of Shares disclosed was based on the latest disclosure of interest form filed on 10 November 2022 (the date of relevant event be 10 November 2022) received from ORIX Corporation. According to the filed form:

(a) Mountain Tai Apollo Investment Limited holds 786,768,000 Shares. Mountain Tai Apollo Investment Limited is wholly owned by ORIX (China) Investment Company Limited, which is in turn wholly owned by ORIX Corporation.

(b) ORIX Asia Capital Limited holds 400,000,000 Shares and is wholly owned by ORIX Corporation.

Accordingly, ORIX Corporation is deemed to be interested in the 786,768,000 Shares held by Mountain Tai Apollo Investment Limited and the 400,000,000 Shares held by ORIX Asia Capital Limited.

As at the Latest Practicable Date, save for Mr. Qu Cheng being a director of Zeqiao Holdings Limited, and Mr. Go Toutou being an employee of Orix Corporation, none of the Director is a director or employee of a company which has an interest or a short position in the shares 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.

5. DIRECTORS' SERVICE CONTRACTS

There is no service contract with the Company or any of its subsidiaries or associated companies in force for the Directors (i) which (including both continuous and fixed term contracts) has been entered into or amended within 6 months before the date of the Announcement; (ii) which is a continuous contract with a notice period of 12 months or more; or (iii) which is a fixed term contract with more than 12 months to run irrespective of the notice period.

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, (i) none of the Directors had any direct or indirect interest in any assets which have, since 31 December 2024, being the date of the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to any member of the Group; and (ii) none of the Directors were materially interested in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group as a whole.

7. DIRECTORS' INTEREST OF COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or any of their respective associates was considered to have interests in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

8. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date, other than the Subscription Agreement:

(a) there was no agreement, arrangement or understanding (including any compensation agreement) existing between the Subscriber or any person acting in concert with it and any Director regarding any benefit to any Director as compensation for loss of office or otherwise in connection with the Subscription Agreement or the Whitewash Waiver;

(b) there was no agreement, arrangement or understanding between any Director and any other person which is conditional on/or dependent upon the outcome of the Subscription Agreement or Whitewash Waiver or otherwise connected with the Subscription Agreement or Whitewash Waiver;

(c) there was no agreement, arrangement or understanding (including any compensation agreement) existing between the Subscriber or any person acting in concert with it and any Director, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Subscription or the Whitewash Waiver; and

(d) none of the Directors was materially interested in any contract entered into by the Subscriber.

9. ADDITIONAL DISCLOSURE OF SHAREHOLDING AND DEALINGS PURSUANT TO THE TAKEOVERS CODE

As at the Latest Practicable Date, the Subscriber confirms that:

(a) save for the Subscription Agreement and the below dealings in the Shares by Huatai-PineBridge, none of the Subscriber or parties acting in concert with it has dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Shares or had acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the Relevant Period;

Date of transaction	Nature of dealing	No. of Shares involved	Average price per Share *(HK$)*
2 December 2024	Sell Shares	3,000	0.43
3 December 2024	Sell Shares	3,000	0.51
4 December 2024	Sell Shares	5,000	0.48
5 December 2024	Sell Shares	2,000	0.49
6 December 2024	Sell Shares	5,000	0.50
9 December 2024	Sell Shares	2,000	0.51
10 December 2024	Sell Shares	2,000	0.60
11 December 2024	Sell Shares	8,000	0.58
13 December 2024	Sell Shares	5,000	0.68
16 December 2024	Purchase Shares	4,000	0.69
17 December 2024	Sell Shares	6,000	0.75
18 December 2024	Purchase Shares	4,000	0.69
23 December 2024	Purchase Shares	2,000	0.56
2 January 2025	Purchase Shares	5,000	0.56
3 January 2025	Purchase Shares	6,000	0.56
6 January 2025	Purchase Shares	2,000	0.58
7 January 2025	Purchase Shares	3,000	0.57
8 January 2025	Purchase Shares	2,000	0.56
10 January 2025	Purchase Shares	3,000	0.52
13 January 2025	Purchase Shares	2,000	0.51
14 January 2025	Purchase Shares	3,000	0.53
15 January 2025	Purchase Shares	5,000	0.53
17 January 2025	Sell Shares	4,000	0.53
20 January 2025	Sell Shares	5,000	0.52
21 January 2025	Sell Shares	3,000	0.53
22 January 2025	Sell Shares	3,000	0.56
24 January 2025	Sell Shares	7,000	0.56
5 February 2025	Sell Shares	5,000	0.57
13 February 2025	Sell Shares	5,000	0.52
20 February 2025	Sell Shares	3,000	0.53
7 March 2025	Sell Shares	163,000	0.60

(b) other than the Subscription and the above dealings by Huatai-PineBridge, none of the Subscriber or parties acting in concert with it has dealt in any Shares, acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the Relevant Period, which is subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors (including informal discussions) in relation to the proposed issue of new securities;

(c) other than the Subscription, none of the Subscriber or parties acting in concert with it will make any acquisitions or disposals of voting rights in the Company which constitute disqualifying transactions (within the meaning of the Takeovers Code) in the period between the Latest Practicable Date and the Completion;

(d) save as disclosed in the section headed "Effects on the Shareholding Structure of the Company" in the section headed "Letter from the Board" in this circular, there is no holding of voting rights in the Company or rights over any Shares which are owned, controlled or directed by the Subscriber or parties acting in concert with it;

(e) none of the Subscriber or parties acting in concert with it holds any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(f) there is no outstanding derivative in respect of the securities of the Company which has been entered into by the Subscriber or parties acting in concert with it;

(g) there is no agreement, arrangement or understanding pursuant to which the Subscription Shares would be transferred, charged or pledged to any other persons;

(h) save for the Subscription Agreement, none of the Subscriber or parties acting in concert with it had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Subscriber which might be material to the transactions contemplated under the Subscription Agreement and/or the Whitewash Waiver;

(i) none of the Subscriber or parties acting in concert with it has received any irrevocable commitment from any person as to whether they will vote for or against the resolution approving the Subscription Agreement and the transactions contemplated thereunder, including the Specific Mandate and/or the Whitewash Waiver;

(j) save for the Subscription Agreement, there are no agreements or arrangements to which the Subscriber is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription or the Whitewash Waiver;

(k) none of the Subscriber or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(l) save for the Subscription Price for the Subscription Shares payable under the Subscription Agreement, none of the Subscriber or parties acting in concert with it has paid or will pay any other consideration, compensation or benefit in whatever form to the Company or any of the parties acting in concert with it in relation to the Subscription;

(m) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Subscriber or parties acting in concert with it on the one hand and the Company or any parties acting in concert with it on the other hand; and

(n) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Subscriber or parties acting in concert with it on the one hand and any of the Shareholders on the other hand.

As at the Latest Practicable Date, the Company confirms that:

(a) the Company had no shareholding interest or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Subscriber, nor had the Company dealt for value in any shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Subscriber during the Relevant Period;

(b) Save as disclosed in the paragraph headed "4. Disclosure of Interests" in this appendix, none of the Directors was interested in any Shares or relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company and in any shares or other securities of the Subscriber. During the Relevant Period, none of the Directors had dealt for value in any shares or relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company or the Subscriber;

(c) no shareholding in the Company was owned or controlled by a subsidiary of the Company or by a pension fund of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of "acting in concert" in the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of "associate" in the Takeovers Code but excluding exempt principal traders and exempt fund managers;

(d) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” in the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” in the Takeovers Code;

(e) no shareholding in the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;

(f) other than Mr. Wang, there were no Shareholders who are involved in or interested in the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and the Whitewash Waiver or are required, or indicated to the Company of his/her/its intention, to abstain from voting in the relevant resolutions at the EGM;

(g) Mr. Qu Cheng, an executive Director interested in 3,861,563,640 Shares (representing approximately 47.59% of the total issued Shares as at the Latest Practicable Date), had indicated his intention to vote in favour of the resolutions to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the Increase in Authorised Share Capital to be proposed at the EGM. Save for Mr. Qu and Mr. Wang (who will abstain from voting on all of the resolutions to be proposed at the EGM), none of the Directors held any beneficial shareholdings in the Company that would entitle them to vote at the EGM;

(h) neither the Company nor any of the Directors has borrowed or lent any shares and/or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

(i) no benefit will be given to any Director as compensation for loss of office in any members of the Group or otherwise in connection with the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and/or the Whitewash Waiver;

(j) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Subscription Agreement and the transactions contemplated thereunder (including the Subscription), the Specific Mandate and/or the Whitewash Waiver or otherwise connected with any of them; and

(k) there were no material contracts entered into by the Subscriber in which any Director had a material personal interest.

10. MATERIAL LITIGATIONS

As at the Latest Practicable Date, no member of the Group was involved in any material litigation or arbitration and there was no material litigation or arbitration were pending or threatened or made against any member of the Group.

11. MATERIAL CONTRACTS

Save for the Subscription Agreement, there were no other material contracts (not being contract(s) entered into in the ordinary course of business) which had been entered into by any member of the Group within two years immediately preceding the date of the Announcement and up till the Latest Practicable Date and are or may be material.

12. EXPERTS' CONSENTS AND QUALIFICATIONS

The following sets out the qualification of the expert who has given opinions, letters or advices included in this circular:

Name	Qualification
Somerley Capital Limited	corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Somerley Capital had given and had not withdrawn their written consent to the issue of this circular with the inclusion herein of their recommendations, opinions, letter and/or references to their names in the form and context in which they respectively appear. As at the Latest Practicable Date, Somerley Capital did not have any shareholding, directly or indirectly, in any member of the Group, nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Somerley Capital did not have any direct or indirect interest in any assets which had been, since 31 December 2024 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

Each of Huatai, the financial adviser to the Subscriber, and CITIC Securities, the financial adviser to the Company, has given and has not withdrawn its written consent to the publication of its name in this circular in the form and context in which it appears.

13. DOCUMENTS ON DISPLAY

The following documents will be available for inspection (i) on the website of the Company (www.haichangoceanpark.com); (ii) on the website of the Securities and Futures Commission of Hong Kong (www.sfc.hk); and (iii) on the website of the Stock Exchange (www.hkexnews.com), from the date of this circular up to and including the date of the EGM:

(a) amended and restated memorandum and articles of association of the Company;

(b) memorandum and articles of association of the Subscriber;

(c) the annual reports of the Company for each of the three financial years ended 31 December 2022, 2023 and 2024;

(d) the letter from the Board, the text of which are set out on pages 9 to 36 of this circular;

(e) the letter from the Independent Board Committee, the text of which are set out on pages 37 to 38 of this circular;

(f) the letter of advice from the Independent Financial Adviser, the text of which are set out on pages 39 to 73 of this circular;

(g) the written consents referred to in the section headed “12. Experts’ Consents and Qualifications” in this appendix II;

(h) the Subscription Agreement; and

(i) this circular.

14. MISCELLANEOUS

(a) In case of any inconsistency between the English and Chinese versions of this circular, the English version will prevail.

(b) The registered office of the Company is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

(c) The head office in the PRC of the Company is located at 31st Floor, Building A, Foreshore Beach, World Trade Centre Phase 1, No. 4, Lane 255, Dongyu Road, Pudong New District, Shanghai, the PRC.

(d) The principal place of business in Hong Kong of the Company is located at Unit 804, 8th Floor, K11 ATELIER, Victoria Dockside, 18 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong.

(e) The branch share registrar and transfer office in Hong Kong of the Company is Tricor Investor Services Limited located at 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong.

(f) The company secretary of the Company is Ms. So Lai Shan, who has been appointed as the company secretary and authorised representative of the Company since 2 November 2022. She is a member of the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom.

(g) The auditor of the Company is HLB Hodgson Impey Cheng Limited located at 31/F, Gloucester Tower The Landmark, 11 Pedder Street Central, Hong Kong.

(h) The legal adviser to the Company as to Hong Kong laws in respect of the Subscription and the transaction contemplated thereunder is Ashurst Hong Kong located at 43rd Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

(i) The financial adviser to the Company in respect of the Subscription and the transaction contemplated thereunder is CITIC Securities (Hong Kong) Limited, located at 18/F, One Pacific Place, 88 Queensway, Hong Kong.

(j) The registered office of the Independent Financial Adviser is located at 20/F China Building, 29 Queen's Road Central, Hong Kong.

(k) The registered office of the Subscriber is located at Aequitas International Management Ltd., Grand Pavilion Commercial Centre, 802 West Bay Road, P.O. Box 10281, Grand Cayman KY1-1003, Cayman Islands.

(l) The registered office of Huatai is located at 62/F, The Centre, 99 Queen's Road Central, Hong Kong.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the "**EGM**") of Haichang Ocean Park Holdings Ltd. (the "**Company**") will be held at Large Meeting Room, 31st Floor, Building A, Foreshore Beach World Trade Centre Phase 1, No. 4, Lane 255, Dongyu Road, Pudong New District, Shanghai, the PRC, on Tuesday, 19 August 2025 at 3:00 p.m. for the purposes of considering and, if thought fit, passing, with or without amendments, the following resolutions:

ORDINARY RESOLUTIONS

1. "**THAT**

   (a) the authorised share capital of the Company be increased from from US$500,000 divided into 10,000,000,000 shares to US$750,000 divided into 15,000,000,000 shares by the creation of additional US$250,000 divided into 5,000,000,000 shares (the "**Increase in Authorised Share Capital**"), such shares shall rank pari passu in all respects; and

   (b) that the director(s) of the Company (each a "**Director**") be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider(s) necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital"

2. "**THAT**

   (a) the conditional subscription agreement (the "**Subscription Agreement**") dated 2 June 2025 and entered into between the Company as issuer and Sunriver Starrysea Tourism (Cayman) Co., Ltd. (the "**Subscriber**") as subscriber in relation to, among others, the subscription of the 5,100,000,000 new shares (the "**Subscription Shares**") at the subscription price of HK$0.45 per Subscription Share (a copy of which is produced to the Meeting marked "A" and signed by the Chairman of the Meeting for the purpose of identification), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares, the allotment and issue of the Subscription Shares in accordance with the terms and conditions of the Subscription Agreement and the transactions contemplated thereunder be and is hereby approved;

(c) the board (the "**Board**") of Directors be and is hereby granted with a specific mandate to allot and issue the Subscription Shares to the Subscriber; and

(d) any one Director be and is hereby authorised to do all such things and acts as he may in his discretion consider as necessary, expedient or desirable for the purpose of or in connection with the implementation of the Subscription Agreement and the transactions contemplated thereunder, including but not limited to the execution all such documents under seal where applicable, as he considers necessary or expedient in his opinion to implement and/or give effect to the allotment and issue of the Subscription Shares and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its Shareholders as a whole."

SPECIAL RESOLUTION

3. "**THAT,** subject to the granting of the Whitewash Waiver (as defined below) by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate(s) and any conditions that may be imposed thereon, the waiver (the "**Whitewash Waiver**") of the obligation on the part of the Subscriber and parties acting in concert with it to make a mandatory general offer to the shareholders of the Company for all the issued shares of the Company (other than those already owned or agreed to be acquired by Subscriber and parties acting in concert with it) which might otherwise arise as a result of the Subscriber subscribing for the Subscription Shares under the Subscription Agreement pursuant to Note 1 on Dispensations from Rule 26 of The Code on Takeovers and Mergers be and is hereby approved, and that any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents under seal where applicable as he considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to any of the matters relating to, or incidental to, the Whitewash Waiver."

For and on behalf of the Board
Haichang Ocean Park Holdings Ltd.
Qu Naijie
Executive Director, Chairman of the Board
and Chief Executive Officer

Hong Kong, 31 July 2025

Notes:

(1) A member entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.

(2) A form of proxy for use of the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.

(3) In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

(4) In the case of joint holders of Shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such Shares as if he was solely entitled thereto, but if more than one such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.

As at the date of this circular*, the Board comprises (i) three executive Directors, namely, Mr. Qu Naijie (Chairman), Mr. Qu Cheng and Mr. Li Kehui; (ii) three non-executive Directors, namely, Mr. Wang Xuguang, Mr. Go Toutou (Former name Wu Tongtong), Mr. Yuan Bing; and (iii) three independent non-executive Directors, namely Mr. Zhu Yuchen, Mr. Wang Jun and Ms. Shen Han.*

This notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this notice 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 notice misleading.