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## **HAICHANG HOLDINGS LTD.**

**海昌控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2255)**

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

The Board would like to announce that, on 14 October 2014, the Group entered into the five Property Leasing Agreements with each of the Connected Counterparties, pursuant to which certain vacant ancillary commercial properties owned by the Group in Dalian, Tianjin, Wuhan and Yantai of the PRC are leased by the Group to the Connected Counterparties for a term of three years commencing from 19 September 2014.

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

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

## DETAILS OF THE PROPERTY LEASING AGREEMENTS

The Board would like to announce that, on 14 October 2014, the Group entered into the five Property Leasing Agreements with each of the Connected Counterparties, pursuant to which certain vacant ancillary commercial properties owned by the Group in Dalian, Tianjin, Wuhan and Yantai of the PRC are leased by the Group to the Connected Counterparties for a term of three years commencing from 19 September 2014. The details of the five Property Leasing Agreements are as follows:

### 1. Agreement One

|                                 |  |
|---------------------------------|--|
| <b>Date:</b>                    | 14 October 2014  |
| <b>Parties:</b>                 | (1) Haichang China, as lessor; and<br>(2) Shibo Real Estate, as lessee.  |
| <b>Leased Properties:</b>       | Shop No.701 in Dalian Laohutan Fishermen's Wharf, Dalian, with a GFA of approximately 1,717.25 sq.m..  |
| <b>Term:</b>                    | For a term of three years commencing from 19 September 2014 to 18 September 2017.<br><br>Shibo Real Estate may by giving Haichang China a written notice not later than six months before the expiry of the term of the agreement to request renewal of the lease and Haichang China may at its sole discretion refuse the request. If renewal is agreed, Haichang China and Shibo Real Estate shall enter into a new property leasing agreement for the renewal within one month from the date of the written notice. |
| <b>Usage:</b>                   | Office. The leased properties shall not be subleased or assigned to any other third party.   |
| <b>Rental:</b>                  | RMB4 per sq.m. per day (exclusive of property management fee and utilities), subject to a 5% increment for every twelve-month period. Accordingly, the monthly rentals payable in the first, second and third year are approximately RMB208,932, RMB219,379 and RMB230,348, respectively.<br><br>Payable annually in advance and shall be paid on the fifteenth day prior to the due date.   |
| <b>Rental Free Period:</b>      | Nil.   |
| <b>Property Management Fee:</b> | Payable to a property management company outside the Group to be appointed by Haichang China.  |
| <b>Deposit:</b>                 | RMB210,000 and shall be refunded with no interest to Shibo Real Estate within three months upon the expiry of the term of the agreement.   |

## 2. Agreement Two

|                                 |   |
|---------------------------------|---|
| <b>Date:</b>                    | 14 October 2014   |
| <b>Parties:</b>                 | (1) Tianjin Polar, as lessor; and<br><br>(2) Tianjin Real Estate, as lessee.  |
| <b>Leased Properties:</b>       | Shops No. 25-2, 25-3, 25-4 and 25-5 of Building No.25 in the commercial streets adjacent to Tianjin Polar Ocean World, with a total GFA of approximately 1,830.61 sq.m..  |
| <b>Term:</b>                    | For a term of three years commencing from 19 September 2014 to 18 September 2017.<br><br>Tianjin Real Estate may by giving Tianjin Polar a written notice not later than six months before the expiry of the term of the agreement to request renewal of the lease and Tianjin Polar may at its sole discretion refuse the request. If renewal is agreed, Tianjin Polar and Tianjin Real Estate shall enter into a new property leasing agreement for the renewal within one month from the date of the written notice. |
| <b>Usage:</b>                   | Office. The leased properties shall not be subleased or assigned to any other third party.  |
| <b>Rental:</b>                  | RMB3 per sq.m. per day (exclusive of property management fee and utilities), subject to a 5% increment for every twelve-month period. Accordingly, the monthly rentals payable in the first, second and third year are approximately RMB167,043, RMB175,395 and RMB184,165, respectively.<br><br>Payable annually in advance and shall be paid on the fifteenth day prior to the due date.  |
| <b>Rental Free Period:</b>      | Nil.  |
| <b>Property Management Fee:</b> | Payable to a property management company outside the Group to be appointed by Tianjin Polar.  |
| <b>Deposit:</b>                 | RMB170,000 and shall be refunded with no interest to Tianjin Real Estate within three months upon the expiry of the term of the agreement.  |

### 3. Agreement Three

|                                 |   |
|---------------------------------|---|
| <b>Date:</b>                    | 14 October 2014   |
| <b>Parties:</b>                 | (1) Wuhan Polar, as lessor; and<br><br>(2) Wuhan Real Estate, as lessee.  |
| <b>Leased Properties:</b>       | Shop No.301 in the commercial streets (phase 1) adjacent to Wuhan Polar Ocean World, with a GFA of approximately 4,920.00 sq.m..  |
| <b>Term:</b>                    | For a term of three years commencing from 19 September 2014 to 18 September 2017.<br><br>Wuhan Real Estate may by giving Wuhan Polar a written notice not later than six months before the expiry of the term of the agreement to request renewal of the lease and Wuhan Polar may at its sole discretion refuse the request. If renewal is agreed, Wuhan Polar and Wuhan Real Estate shall enter into a new property leasing agreement for the renewal within one month from the date of the written notice. |
| <b>Usage:</b>                   | Office. The leased properties shall not be subleased or assigned to any other third party.  |
| <b>Rental:</b>                  | RMB1.8 per sq.m. per day (exclusive of property management fee and utilities), subject to a 5% increment for every twelve-month period. Accordingly, the monthly rentals payable in the first, second and third year are approximately RMB269,370, RMB282,839 and RMB296,981, respectively.<br><br>Payable annually in advance and shall be paid on the fifteenth day prior to the due date.  |
| <b>Rental Free Period:</b>      | Nil.  |
| <b>Property Management Fee:</b> | Payable to a property management company outside the Group to be appointed by Wuhan Polar.  |
| <b>Deposit:</b>                 | RMB280,000 and shall be refunded with no interest to Wuhan Real Estate within three months upon the expiry of the term of the agreement.  |

#### 4. Agreement Four

|                                 |   |
|---------------------------------|---|
| <b>Date:</b>                    | 14 October 2014   |
| <b>Parties:</b>                 | (1) Wuhan Polar, as lessor; and<br><br>(2) Wuhan Real Estate, as lessee.  |
| <b>Leased Properties:</b>       | Units No.01 and 02 of Shop No.409 in the commercial streets (phase 1) adjacent to Wuhan Polar Ocean World, with a total GFA of approximately 470.40 sq.m..  |
| <b>Term:</b>                    | For a term of three years commencing from 19 September 2014 to 18 September 2017.<br><br>Wuhan Real Estate may by giving Wuhan Polar a written notice not later than six months before the expiry of the term of the agreement to request renewal of the lease and Wuhan Polar may at its sole discretion refuse the request. If renewal is agreed, Wuhan Polar and Wuhan Real Estate shall enter into a new property leasing agreement for the renewal within one month from the date of the written notice. |
| <b>Usage:</b>                   | Office or other usage to be agreed between Wuhan Polar and Wuhan Real Estate. The leased properties shall not be subleased or assigned to any other third party.  |
| <b>Rental:</b>                  | RMB1.8 per sq.m. per day (exclusive of property management fee and utilities), subject to a 5% increment for every twelve-month period. Accordingly, the monthly rentals payable in the first, second and third year are approximately RMB25,754, RMB27,042 and RMB28,394, respectively.<br><br>Payable annually in advance and shall be paid on the fifteenth day prior to the due date.   |
| <b>Rental Free Period:</b>      | Nil.  |
| <b>Property Management Fee:</b> | Payable to a property management company outside the Group appointed by Wuhan Polar.  |
| <b>Deposit:</b>                 | RMB25,000 and shall be refunded with no interest to Wuhan Real Estate within three months upon the expiry of the term of the agreement.   |

## 5. Agreement Five

|                                 |  |
|---------------------------------|--|
| <b>Date:</b>                    | 14 October 2014  |
| <b>Parties:</b>                 | (1) Yantai Fishermen, as lessor; and<br><br>(2) Yantai Tourism Development, as lessee.   |
| <b>Leased Properties:</b>       | Shop No.14 (eastern section) in Yantai Fishermen's Wharf, Yantai, with a GFA of approximately 1,373.58 sq.m..  |
| <b>Term:</b>                    | For a term of three years commencing from 19 September 2014 to 18 September 2017.<br><br>Yantai Tourism Development may by giving Yantai Fishermen a written notice not later than six months before the expiry of the term of the agreement to request renewal of the lease and Yantai Fishermen may at its sole discretion refuse the request. If renewal is agreed, Yantai Fishermen and Yantai Tourism Development shall enter into a new property leasing agreement for the renewal within one month from the date of the written notice. |
| <b>Usage:</b>                   | Office. The leased properties shall not be subleased or assigned to any other third party.   |
| <b>Rental:</b>                  | RMB2.5 per sq.m. per day (exclusive of property management fee and utilities), subject to a 5% increment for every twelve-month period. Accordingly, the monthly rentals payable in the first, second and third year are approximately RMB104,449, RMB109,672 and RMB115,155, respectively.<br><br>Payable annually in advance and shall be paid on the fifteenth day prior to the due date.   |
| <b>Rental Free Period:</b>      | Nil.   |
| <b>Property Management Fee:</b> | Payable to a property management company outside the Group to be appointed by Yantai Fishermen.  |
| <b>Deposit:</b>                 | RMB100,000 and shall be refunded with no interest to Yantai Tourism Development within three months upon the expiry of the term of the agreement.  |

## AGGREGATE ANNUAL CAPS AND THE BASIS FOR DETERMINATION

Reference is made to the Prospectus in relation to, among other things, the Existing Lease. As disclosed in the Prospectus, Haichang China as lessor and Haichang Enterprise Development as lessee on 24 January 2014 entered into the Existing Lease for a term of two years from 1 January 2014 to 31 December 2015, details of which are set out as follows:

| <b>Date of Agreement</b> | <b>Parties</b>                                      | <b>Location</b>               | <b>GFA (sq.m.)</b> | <b>Payment Schedule</b> | <b>Monthly Rental</b> |
|--------------------------|---|-------------------------------|--------------------|-------------------------|-----------------------|
| 24 January 2014          | Haichang China,<br>as lessor                        | Zhongshan<br>District, Dalian | 6,365.07           | Quarterly               | RMB400,000            |
|                          | Haichang<br>Enterprise<br>Development,<br>as lessee |                               |                    |                         |                       |

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

|                                    | <b>For the year<br/>ending<br/>31 December 2014</b>               | <b>For the year<br/>ending<br/>31 December 2015</b>                 | <b>For the year<br/>ending<br/>31 December 2016</b>                | <b>For the year<br/>ending<br/>31 December 2017</b>               |
|------------------------------------|---|---|--|---|
| <b>Property Leasing Agreements</b> | RMB3,102,200<br>(equivalent to<br>approximately<br>HK\$3,908,772) | RMB9,461,700<br>(equivalent to<br>approximately<br>HK\$11,921,742)  | RMB9,934,790<br>(equivalent to<br>approximately<br>HK\$12,517,835) | RMB7,695,390<br>(equivalent to<br>approximately<br>HK\$9,696,191) |
| <b>Existing Lease</b>              | RMB4,800,000<br>(equivalent to<br>approximately<br>HK\$6,048,000) | RMB4,800,000<br>(equivalent to<br>approximately<br>HK\$6,048,000)   | –  | –   |
| <b>Total</b>                       | RMB7,902,200<br>(equivalent to<br>approximately<br>HK\$9,956,772) | RMB14,261,700<br>(equivalent to<br>approximately<br>HK\$17,969,742) | RMB9,934,790<br>(equivalent to<br>approximately<br>HK\$12,517,835) | RMB7,695,390<br>(equivalent to<br>approximately<br>HK\$9,696,191) |

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

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

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

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

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

The Group is principally engaged in development and operation of theme parks and ancillary commercial properties in the PRC. All of Haichang China, Tianjin Polar, Wuhan Polar and Yantai Fishermen are indirect wholly-owned subsidiaries of the Company, which are also principally engaged in development and operation of theme parks and ancillary commercial properties in the PRC.

Shibo Real Estate, Tianjin Real Estate and Wuhan Real Estate are principally engaged in real estate development and holding in the PRC, all of which are indirect wholly-owned subsidiaries of Haichang Enterprise Development.

Yantai Tourism Development is principally engaged in real estate development and holding in the PRC, and is a wholly-owned subsidiary of Haichang Group Co.

## **IMPLICATIONS UNDER THE LISTING RULES**

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



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

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

## **DEFINITIONS**

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

- |                   |  |
|-------------------|--|
| “Agreement Five”  | the property leasing agreement dated 14 October 2014 entered into between Yantai Fishermen as lessor and Yantai Tourism Development as lessee in relation to Shop No.14 (eastern section) in Yantai Fishermen’s Wharf, Yantai  |
| “Agreement Four”  | the property leasing agreement dated 14 October 2014 entered into between Wuhan Polar as lessor and Wuhan Real Estate as lessee in relation to Units No.01 and 02 of Shop No.409 in the commercial streets (phase 1) adjacent to Wuhan Polar Ocean World                 |
| “Agreement One”   | the property leasing agreement dated 14 October 2014 entered into between Haichang China as lessor and Shibo Real Estate as lessee in relation to Shop No.701 in Dalian Laohutan Fishermen’s Wharf, Dalian   |
| “Agreement Three” | the property leasing agreement dated 14 October 2014 entered into between Wuhan Polar as lessor and Wuhan Real Estate as lessee in relation to Shop No.301 in the commercial streets (phase 1) adjacent to Wuhan Polar Ocean World                                       |
| “Agreement Two”   | the property leasing agreement dated 14 October 2014 entered into between Tianjin Polar as lessor and Tianjin Real Estate as lessee in relation to Shops No. 25-2, 25-3, 25-4 and 25-5 of Building No.25 in the commercial streets adjacent to Tianjin Polar Ocean World |

|                                   |  |
|-----------------------------------|--|
| “associate(s)”                    | has the meaning ascribed to it under the Listing Rules   |
| “Board”                           | the board of Directors   |
| “Company”                         | Haichang Holdings Ltd., a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange  |
| “Connected Counterparties”        | collectively, Shibo Real Estate, Tianjin Real Estate, Wuhan Real Estate and Yantai Tourism Development   |
| “connected person(s)”             | has the meaning ascribed to it under the Listing Rules   |
| “controlling shareholder”         | has the meaning ascribed to it under the Listing Rules   |
| “Director(s)”                     | the director(s) of the Company   |
| “Existing Lease”                  | the lease dated 24 January 2014 entered into between Haichang China as lessor and Haichang Enterprise Development as lessee in relation to the leasing of premises located in Zhongshan District of Dalian for office use, with a term of two years expiring on 31 December 2015 |
| “GFA”                             | gross floor area   |
| “Group”                           | the Company and its subsidiaries   |
| “Haichang China”                  | Haichang (China) Co., Ltd.* (海昌(中國)有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company  |
| “Haichang Enterprise Development” | Dalian Haichang Corporation Development Co., Ltd* (大連海昌企業發展有限公司), a company established in the PRC   |
| “Haichang Group Co”               | Dalian Haichang (Group) Co., Ltd.* (大連海昌集團有限公司), a company established in the PRC  |
| “HK\$”                            | Hong Kong Dollars, the lawful currency of Hong Kong  |
| “Hong Kong”                       | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Listing Rules”                   | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Mr. Qu”                          | Mr. Qu Naijie, a non-executive Director and a controlling shareholder of the Company   |

|                               |   |
|-------------------------------|---|
| “PRC”                         | the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “Property Leasing Agreements” | collectively, Agreement One, Agreement Two, Agreement Three, Agreement Four and Agreement Five  |
| “Prospectus”                  | the prospectus of the Company dated 28 February 2014  |
| “RMB”                         | Renminbi, the lawful currency of the PRC  |
| “Shibo Real Estate”           | Dalian Shibo Real Estate Development Co., Ltd.* (大連世博房地產開發有限公司), a company established in the PRC   |
| “sq.m.”                       | square metres   |
| “Stock Exchange”              | The Stock Exchange of Hong Kong Limited   |
| “Tianjin Polar”               | Tianjin Polar Tourism Co., Ltd.* (天津極地旅遊有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company  |
| “Tianjin Polar Ocean World”   | a marine theme park in Tianjin operated by Tianjin Polar  |
| “Tianjin Real Estate”         | Tianjin Haichang Real Estate Development Co., Ltd.* (天津海昌房地產開發有限公司), a company established in the PRC   |
| “Wuhan Polar”                 | Wuhan Polar Ocean World Investment Co., Ltd.* (武漢極地海洋世界投資有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company                             |
| “Wuhan Polar Ocean World”     | a marine theme park in Wuhan operated by Wuhan Polar  |
| “Wuhan Real Estate”           | Wuhan Chuangfu Real Estate Development Co., Ltd.* (武漢創富房地產開發有限公司), a company established in the PRC   |
| “Yantai Fishermen”            | Yantai Fishermen’s Wharf Investment Co., Ltd.* (煙台漁人碼頭投資有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company                              |

“Yantai Tourism  
Development”

Yantai Haichang Tourism Development Co., Ltd.\* (煙台海昌旅遊  
發展有限公司), a company established in the PRC

“%”

per cent.

On behalf of the Board  
**Haichang Holdings Ltd.**  
**Wang Xuguang**  
*Executive Director and Chief Executive Officer*

Dalian, the PRC, 14 October 2014

*As at the date of this announcement, the executive directors of the Company are Mr. Wang Xuguang, Mr. Zhao Wenjing and Mr. Qu Naiqiang; the non-executive directors of the Company are Mr. Qu Naijie, Mr. Makoto Inoue and Mr. Yuan Bing; and the independent non-executive directors of the Company are Prof. Fang Hongxing, Mr. Sun Jianyi and Prof. Xie Yanjun.*

*In this announcement, RMB has been converted to HK\$ at the rate of RMB1 = HK\$1.26 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.*

\* *For identification purpose only*