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HAICHANG OCEAN PARK HOLDINGS LTD.

海昌海洋公園控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2255)

CONNECTED TRANSACTION EQUITY TRANSFER AGREEMENT

EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 14 June 2019, after trading hours, Yantai Fishermen's Wharf, an indirect wholly-owned subsidiary of the Company, and Haichang Group Co entered into the Equity Transfer Agreement, pursuant to which Yantai Fishermen's Wharf agreed to acquire 49% equity interest of the Target Company from Haichang Group Co for a total consideration of RMB63,700,000.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Qu, a non-executive Director and a controlling shareholder of the Company, being a connected person of the Company, holds 60% equity interest in Haichang Group Co. Since the Target Company is a wholly-owned subsidiary of Haichang Group Co, it is regarded as an associate of Mr. Qu and thus a connected person of the Company. Accordingly, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

In accordance with the Listing Rules, as one or more of the applicable percentage ratios (other than profits ratio) in respect of the transaction contemplated under the Equity Transfer Agreement are more than 0.1% but all are less than 5%, the transaction contemplated under the Equity Transfer Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As completion of the transaction contemplated under the Equity Transfer Agreement is subject to the fulfillment of the condition precedent thereunder, the relevant transaction may or may not proceed to completion. Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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EQUITY TRANSFER AGREEMENT

The principal terms and conditions of the Equity Transfer Agreement are as follows:

Date

14 June 2019 (after trading hours)

Parties

- (1) Yantai Fishermen's Wharf, an indirect wholly-owned subsidiary of the Company (as the purchaser); and
- (2) Haichang Group Co, the sole shareholder of the Target Company (as the vendor).

Assets to be acquired

Pursuant to the Equity Transfer Agreement, Yantai Fishermen's Wharf intends to acquire 49% equity interest of the Target Company from Haichang Group Co.

Consideration and manner of payment

The consideration for the transaction contemplated under the Equity Transfer Agreement (being the transfer of 49% equity interest of the Target Company) is RMB63,700,000, which was determined based on the land valuation of the Project Land. The land valuation of the Project Land is approximately RMB130,000,000 as at the date of this announcement.

Within 3 days of the Equity Transfer Agreement becoming effective, Yantai Fishermen's Wharf shall pay the consideration of RMB63,700,000 to Haichang Group Co in one tranche.

Condition precedent

Completion of the transaction contemplated under the Equity Transfer Agreement is subject to the Target Company successfully obtaining the State-owned Land Use Right Certificate for the Project Land from the relevant local government authority in Yantai, the PRC.

Long stop date

Should the satisfaction of the above condition not occur within 12 months of the date when Yantai Fishermen's Wharf pays the full consideration under the Equity Transfer Agreement, the Equity Transfer Agreement shall terminate and Haichang Group Co shall return the consideration (without interest) to Yantai Fishermen's Wharf and Yantai Fishermen's Wharf shall have no obligation to acquire the 49% equity interest of the Target Company.

Completion

Subject to the satisfaction of the above condition, Yantai Fishermen's Wharf and Haichang Group Co shall, within 30 days of the date that the Target Company obtains the State-owned Land Use Right Certificate for the Project Land, register the change in equity with the Administration for Market Regulation where the Target Company operates. The equity transfer is considered completed on the date the registration of the equity transfer under the Equity Transfer Agreement with the Administration for Market Regulation is completed.

Treatment of liabilities of the Target Company

Haichang Group Co shall bear all the liabilities of the Target Company incurred before the completion of the relevant equity transfer.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC and a wholly-owned subsidiary of Haichang Group Co. It is principally engaged in the development and holding of cultural and tourism projects in Yantai, the PRC.

The Target Company has obtained the Project Land and signed the State-owned Land Use Rights Grant Contract with the Land and Resources Bureau of Yantai City (煙台市國土資源局) in respect of the Project Land on 15 December 2010 with a grant term of 40 years, but has not obtained the State-owned Land Use Right Certificate for the Project Land. The consideration for the acquisition of the land use right should be RMB130,000,000, of which the deposit and guarantee money of RMB70,000,000 in aggregate has been paid by Haichang Group Co on behalf of the Target Company.

The net loss of the Target Company for the two years ended 31 December 2018 were RMB2,361,700 and RMB2,002,500, respectively.

The net liabilities of the Target Company as at 31 December 2018 was RMB3,358,600.

INFORMATION ON THE GROUP AND THE CONNECTED COUNTERPARTIES

The Group is principally engaged in the development and operation of theme parks and ancillary commercial properties in the PRC. Yantai Fishermen's Wharf is an indirect wholly-owned subsidiary of the Company, which is principally engaged in the development and operation of theme parks and ancillary commercial properties in the PRC.

Haichang Group Co is a company established in the PRC and is interested as to 60% by Mr. Qu. Haichang Group Co is principally engaged in oil trading, shipping, real estate development, and wine business.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER AGREEMENT

The Project Land is located in the same area as the Yantai Haichang Whale Shark Ocean Park of the Group. The investment and development of the Project Land by acquiring the equity of the Target Company could provide sufficient land space for the expansion of the phase II of the Group's Yantai Haichang Whale Shark Ocean Park with good synergistic and agglomerative effect to create a regional tourist destination. Based on the above, the Directors consider that the entering into of the Equity Transfer Agreement is beneficial to the business development of the Group and, therefore, in the interests of the Group.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are fair and reasonable and the transaction contemplated under the Equity Transfer Agreement is on normal commercial terms or better. The entering into of the Equity Transfer Agreement is therefore in the interests of the Group and the shareholders of the Company as a whole.

As completion of the transaction contemplated under the Equity Transfer Agreement is subject to the fulfillment of the condition precedent thereunder, the relevant transaction may or may not proceed to completion. Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Qu, a non-executive Director and a controlling shareholder of the Company, being a connected person of the Company, holds 60% equity interest in Haichang Group Co. Since the Target Company is a wholly-owned subsidiary of Haichang Group Co, it is regarded as an associate of Mr. Qu and thus a connected person of the Company. Accordingly, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

In accordance with the Listing Rules, as one or more of the applicable percentage ratios (other than profits ratio) in respect of the transaction contemplated under the Equity Transfer Agreement are more than 0.1% but all are less than 5%, the transaction contemplated under the Equity Transfer Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Qu, a non-executive Director and a controlling shareholder of the Company, has material interests in the transaction contemplated under the Equity Transfer Agreement, he has abstained from voting in the Board meeting for the resolutions approving the Equity Transfer Agreement and the transaction contemplated thereunder. Furthermore, Mr. Wang Xuguang, an executive Director of the Company, has also abstained from voting for the aforesaid Board resolutions as he is a non-executive director of Haichang Group Co. Save as disclosed above, no other Director has a material interest in the transaction and is required to abstain from voting for the aforesaid resolutions.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Haichang Ocean Park Holdings Ltd. (海昌海洋公園控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the conditional equity transfer agreement entered into between Yantai Fishermen’s Wharf and Haichang Group Co on 14 June 2019, pursuant to which Yantai Fishermen’s Wharf agreed to acquire 49% equity interest of the Target Company from Haichang Group Co
“Group”	the Company and its subsidiaries
“Haichang Group Co”	Dalian Haichang (Group) Co., Ltd.* (大連海昌集團有限公司), a company established in the PRC and an associate of Mr. Qu, and hence a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Qu”	Mr. Qu Naijie, a non-executive Director, a controlling shareholder and a connected person of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes the Hong Kong Special Administration Region of the People Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Project Land”	the remaining land parcel A of Yudaishan located in Luying Hotel, Yudaishan, Laishan District, Yantai City (煙台市萊山區雨岱山魯鷹賓館) and to its eastern extent (Zong Di Xu Hao: Yan J[2010] No. 2017) with a site area of approximately 39,065.5 square metres, which is for five-star hotel, office, tourism, entertainment and commercial use and has a plot ratio of less than 2.56 and a planned gross floor area of less than 100,000 square metres, and the land use right of which has been granted for a term of 40 years

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Yantai Haichang Tourism Development Co., Ltd.* (煙台海昌旅遊發展有限公司), a company established in the PRC and a wholly-owned subsidiary of Haichang Group Co
“Yantai Fishermen’s Wharf”	Yantai Fishermen’s Wharf Investment Co., Ltd.* (煙台漁人碼頭投資有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

* For identification purpose only

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

Shanghai, the PRC, 14 June 2019

As at the date of this announcement, the executive Directors are Mr. Wang Xuguang, Mr. Qu Cheng and Mr. Gao Jie; the non-executive Directors are Mr. Qu Naijie, Mr. Li Hao and Mr. Yuan Bing; and the independent non-executive Directors are Prof. Chen Guohui, Mr. Sun Jianyi and Prof. Zhang Meng.