海昌海洋公园
HAICHANG OCEAN PARK
股票代码：2255.HK

Add：上海市浦东新区东育路255弄4号前滩世贸中心一期A栋31F（200126）
Tel：021-2066 6999 Fax：021-2066 6998

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.

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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).

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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

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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.

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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.

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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.

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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

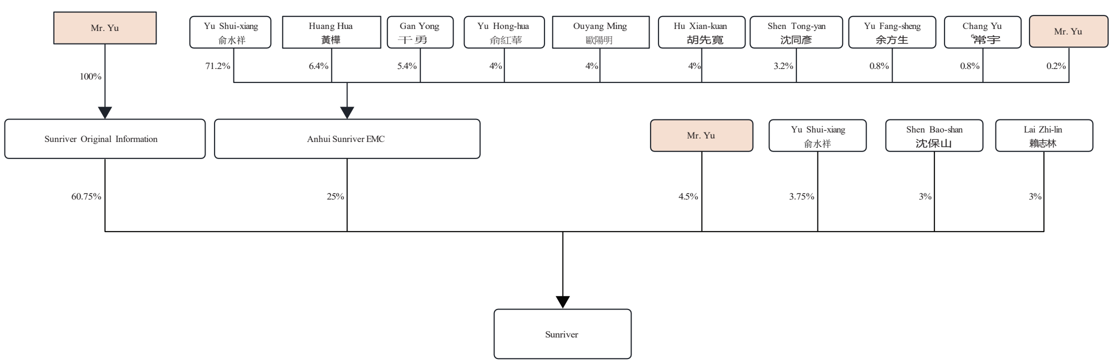
Completion shall take place on the third Business Day after satisfaction or waiver (if applicable) of the last of the conditions precedent of the Subscription Agreement or at such date and time as agreed by the Company and the Subscriber (the "**Completion Date**"). At Completion, among other things, (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).

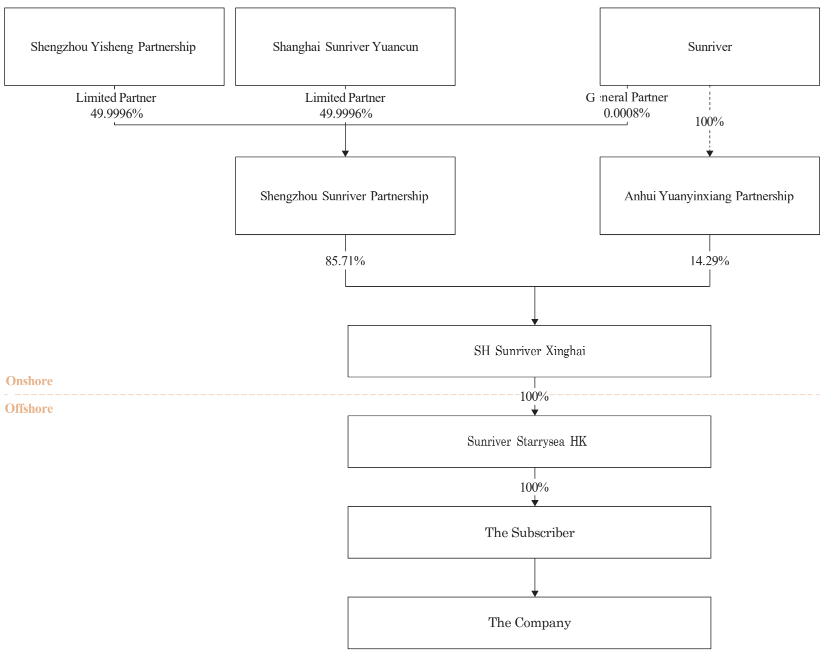
The following diagram sets forth the shareholding structure of Sunriver as at the Latest Practicable Date:



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:

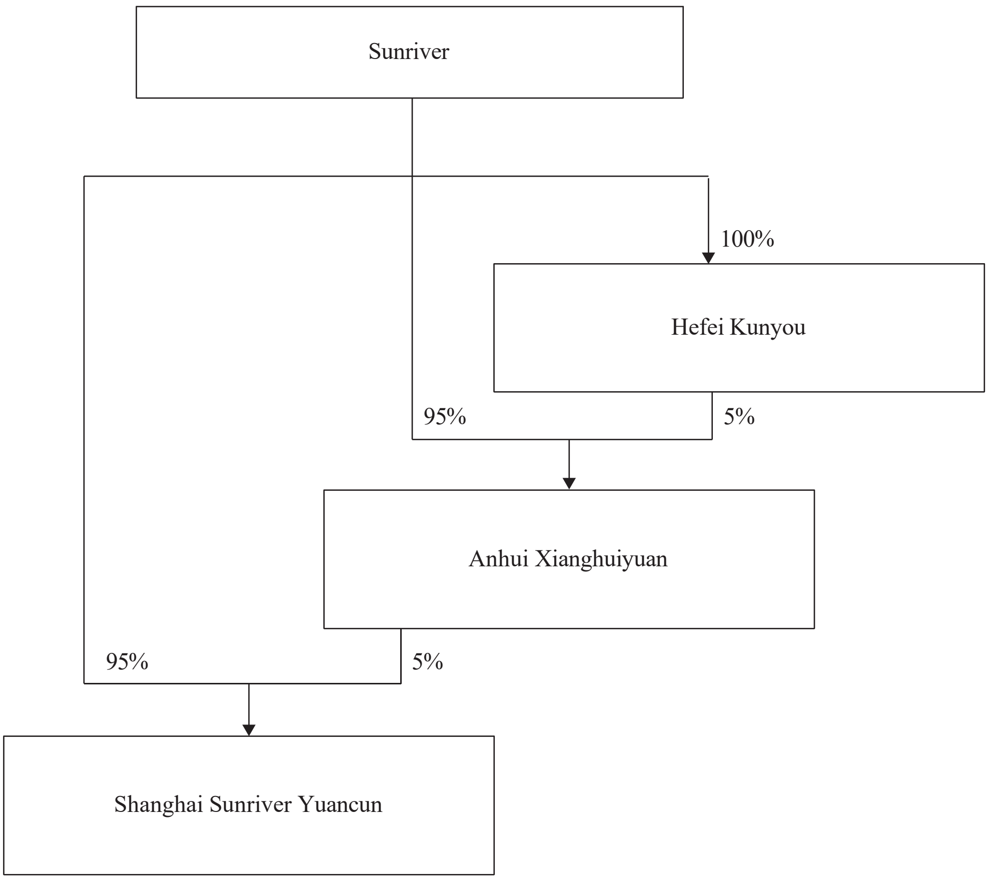


The Subscriber is a company incorporated under the laws of Cayman Islands with limited liability, which is indirectly wholly controlled by Sunriver. It is a special purpose vehicle incorporated for the purpose of subscribing for the Subscription Shares and assumes the relevant obligations under the Subscription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

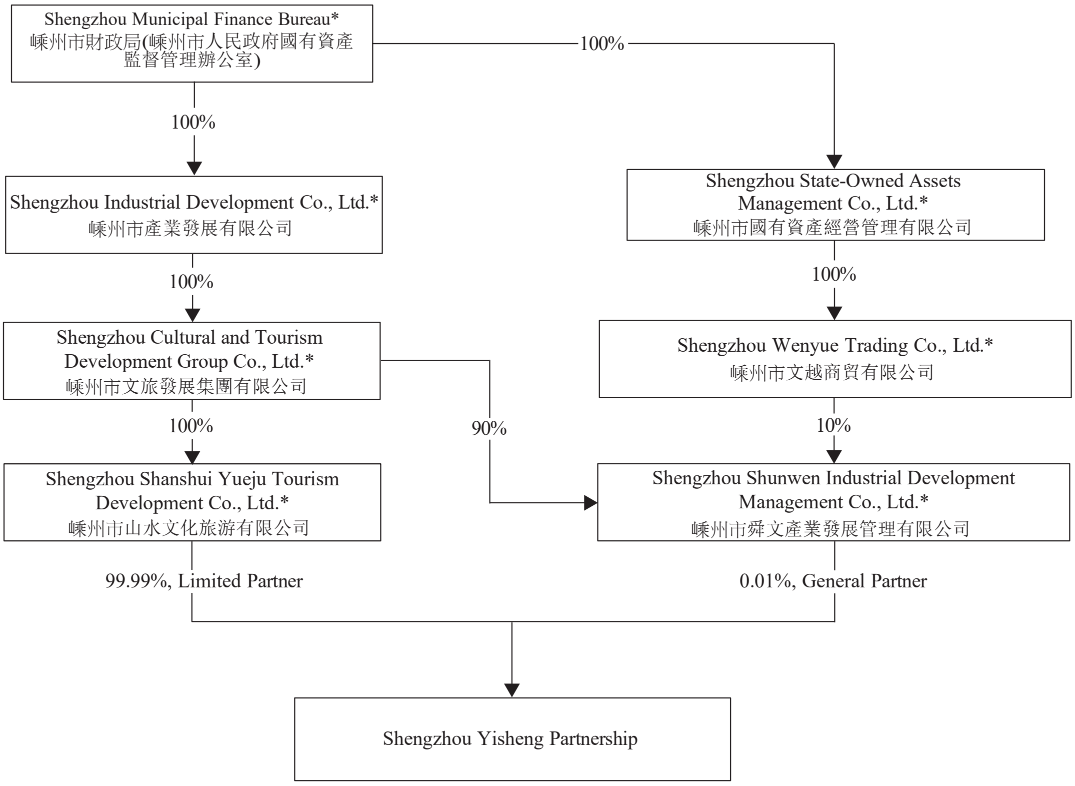
Shengzhou Sunriver Partnership is a limited partnership established in the PRC. Sunriver is the general partner, and Shanghai Sunriver Yuancun and Shengzhou Yisheng Partnership are the limited partners of Shengzhou Sunriver Partnership. Each of Shanghai Sunriver Yuancun and Shengzhou Yisheng Partnership 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:



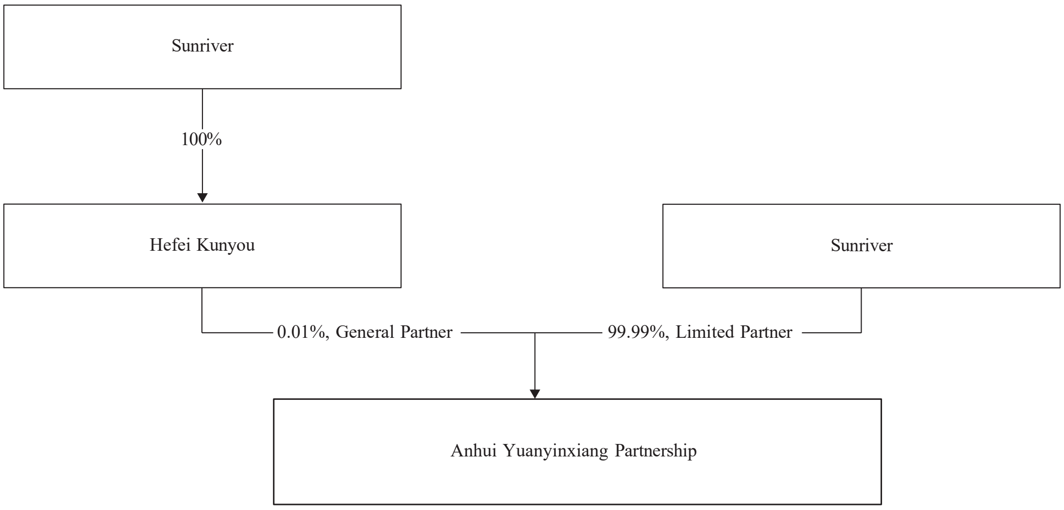
Shanghai Sunriver Yuancun is owned as to approximately 95% by Sunriver and 5% by Anhui Xianghuiyuan. Anhui Xianghuiyuan is in turn owned as to approximately 95% by Sunriver and 5% by Hefei Kunyou, which is in turn wholly-owned by Sunriver. Accordingly, Shanghai Sunriver Yuancun is indirectly wholly owned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

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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.

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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.

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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.

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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,

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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.

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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.

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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

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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