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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

- Revenue from park operations increased 15.8% as compared to the same period last year to RMB581 million
- Ticket revenue increased 15.2% as compared to the same period last year to RMB415 million
- Non-ticket revenue increased 17.4% as compared to the same period last year to RMB166 million
- Net profit increased 36.9% as compared to the same period last year to RMB58 million
- Profit attributable to equity holders of the parent increased 42.8% as compared to the same period last year to RMB55.05 million

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Haichang Ocean Park Holdings Ltd. (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2017, together with the comparative financial data as follows:

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
REVENUE	5	**644,052**	663,071
Cost of sales		**(323,754)**	(362,838)
GROSS PROFIT		**320,298**	300,233
Other income and gains	5	**64,136**	52,729
Selling and marketing expenses		**(47,738)**	(44,296)
Administrative expenses		**(140,151)**	(117,718)
Other expenses		**(417)**	(2,016)
Finance costs	6	**(69,610)**	(74,378)
Share of loss of an associate		**(21)**	–
PROFIT BEFORE TAX		**126,497**	114,554
Income tax expense	7	**(68,947)**	(72,513)
PROFIT FOR THE PERIOD		**57,550**	42,041
Attributable to:			
Owners of the parent		**55,051**	38,563
Non-controlling interests		**2,499**	3,478
		57,550	42,041
EARNINGS PER SHARE			
– Basic and diluted *(RMB cents)*	8	**1.38**	0.96

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	For the six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**57,550**	42,041
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	**70,759**	(59,284)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of tax	**70,759**	(59,284)
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	**(71,930)**	61,371
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods, net of tax	**(71,930)**	61,371
Other comprehensive (loss)/income, net of tax	**(1,171)**	2,087
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**56,379**	44,128
Attributable to:		
Owners of the parent	**53,880**	40,650
Non-controlling interests	**2,499**	3,478
	56,379	44,128

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

	30 June 2017 *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000* (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	**3,707,972**	3,014,867
Investment properties	**2,394,610**	2,418,890
Prepaid land lease payments	**1,224,757**	1,239,908
Intangible assets	**11,204**	12,127
Available-for-sale investment	**19,170**	19,170
Deferred tax assets	**29,148**	35,730
Investment in an associate	**79,122**	47,143
Long term prepayments and deposits	**185,498**	163,377
Total non-current assets	**7,651,481**	6,951,212
CURRENT ASSETS		
Completed properties held for sale	**228,372**	260,399
Properties under development	**514,776**	512,563
Gross amount due from a contract customer	**5,120**	12,938
Inventories	**26,521**	22,337
Trade receivables	**101,258**	81,054
Available-for-sale investment	**200**	200
Prepayments, deposits and other receivables	**365,529**	418,503
Due from related companies	**23,098**	12,649
Due from a non-controlling equity holder	**71,129**	47,220
Pledged bank balances	**1,093**	6,548
Cash and cash equivalents	**1,073,832**	873,499
Total current assets	**2,410,928**	2,247,910

	Notes	**30 June 2017** **RMB'000** **(Unaudited)**	31 December 2016 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables		**390,548**	289,583
Other payables and accruals		**294,400**	318,175
Due to related companies		**619**	1,929
Advances from customers		**24,723**	24,366
Interest-bearing bank and other borrowings	9	**1,562,012**	1,322,063
Government grants		**22,533**	22,540
Deferred revenue		**14,813**	15,993
Tax payables		**274,208**	276,447
Total current liabilities		**2,583,856**	2,271,096
NET CURRENT LIABILITIES		**(172,928)**	(23,186)
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,478,553**	6,928,026
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	9	**2,115,184**	1,579,546
Government grants		**957,077**	926,466
Deferred tax liabilities		**215,856**	203,180
Total non-current liabilities		**3,288,117**	2,709,192
NET ASSETS		**4,190,436**	4,218,834
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital		**2,451**	2,451
Reserves		**4,083,257**	4,029,377
		4,085,708	4,031,828
Non-controlling interests		**104,728**	187,006
TOTAL EQUITY		**4,190,436**	4,218,834

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

1. CORPORATE INFORMATION

Haichang Ocean Park Holdings Ltd. (the "Company") was incorporated in the Cayman Islands on 21 November 2011 with limited liability. The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company's subsidiaries are principally engaged in the development, construction and operation of theme parks, property development and investment and hotel operations in the People's Republic of China (the "PRC"). In the opinion of the directors of the Company, the Company's immediate and ultimate holding company at 30 June 2017 was Haichang Group Limited, a company incorporated in the British Virgin Islands (the "BVI").

2. BASIS OF PREPARATION

The unaudited interim financial information for the six months ended 30 June 2017 (the "Interim Financial Information") has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

Basis of consolidation

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of three elements of control described in the accounting policy for subsidiaries in the Group's audited financial statements for the year ended 31 December 2016. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of revised standards and interpretations effective for the annual periods beginning on or after 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In the current interim period, the Group has applied, for the first time, the following revised International Financial Reporting Standards ("IFRSs", which also include IASs and interpretations) that are relevant to the Group's operation for the preparation of the Group's Interim Financial Information:

Amendments to IAS 7: *Statement of Cash Flows: Disclosure Initiative*

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ending 31 December 2017.

Amendments to IAS 12: *Income Taxes*: *Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group applied the amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

Annual Improvements Cycle – 2014-2016

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The Group has adopted the amendments retrospectively. As the disclosure requirements in IFRS 12 do not specifically apply to the interim condensed consolidated financial statements, the Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose the required information in its annual consolidated financial statements for the year ending 31 December 2017.

The adoption of these revised IFRSs has had no significant financial effect on the Interim Financial Information and there have been no significant changes to the accounting policies applied in the Interim Financial Information.

4. OPERATING SEGMENT INFORMATION

The Group's liabilities are managed on a group basis except for the gross amount due to a contract customer which is a segment liability.

No further geographical segment information is presented as over 99% of the Group's revenue from external customers is derived from its operations in Mainland China and over 99% of the Group's non-current assets are located in Mainland China.

Operating segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's operating segments for the six-month periods from 1 January to 30 June 2017 and 2016:

For the six months ended 30 June 2017 (Unaudited)	**Park operations** *RMB'000*	**Property development** *RMB'000*	**Total** *RMB'000*
Segment revenue			
Sales to external customers and total revenue	**581,035**	**63,017**	**644,052**
Revenue			**644,052**
Segment results	**288,743**	**31,555**	**320,298**
Reconciliation:			
Unallocated income and gains			**64,136**
Unallocated expenses			**(188,306)**
Share of loss of an associate			**(21)**
Finance costs			**(69,610)**
Profit before tax			**126,497**

30 June 2017 **(Unaudited)**	**Park operations** *RMB'000*	**Property development** *RMB'000*	**Total** *RMB'000*
Segment assets	**7,721,546**	**748,268**	**8,469,814**
Reconciliation:			
Corporate and other unallocated assets			**1,592,595**
Total assets			**10,062,409**
Segment liabilities	**–**	**–**	**–**
Reconciliation:			
Corporate and other unallocated liabilities			**5,871,973**
Total liabilities			**5,871,973**
Other segment information:			
Share of loss of an associate	**(21)**	**–**	**(21)**
Impairment losses in the statement of profit or loss	**8,985**	**–**	**8,985**
Depreciation and amortisation			
Unallocated			**2,269**
Segment	**84,965**	**–**	**84,965**
Investment in an associate	**79,122**	**–**	**79,122**
Capital expenditure*			
Unallocated			**1,346**
Segment	**607,822**	**–**	**607,822**

* Capital expenditure consists of additions to property, plant and equipment, investment properties, intangible assets and long-term prepayments.

For the six months ended 30 June 2016 (Unaudited)	Park operations *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment revenue			
Sales to external customers and total revenue	501,557	161,514	663,071
Revenue			663,071
Segment results	236,170	64,063	300,233
Reconciliation:			
Unallocated income			52,729
Unallocated expenses			(164,030)
Finance costs			(74,378)
Profit before tax			114,554

31 December 2016	Park operations *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment assets	6,985,651	785,900	7,771,551
Reconciliation:			
Corporate and other unallocated assets			1,427,571
Total assets			9,199,122
Segment liabilities	–	–	–
Reconciliation:			
Corporate and other unallocated liabilities			4,980,288
Total liabilities			4,980,288

For the six months ended 30 June 2016 (Unaudited)			
Other segment information:			
Impairment losses in the statement of profit or loss	977	–	977
Depreciation and amortisation			
Unallocated			797
Segment	101,859	–	101,859
Capital expenditure*			
Unallocated			1,282
Segment	160,050	–	160,050

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of tickets by theme park operations, and the sale of goods by restaurant and store operations, in-park recreation income, income from hotel operations, income from consultancy and management service, the sale of properties, and gross rental income received and receivable from investment properties, an appropriate proportion of contract revenue of construction contracts for the six months ended 30 June 2017 and 2016.

	For the six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Tickets sales	**415,427**	360,514
Property sales	**63,017**	161,514
Food and beverage sales	**44,989**	33,627
Sale of merchandise	**19,798**	14,985
Rental income	**46,468**	36,125
In-park recreation income	**38,798**	28,279
Income from hotel operations	**5,027**	5,255
Consultancy and management service income	**10,528**	22,772
	644,052	663,071
Other income		
Government grants	**20,363**	37,842
Bank interest income	**1,519**	2,947
Other interest income	**37,176**	–
Income from insurance claims	**1,820**	9,603
Others	**1,067**	1,406
	61,945	51,798
Gains		
Gain on revaluation upon reclassification from completed properties held for sale and changes in fair value of investment properties, net	**1,448**	931
Gain on disposal of an investment property	**743**	–
	2,191	931
	64,136	52,729

6. FINANCE COSTS

	For the six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings	**88,446**	74,094
Interest on finance leases	**188**	284
Total interest expenses on financial liabilities not at fair value through profit or loss	**88,634**	74,378
Less: Interest capitalised	**(19,024)**	–
	69,610	74,378

7. INCOME TAX

Provision for PRC corporate income tax (the "CIT") has been provided at the applicable income tax rate of 25% for the six months ended 30 June 2017 (six months ended 30 June 2016: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (the "LAT") effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned leasehold interests on land, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated, made and included in tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

Income tax in the consolidated statement of profit or loss represents:

	For the six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Mainland China:		
Charge for the period – CIT	**44,480**	31,509
LAT	**5,209**	6,476
	49,689	37,985
Deferred tax	**19,258**	34,528
Total tax charge for the period	**68,947**	72,513

8. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent for the six months ended 30 June 2017, and the weighted average number of ordinary shares of 4,000,000,000 (six months ended 30 June 2016: 4,000,000,000) in issue during the period.

The calculation of the basic earnings per share amount is based on:

	30 June 2017 *RMB'000* **(Unaudited)**	30 June 2016 *RMB'000* (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**55,051**	38,563
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**4,000,000,000**	4,000,000,000

There were no potentially dilutive ordinary shares in issue during the periods and therefore the diluted earnings per share amounts were the same as the basic earnings per share amounts.

9. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2017 *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000*
Finance lease payables	**1,246**	1,553
Other loans – secured	**379,745**	69,373
Bank loans – secured	**3,296,205**	2,830,683
	3,677,196	2,901,609
Repayable:		
Within one year or on demand	**1,562,012**	1,322,063
In the second year	**807,562**	723,279
In the third to fifth years, inclusive	**807,032**	610,027
Over five years	**500,590**	246,240
	3,677,196	2,901,609
Of which,		
Current:		
Finance lease payables	**1,246**	1,553
Other loans – secured	**49,745**	69,373
Bank loans – secured	**645,000**	692,834
Current portion of non-current loans – secured	**866,021**	558,303
	1,562,012	1,322,063
Non-current:		
Other loans – secured	**330,000**	–
Bank loans – secured	**1,785,184**	1,579,546
	2,115,184	1,579,546

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

In the first half of 2017, the global economy was experiencing a recovery trend. Economy in developed countries and emerging market both have improvements to varying degrees. Although China's current economy is still facing the pressure of restructuring, it overall maintained a steady progress. In the first half of the year, the per capita disposable income of residents was RMB12,932, increased by 8.8% on a year-on-year basis. The per capita consumption expenditure was RMB8,834, increased by 7.6% on a year-on-year basis. With the continuous increase in per capita disposable income, residents' willingness to consume has significantly increased, especially as the new generation of consumer groups are growing. Consumption upgrades have brought new market demand and residents' expenditure on pan-entertainment, leisure trip and other services has significantly increased.

China's tourism market continues the high popularity in previous years as residents are more willing to travel. In the first half of 2017, the number of domestic tourists was 2.537 billion, up 13.5% as compared to the same period last year and income from domestic tourism was RMB2.17 trillion, increased by 15.8% as compared to the same period last year. According to the data from TravelSky, in the first half of the year, the year-on-year growth rates of civil aviation passenger traffic were above 12% from January to May. The year-on-year growth rate of bookings of domestic airlines remained at above 10% from January to May, outperforming international routes and showing that the growth rate of domestic travel was still higher than overseas travel. With the blowout of consumption demand for national tourism, the era of mass tourism has just begun. It is estimated that by 2040, China will be a leading power in worldwide tourism. A resident will travel more than 9 times annually. The size of national tourism market will reach over 14 billion people.

Parent-child tours and surrounding tours have still been the main driving force for industry growth especially with the continuous increase in private car ownership of the country and the rise of the 80s and 90s generations as core consumer groups. Of which, the market size of "parent-child tour" has been increasing rapidly at an average annual rate of over 60% in the past few years. With the implementation of the two-child policy, it is expected that the number of births per year in the future will range from 17.8 million to 19.5 million and the total population of children will remain at 220 million to 250 million. If calculated on the basis of a family of three, it may involve a market size of up to 750 million of population and in turn generate enormous demand. In addition, according to "The white book of lvmama family tour 2017", the traditional "two adults and one child" is still the major model of travel of parent-child tours, amounted to 52% of the market. It is predicted that the Chinese parent-child users will reach 286 million and the market size will reach 50 billion at the end of 2018. During the first half of the year, the market of surrounding tours continued to be popular during major festivals and holidays, especially in cities such as Shanghai, Beijing, Nanjing, Hangzhou, Shenzhen, Guangzhou and Chengdu where travelers had keen interest in short-term self-driving tour. As the infrastructures for surrounding tours of the above cities are more well-developed and the residents' incomes of these cities are generally higher than other cities in the country, both the number of travelers and per capita consumption increased as compare to the previous year. In general, the growth rate of traditional attractions was generally lower than the leisure attractions. The emerging travel business models like parent-child tours and surrounding tours have been gradually replacing the traditional business models of attractions to become the new momentum to boost the continuous growth of tourism.

The theme park market in China is currently still in developing stage and demand and supply are thriving for specific industries. In 2016, the number of visitors received by global top 10 tourism groups was approximately 437 million, steadily rose at a year-on-year rate of 3.9%. Among which, the top 3 theme park groups of the PRC recorded significant growth, achieving average growth of 22%. With the opening and operating of the Shanghai Disneyland which served over 10 million tourists in the first year, the consumption in theme park is set to rise further. Meanwhile, with lots of investment towards the theme park and the influence of the trend of domestic tours and parent-child tours, theme park has become the hottest destination for family tours. As predicted by the "Analysis Report of the Development Model and Investment Strategic Planning of Chinese Theme Park Industry", the theme park market of China is expected to double its size in 2020. Besides, according to the prediction of AECOM, a global technical and management services consulting group, the overall number of visitors of Chinese theme parks would exceed the United States before 2020, which reflects the potential growth and the arrival of the golden period of China's theme park industry.

Business Review

In the first half of 2017, under the robust demand and supply of the tourism industry, the Group firmly adhered to the development strategies of upgrading and renovating existing projects and building regional travel destinations; making all-out efforts to construct new projects and optimize its national network and layout; and actively developing the innovative light-asset business. With customers' need as guidance and the enhancement of tourists' experience as the goal, the Group achieved stellar success both in terms of operating results and market reputation.

During the period, the Group continued to enhance the influence and reputation of the brand. We rolled out a series of activities, including the 4th Haichang Little Explorer Activity, the cooperation with CCTV in child show "Big hands with small hands" and film "Love Story of Beluga" which integrated advantageous resources and the recording of the reality show "Running man China". It also exposed the brands of the Group and its project during the Summer Davos Forum 2017 and successfully introduced brand activities with national influence. In addition, during the first half year, the Group attended seven large-scale exhibitions and was awarded more than 20 honors and awards, such as the "30 years of Outstanding Contribution Award" in China's amusement industry and the "Most Popular Marine Theme Park Award" from World Travel Fair, which all effectively enhanced the reputation of its brand.

The Group also actively fulfills its corporate social responsibility. In April, the "Shining with Stars (與星星同閃爍)" autistic children month 2017 was started and offered free admission to autistic children and their families. The charitable art exhibition "Touched by the porpoise, the dream of Aerospace City (江豚的感動•圓夢航天城)" was held and Ju Ping and children from welfare houses were invited. Besides, the award ceremony for Haichang Award was successfully held. The Group was honored to receive the honorable title of "Caring Community Business" from the Ministry of Agriculture for five consecutive years as it has kept concerning animal protection and treatment. The Group also participated in the relocation of Yangtze river species project of the Ministry of Agriculture, held various activities about animal protection and environmental education and promoted the community business on animal protection and environmental protection.

Upgrade and enhancement of existing projects and optimization of tourists' experience

During the period, the Group actively promoted the strategy of developing existing projects into regional tourism and leisure destinations through upgrading and modification as well as the optimization and integration of ancillary commercial properties. We continued to upgrade and rebuild the existing theme parks and conducted upgrade and expansion in stages for all of our projects. We built and operated Jelly Fish Exhibition Centers which feature unique "five-senses experience" in Tianjin Haichang Polar Ocean World and Chengdu Haichang Polar Ocean World and added a new family entertainment center "Happy Mini World (酷樂迷你世界)" in Dalian Haichang Discoveryland. The Group has also enhanced the quality and management level of live performances by upgrading daytime parade, nighttime parade, firework display and launching the new musical scene play "Mermaid Princess (人魚公主)". Besides, the Group kept on optimizing the development and sales of in-park consumption products. In respect of products, we promoted the sales of theme products through the research and development of a series of Haichang U-select products which we hold the intellectual property rights and the addition of more functional products on the basis of maintaining high quality. As for the catering, we enhanced the sales of catering products by measures of strengthening the thematic characteristic of restaurants, conducting capacity expansion in some restaurants, enhancing visitors' comfortability in catering and developing celebrity foods. In terms of derivative and entertainment products, we upgraded the second-charge projects like the Deep Sea Adventure through the combination of different technologies such as virtual reality and multi-media, developed new products and enhanced the interactive experience of the travelers. In respect of marketing, the Group continued the model of making use of both the tradition and internet channels and implemented the travel agency model in specific target regional markets under which we deepened the regional market and gained recognition from each regional partner by successfully holding the Product Strategy Release Conference, Regional Channels Conference and Regional Partners Conference and introducing seven new products, one brand new image and four new travel routes. The Group has also continued to make all-out efforts in developing the internet market, expand cross-border cooperation by developing a one-stop official brand name corner with Meituan-Dianping. The Group also integrated the OTA platform resource to customize personalized travel product mix. Besides, the Group conducted rational planning on the ancillary commercial properties, so as to further promote the construction of regional tourism destinations. As a result, the overall rental rates of the properties also increased during the period.

The Group proactively advocated the concept of animal protection and kept enhancing its core competitiveness related to animal species and conservation. During the period, the Group successfully bred 40 large and rare polar marine animals, including the first successful case in China to breed a grey seal through artificial rearing, which blazed a trail for artificial breeding of grey seal in China. The total number of animals exceeded 60,000, ranked first in Asia. In order to further consolidate the leading position in the industry, the Group has promoted the establishment of overseas animal conversation base so as to broaden the animal importing channel. Besides, the Group attached great importance to industrial development and technology exchange. Thus, we cooperated in animal conversation research and development projects with units like Chinese Academy of Sciences, Marine National Laboratory, Chinese Academy of Fishery Sciences, National Aquatic Wildlife Conservation Association and Qingdao Agricultural University respectively. The Group had a professional technological team with over 600 people and we arranged key technicians to attend several international technological conferences in the first half of the year. Besides, the Group also placed high emphasis on the training of successive talents. We provided training for technicians and promoted our technological brand through measures of organizing a series of overseas experts' conferences, held "Haichang International Aquarium Breeding Training Course 2017" and jointly launched the professional lessons on marine mammals with secondary schools with a view to building a talent pool for subsequent sustainable development.

Continuous breakthrough of the marine cultural innovative business

In the first half of 2017, the Group's innovative asset-light business steadily expanded, its products and systems became more standardized and systematic and its management output team also kept on growing. Our business brand has generally obtained the recognition from the professional market. During the period, the Group developed new products and has continuously enriched our product mix. The Group has entered into three new management output projects. There are also more than ten projects in negotiation. In particular, the Shenzhen Mirs Bay Xia Sha Project will become the second "brand output + technology output + management output "project of the Group after the Changsha Project. Through the asset-light model, "Haichang" brand will enter into the South China market, opening up a new business territory for its national deployment. In order to enrich project resources and open up space for development, the Group has also signed strategic cooperation framework agreements with Country Garden Holdings Company Limited ("**Country Garden**"; Stock code: 2007.HK), China Railway Construction Corporation Limited (Stock code: 1186.HK; Shanghai Stock Exchange: 601186) and Kaisa Group Holdings Limited (Stock code: 1638.HK) respectively. Besides, the Group has signed another carnival exhibition project and completed the tour performance in Shanxi in July. In respect of cultural intellectual property (the "**IP**") business, the Group has completed the basic image design, world view and personality of characters of the Seven Guardians (七萌團), a self-developed original IP of the Group. The usage guidelines of this set of figures in areas like in-park banner, landscape, restaurant, publicity, stadiums and facilities and design of the second batch of the Group's IP U-select products series have also completed. The Group used its self-developed IP images as main characters to develop its content-driven products which combine marine culture and happy spirit, such as painting books series, parent-child drama, animated short films and promoted and spread them across the country. During the period, the Group has signed strategic cooperation agreements with renowned corporates such as Betop Culture and Hirain Digital so as to boost the innovation and cooperation on the interactive technology entertainment business level, as well as cooperating on the high-tech interactive products of the Shanghai and Sanya projects.

Orderly progress of the construction of new projects and preparation for operation

During the period, projects under construction were progressing in an orderly manner. The construction of the main concrete structures of all buildings in the Group's Shanghai Haichang Ocean Park Project have been all completed and the whole project has entered the countdown stage. Project team has started the operation preparation and marketing promotion work gradually before commencing business. Preparation for all marketing activities have been launched for the one-year countdown to the commencement of operation of the project, such as the one-year countdown oath taking ceremony, trial operation, grand opening ceremony of Shanghai Haichang Ocean Park. The Group also successfully held the "Haichang Ocean Windmill Festival". Besides, the open logo design contest, which is the first publicity and promotion activity before the commencement of operation of the project, has received overwhelming response. The Group's Sanya Haichang Dream World project has obtained the Permits for Commencement of Construction during the period and has completely entered into the stage of main structure construction. Products have entered into the stage of deepened design and the second phase of positioning and planning works have started. After researching and planning for over one year, the Group has successfully obtained the land plot for Zhengzhou project during the period and has signed off the assignment contract of the land, which further consummated the national deployment. This project is also the first project to cooperate with Country Garden. The project will be located in Zhengzhou International Cultural and Creative Industrial Park, neighboring cultural and tourist projects such as Fangte Theme Paradise (方特主題樂園) and Huayi Brothers Movie Town (華誼兄弟電影小鎮) with the potential for forming a scene spot for cultural and tourist products and generating positive synergistic effect. It will also become an international ocean cultural tourism destination in Central China. The project will focus on two cores, ocean and polar, and will combine with the innovative interactive technology element to develop into three core areas, namely Ocean Park, Polar Park and Exploring Future World, and a marine theme hotel as well as a marine culture and leisure experience business district. The implementation of the project may effectively fill the gap of large ocean theme tour in Central China.

Business Outlook

Looking ahead, the Group will continue to implement its strategic growth objective of developing its existing projects into regional tourism and leisure destinations. It will also continue to take "Scene+" as core and reform gradually and commence the reform of Chongqing project, the project planning for the second phase of Wuhan project so as to keep on optimizing the business and income structure of the parks. The application of nine self-developed innovative products of the Group in existing projects and the leasing management of ancillary commercial properties would be enhanced so as to build a business model for urban leisure and entertainment that is in line with the business model of theme park. As to new projects, we will strive to ensure that the construction of several projects under construction will be up to standard and proceed in a timely manner, prepare for the operations of new projects in a comprehensive manner as well as carrying out the early research and planning of reserve projects and materializing investment cooperation agreements in an orderly manner. In addition, the Group will develop the existing land plots jointly with Country Garden. Through the development model of separation of projects, joint acquisition of lands and sub-project cooperation, the Group and Country Garden jointly develop and obtain high quality (included but not limited to marine theme park) tourism and leisure projects and their ancillary commercial, hotel and residential projects in the suitable cities across the country. As to marine cultural innovation business, we will actively formulate marketing plans by seeking market opportunities and nailing down the contracts for projects in negotiation. The Group will also cooperate with Country Garden on asset-light business segment in order to open up new room for growth of the management output business. At the same time, by making use of the innovative model of "brand output + technology output + management output + product contents + scene application", we will actively promote the "Haichang Ocean Park" brand on a global level. The Group will also actively achieve the realized value of the self-developed IP products; implement IP strategy, enhance the image of the Seven Guardians and the creative design of contents, as well as speeding up the implementation of existing projects and projects under construction in a coordinated manner. The Group will further expand the cultural connotation of the brand in the future.

Financial Review

Revenue

Revenue generated from park operations and other segments of the Group increased by approximately 15.8% from approximately RMB501.6 million for the six months ended 30 June 2016 to approximately RMB581.0 million for the six months ended 30 June 2017, primarily due to an increase in revenue from ticket sales of parks and the revenue from non-ticket business during the period as compared with the same period in 2016. Revenue generated from ticket business increased by approximately 15.2% from approximately RMB360.5 million for the six months ended 30 June 2016 to approximately RMB415.4 million for the six months ended 30 June 2017. Revenue generated from non-ticket business increased by approximately 17.4% from approximately RMB141.0 million for the six months ended 30 June 2016 to approximately RMB165.6 million for the six months ended 30 June 2017.

Revenue generated from the Group's property development segment decreased by approximately 61.0% from approximately RMB161.5 million for the six months ended 30 June 2016 to approximately RMB63.0 million for the six months ended 30 June 2017.

In conclusion, for the six months ended 30 June 2017, the Group recorded a turnover of approximately RMB644.1 million (for the six months ended 30 June 2016: approximately RMB663.1 million), representing an approximately 2.9% decrement compared with the corresponding period of last year. The decrease in turnover was attributable to the decrease in revenue from property sales.

Costs of Sales

The Group's cost of sales decreased by approximately 10.8% from approximately RMB362.8 million for the six months ended 30 June 2016 to approximately RMB323.8 million for the six months ended 30 June 2017, which was mainly attributable to the decrease in costs in line with the decrease in property sales.

Gross Profit

For the six months ended 30 June 2017, the Group's consolidated gross profit increased by approximately 6.7% to approximately RMB320.3 million (for the six months ended 30 June 2016: RMB300.2 million) and consolidated gross profit margin improved to 49.7% (for the six months ended 30 June 2016: 45.3%).

Segment gross profit of the Group's park operations increased by 22.3% to approximately RMB288.7 million (same period in 2016: RMB236.2 million) for the six months ended 30 June 2017 and segment gross profit margin of the Group's park operations improved from 47.1% for the six months ended 30 June 2016 to 49.7% for the six months ended 30 June 2017, primarily due to the increase in revenue generated from park operations as well as the relatively stable operating expenses of most of the Group's theme parks and the enhancement of cost control by the Group.

Gross profit of the Group's property development segment decreased by 50.7% to approximately RMB31.6 million for the six months ended 30 June 2017 (for the six months ended 30 June 2016: RMB64.1 million). Gross profit margin of the Group's property development segment was 50.1% (for the six months ended 30 June 2016: 39.7%), which was mainly due to the difference in the types of properties sold compared to the previous period.

Other Income and Gains

The Group's other income and gains increased by 21.6% from approximately RMB52.7 million for the six months ended 30 June 2016 to approximately RMB64.1 million for the six months ended 30 June 2017, mainly due to the increase in gains of interest income during the period.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by approximately 7.8% from approximately RMB44.3 million for the six months ended 30 June 2016 to approximately RMB47.7 million for the six months ended 30 June 2017, which was in line with the increase in total revenue.

Administrative Expenses

The Group's administrative expenses increased by approximately 19.1% from approximately RMB117.7 million for the six months ended 30 June 2016 to approximately RMB140.2 million for the six months ended 30 June 2017, mainly due to the progression of projects in Shanghai and Sanya.

Financial Costs

The Group's financial costs decreased by approximately 6.4% from approximately RMB74.4 million for the six months ended 30 June 2016 to approximately RMB69.6 million for the six months ended 30 June 2017, mainly due to a decrease in the comprehensive coupon rate of the Group's bank loans.

Income Tax Expenses

The Group's income tax expenses decreased by approximately 4.9% from approximately RMB72.5 million for the six months ended 30 June 2016 to approximately RMB68.9 million for the six months ended 30 June 2017, mainly due to a corresponding decrease in LAT caused by of the decrease in property sales during the period.

Profit for the Period

As a result of the foregoing, the profit of the Group for the period increased by approximately 36.9% from approximately RMB42.0 million for the six months ended 30 June 2016 to approximately RMB57.6 million for the six months ended 30 June 2017, while the net profit margin increased from approximately 6.3% for the six months ended 30 June 2016 to approximately 8.9% for the six months ended 30 June 2017. During the same period, the profit attributable to owners of the parent increased by approximately 42.8% from approximately RMB38.6 million for the six months ended 30 June 2016 to approximately RMB55.1 million for the six months ended 30 June 2017.

Liquidity and Financial Resources

As at 30 June 2017, the Group had current assets of approximately RMB2,410.9 million (as at 31 December 2016: approximately RMB2,247.9 million). The Group had cash and bank deposits of approximately RMB1,073.8 million (as at 31 December 2016: approximately RMB873.5 million) and its pledged bank balances amounted to approximately RMB1.1 million (as at 31 December 2016: approximately RMB6.5 million).

Total equity of the Group as at 30 June 2017 was approximately RMB4,190.4 million (as at 31 December 2016: approximately RMB4,218.8 million). As at 30 June 2017, the total interest-bearing bank and other borrowings of the Group was approximately RMB3,677.2 million (as at 31 December 2016: RMB2,901.6 million).

As at 30 June 2017, the Group had a net gearing ratio of 59.9% (as at 31 December 2016: 46.7%). The net liabilities of the Group include interest-bearing bank and other borrowings, amounts due to related companies, less cash and cash equivalents and amounts due from related companies. The increase of the net gearing ratio for the six months ended 30 June 2017 was mainly attributable to the increase in principal amounts of loans in the first half of 2017.

As indicated by the above information, the Group has maintained stable financial resources to execute its future commitments and future investments for expansion. The Board believes that the existing financial resources will be sufficient to execute future expansion plans and, if necessary, the Group will be able to obtain additional financing with favorable terms.

Capital Structure

The share capital of the Company comprises ordinary shares (the "**Shares**") for the six months ended 30 June 2017.

Contingent Liabilities

	30 June 2017 *RMB'000* **(Unaudited)**	31 December 2016 *RMB'000* (Audited)
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties*	**40,261**	76,556
	40,261	76,556

* The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loans and ends after the execution of the purchaser's collateral agreements.

The Group did not incur any material losses during the period in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The Directors consider that in case of default on payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

Foreign Exchange Rate Risk

The Group mainly operates in China. Other than bank deposits denominated in foreign currency, the Group is not exposed to material risk related to fluctuations of foreign exchange rate. The Directors expect that any fluctuation in the exchange rate of RMB will not have material adverse effect on the operation of the Group.

Staff Policy

As at 30 June 2017, the Group had 2,775 full-time employees (as at 31 December 2016: 2,758 full-time employees). The Group offers a comprehensive and competitive remuneration, retirement schemes and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group and its employees are required to make contribution to the social insurance scheme. The Group and its employees are required to make contribution to the pension insurance and unemployment insurance at the rates specified in the relevant laws and regulations.

The Group set its emolument policy with regard to the prevailing market conditions and individual performance and experience.

Purchases, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2017.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Corporate Governance

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance.

During the six months ended 30 June 2017, the Company has been in compliance with the code provisions of the Code except as disclosed below.

Under code provision A.6.7 of the Code, all non-executive Directors are recommended to attend general meetings of the Company. However, all non-executive Directors (including independent non-executive Directors) except Zhang Meng, an independent non-executive Director, were absent from the annual general meeting of the Company held on 23 June 2017 (the "**AGM**") due to pre-arranged business commitments.

Under code provision E.1.2 of the Code, the chairman of the Board should attend annual general meetings of the Company and invite the chairmen of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) of the Company to attend. Mr. Qu Naijie, being the chairman of the Board and the nomination committee, was absent from the AGM due to a pre-arranged business commitment. The chairmen of all other board committees of the Company were also absent from the AGM due to pre-arranged business commitments. Mr. Wang Xuguang, an executive Director, the Chief Executive Officer and a member of the remuneration committee of the Company, was chosen as the chairman of the AGM. Mr. Qu Cheng, an executive Director of the Company, was also appointed as the delegate of the chairman of the Board.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code (the "**Model Code**") for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by Directors. The Company has made specific enquiries to all Directors and all Directors have confirmed that they have strictly complied with the Model Code during the six months ended 30 June 2017.

Audit Committee

As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Prof. Chen Guohui, Mr. Sun Jianyi and Prof. Zhang Meng, all independent non-executive Directors. Prof. Chen Guohui is the chairman of the Audit Committee.

The Audit Committee has reviewed together with the Directors and the Company's external auditor the unaudited interim financial information of the Group for the six months ended 30 June 2017.

Interim Dividend

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2017.

Forward Looking Statements

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "anticipate", "expect", "intend", "may", "will" or "should" or, in each case, their negative, or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations concerning, our results of operations, financial condition, liquidity, prospects and growth strategies, and the industry in which the Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if the Group's results of operations, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

Publication of Information on the Websites of the Stock Exchange and of the Company

This interim results announcement of the Company for the six months ended 30 June 2017 is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.haichangoceanpark.com.

Appreciation

Lastly, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to management of the Group and all fellow staff of the Group for their contributions to the Group's development. Also, I would like to extend my deepest appreciation to the shareholders of the Company, business partners, customers and professional advisors for their support and confidence in bringing the Group a more prosperous and fruitful future.

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

Dalian, the People's Republic of China, 22 August 2017

As at the date of this announcement, the executive Directors of the Company are Mr. Wang Xuguang, Mr. Qu Cheng and Mr. Gao Jie; 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 Mr. Chen Guohui, Mr. Sun Jianyi and Ms. Zhang Meng.