



## INTERIM REPORT

## ABOUT HAICHANG OCEAN PARK HOLDINGS LTD.

Listed on the Main Board of The Stock Exchange of Hong Kong Limited in March 2014, Haichang Ocean Park Holdings Ltd. is the leading developer and operator of theme parks in China. With over 15 years of experience in animal breeding and conservation, marine theme park development and operation, the Company has consistently ranked as one of the top ten theme park operators worldwide for consecutive years. The Company's theme parks provide a one-stop sightseeing, entertainment, leisure, dining and shopping experience to its customers through both the in-park offerings and complementary services offered by the ancillary commercial properties adjacent to the theme parks. China's theme park industry possesses enormous growth potential, and the theme parks of the Company have had nearly 110 million visitors since 2002. The Company currently operates eight theme parks located in Dalian, Qingdao, Tianjin, Yantai, Wuhan, Chengdu and Chongqing respectively, including six ocean theme parks, one adventure theme park and one water world. Meanwhile, three major projects are under construction in Shanghai, Sanya and Zhengzhou. In addition, the Company actively transferred its core competitive edges into market productivity and expanded its innovative businesses in the marine culture industry, such as management output business and cultural IP business, with great efforts after listing. These businesses are set to become the new driving force for the sustainable development of the Company in the future. Haichang Ocean Park is currently included as a constituent of the Hang Seng Family of Indexes, and has been included by Morgan Stanley Capital International (MSCI) as a constituent of the MSCI Global Small Cap Indexes.

**9. GUARDIANS<sup>®</sup>**  
**DREAM LOVE JOY**



**OTAC**



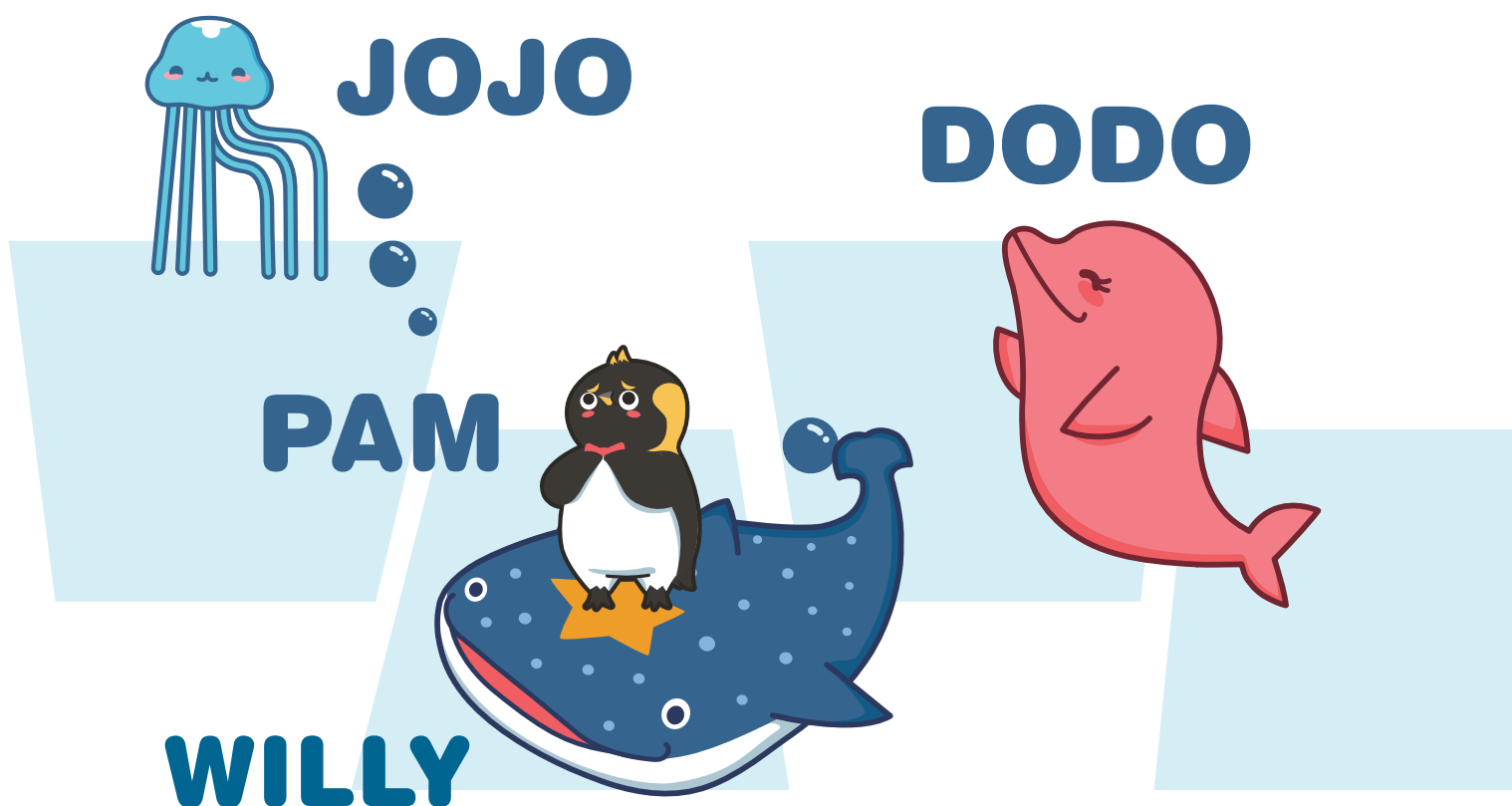
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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Wang Xuguang (王旭光) (*Chief Executive Officer*)  
Qu Cheng (曲程)  
Gao Jie (高杰)

#### Non-executive Directors

Qu Naijie (曲乃杰) (*Chairman*)  
Makoto Inoue (井上亮)  
Yuan Bing (袁兵)

#### Independent Non-executive Directors

Chen Guohui (陳國輝)  
(*appointed with effect from 25 January 2017*)  
Sun Jianyi (孫建一)  
Zhang Meng (張夢)  
(*appointed with effect from 25 January 2017*)  
Fang Hongxing (方紅星)  
(*resigned with effect from 25 January 2017*)  
Xie Yanjun (謝彥君)  
(*resigned with effect from 25 January 2017*)

### HONORARY CHAIRMAN

Yoshihiko Miyauchi (宮內義彥)

### COMPANY SECRETARY

Xing Jun (HKICS, ICSA)

### AUTHORISED REPRESENTATIVES

Wang Xuguang  
Xing Jun (HKICS, ICSA)

### LEGAL ADVISERS

As to Hong Kong Law  
Kwok Yih & Chan

As to PRC Law  
Liaoning Think Tank Law Firm

### AUDITOR

Ernst & Young  
Certified Public Accountants

### AUDIT COMMITTEE

Chen Guohui (*Chairman*)  
(*appointed with effect from 25 January 2017*)  
Sun Jianyi  
Zhang Meng  
(*appointed with effect from 25 January 2017*)  
Fang Hongxing (*ceased to act as a member with effect from 25 January 2017*)  
Xie Yanjun (*ceased to act as a member with effect from 25 January 2017*)

### REMUNERATION COMMITTEE

Sun Jianyi (*Chairman*)  
Wang Xuguang  
Chen Guohui  
(*appointed with effect from 25 January 2017*)  
Fang Hongxing  
(*ceased to act as a member with effect from 25 January 2017*)

### NOMINATION COMMITTEE

Qu Naijie (*Chairman*)  
Sun Jianyi  
Zhang Meng  
(*appointed with effect from 25 January 2017*)  
Xie Yanjun  
(*ceased to act as a member with effect from 25 January 2017*)

### RISK MANAGEMENT AND CORPORATE GOVERNANCE COMMITTEE

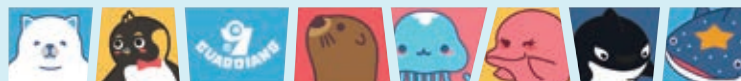
Yuan Bing (*Chairman*)  
Chen Guohui  
(*appointed with effect from 25 January 2017*)  
Zhang Meng  
(*appointed with effect from 25 January 2017*)  
Fang Hongxing  
(*ceased to act as a member with effect from 25 January 2017*)  
Xie Yanjun  
(*ceased to act as a member with effect from 25 January 2017*)

### INDEPENDENT BOARD COMMITTEE

Sun Jianyi (*Chairman*)  
Chen Guohui  
(*appointed with effect from 25 January 2017*)  
Zhang Meng  
(*appointed with effect from 25 January 2017*)  
Fang Hongxing  
(*ceased to act as a member with effect from 25 January 2017*)  
Xie Yanjun  
(*ceased to act as a member with effect from 25 January 2017*)

### HEAD OFFICE IN THE PRC

No.1, Lianjing Garden, Huale Street  
Zhongshan District  
Dalian, Liaoning Province  
PRC



## REGISTERED OFFICE

PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2606-2607, 26/F, Two Exchange Square  
8 Connaught Place, Central  
Hong Kong

## CAYMAN ISLANDS SHARE REGISTRAR

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall  
Cricket Square  
Grand Cayman, KY1-1102  
Cayman Islands

## HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
Level 22  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL BANKS

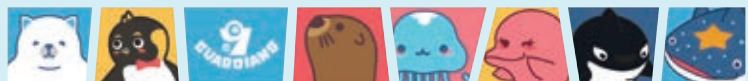
The Export-Import Bank of China, Liaoning Branch  
China Construction Bank Corporation, Dalian Zhongshan District Branch  
Industrial and Commercial Bank of China, Dalian Economic and Technological Development Zone Branch  
Industrial and Commercial Bank of China, Qingdao South 4th Branch  
Industrial and Commercial Bank of China, Wuhan East Lake District Branch  
Industrial and Commercial Bank of China, Chengdu Hi-tech Industrial Development Zone Branch  
Industrial and Commercial Bank of China, Tianjin Economic Development Zone Branch  
Bank of Dalian, First Central Branch  
China Merchants Bank, Dalian Branch  
China Construction Bank (Asia) Corporation Limited  
BNP Paribas, Hong Kong Branch

## STOCK CODE

2255

## COMPANY WEBSITE

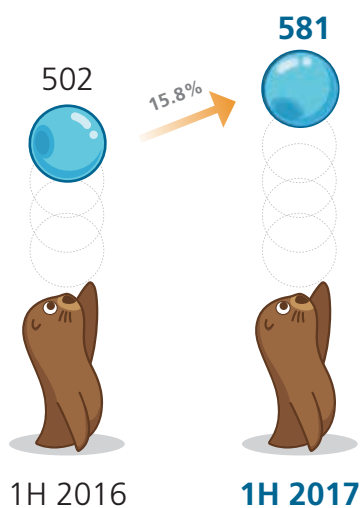
<http://www.haichangoceanpark.com>



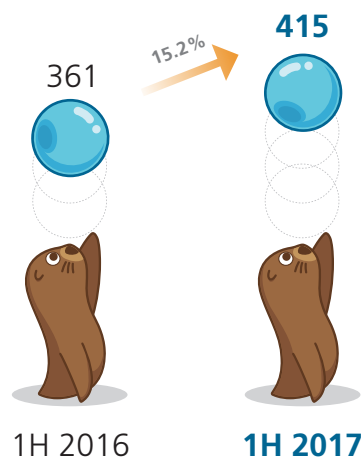
## FINANCIAL HIGHLIGHTS

- 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

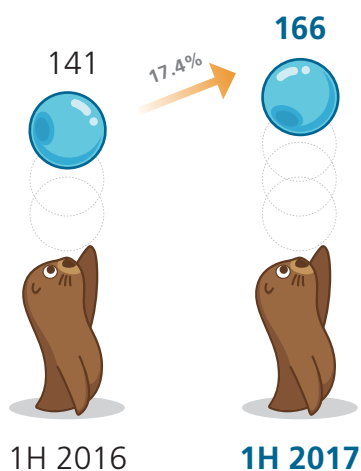
### Revenue from Park Operations (RMB Million)



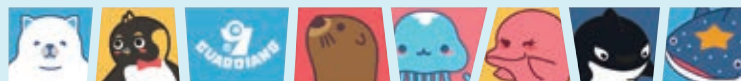
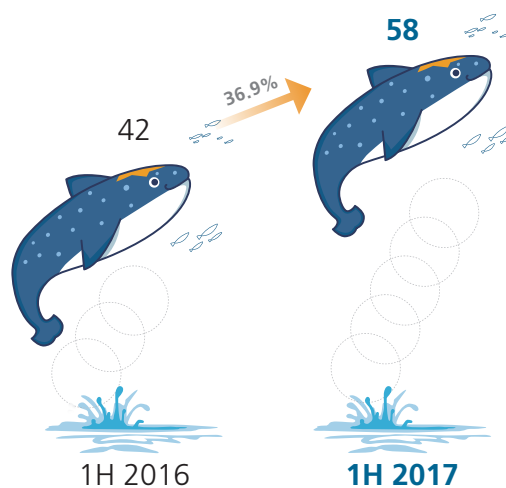
### Ticket Revenue (RMB Million)



### Non-ticket Revenue from park operations (RMB Million)



### Net Profit (RMB Million)



## CHAIRMAN'S STATEMENT



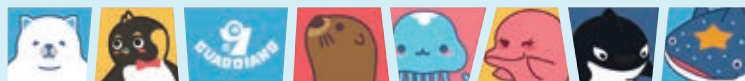
DEAR SHAREHOLDERS,

On behalf of the board (the "Board") of directors (the "Directors") of Haichang Ocean Park Holdings Ltd. ("Haichang Ocean Park" or the "Company") and its subsidiaries (collectively the "Group" or "we"), I am pleased to present the results of the Group for the six months ended 30 June 2017.

In the first half of 2017, the global economy was experiencing a recovery trend and it overall maintained a steady progress. The theme park market in China is currently still in developing stage and demand and supply are thriving for specific industries. 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, which reflects the potential growth and the arrival of the golden period of China's theme park industry.

Under the robust demand and supply of the tourism industry, the Group firmly adhered to the three 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, 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. The Group's consolidated gross profit increased by approximately 6.7% to approximately RMB320.3 million (same period in 2016: RMB300.2 million) and consolidated gross profit margin improved to 49.7% (same period in 2016: 45.3%). 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.



## CHAIRMAN'S STATEMENT

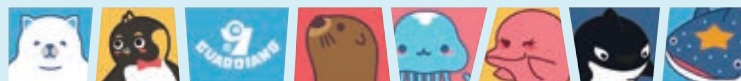
During the first half of 2017, the Group continued to enhance the influence and reputation of the brand. It integrated advantageous resources and successfully introduced brand activities with national influence. In addition, the Group attended seven large-scale exhibitions and was awarded more than 20 honors and awards, which effectively enhanced the reputation of its brand. During the period, the Group successfully bred 40 large and rare polar marine animals. The total number of animals exceeded 60,000, ranked first in Asia. Besides, the Group attached great importance to industrial development and technology exchange and cooperated with colleges, universities and research institutions in animal conversation research and development projects.

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 optimization and integration of ancillary commercial properties, the Group launched innovative products such as Jelly Fish Exhibition Centers and family entertainment center. Besides, the Group kept on optimizing the development and sales of in-park consumption products and conducted rational planning on the ancillary commercial properties, which enhanced tourists' experience and the market reputation of various projects.

In the first half of 2017, the scale of the Group's innovative asset-light business steadily expanded and 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 has entered into three new management output projects and the total amount of contracts on hand reached 21 with contracted amount exceeding RMB320 million. The Group has also signed several strategic cooperation framework agreements and further enriched project resources. In addition, the Group actively 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 intended to spread them across the country.

In terms of the development of new projects, the Group made orderly progress on the construction of new projects and preparation for operation. The construction of the main concrete structures of all buildings in the Shanghai Haichang Ocean Park Project have been all completed and the whole project has entered the countdown stage. 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. 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.

In August 2017, the Group was selected as a constituent of the Hang Seng Family of Indexes and was included in the Southbound Hong Kong Trading Link in early September. Being successfully selected as a constituent of the Hang Seng Family of Indexes represents the recognition of the Company's business performance, stock liquidity and growth prospect by the market. With the influx of southbound capital to the Hong Kong stock market, such development is likely to further enhance the Group's valuation and liquidity.





## CHAIRMAN'S STATEMENT

Looking ahead to the second half of the year, the Group will grasp the opportunities and 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 make orderly progress in upgrading and renovation as well as continuing to optimize the business and income structure of the parks. As to new projects, while ensuring the orderly progress of several projects under construction, the Group will also identify, develop and obtain high quality tourism and leisure projects and their ancillary commercial, hotel and residential projects in the suitable cities across the country. With respect to brand culture, by making use of the innovative model of "brand output + technology output + management output + product contents + scene application", the Group will actively promote the "Haichang Ocean Park" brand on a national level. The Group will also actively achieve the realized value of the self-developed IP products, implement IP strategy, enhance the image of its self-developed IP images 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.

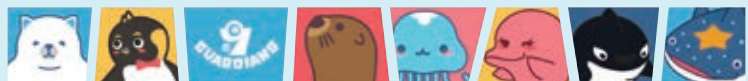
## APPRECIATION

On behalf of the Board, I would like to extend our sincere gratitude to the management and all staff for their hard work, and to express our gratitude to the shareholders of the Company and business partners for their support and trust. Looking forward, the Group will continue to enhance its fundamentals and create greater returns for the shareholders and community.

**Qu Naijie**

*Chairman*

22 August 2017



## 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 Ivmama 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 RMB50 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

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 rate of 22%. With the opening and operation 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 and phase one renovation and upgrade 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

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.





## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### CAPITAL STRUCTURE

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

### CONTINGENT LIABILITIES

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties*	<b>40,261</b>	76,556
	<b>40,261</b>	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 sets its emolument policy with regard to the prevailing market conditions and individual performance and experience.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Total Issued Shares (Note 3)
Mr. Qu Naijie (Note 1)	Beneficiary of a trust and founder of a trust	1,811,848,524 (L)	45.30%
Mr. Qu Cheng (Note 2)	Beneficiary of a trust	1,684,092,524 (L)	42.10%
	Beneficial owner	11,761,063 (L)	0.29%
Mr. Wang Xuguang	Beneficial owner	8,000,000 (L)	0.20%
Mr. Gao Jie	Beneficial owner	4,295,000 (L)	0.11%

Notes:

1. (a) Mr. Qu Naijie is the protector of a discretionary family trust (the "Family Trust") under which BNP Paribas Singapore Trust Corporation Limited ("BNP Trustee") is the trustee. Manmount Limited is wholly and beneficially owned by BNP Paribas Corporate Services Pte. Ltd. ("BNP Corporate Services"), which is the nominee for the Family Trust and a sole director of Manmount Limited. BNP Corporate Services is wholly and beneficially owned by BNP Trustee. The trust properties of the Family Trust mainly includes, the entire issued share capital of Haichang Group Limited, which beneficially owns 1,684,092,524 Shares, representing approximately 42.10% of the total issued share capital of the Company. Haichang Group Limited is wholly owned by Manmount Limited.

(b) Mr. Qu Naijie is the settlor and a beneficiary of the Management Trust (as defined below). Cantrust (Far East) Limited is the trustee of the Management Trust and wholly owns the entire equity interest of Speedy Journey Investment Limited. Speedy Journey Investment Limited beneficially owns 127,756,000 Shares, representing approximately 3.19% of the total issued share capital of the Company.

Therefore, Mr. Qu Naijie is deemed to be interested in (i) the 1,684,092,524 Shares held and interested by Haichang Group Limited as disclosed in Note 1(a) and (ii) the 127,756,000 Shares held by Speedy Journey Investment Limited in the Company as disclosed in Note 1(b) above, together representing approximately 45.30% of the total issued share capital of the Company.

2. Mr. Qu Cheng is a beneficiary of the Family Trust. Accordingly, Mr. Qu Cheng is deemed to be interested in 1,684,092,524 Shares as disclosed in Note 1(a) above.

3. This percentage has been compiled based on 4,000,000,000 Shares in issue as at 30 June 2017.

(L) denotes a long position in the Shares.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2017, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the six months ended 30 June 2017.

### SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 23 February 2014. The total number of Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 2% of the Shares in issue on the Listing Date, being 80,000,000 Shares.

During the six months ended 30 June 2017, the Company had not granted any options under the Share Option Scheme (six months ended 30 June 2016: nil). The total number of Shares available for issue under the Share Option Scheme was 80,000,000 Shares as at 31 December 2015, 2016 and 2017, representing 2% of the total issued share capital of the Company as at the date of the Company's 2016 annual report and as at the date of this interim report.

### MANAGEMENT TRUST

Mr. Qu Naijie set up a management trust (the "Management Trust") in January 2014. The Management Trust is a revocable discretionary trust settled by Mr. Qu Naijie as settlor with Cantrust (Far East) Limited as trustee for the purposes of recognizing and rewarding the contributions of certain eligible persons (the "Beneficiaries"). Speedy Journey Investment Limited is holding the Shares as nominee for Cantrust (Far East) Limited. Speedy Journey Investment Limited is 100% owned by Cantrust (Far East) Limited. During the six months period ended 30 June 2017, Speedy Journey Investment Limited had not increased its shareholding in the Company and it held 127,756,000 Shares, representing approximately 3.19% of the issued share capital of the Company.

It is the intention of Mr. Qu Naijie and the trustee that the Beneficiaries include Mr. Qu Naijie himself and a group of eligible persons who had contributed or will contribute to the development and operations of the Group. The group of eligible persons comprises persons who are currently employees of the Group and any such persons who have contributed or will contribute to the operations and development of the Group, and these Beneficiaries may hold up to approximately 3.19% of the issued share capital of the Company. Cantrust (Far East) Limited as trustee has the discretionary powers to, among others, allocate all or a portion of the trust fund of the Management Trust (including the Shares held by Speedy Journey Investment Limited), but Mr. Qu Naijie, as settlor of the Management Trust, may request Cantrust (Far East) Limited as trustee to make distributions of such Shares to one or more Beneficiaries, including himself. For the six months ended 30 June 2017, no decision had been made by Mr. Qu Naijie or the trustee with respect to any such distribution.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, the interests and short positions of persons (other than the Directors or chief executives of the Company) in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO as having an interest in 5% or more of the issued share capital of the Company are as follows:

Name	Nature of Interest	Number of Shares	Approximate Percentage of Total Issued Shares
BNP Paribas Singapore Trust Corporation Limited (Note 1)	Interest in a controlled corporation	1,684,092,524 (L)	42.10%
BNP Paribas Corporate Services Pte. Ltd. (Note 1)	Interest in a controlled corporation	1,684,092,524 (L)	42.10%
Manmount Limited (Note 1)	Interest in a controlled corporation	1,684,092,524 (L)	42.10%
Haichang Group Limited (Note 1)	Beneficial owner	1,684,092,524 (L)	42.10%
ORIX Corporation (Note 2)	Interest in a controlled corporation	593,384,000 (L) 200,000,000 (S)	14.83% 5.00%
ORIX (China) Investment Company Limited (Note 2)	Interest in a controlled corporation	393,384,000 (L)	9.83%
Oriental Camellia Investment Limited (Note 2)	Beneficial owner	393,384,000 (L)	9.83%
ORIX Asia Capital Limited (Note 2)	Beneficial owner	200,000,000 (L) 200,000,000 (S)	5.00% 5.00%
Zhao John Huan (Note 3)	Interest in a controlled corporation	400,444,000 (L)	10.01%
Exponential Fortune Group Limited (Note 3)	Interest in a controlled corporation	400,444,000 (L)	10.01%
Hony Managing Partners Limited (Note 3)	Interest in a controlled corporation	400,444,000 (L)	10.01%
Hony Group Management Limited (Note 3)	Interest in a controlled corporation	400,444,000 (L)	10.01%
Hony Capital Fund V GP Limited (Note 3)	Interest in a controlled corporation	400,444,000 (L)	10.01%
Hony Capital Fund V GP, L.P. (Note 3)	Interest in a controlled corporation	400,444,000 (L)	10.01%
Hony Capital Fund V, L.P. (Note 3)	Interest in a controlled corporation	400,444,000 (L)	10.01%
Time Dynasty Limited (Note 3)	Beneficial owner	400,444,000 (L)	10.01%



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Notes:

1. BNP Trustee is the trustee of the Family Trust. Manmount Limited is wholly and beneficially owned by BNP Corporate Services, which is the nominee for the Family Trust and a sole director of Manmount Limited. BNP Corporate Services is wholly and beneficially owned by BNP Trustee. The trust properties of the Family Trust mainly includes, the entire issued share capital of Haichang Group Limited, which beneficially owns and is interested in 1,684,092,524 Shares, representing approximately 42.10% of the total issued share capital of the Company. Haichang Group Limited is wholly owned by Manmount Limited. Accordingly, BNP Trustee, BNP Corporate Services and Manmount Limited are deemed to be interested in the 1,684,092,524 Shares held and interested by Haichang Group Limited.
2. The number of shares disclosed was based on the latest disclosure of interest form filed on 28 January 2016 (the date of relevant event be 26 January 2016) received from ORIX Corporation. According to the filed form:
  - (a) Oriental Camellia Investment Limited holds 393,384,000 Shares. Oriental Camellia Investment Limited is wholly-owned by ORIX (China) Investment Company Limited, which is in turn wholly owned by ORIX Corporation.
  - (b) ORIX Asia Capital Limited is wholly owned by ORIX Corporation. ORIX Asia Capital Limited was granted a put option to require Haichang Group Limited to purchase from it and granted a call option to purchase from it 200,000,000 Shares, representing approximately 5.00% of the total issued share capital of the Company, which had been lapsed on 1 February 2017.Accordingly, ORIX Corporation is deemed to be interested in the 393,384,000 Shares held by Oriental Camellia Investment Limited and the call option and put option in relation to 200,000,000 Share of ORIX Asia Capital Limited.
3. These 400,444,000 Shares are held by Time Dynasty Limited. The entire issued share capital of Time Dynasty Limited is wholly-owned by Hony Capital Fund V, L.P., which in turn is controlled by its sole general partner, Hony Capital Fund V GP, L.P. Hony Capital Fund V GP, L.P. is wholly-owned by Hony Capital Fund V GP Limited, which is wholly owned Hony Group Management Limited. Hony Group Management Limited is controlled as to approximately 80.00% by Hony Managing Partners Limited, which is wholly-owned by Exponential Fortune Group Limited. Exponential Fortune Group Limited is 49.00% controlled by Mr. Zhao John Huan. Accordingly, Mr. Zhao John Huan, Exponential Fortune Group Limited, Hony Managing Partners Limited, Hony Group Management Limited, Hony Capital Fund V GP Limited, Hony Capital Fund V GP, L.P. and Hony Capital Fund V, L.P. are deemed to be interested in the 400,444,000 Shares were held by Time Dynasty Limited.
4. This percentage has been compiled based on 4,000,000,000 Shares in issue as at 30 June 2017.

(L) denotes a long position in the Shares.

(S) denotes a short position in the Shares.

Other than as disclosed above, as at 30 June 2017, no person (other than the Directors or chief executives of the Company whose interests in shares, underlying shares and debentures of the Company are set out on pages 18 to 19 of this report) was interested (or deemed to be interested) or held any short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DEED OF NON-COMPETITION FROM THE CONTROLLING SHAREHOLDERS

On 27 February 2014, Mr. Qu Naijie and Haichang Group Limited (collectively the “Controlling Shareholders”), entered into a deed of non-competition (the “Deed of Non-competition”) in favour of the Company in order to mitigate any potential conflict of interest between the Group and the Controlling Shareholders. Details of the Deed of Non-competition were disclosed in the prospectus of the Company dated 28 February 2014 under the section headed “Relationship with our Controlling Shareholders”.

An independent board committee (the “Independent Board Committee”) consisting exclusively of independent non-executive Directors is set up to monitor the execution and the performance of obligations of the Deed of Non-competition by the Controlling Shareholders. For the six months ended 30 June 2017, the Controlling Shareholders have complied with their obligations under the Deed of Non-competition and the Independent Board Committee has not considered any matter or reached any conclusion pursuant to the Deed of Non-competition.

### 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-month period 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.

### CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

The changes to the Directors’ information required to be disclosed pursuant to Rule 13.51B(1) of the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange since the publication of the 2016 annual report of the Company are set out below.

1. Mr. Yuan Bing, a non-executive director, has retired from office as a non-executive director of Hospital Corporation of China Limited (which shares are listed on the Main Board of the Stock Exchange on 16 March 2017) upon conclusion of the annual general meeting held on 25 April 2017.
2. Mr. Sun Jianyi, an independent non-executive director, has retired from the position of non-executive director of China Vanke Co., Ltd. upon conclusion of the annual general meeting held on 30 June 2017.

Save as the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing, after deducting underwriting fees and related expenses, amounted to approximately HK\$2,374.4 million and they were applied in the manner disclosed in the Prospectus.

The balance of the unutilised proceeds, deposited in normal interest bearing saving accounts, is expected to be applied by the Company as stated in the section headed "Future Plans and Use of Proceeds" of the Prospectus. Based on the current progress of projects, including the required approval procedures regarding site selection, land grant, and the planning and design, the Company has used part of the proceeds to pay the land transferring fees for Shanghai Haichang Polar Ocean Park and Sanya Haichang Dream World. In addition, the Directors will consider utilising the unused portion of proceeds from the Listing to repay the Company's existing bank loans and other borrowings and interests accrued thereon if they are of the view that it is commercially desirable and in the interests of the shareholders as a whole for the Company to do so. The Company is also negotiating with related banks regarding the facility arrangements to ensure sufficient financial support to Shanghai Haichang Polar Ocean Park and/or Sanya Haichang Dream World if necessary.

### 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 Listing Rules as its own code of corporate governance.

The Company has been in compliance with the code provisions of the Code for the six-month period ended 30 June 2017 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 of the Company (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 the 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 chairman of the Board.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code 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 period under review.





## CORPORATE GOVERNANCE AND OTHER INFORMATION

### AUDIT COMMITTEE

As at the date of the interim results announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chen Guohui, Mr. Sun Jianyi and Ms. Zhang Meng, all of whom are independent non-executive Directors. Mr. 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 condensed consolidated 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-month period ended 30 June 2017.

On behalf of the Board

**Mr. Wang Xuguang**

*Executive Director and Chief Executive Officer*

22 August 2017



## INDEPENDENT REVIEW REPORT



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### **Report on review of unaudited interim financial information To the board of directors of Haichang Ocean Park Holdings Ltd.**

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

## INTRODUCTION

We have reviewed the interim financial information set out on pages 25 to 60, which comprises the interim condensed consolidated statement of financial position of Haichang Ocean Park Holdings Ltd. (the "Company") and its subsidiaries as at 30 June 2017 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

### **Ernst & Young**

*Certified Public Accountants*

Hong Kong

22 August 2017



# 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)
<b>REVENUE</b>	5	<b>644,052</b>	663,071
Cost of sales		<b>(323,754)</b>	(362,838)
<b>GROSS PROFIT</b>		<b>320,298</b>	300,233
Other income and gains	5	<b>64,136</b>	52,729
Selling and marketing expenses		<b>(47,738)</b>	(44,296)
Administrative expenses		<b>(140,151)</b>	(117,718)
Other expenses		<b>(417)</b>	(2,016)
Finance costs	7	<b>(69,610)</b>	(74,378)
Share of loss of an associate		<b>(21)</b>	–
<b>PROFIT BEFORE TAX</b>	6	<b>126,497</b>	114,554
Income tax expense	8	<b>(68,947)</b>	(72,513)
<b>PROFIT FOR THE PERIOD</b>		<b>57,550</b>	42,041
Attributable to:			
Owners of the parent		<b>55,051</b>	38,563
Non-controlling interests		<b>2,499</b>	3,478
		<b>57,550</b>	42,041
<b>EARNINGS PER SHARE</b>			
– Basic and diluted (RMB cents)	9	<b>1.38</b>	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 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b>57,550</b>	42,041
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	<b>70,759</b>	(59,284)
<b>Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of tax</b>	<b>70,759</b>	(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	<b>(71,930)</b>	61,371
<b>Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods, net of tax</b>	<b>(71,930)</b>	61,371
<b>Other comprehensive (loss)/income, net of tax</b>	<b>(1,171)</b>	2,087
<b>TOTAL COMPREHENSIVE INCOME, NET OF TAX</b>	<b>56,379</b>	44,128
Attributable to:		
Owners of the parent	<b>53,880</b>	40,650
Non-controlling interests	<b>2,499</b>	3,478
	<b>56,379</b>	44,128



# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	3,707,972	3,014,867
Investment properties	11	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
<b>Total non-current assets</b>		<b>7,651,481</b>	6,951,212
<b>CURRENT ASSETS</b>			
Completed properties held for sale	12	228,372	260,399
Properties under development	13	514,776	512,563
Gross amount due from a contract customer		5,120	12,938
Inventories		26,521	22,337
Trade receivables	14	101,258	81,054
Available-for-sale investment		200	200
Prepayments, deposits and other receivables		365,529	418,503
Due from related companies	22	23,098	12,649
Due from a non-controlling equity holder	22	71,129	47,220
Pledged bank balances	15	1,093	6,548
Cash and cash equivalents	15	1,073,832	873,499
<b>Total current assets</b>		<b>2,410,928</b>	2,247,910
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	16	390,548	289,583
Other payables and accruals		294,400	318,175
Due to related companies	22	619	1,929
Advances from customers		24,723	24,366
Interest-bearing bank and other borrowings	17	1,562,012	1,322,063
Government grants		22,533	22,540
Deferred revenue		14,813	15,993
Tax payables		274,208	276,447
<b>Total current liabilities</b>		<b>2,583,856</b>	2,271,096

continued/...



## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
<b>NET CURRENT LIABILITIES</b>		<b>(172,928)</b>	(23,186)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>7,478,553</b>	6,928,026
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	17	<b>2,115,184</b>	1,579,546
Government grants		<b>957,077</b>	926,466
Deferred tax liabilities		<b>215,856</b>	203,180
<b>Total non-current liabilities</b>		<b>3,288,117</b>	2,709,192
<b>NET ASSETS</b>		<b>4,190,436</b>	4,218,834
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
Share capital	18	<b>2,451</b>	2,451
Reserves		<b>4,083,257</b>	4,029,377
		<b>4,085,708</b>	4,031,828
Non-controlling interests		<b>104,728</b>	187,006
<b>TOTAL EQUITY</b>		<b>4,190,436</b>	4,218,834

**Wang Xuguang**  
Director

**Gao Jie**  
Director



# UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Attributable to owners of the parent									
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Asset revaluation reserve RMB'000	Statutory reserves RMB'000	Exchange fluctuation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2017	2,451	2,363,685	731,576	37,105	192,161	18,352	686,498	4,031,828	187,006	4,218,834
Profit for the period	-	-	-	-	-	-	55,051	55,051	2,499	57,550
Exchange differences on translation of foreign operations	-	-	-	-	-	(1,171)	-	(1,171)	-	(1,171)
Total comprehensive income for the period	-	-	-	-	-	(1,171)	55,051	53,880	2,499	56,379
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	(84,777)	(84,777)
Transfer to statutory reserves	-	-	-	-	11,956	-	(11,956)	-	-	-
<b>As at 30 June 2017 (Unaudited)</b>	<b>2,451</b>	<b>2,363,685*</b>	<b>731,576*</b>	<b>37,105*</b>	<b>204,117*</b>	<b>17,181*</b>	<b>729,593*</b>	<b>4,085,708</b>	<b>104,728</b>	<b>4,190,436</b>
As at 1 January 2016	2,451	2,363,685	731,576	37,105	153,273	12,626	524,347	3,825,063	170,118	3,995,181
Profit for the period	-	-	-	-	-	-	38,563	38,563	3,478	42,041
Exchange differences on translation of foreign operations	-	-	-	-	-	2,087	-	2,087	-	2,087
Total comprehensive income for the period	-	-	-	-	-	2,087	38,563	40,650	3,478	44,128
Transfer to statutory reserves	-	-	-	-	12,315	-	(12,302)	13	(13)	-
<b>As at 30 June 2016 (Unaudited)</b>	<b>2,451</b>	<b>2,363,685*</b>	<b>731,576*</b>	<b>37,105*</b>	<b>165,588*</b>	<b>14,713*</b>	<b>550,608*</b>	<b>3,865,726</b>	<b>173,583</b>	<b>4,039,309</b>

\* These reserve accounts comprise the consolidated reserves of RMB4,083,257,000 and RMB3,863,275,000 as at 30 June 2017 and 30 June 2016, respectively.



## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		126,497	114,554
Adjustments for:			
Depreciation of items of property, plant and equipment	6	78,990	87,251
Amortisation of intangible assets	6	2,269	797
Amortisation of prepaid land lease payments	6	5,975	14,608
(Reversal of provision)/provision for inventories	6	(39)	64
Loss on disposal of items of property, plant and equipment	6	536	444
Government grants recognised	6	(20,363)	(37,842)
Gain on revaluation upon reclassification from completed properties held for sale and changes in fair value of investment properties, net	5	(1,448)	(931)
Gain on disposal of an investment property	5	(743)	–
Impairment of trade receivables	6	9,024	913
Finance costs	7	69,610	74,378
Share of loss of an associate		21	–
Foreign exchange (gain)/loss	6	(652)	1,038
Interest income	5	(38,695)	(2,947)
		230,982	252,327
Increase in properties under development		(2,213)	(192,225)
Decrease in completed properties held for sale		32,027	108,679
Decrease in a gross amount due from a contract customer		7,818	29,944
Increase in inventories		(4,145)	(7,027)
Increase in trade receivables		(29,228)	(115,361)
Decrease/(increase) in prepayments, deposits and other receivables		53,002	(277,298)
Increase in restricted cash and bank balances		–	(11)
Increase in amounts due from related companies		(10,449)	(5,262)
Increase in an amount due from a non-controlling equity holder		(23,909)	(11,269)
Decrease in amounts due to related companies		(1,310)	(1,233)
Increase/(decrease) in advances from customers		357	(80,793)
Decrease in trade and bills payables		(19,659)	(36,989)
Decrease in other payables and accruals		(23,775)	(37,173)
Increase in government grants		50,967	2,180
(Decrease)/increase in deferred revenue		(1,180)	1,066
<b>Cash generated from/(used in) operations</b>		<b>259,285</b>	<b>(370,445)</b>
Interest received		38,695	2,947
Tax paid		(51,928)	(41,954)
<b>Net cash flows from/(used in) operating activities</b>		<b>246,052</b>	<b>(409,452)</b>

continued/...





UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

		For the six months ended 30 June	
	Note	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(590,763)	(116,114)
(Increase)/decrease in long term prepayments		(32,255)	107,635
Purchase in prepaid land lease payments		–	(215,285)
Purchase of intangible assets		(1,346)	(1,282)
Proceeds of disposal of an investment property		4,052	–
Investment in an associate		(32,000)	–
Additions to investment properties	11	(519)	(43,936)
<b>Net cash flows used in investing activities</b>		<b>(652,831)</b>	<b>(268,982)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in finance lease payables		(307)	(504)
Dividends paid to non-controlling shareholders		(84,777)	–
New bank and other loans		1,186,100	591,680
Repayment of bank and other loans		(410,206)	(121,347)
Decrease in pledged deposits		5,455	–
Interest paid		(88,634)	(74,378)
<b>Net cash flows from financing activities</b>		<b>607,631</b>	<b>395,451</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>200,852</b>	<b>(282,983)</b>
Cash and cash equivalents at beginning of period		873,405	968,124
Effect of foreign exchange rate changes, net		(519)	1,049
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>1,073,738</b>	<b>686,190</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		1,051,249	615,022
Non-pledged deposits with original maturity of less than three months when acquired		22,583	73,522
Cash and cash equivalents as stated in the statement of financial position		1,073,832	688,544
Restricted cash and bank balances		(94)	(2,354)
<b>CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS</b>		<b>1,073,738</b>	<b>686,190</b>



# 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.



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

### 2. BASIS OF PREPARATION (continued)

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.



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrecognised 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.



NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

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:

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



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

### 4. OPERATING SEGMENT INFORMATION (continued)

#### Operating segments (continued)

<b>30 June 2017 (Unaudited)</b>	<b>Park operations RMB'000</b>	<b>Property development RMB'000</b>	<b>Total RMB'000</b>
Segment assets	7,721,546	748,268	8,469,814
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>1,592,595</u>
Total assets			<u><u>10,062,409</u></u>
Segment liabilities	-	-	-
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>5,871,973</u>
Total liabilities			<u><u>5,871,973</u></u>
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.



NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

4. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

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



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

### 4. OPERATING SEGMENT INFORMATION (continued)

#### Operating segments (continued)

31 December 2016	Park operations <i>RMB'000</i>	Property development <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	6,985,651	785,900	7,771,551
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>1,427,571</u>
Total assets			<u><u>9,199,122</u></u>
Segment liabilities	–	–	–
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>4,980,288</u>
Total liabilities			<u><u>4,980,288</u></u>
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, investment properties and intangible assets.





NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

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.

	Notes	For the six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
<b>Revenue</b>			
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	6	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
		<b>644,052</b>	<b>663,071</b>
<b>Other income</b>			
Government grants	6	20,363	37,842
Bank interest income	6	1,519	2,947
Other interest income	6	37,176	–
Income from insurance claims		1,820	9,603
Others		1,067	1,406
		<b>61,945</b>	<b>51,798</b>
<b>Gains</b>			
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	6	743	–
		<b>2,191</b>	<b>931</b>
		<b>64,136</b>	<b>52,729</b>



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

### 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	For the six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Cost of properties sold		31,462	108,679
Cost of merchandise sold		12,329	7,050
Cost of services provided		279,963	247,109
Depreciation	10	78,990	87,251
Amortisation of prepaid land lease payments		5,975	14,608
Impairment of trade receivables	14	9,024	913
Direct operating expenses arising on rental-earning properties		2,438	2,604
Amortisation of intangible assets		2,269	797
Minimum lease payments under operating leases in respect of properties		3,817	2,351
Employee benefit expense (excluding directors and chief executive's remuneration):			
Wages and salaries		86,631	79,341
Bonuses		1,901	–
Retirement benefit scheme contributions		14,101	14,093
		<b>102,633</b>	93,434
Foreign exchange differences, net		(652)	1,038
(Reversal of provision)/provision for inventories		(39)	64
Changes in fair value of investment properties	11	(1,448)	(214)
Gain on revaluation upon reclassification from completed properties held for sale		–	(717)
Gain on disposal of an investment property	5	(743)	–
Rental income	5	(46,468)	(36,125)
Bank interest income	5	(1,519)	(2,947)
Government grants recognised	5	(20,252)	(37,842)
Other interest income	5	(37,176)	–
Loss on disposal of items of property, plant and equipment		536	444



NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

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7. FINANCE COSTS

	For the six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (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)	–
	<b>69,610</b>	74,378

8. 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 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Current – Mainland China:		
Charge for the period – CIT	44,480	31,509
LAT	5,209	6,476
	<b>49,689</b>	37,985
Deferred tax	19,258	34,528
Total tax charge for the period	<b>68,947</b>	72,513



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

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### 9. 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:

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

### 10. PROPERTY, PLANT AND EQUIPMENT

	<b>Total RMB'000 (Unaudited)</b>
At 1 January 2017	<b>3,014,867</b>
Additions	<b>772,631</b>
Depreciation (note 6)	<b>(78,990)</b>
Disposal	<b>(536)</b>
At 30 June 2017	<b>3,707,972</b>

The Group's parcels of land in Mainland China where the hotel buildings, parks and other buildings are situated are held under medium term leases.

Included in the property, plant and equipment as at 30 June 2017 was certain machinery with a net carrying amount of RMB232,000 (31 December 2016: RMB324,000) which was held under finance leases.

The Group's property, plant and equipment with a carrying value of RMB1,939,764,000 (31 December 2016: RMB1,153,518,000) were pledged to secure banking facilities granted to the Group at 30 June 2017 (note 17).



NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

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11. INVESTMENT PROPERTIES

	<b>Completed RMB'000 (Unaudited)</b>
At 1 January 2017	<b>2,418,890</b>
Additions	<b>519</b>
Disposal	<b>(3,309)</b>
Transfer to owner-occupied property	<b>(22,938)</b>
Net gain from fair value adjustments (note 6)	<b>1,448</b>
At 30 June 2017	<b>2,394,610</b>

Certain investment properties are leased to third parties under operating leases, the summary details of which are included in note 20.

Investment properties are stated at fair value, which has been determined with reference to the valuations performed by DTZ Debenham Tie Leung Limited – Beijing Branch (“DTZ”), an independent firm of professionally qualified valuers, using the income approach, as at 30 June 2017. The fair value represents the amount of market value at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm’s length transaction at the date of valuation. The Group’s management has discussions with the valuer on the valuation assumptions and valuation results on a regular basis when the valuation is performed.

During the six months ended 30 June 2016, the Group transferred certain completed properties held for sale to investment properties. The properties were revalued at the dates of change in use by DTZ. The differences between the fair values of the properties at those dates and their then carrying amounts of RMB717,000 were recognised in the profit or loss for the six months ended 30 June 2016.

Included in the completed investment properties were certain buildings with a carrying value of RMB354,100,000 (31 December 2016: RMB354,100,000), of which the property certificates have not been obtained as at 30 June 2017.

The Group’s investment properties with a carrying value of RMB877,270,000 (31 December 2016: RMB717,044,000) were pledged to secure general banking facilities granted to the Group at 30 June 2017 (note 17).



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

### 11. INVESTMENT PROPERTIES (continued)

#### Fair value hierarchy

The Level 3 – Significant unobservable inputs fair value measurement hierarchy is used for the Group's investment properties, which are all located in Mainland China. During the six months ended 30 June 2017, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

<b>Commercial properties</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Range (weighted average)</b>
Six months ended 30 June 2017	Income method	Market monthly rental rate (RMB/sq.m.) Capitalisation rate	15-163  3.5%-6.5%

Under the income method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase/(decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the long term vacancy rate and the capitalisation rate in isolation would result in a significant decrease/(increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.



NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

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12. COMPLETED PROPERTIES HELD FOR SALE

	<i>RMB'000</i> <b>(Unaudited)</b>
Carrying amount at 1 January 2017	<b>260,399</b>
Recognised in the current period	<b>(32,027)</b>
Carrying amount at 30 June 2017	<b>228,372</b>

Certain of the Group's completed properties held for sale with a carrying value of RMB124,766,000 (31 December 2016: RMB84,308,000) were pledged to secure bank loans granted to the Group at 30 June 2017 (note 17).

13. PROPERTIES UNDER DEVELOPMENT

	<i>RMB'000</i> <b>(Unaudited)</b>
Carrying amount at 1 January 2017	<b>512,563</b>
Additions	<b>2,213</b>
Carrying amount at 30 June 2017	<b>514,776</b>

The properties under development are located in Mainland China with lease terms ranging from 40 to 70 years.

Certain of the Group's properties under development with a carrying value of RMB43,616,000 (31 December 2016: RMB43,616,000) were pledged to secure bank loans granted to the Group at 30 June 2017 (note 17).



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

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### 14. TRADE RECEIVABLES

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000
Trade receivables	<b>140,209</b>	110,981
Less: provision for doubtful debts	<b>(38,951)</b>	(29,927)
	<b>101,258</b>	81,054

The Group's trading terms with its institutional customers and lessee are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date, net of provision for doubtful debts, is as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000
Within 90 days	<b>44,165</b>	14,596
Over 90 days and within one year	<b>30,662</b>	33,005
Over one year	<b>26,431</b>	33,453
	<b>101,258</b>	81,054





NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

14. TRADE RECEIVABLES (continued)

The movements in provision for impairment of trade receivables are as follows:

	<b>RMB'000</b> <b>(Unaudited)</b>
At 1 January 2017	<b>29,927</b>
Impairment losses recognised (note 6)	<b>9,024</b>
At 30 June 2017	<b>38,951</b>

The aging analysis of the trade and bills receivables that are not considered to be impaired is as follows:

	<b>30 June</b> <b>2017</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2016 RMB'000
Neither past due nor impaired	<b>79,318</b>	67,071
Past due within one year	<b>11,960</b>	5,043
Past due over one year	<b>9,980</b>	8,940
	<b>101,258</b>	81,054

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

The carrying amount of the trade receivables approximates to their fair value due to their relatively short maturity terms.

The Group's trade receivables with a carrying value of RMB64,863,000 (31 December 2016: RMB55,119,000) were pledged to secure general banking facilities granted to the Group at 30 June 2017 (note 17).



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

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### 15. CASH AND CASH EQUIVALENTS AND PLEDGED BANK BALANCES

An analysis of the cash and cash equivalents and pledged bank balances is as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000
Cash and bank balances	<b>1,052,342</b>	850,038
Time deposits with original maturity of less than three months	<b>22,583</b>	30,009
	<b>1,074,925</b>	880,047
Less: Pledged for interest-bearing bank loans (note 17)	<b>(588)</b>	(588)
Pledged for mortgage loans of purchasers	<b>(505)</b>	(5,960)
	<b>(1,093)</b>	(6,548)
Unpledged cash and cash equivalents	<b>1,073,832</b>	873,499
Less: Restricted cash and bank balances*	<b>(94)</b>	(94)
Unpledged and unrestricted cash and cash equivalents	<b>1,073,738</b>	873,405

\* The cash balances received from customers for pre-sale properties are restricted to use for the construction of related properties.

At the end of the reporting period, the cash and bank balances and the time deposits of the Group denominated in RMB amounted to RMB1,042,384,000 (31 December 2016: RMB837,525,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The cash and bank balances and pledged bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged bank balances approximate to their fair values.



NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

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16. TRADE AND BILLS PAYABLES

	<b>30 June 2017</b>	31 December 2016
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	
Less than one year	<b>285,316</b>	154,749
Over one year	<b>105,232</b>	134,834
	<b>390,548</b>	289,583

The trade payables are interest-free and normally settled on terms of 30 to 180 days.

The fair values of trade and bills payables approximate to their carrying amounts due to their relatively short term maturity.



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

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### 17. INTEREST-BEARING BANK AND OTHER BORROWINGS

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



NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

17. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

- \* Included in the finance lease payables was an amount of RMB1,246,000 due to 龐大歐力士汽車租賃有限公司 at 30 June 2017 (31 December 2016: RMB1,553,000) which bears interest at 22.6% per annum.
- ^ The Group's bank and other loans were secured by the pledges of the Group's assets with carrying values at 30 June 2017 and 31 December 2016 as follows:

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000
Pavilions and office buildings	10	1,939,764	1,153,518
Investment properties	11	877,270	717,044
Other receivables		263,300	–
Prepaid land lease payments		914,376	924,790
Completed properties held for sale	12	124,766	84,308
Properties under development	13	43,616	43,616
Trade receivables	14	64,863	55,119
Pledged bank balances	15	588	588

鄭州海昌極地海洋公園有限公司 (“Zhengzhou Park”), a subsidiary of the Company, pledged its certain balances due from third party for certain borrowings of RMB330,000,000 granted to the Group at 30 June 2017 (31 December 2016: nil). As at 30 June 2017, the related balances amounted to RMB263,300,000 (31 December 2016: nil).

天津極地旅遊有限公司 (“Tianjin Park”), a subsidiary of the Company, pledged its trade receivables arising from sales for certain borrowings of RMB142,576,000 granted to the Group at 30 June 2017 (31 December 2016: RMB169,639,000). As at 30 June 2017, the related trade receivables amounted to RMB5,741,000 (31 December 2016: RMB1,969,000) (note 14).

武漢極地海洋世界投資有限公司 (“Wuhan Park”), a subsidiary of the Company, pledged its trade receivables arising from sales for certain borrowings of RMB196,540,000 granted to the Group at 30 June 2017 (31 December 2016: RMB193,500,000). As at 30 June 2017, the related trade receivables amounted to RMB8,295,000 (31 December 2016: RMB6,643,000) (note 14).

成都極地海洋實業有限公司 (“Chengdu Park”), a subsidiary of the Company, pledged its trade receivables arising from sales for certain borrowings of RMB147,370,000 granted to the Group at 30 June 2017 (31 December 2016: RMB195,570,000). As at 30 June 2017, the related trade receivables amounted to RMB30,819,000 (31 December 2016: RMB31,013,000) (note 14).

煙台漁人碼頭投資有限公司 (“Yantai Park”), a subsidiary of the Company, pledged its income received and park operation rights and the Group pledged its 100% equity interest in a subsidiary, 青島極地海洋世界有限公司 (“Qingdao Park”), for certain borrowings amounting to RMB49,745,000 granted to the Group at 30 June 2017 (31 December 2016: RMB69,374,000).

Qingdao Park pledged its trade receivables arising from sales from January 2010 to January 2025 for certain borrowings of RMB396,390,000 granted to the Group at 30 June 2017 (31 December 2016: RMB396,140,000). As at 30 June 2017, the related trade receivables amounted to RMB20,008,000 (31 December 2016: RMB15,494,000) (note 14).



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

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### 17. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

The effective interest rates of the Group's bank and other borrowings are as follows:

30 June 2017	4.4%-8.4%
31 December 2016	4.4%-8.3%

All the Group's borrowings are denominated in RMB.

The bank and other borrowing balances of the Group bore interest at floating rates, except for bank and other borrowings of RMB1,021,000,000 at 30 June 2017 (31 December 2016: RMB621,000,000) that bore interest at fixed rates.

The carrying amounts of the interest-bearing bank borrowings approximate to their fair values.

### 18. SHARE CAPITAL

#### Shares

	Number of ordinary shares	
	Nominal value of USD0.0001 each (Unaudited)	USD'000
Issued and fully paid At 1 January 2017 and 30 June 2017	<b>4,000,000,000</b>	<b>400</b>
	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000
Issued and fully paid: Ordinary shares	<b>2,451</b>	2,451



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19. CONTINGENT LIABILITIES

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties*	<b>40,261</b>	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 banks. The Group is then entitled to take over the legal title 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 individual purchasers' collateral agreements.

The Group did not incur any material losses during the periods 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 realisable 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.

20. OPERATING LEASE COMMITMENTS

As lessor

The Group leases its properties under operating lease arrangements, with leases negotiated for terms ranging from three months to ten years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

As at the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000
Within one year	<b>80,780</b>	94,959
In the second to fifth years, inclusive	<b>279,545</b>	301,023
After five years	<b>364,123</b>	422,502
	<b>724,448</b>	818,484



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

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### 20. OPERATING LEASE COMMITMENTS (continued)

#### As lessee

The Group leases certain parcels of its land and office buildings under operating lease arrangements.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000
Within one year	<b>7,904</b>	7,371
In the second to fifth years, inclusive	<b>5,916</b>	6,583
	<b>13,820</b>	13,954

### 21. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 20 above, the Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000
Contracted, but not provided for: Properties under development, buildings and machinery	<b>1,427,094</b>	1,505,403





NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

## 22. RELATED PARTY TRANSACTIONS AND BALANCES

The related companies with which the Group had transactions were as follows:

Name of related parties	Relationship with the Group
曲乃杰 ("Mr. Qu")	Director and beneficial shareholder of the Company
程春萍 ("Ms. Cheng")	Spouse of Mr. Qu and beneficial shareholder of the Company
大連海昌企業發展有限公司 ("Haichang Corporation Development")	Mr. Qu and Ms. Cheng are beneficial equity holders
天津海昌房地產開發有限公司 ("Tianjin Haichang Property")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連海昌房地產集團有限公司 ("Haichang Property Group")	Mr. Qu and Ms. Cheng are beneficial equity holders
成都海昌置業有限公司 ("Chengdu Haichang Property")	Mr. Qu and Ms. Cheng are beneficial equity holders
武漢海昌物業管理有限公司 ("Wuhan Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
武漢創富房地產發展有限公司 ("Wuhan Chuangfu")	Mr. Qu and Ms. Cheng are beneficial equity holders
龐大歐力士汽車租賃有限公司 ("Orix Lease")	A joint venture of a beneficial shareholder of the Company
煙台海昌物業管理有限公司 ("Yantai Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
天津海昌極地物業管理有限公司 ("Tianjin Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連世博房地產開發有限公司 ("Dalian Shibo")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連海昌物業管理有限公司 ("Dalian Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
煙台海昌旅遊發展有限公司 ("Yantai Haichang Tourism Development")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連東方水城發展有限公司 ("Dalian Oriental Watertown Development")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連老虎灘海洋公園 ("Hutan Park")	Non-controlling equity holder of a subsidiary
重慶加勒比物業服務有限公司 ("Chongqing Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連瑞昌融資租賃有限公司 ("Dalian Ruichang Lease")	A joint venture of a beneficial shareholder of the Company
長沙歡樂海洋公園有限公司 ("Changsha Park")	An associate of a beneficial shareholder of the Company
重慶極地實業有限公司 ("Chongqing Jidi")	An associate of a beneficial shareholder of the Company
大連海昌集團有限公司 ("Dalian Haichang Group")	Mr. Qu and Ms. Cheng are beneficial equity holders
三亞海昌旅業發展有限公司 ("Sanya Development")	Mr. Qu and Ms. Cheng are beneficial equity holders



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

### 22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### (a) Related party transactions

In addition to the transactions detailed elsewhere in the Interim Financial Information, the Group had the following transactions with related parties:

	Notes	For the six months ended 30 June	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
<i>Rental income:</i>			
Haichang Corporation Development	(a)(i)	2,286	2,343
Dalian Oriental Watertown Development	(a)(i)	1,255	1,286
Yantai Haichang Tourism Development	(a)(i)	627	648
Wuhan Chuangfu	(a)(i)	155	1,831
Tianjin Haichang Property	(a)(i)	–	735
		<b>4,323</b>	6,843
<i>Management fee expenses:</i>			
Dalian Property Management	(a)(ii)	223	55
Tianjin Property Management	(a)(ii)	184	121
Sanya Development	(a)(iv)	161	–
Wuhan Property Management	(a)(ii)	–	245
		<b>568</b>	421
<i>Tickets sales:</i>			
Dalian Haichang Group	(a)(iii)	9	–
<i>Loan:</i>			
Changsha Park	(a)(v)	8,000	–



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

### 22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### (a) Related party transactions (continued)

- (i) The Group has leased out office space to Haichang Corporation Development under a lease agreement dated 24 January 2014, pursuant to which the Group leases the premises to Haichang Corporation Development for a term of two years from 1 January 2014 to 31 December 2015 for RMB400,000 per month.

On 18 April 2016, the Group entered into a new property leasing agreement with Haichang Corporation Development, pursuant to which the Group agreed to lease the premises as office buildings to Haichang Corporation Development for a term of three years from 1 January 2016 to 31 December 2018 for RMB400,000 (tax inclusive) per month. Rental income for the period ended 30 June 2017 from Haichang Corporation Development was RMB2,286,000 (six months ended 30 June 2016: RMB2,343,000).

On 14 October 2014, the Group entered into lease agreements to lease out office space to Wuhan Chuangfu, Dalian Shibo, Tianjin Haichang Property and Yantai Haichang Tourism Development for a three-year period commencing from 19 September 2014 and the monthly nominal rental payable was RMB322,000, RMB230,000, RMB184,000 and RMB115,000 (tax inclusive) respectively. On 19 September 2015, the Group entered into a supplemental agreement with Tianjin Haichang Property to amend certain terms of the previous lease agreement dated 14 October 2014. The monthly nominal rental payable for the year ended 31 December 2016 has been adjusted from RMB184,000 to RMB122,000 (tax inclusive). Tianjin Haichang Property has prematurely terminated the above lease agreement and supplemental agreement with the Group since 18 September 2016. On 15 September 2015, the Group entered into a tripartite agreement with Dalian Shibo and Dalian Oriental Watertown Development, pursuant to which Dalian Oriental Watertown Development executed the contract to replace Dalian Shibo commencing from 19 September 2015. On 18 December 2016, Wuhan Chuangfu has early terminated one of the lease agreements with the Group and the monthly nominal rental payable decreased to RMB27,000. Rental incomes derived by the Group for the period ended 30 June 2017 from Dalian Oriental Watertown Development, Yantai Haichang Tourism Development, Wuhan Chuangfu and Tianjin Haichang Property were RMB1,255,000, RMB627,000, RMB155,000, and nil, respectively (six months ended 30 June 2016: RMB1,286,000, RMB648,000, RMB1,831,000, and RMB735,000 respectively).

In the opinion of the directors of the Company, the transactions between the Group and Haichang Corporation Development, Dalian Oriental Watertown Development, Yantai Haichang Tourism Development, Wuhan Chuangfu and Tianjin Haichang Property were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

### 22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### (a) Related party transactions (continued)

- (ii) In September 2014, the Group and its related parties entered into a series of property management agreements, pursuant to which:
  - (i) Tianjin Property Management agreed to provide management services to the Group at RMB2.23 per square metre per month for the commercial street properties and properties beneath serviced apartments and RMB2.73 per square metre per month for the unsold serviced apartments for a three-year period commencing from 19 September 2014;
  - (ii) Dalian Property Management agreed to provide management services to the Group at RMB2.5 per square metre per month for the unleased or unsold ancillary commercial properties for a three-year period commencing from 19 September 2014; and
  - (iii) Wuhan Property Management agreed to provide management services to the Group at RMB2.5 per square metre per month for the unleased or unsold commercial street properties for a three-year period commencing from 19 September 2014. On 1 January 2017, the Group has early terminated the above property management agreement with Wuhan Property Management.

During the six months ended 30 June 2017, management fee expenses paid to Dalian Property Management, Tianjin Property Management and Wuhan Property Management were RMB223,000, RMB184,000 and nil, respectively (six months ended 30 June 2016: RMB55,000, RMB121,000 and RMB245,000, respectively).

- (iii) During the six months ended 30 June 2017, the Group sold certain tickets to Dalian Haichang Group. In the opinion of the directors of the Company, the transaction was conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.
- (iv) On 1 January 2017, the Group entered into a contract with Sanya Development, pursuant to which the Group operates the restaurant owned by Sanya Development for a term of four years from 1 January 2017 to 31 December 2020 with compensation of an annual management fee amounting to RMB200,000 plus 50% of the annual profit of the restaurant. The management fee expense was RMB161,000 during the six months ended 30 June 2017.
- (v) On 30 March 2017, the Group entered into a contract with Changsha Park, pursuant to which the Group lends RMB8,000,000 to it for a term of four months at the annual interest rate of 4.35% for the project construction of Changsha Park.



NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with related companies

The Group had the following balances with its related parties at the end of each of the reporting periods:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000
<u>Due from related companies</u>		
Changsha Park	12,450	4,450
Wuhan Chuangfu	4,641	4,493
Haichang Corporation Development	2,386	–
Chengdu Haichang Property	1,314	1,316
Dalian Oriental Watertown Development	1,080	34
Tianjin Property Management	726	78
Orix Lease	322	300
Chongqing Property Management	128	–
Chongqing Jidi	41	–
Dalian Haichang Group	10	–
Tianjin Haichang Property	–	1,643
Dalian Property Management	–	335
	<b>23,098</b>	12,649
<u>Due from a non-controlling equity holder</u>		
Hutan Park	71,129	47,220
<u>Due to related companies</u>		
Yantai Haichang Tourism Development	480	1,009
Dalian Ruichang Lease	100	100
Sanya Development	39	–
Wuhan Property Management	–	749
Chongqing Property Management	–	71
	<b>619</b>	1,929
<u>Finance lease payables</u>		
Orix Lease	1,246	1,553



## NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2017

### 22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### (c) Compensation to key management personnel

	For the six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Emoluments:		
Salaries, allowances, bonuses, benefits and other expenses	3,120	2,694
Post-employment benefits	175	155
	<b>3,295</b>	<b>2,849</b>

### 23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of interest-bearing bank loans and other borrowings, including the finance lease payables, approximate to their carrying amounts largely due to the fact that these borrowings are made between the Group and independent third-party financial institutions or related companies based on prevailing market interest rates.

Management has also assessed that the fair values of the Group's other financial instruments approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the board of directors. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors once a year for annual financial reporting.

### 24. SUBSEQUENT EVENTS

On 9 August 2017, the Group entered into a contract to acquire certain land use rights with a total area of 424,692 square metres, located in Zhengzhou, Henan Province.

### 25. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The unaudited interim financial information was approved and authorised for issue by the board of directors of the Company on 22 August 2017.

