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HAICHANG OCEAN PARK HOLDINGS LTD.

海昌海洋公園控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2255)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- Revenue from park operations increased by approximately 11.7% to approximately RMB1,295.8 million
- Profit for the year increased by approximately 18.2% to approximately RMB250.0 million
- Profit attributable to equity holders of the parent increased by approximately 20.1% to approximately RMB230.6 million

RESULTS

The board of directors (the “**Board**” or the “**Directors**”) of Haichang Ocean Park Holdings Ltd. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2015, together with the comparative figures for 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

		2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
	<i>Notes</i>		
REVENUE	4	1,416,827	1,531,386
Cost of sales		<u>(630,362)</u>	<u>(857,769)</u>
GROSS PROFIT		786,465	673,617
Other income and gains	4	263,057	336,342
Selling and marketing expenses		(117,181)	(120,460)
Administrative expenses		(269,591)	(265,585)
Other expenses		(45,546)	(55,022)
Finance costs	5	<u>(154,172)</u>	<u>(193,524)</u>
PROFIT BEFORE TAX		463,032	375,368
Income tax expenses	6	<u>(213,056)</u>	<u>(163,893)</u>
PROFIT FOR THE YEAR		<u>249,976</u>	<u>211,475</u>
Attributable to:			
Owners of the parent		230,622	191,984
Non-controlling interests		<u>19,354</u>	<u>19,491</u>
		<u>249,976</u>	<u>211,475</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted (RMB cents)	7	<u>5.77</u>	<u>5.05</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

		31 December 2015	31 December
	<i>Notes</i>	RMB'000	2014
			<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,619,660	2,639,312
Investment properties		2,378,740	1,935,000
Prepaid land lease payments		1,059,520	350,355
Intangible assets		9,068	7,655
Available-for-sale investment		19,170	19,170
Deferred tax assets		51,191	121,943
Long-term prepayments and deposits		294,668	17,845
Total non-current assets		6,432,017	5,091,280
CURRENT ASSETS			
Completed properties held for sale		373,290	474,457
Properties under development		318,537	549,859
Gross amount due from a contract customer		43,667	89,112
Inventories		14,611	14,882
Trade receivables	8	64,438	58,148
Available-for-sale investments		200	45,200
Prepayments, deposits and other receivables		103,748	75,732
Due from related companies		3,752	1,802
Due from a non-controlling equity holder		20,000	—
Pledged bank balances	9	6,497	482,099
Cash and cash equivalents	9	970,467	1,551,446
Total current assets		1,919,207	3,342,737
CURRENT LIABILITIES			
Trade and bills payables	10	250,264	345,958
Other payables and accruals		294,186	281,323
Due to related companies		3,853	5,035
Advances from customers		104,086	78,227
Interest-bearing bank and other borrowings	11	763,489	1,310,613
Government grants		22,363	20,760
Deferred revenue		10,311	8,086
Tax payables		262,237	221,816
Total current liabilities		1,710,789	2,271,818
NET CURRENT ASSETS		208,418	1,070,919
TOTAL ASSETS LESS CURRENT LIABILITIES		6,640,435	6,162,199

		31 December 2015 RMB'000	31 December 2014 RMB'000
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	<i>11</i>	1,602,526	1,459,523
Government grants		879,831	818,655
Deferred tax liabilities		162,897	156,019
		<hr/>	<hr/>
Total non-current liabilities		2,645,254	2,434,197
		<hr/>	<hr/>
NET ASSETS		3,995,181	3,728,002
		<hr/>	<hr/>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital		2,451	2,451
Reserves		153,273	111,318
		<hr/>	<hr/>
Share capital and other statutory capital reserves		155,724	113,769
Other reserves		3,669,339	3,463,317
		<hr/>	<hr/>
		3,825,063	3,577,086
Non-controlling interests		170,118	150,916
		<hr/>	<hr/>
TOTAL EQUITY		3,995,181	3,728,002
		<hr/>	<hr/>

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2015

1. CORPORATE AND GROUP INFORMATION

Haichang Ocean Park Holdings Ltd., (previously Haichang 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 at PO 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 is Haichang Group Limited, a company incorporated in the British Virgin Islands (the “**BVI**”) at 31 December 2015.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”) promulgated by the International Accounting Standards Board (the “**IASB**”), and the disclosure requirement of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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 statements of the subsidiaries are 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 below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 BASIS OF PRESENTATION

Pursuant to the group reorganisation (the “**Reorganisation**”) as more fully explained in the section “History, Reorganisation and Corporate Structure” in the Company's prospectus dated 28 February 2014 for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Company became the holding company of the companies now comprising the Group in January 2014 other than 上海海昌極地海洋世界有限公司 (“**Shanghai Haichang**”), the property holding and investment business of 大連世博房地產開發有限公司 (a related company of the Company), 大連海昌發現王國主題公園有限公司 (“**Discoveryland**”) and 重慶海昌加勒比海旅遊發展有限公司 (“**Chongqing Caribbean**”).

In January 2014, the Group completed its acquisition of Shanghai Haichang and the property holding and investment business of 大連世博房地產開發有限公司. In December 2014, the Group completed its acquisitions of Discoveryland and Chongqing Caribbean.

The consolidated financial statements have been prepared by applying the principle of pooling of interest method accounting as if the Reorganisation and acquisitions of Shanghai Haichang, the property holding and investment business of 大連世博房地產開發有限公司, Discoveryland and Chongqing Caribbean had been completed since 1 January 2014 because the Company's acquisition of the companies now comprising the Group should be regarded as a business combination under common control as the Company and the companies now comprising the Group were under common control both before and after the completion of the Reorganisation and the acquisitions of Shanghai Haichang, the property holding and investment business of 大連世博房地產開發有限公司, Discoveryland and Chongqing Caribbean.

The shares of the Company were listed on the Stock Exchange on 13 March 2014.

The consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the years ended 31 December 2015 and 2014 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the controlling shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2015 and 2014 have been prepared to present the assets and liabilities of the subsidiaries and/or year businesses using the existing book values from the controlling shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries and/or businesses held by parties other than the controlling shareholders prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*

Annual Improvements to IFRSs 2010-2012 Cycle

Annual Improvements to IFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

- (a) Amendments to IAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.
- (b) The *Annual Improvements to IFRSs 2010-2012 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

IFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

IAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

- (c) The *Annual Improvements to IFRSs 2011-2013 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

IFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

IFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 or IAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.

IAS 40 *Investment Property*: Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the acquisition of investment properties during the year was not a business combination and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized to business units based on their products and services. During the year, the Group restructured their business units to enhance the management's accountability of park operations segment by including the development of commercial and retail properties surrounding the theme parks, management of developed and operating properties for rental income which, in prior year, were managed under the property development and holding segment. The prior year's operating segment information has been revised to conform to the current year presentation accordingly. The Group's two reportable operating segments are set out below.

- (a) the park operations segment engages in the development, construction and operation of theme parks, development of commercial and retail properties surrounding them parks, management of the Group's developed and operating properties for rental income, hotel operation and the provision of services to visitors as well as provision of technical support service relating to aquarium; and
- (b) the property development segment engages in property development, construction and sales.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax from continuing operations.

Segment assets exclude intangible assets, available-for-sale investments, trade receivables, prepayments, deposits and other receivables, deferred tax assets, amounts due from related companies, an amount due from a non-controlling equity holder, pledged deposits and cash and cash equivalents as these assets are managed on a group basis.

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 operation in Mainland China and over 99% of the Group's non-current assets are located in Mainland China.

Operating segments

Year ended 31 December 2015

	Park operations RMB'000	Property development RMB'000	Total RMB'000
Segment revenue			
Sales to external customers and total revenue	1,295,788	121,039	1,416,827
Revenue			1,416,827
Segment results	716,206	70,259	786,465
<i>Reconciliation</i>			
Unallocated income and gains			263,057
Unallocated expenses			(432,318)
Finance costs			(154,172)
Profit before tax			463,032

	Park operations RMB'000	Property development RMB'000	Total RMB'000
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31 December 2015

Segment assets	6,414,863	735,494	7,150,357
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Reconciliation:

Corporate and other unallocated assets			1,200,867
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Total assets			8,351,224
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Segment liabilities	–	–	–
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Reconciliation:

Corporate and other unallocated liabilities			4,356,043
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Total liabilities			4,356,043
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Other segment information			
Impairment losses recognised in the statement of profit or loss	9,835	–	9,835

Depreciation and amortisation			
Unallocated			1,523
Segment	199,536	–	199,536

Capital expenditure*			
Unallocated			2,936
Segment	1,186,552	–	1,186,552

* Capital expenditure consists of additions to property, plant and equipment, investment properties, prepaid land lease payments and long-term prepayments.

Year ended 31 December 2014

	Park operations RMB'000	Property development RMB'000	Total RMB'000
Segment revenue			
Sales to external customers and total revenue	1,159,628	371,758	1,531,386
Revenue			<u>1,531,386</u>
Segment results	588,878	84,739	673,617
<i>Reconciliation</i>			
Unallocated income and gains			387,532
Unallocated expenses			(492,257)
Finance costs			<u>(193,524)</u>
Profit before tax			<u>375,368</u>
	Park operations RMB'000	Property development RMB'000	Total RMB'000
31 December 2014			
Segment assets	4,969,657	1,113,428	6,083,085
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>2,350,932</u>
Total assets			<u>8,434,017</u>
Segment liabilities	—	—	—
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>4,706,015</u>
Total liabilities			<u>4,706,015</u>
Other segment information			
Impairment losses recognised in the statement of profit or loss	2,967	—	2,967
Depreciation and amortisation			
Unallocated			1,384
Segment	192,066	—	192,066
Capital expenditure*			
Unallocated			982
Segment	157,043	—	157,043

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

Information about major customers

No information about major customers is presented as no single customer from whom over 10% of the Group's revenue was derived for the year ended 31 December 2015.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of tickets by theme park operation, and the sales of goods by restaurant and store operations, in-park recreation income, income from hotel operations, income from management exportation service, the sales of properties, and gross rental income received and receivable from investment properties, an appropriate proportion of contract revenue of construction contracts, net of business tax and other surcharges.

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<u>Revenue</u>		
Ticket sales	1,049,223	943,055
Property sales	111,501	169,113
Food and beverage sales	86,441	83,815
Sale of merchandise	42,589	45,568
Rental income	58,604	48,074
In-park recreation income	41,384	24,742
Construction contracts	9,538	202,645
Income from hotel operations	15,165	14,374
Other service income	2,382	—
	<u>1,416,827</u>	<u>1,531,386</u>
<u>Other income</u>		
Government grants	45,604	68,474
Bank interest income	16,768	22,860
Interest income from related companies	—	10,433
Income from insurance claims	25,388	10,863
Foreign exchange gains	—	20,441
Others	41,230	10,789
	<u>128,990</u>	<u>143,860</u>
<u>Gains</u>		
Gain on revaluation upon reclassification from completed properties held for sale to investment properties, net	<u>134,067</u>	<u>192,482</u>
	<u>263,057</u>	<u>336,342</u>

5. FINANCE COSTS

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interest on bank loans and other loans	159,801	207,449
Interest on finance leases	<u>1,080</u>	<u>7,488</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	160,881	214,937
Less: Interest capitalised	<u>(6,709)</u>	<u>(21,413)</u>
	<u>154,172</u>	<u>193,524</u>

6. INCOME TAX

Provision for PRC corporate income tax has been provided at the applicable income tax rate of 25% for the year ended 31 December 2015 (2014: 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:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Current – Mainland China:		
Charge for the year	120,602	76,164
LAT	<u>14,824</u>	<u>2,491</u>
	135,426	78,655
Deferred tax	<u>77,630</u>	<u>85,238</u>
Total tax charge for the year	<u>213,056</u>	<u>163,893</u>

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent for the year, and the weighted average number of ordinary shares issued during the year on the assumption that the capitalisation issue of 2,885,608,004 shares have been effective on 1 January 2014.

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	<u>230,622</u>	<u>191,984</u>
	Number of ordinary shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>4,000,000,000</u>	<u>3,804,945,055</u>

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

8. TRADE RECEIVABLES

	31 December 2015 <i>RMB'000</i>	31 December 2014 <i>RMB'000</i>
Trade receivables	75,649	64,387
Less: Provision for doubtful debts	<u>(11,211)</u>	<u>(6,239)</u>
	<u>64,438</u>	<u>58,148</u>

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

	31 December 2015 <i>RMB'000</i>	31 December 2014 <i>RMB'000</i>
Within 90 days	8,855	36,972
Over 90 days and within one year	26,147	9,592
Over one year	<u>29,436</u>	<u>11,584</u>
	<u>64,438</u>	<u>58,148</u>

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
At 1 January	6,239	3,703
Impairment losses recognised	7,006	2,536
Amount written off as uncollectible	(2,034)	–
	11,211	6,239

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

	31 December 2015 RMB'000	31 December 2014 RMB'000
Neither past due nor impaired	44,956	55,969
Past due within one year	12,983	2,136
Past due over one year	6,499	43
	64,438	58,148

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 amounts of the trade receivables approximate to their fair values due to their relatively short maturity terms.

The Group's trade receivables with a carrying value of RMB44,553,000 (31 December 2014: RMB47,596,000) were pledged to secure general banking facilities granted to the Group at 31 December 2015.

9. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	31 December 2015 RMB'000	31 December 2014 RMB'000
Cash and bank balances	976,964	2,033,545
Denominated in RMB	962,524	1,507,749
Denominated in Hong Kong dollar ("HKD")	7,388	97,314
Denominated in United States dollar ("USD")	7,052	428,482
Cash and bank balances	976,964	2,033,545

10. TRADE AND BILLS PAYABLES

	31 December 2015 RMB'000	31 December 2014 RMB'000
Within one year	109,307	154,488
Over one year	140,957	191,470
	<u>250,264</u>	<u>345,958</u>

11. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2015 RMB'000	31 December 2014 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	703,639	1,231,403
In the second year	555,715	314,919
In the third to fifth years, inclusive	780,276	748,270
Beyond five years	195,720	265,200
	<u>2,235,350</u>	<u>2,559,792</u>
Other borrowings repayable:		
Within one year or on demand	59,850	79,210
In the second year	70,815	60,145
In the third to fifth years, inclusive	–	70,989
	<u>130,665</u>	<u>210,344</u>
	<u>2,366,015</u>	<u>2,770,136</u>

12. SUBSEQUENT EVENTS

Haichang Group Limited, a company incorporated in the British Virgin Islands and the controlling shareholder of the Company, entered into a share purchase agreement with Orix Asia Capital Co., Ltd (歐力士亞洲資本有限公司) (“**Orix Asia**”), a related company of a beneficial equity holder of the Company, on 26 January 2016, pursuant to which Orix Asia proposed to purchase 200,000,000 shares in the Company from Haichang Group Limited at a price of RMB1.5 (equivalent to HK\$1.8) per share.

In March 2016, payment of RMB158,160,000 was made by the Group for the remaining portion of prepaid land lease payment for a parcel of land in Hainan Province, Mainland China.

Subsequent to the balance sheet date, the Group obtained aggregate bank loans of RMB800,000,000 which bears interest at prevailing floating rates, repayable in one year to fifteen years and are secured by the Group's properties.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Against the background of serious excess capacity and continuously declining demand in 2015, China's GDP year-on-year growth rate recorded only 6.9%, hitting a 25-year low. It is clear that China's economy has entered a "new normal" stage with low growth rate and impetus. However, China's tourism industry, as an emerging consumer sector, continues to maintain rapid growth with the annual aggregate contribution exceeding 10% of China's GDP.

Meanwhile, the development of the Chinese economy drives investment and consumption growth in the tourism industry. According to the data released by the China National Tourism Administration (CNTA), the number of domestic tourists exceeded 4.1 billion in 2015. This is the equivalent of the population of China travelled almost 3 times and contributed to revenue of tourism of over RMB4 trillion. The total number of Chinese domestic and outbound tourism and tourism consumption ranked first in the world. Additionally, according to the data released by China Tourism Academy, the total tourism-related investment in 2015 exceeded RMB1 trillion for the first time.

With the steady growth in per capita disposable income in China, residents' consumption has also started to shift from physical to more service driven, with residents' consumption capacity and consumption structure continuing to improve. People in China have paid more attention to the spiritual life and tourism becomes an essential way for Chinese people to satisfy their spiritual life needs. Meanwhile, optimisation of holiday structures and systems and improvement in the transportation network have created more favourable conditions for the development of tourism in China, hence further stimulating market demand on tourism services.

The development and application of modern technology have promoted restructuring and upgrading of various sectors. The application of mobile Internet, robotics, holograms, virtual reality and other technology enriches the connotation of products and enhances the customer experience. Additionally, the combination of an increasing number of online resources and offline products facilitates the integration of tourism resources so as to attract more potential customers.

As to governmental policies, in 2015, in an effort to promote economic restructuring and to stimulate domestic demand within the tourism industry, the Chinese government introduced the Task Breakdown Table for the *"Several Opinions of the State Council on Promoting the Reform and Development of the Tourism Industry"*, *Several Decisions on Further Promoting Tourism-related Investment and Consumption*, *Opinions on Speeding up the Producer Service Industry to Promote Industrial Restructuring and Upgrading*, *Opinions on Land Policies of Supporting Tourism Development* and many other tourism industry-related policies. These policies encompass the provision of financial support, optimising the holiday structures and systems, improving tourism transportation construction, regulating the tourism market development and providing support for land use policies and other measures in a bid to promote the healthy and orderly development of the tourism industry in a multi-dimensional manner.

As an essential branch of tourism, the theme park industry has become increasingly popular due to its rich culture, special interactive experiences, diversified types of themes and integration of social and entertainment. Albeit the theme park industry in China is at a certain scale, it still has far greater potential for development when comparing with that of the European and American mature markets, in terms of numbers of visitors to the parks and per capita in-park spend. Due to favourable conditions in policy, economic environment, social atmosphere and technological improvement, China's theme park industry will embrace an unprecedented golden era of development.

Business Review

2015 was a key year for the Group's medium-long-term development and strategy as it continued to steadily implement its product and service upgrading. In early 2015, after considering its own distinct competitive strengths, the Group defined its business strategy as becoming the first marine-cultural tourism and leisure brand and an international marine-featured tourism platform enterprise in China. In order to achieve this strategy, the Group further refined its development and specific execution plans during the year, and had primarily undertaken the following aspects of work.

In 2015 the Group further cultivated its brand network, which greatly propelled the asset of its brand. In the first half of 2015, the Group officially renamed the Company to "Haichang Ocean Park Holdings Ltd.", highlighting the principal businesses and core competitiveness of the Group. It also standardized the names of sub-projects and visual identification systems to enhance the brand linkage of the Company and its subsidiaries and increased brand awareness and reputation during the year. This was further compounded by the successful unveiling of the ground-breaking ceremony for the Shanghai Haichang Polar Ocean Park which was leveraged for national brand promotion and effective expansion of its brand's market influence. The Group also optimized and enhanced its brand value and expanded its brand market penetration through crossover cooperation with the brand resources of other sectors. For example, acting as a sponsor of the Chinese best-selling movie "The Mermaid", the Group successfully realised its brand placement and effectively enhanced the Group's brand image. Additionally, together with Taomee, the Group created the movie, "Legend of the Moles 3 – The Magic Train Adventure". Moreover, the State Administration of Radio, Film and Television and the Group made the film "Love Story of Beluga". Furthermore, the Group has also worked with a number of leading companies in the tourism, leisure and culture industry to jointly establish a platform for multi-sectors' resource integration, namely "Ping An Culture and Tourism League", aiming to integrate the country's top film and television, tourism, leisure and consumer resources and to build cultural tourism projects for all types of major consumer groups, which was planned for nationwide implementation. All these combined efforts have allowed the Group to receive wide recognition. The General Administration of Quality Supervision, Inspection and Quarantine and the China National Tourism Administration awarded the Group the "First Qualified Pilot Units of Tourism Service Quality Upgrading". The Group was also selected as one of the 2015 Top 20 Tourism Groups in China by the China Tourism Association and the China Tourism Academy.

In addition, the Group proactively boosted management efficiency and executive capability and enhanced the strategy pertaining to talent, thereby bolstering the Group's overall competitiveness. In 2015, the Group constantly strengthened its corporate value chain management through significant reorganisation, focusing on human resources specialisation, efficient process connection, clear value delivery and horizontal management hierarchy, in an effort to further increase management efficiency. At the same time, the Group also established a classification management model in accordance with different types of business and increased the flexibility of business management, in order to adapt to the rapid development of the Group. Furthermore, talent building has long been one of the Group's priorities in recent years. During the period, the Group invited professionals from the industry and set up a "Think Tank Team" – Haichang Cultural Tourism Research Institute in order to provide professional support for the Company's introduction of new tourism products, project investment decisions and tourism business development and

strategies. In addition, the Group also teamed up with Qingdao Agricultural University to establish a profession course in marine animal breeding and management with an aim to train up high-end professional and building of sufficient reserves of technical personnel in marine animal breeding and management. Through capacity assessment, tailored training, job practice and other specific work, the Group would gradually realize the targeted reserves of talents for new projects as well as existing projects. In addition, it signed an Investment Cooperation Agreement on Headquarters Establishment with Shanghai Harbour City Development (Group) Co., Ltd. with an aim to enhance its attractiveness to professionals around the world. The Group will set up a China regional headquarters and a platform for investment, operation and management in Pudong District, Shanghai and to set up its platform for innovation and business development with the benefits from the high performing international talent and other resources and advantages from Shanghai. Moreover, after the adoption of the Management Share Purchase Scheme in September 2014, the Group further extended the scheme in January 2015 in order to further stimulate the past contribution made by the Group's management and to encourage and maintain the long-term service relationship between them and the Company, enabling the management to share the Group's future value and growth and making the management's personal interests consistent with those of the Company.

Existing Projects

In respect of marketing, the Group drew up in early 2015 a forward-looking marketing plan, namely, penetrating the Internet and the in-depth regional market with three principal models, including extensive and refined marketing channels, products and experience of marketing activities, as well as precise and social media publicity. Based on this strategy, the Group, successfully built a sales platform covering the whole network, completed the building of its own sales platform, including its platform, the Tmall flagship stores and other sales platforms. It also cooperated with many e-business platforms and OTA channels and carried out marketing activities, such as "Ma Shang You" and "Double 11". In relation to the in-depth regional market penetration, the Group carried out additional precise and tailored marketing strategies for key customer sources which had effectively broadened the customer base of the Group. The Group also teamed up with the leading enterprises in the fields of media, e-business and consumer products to undertake clustering marketing. In order to enhance visitors' experience and deepen the brand philosophy of "Dream Love Joy", the Group, through product-centred packaging marketing activities, extended the values of its products and launched the "Haichang Seabed Halloween – More Wonderful Whales at Night" and other themed activities. In the traditional themed marketing, the Group focused more on social media promotion through precisely placing advertisement and marketing the brand via highly targeted media exposure. For example, the Group made use of media resources to launch "Love Tour of Miss Blue" during the high tourism season, carried out "The Way Home – Dream Love Joy" during the Chinese New Year travel rush and "Let Red Envelopes Fly at Haichang Ocean Park" during the Chinese New Year and other social and interactive activities to integrate the new media resources of all members of the Group so to create a fan effect. The Group joined hands with LY.com and Ctrip and other platforms to co-launch "Customer Experience Contest", co-broadcast "Dad! Where Are We Going?" and held exhibition about Shaun the Sheep, Moles Creative Painting Competition and other targeted marketing activities. In addition, the Group also cooperated with the Ocean Park Hong Kong, LY.com, Alitrip, Meituan.com, Dianping.com and other counterparts as well as upstream and downstream business partners in strategic development, marketing, ticket sales and many other respects.

In respect of products and operation, the Group actively took a wide range of measures to optimize and enrich new in-park products by researching in operational index, monitoring and analysis so to enhance the operation quality of the theme parks and to fulfill the increasing consumer demand without compromising the safe operation of the parks. At the same time, the Group implemented the concept of “Great Service” for all tourists aiming to improve the quality of tourism services so to meet the demand of tourists and form a marine-themed personalized and role-oriented service model. In terms of hardware, the Group constantly upgraded and modified the existing theme parks and implemented the strategy of scenes in the theme parks. During the period, the Group completed the upgrading and expansion of the projects in Qingdao Haichang Ocean Park and also added high-tech interactive experience products for Chengdu Haichang Ocean Park. Regarding software, the Group continued to make innovation in products and services of existing theme parks. During the Period, it successfully completed the Phase I project of intelligent parks in its Chengdu Haichang Ocean Park which had a full coverage of WIFI and iBeacon base stations. These innovations made intelligent explanation, intelligent queuing, mobile payment and big data analysis and other functions available to effectively enhance the interactive experience of the visitors. The Group also opened some feeding backfields, laboratories and other areas to visitors, and strengthened the planning and packaging of performing art products. It also added a lighting parade and themed underwater stunts to enhance tourists’ experience. The Group reasonably planned the ancillary commercial property in the surrounding areas of its theme parks which contributed to significant increase in the overall property lease rate and that in the level of rents during the period. Additionally, the Group kept optimizing the development and sale of in-park consumption products and further clarified the development thinking and direction of and formulated the development plan for theme products through reconfiguring the product categories. On the basis of standardised products, the Group continued to develop various types of Western food and beverage products, to create a brand new store image, to optimise play routes in the theme parks and to vigorously develop innovative paid entertainment products with an intention to improve the overall quality of the theme parks and to create new growth points of results.

Due to improving quality of products and services and the highly successful marketing measures above, for the twelve months ended 31 December 2015, the Group recorded growth in both the number of admission attendance (measured by the number of visitors based on actual admission) and ticket attendance (measured by the number of visitors based on ticket sales) of its eight theme parks it currently operates. The number of admission attendance of the Group’s eight theme parks increased by approximately 7.11% from approximately 11,494,200 for the twelve months 31 December 2014 to approximately 12,311,338 for the same period in 2015. The ticket attendance of the Group’s eight theme parks grew by approximately 8.03% from approximately 8,773,183 for the twelve months 31 December 2014 to approximately 9,477,392 for the same period in 2015.

The Group also proactively advocated the concept of animal species conservation and related education, kept enhancing its core competitiveness related to animal conservation and strengthened its leading international position in relevant fields. In 2015, the Group successfully bred nine species, 132 large and rare polar marine animals and sharks and imported pacific white-sided dolphin, finless porpoise and other new species. The total number of animals of the Group exceeded 48,000 in 2015, which was the biggest marine and polar animal collection in Asia. The Group continued to focus on scientific research and innovation and actively translated scientific research achievements into productivity. A total of 51 employees published academic papers in magazines at different levels during the period and delivered technical speeches at various national academic conferences. The Group also collaborated with prominent universities and pharmaceutical R&D companies and had successfully developed special nutritional fodder with independent intellectual property rights of Haichang specifically for marine animal care. Based on adequate data collection, scientific screening and analysis, extensive consultation and

accumulation of experience, the Group has formulated the first edition of the Haichang Animal Management Standards (HAMS) to accelerate the process of promoting professionalism and the streamlining in the management of animal care and to lay the foundation for the forthcoming output of business management. Meanwhile, the Group placed high emphasis on learning from and sharing ideas with international participants. It worked with the Ocean Park Hong Kong, the International Marine Animal Trainers' Association (IMATA) and Aquarium Professional Committee under Chinese Association of Natural Science Museums (CANSM) to jointly organize the training courses, science education workshop, etc. in 2015. As a corporate citizen, the Group also actively fulfilled its corporate social responsibility by proactively worked with local fisheries authorities to voluntarily rescue injured and mis-caught marine animals during the period. The group also set up the "Haichang Award" together with the governmental authorities to reward organisations and individuals making contribution to the field of aquatic wild animal protection. Besides, it organised popular science lectures in its theme parks, imparted marine science in schools and jointly prepared for the establishment of special fund for wildlife conservation to assist animal protection.

Marine Cultural Innovative Business

2015 was the first year for the Group to implement the business development strategy of "Marine Cultural Innovative Business". With clearer development strategy, the Group comprehensively built an innovative business ecosystem by centering on "brand + management + content + technology + scene application". All asset-light businesses were properly carried out with initial results. Currently, the Group has successfully built an innovative business platform and formed a business development model with the four expert companies with core businesses on management output, cultural IP, interactive technology and children's entertainment, which laid a solid foundation for all-rounded growth of the relevant businesses in future.

Concerning aquarium operation consultancy and aquarium techniques management services business, targeting the existing and to-be-developed urban complex projects nationwide, traditional scenic spots and theme parks, the Group actively and constantly translated the two core competitiveness of marine wildlife conservation and management technology as well as theme park design, construction, operation and management into consulting and technical management services into the Group's productivity. During the period, the Group entered into service agreements with Guangzhou Grandview, Qinghuangdao Saintland, Zhejiang Hengdian, Nanning Rongsheng. In accordance with these agreements, the Group has begun to provide technical advice and management services for the aquariums or marine theme parks situated in China and run by the above-mentioned partners. In the future, the Group intended to comprehensively upgrade the development model and promote the model of "brand + management advantage" in order to underline the high added value. In addition, the Group would draw on its experience in operation and management of existing projects and the actual situation of compliance projects to accelerate the building of a standardised, regulated, ever-expanding and ever-improving system for management output service and business and to lay groundwork for future business expansion.

With regard to innovative marine-featured children's entertainment product business, during the periodly making use of interactive multimedia technology, the Group successfully and independently researched and developed marine-themed embedded entertainment projects and mini ocean carnival projects to satisfy consumers' demand in pursuing differentiated interactive entertainment experiences. Completed products included Haichang Mini Ocean World, Family Entertainment Centre, Haichang Ocean Light Park and other the research and development relating to children's entertainment products. All these further enriched the product mix of the Group. In September 2015, the first embedded entertainment pilot project, Haichang Ocean Light Park, was opened in Shenyang. Based on the few months' results of operations of this project, the Group

systematically carried out analysis in several areas including engineering, operation, products and marketing and has formulated solutions to the problems found in the project by drawing up adjustment programs based on the actual situations of Shenyang park. Such programs had been already implemented. This pilot project provides a sample for the future sustainable development of children's industry products. The Group also accumulated valuable experience and market feedback from it. Based on the market demand and by relying on the Group's leading core operation and management capabilities of animal technology, the Group developed an innovative product named "Mini Mobile Polar Ocean Show" which integrated mobile tour, combined disassembly, theme of popular science, multimedia technology and other elements. The first product implanted with such concept was the "Haichang Penguin Caravan". The Group entered into an agreement with Nanning Rongsheng and Chongqing Karst respectively for this product. The exhibition of "Haichang Penguin Caravan" in Nanning Rongsheng was well received and attracted crowds to the shopping center. In the future, based on the accurate positioning within the target market, the Group will focus on studying the mobile carnival products integrating ocean carnivals and ocean light shows. In the meantime, the Group will actively negotiate with a number of real estate developers and tourism-related scenic spots in terms of exhibition lease and intends to add other carnival projects on the basis of the existing mobile penguin caravan with an aim to build a mobile ocean animal carnival. Besides, the Group also intends to integrate the above products with traditional products of parks and upgrade the kids' amusement areas within all theme parks of the Group.

In terms of marine cultural entertainment products and creative intellectual property, the Group opened a new era of product R&D through optimising and creating performing products, building a basis for IP culture, developing innovative and interactive technology products and actively seeking footholds. In order to continuously improve the capacity for production of entertainment focusing on the marine culture theme, the Group established specialized teams and actively cooperated with international entertainment and multimedia technology companies. Firstly, the Group enriched and promoted self-developed cartoon images and animal genealogy during the period. Secondly, the Group researched and developed the 4D cinema animated film "Light of Ocean" with a mermaid theme, which will be screened inside the Group's theme parks in 2016. This marked a significant step for Haichang Ocean Park in terms of intellectual property. In addition, the Group hired popular writers and leaders in the area of graphic illustration to develop the ocean heart-warming picture book series. The process of self-developing cartoon images could therefore be significantly shortened and the "Haichang Ocean Park" brand's cultural connotation could be therefore greatly extended. In the future, the Group will comprehensively carry out and create the marine-themed entertainment industry by self-developed intellectual property, cooperative development and through investment and mergers and acquisition. The Group, taking the movie "The Mermaid" as stepping stone, would continue the subsequent relevant intellectual properties development. Based on the upgrading of existing projects and development of new projects, the Group would further consult with the leading international intellectual property creators to undertake business cooperation in China. The Group plans to further develop themed merchandise by integrating self-developed cartoon images to enhance the marine-themed cultural creativity and capacity for content production and to enrich its own cultural and entertainment product lines. At the same time, the Group would make use of and extend its intellectual property rights to increase the Group's productivity, achieve an innovative business mode and strive to speed up income contribution by developing products relating to children's recreation, animation, film and television, culture and performing arts and entertainment. R&D and implementation of the above products would provide more reserves for the diversity on product selection and the upgrade and renovation of the existing projects in Shanghai and Sanya.

Shanghai Haichang Polar Ocean Park

The Group won the bid for the land use rights of the relevant land lots in January 2015. It obtained the approval from government for project environment impact assessment, the approval for plans of parks and supporting hotels. It also obtained the project land certificate, the project planned land permit, the construction planning permit and the pile construction permit of some individual buildings. The project's ground-breaking ceremony was held at the end of March 2015. During the year, the Group commenced the initial phase of construction, signed a number of contracts for bidding, construction and procurement, and completed the signing of contracts on bulk marine life, large play equipment and facility purchase. The Group also worked with the Chinese Arctic and Antarctic Research Institute Oceanic Administration Polar Research Center and Ocean Park Hong Kong with a plan to establish marine and polar animal conservation centres in the periphery of the project and jointly conduct special research into animal conservation. Currently, transportation facilities in the neighbourhood of the project site is progressing. In particular, the Shanghai Metro Line No. 16 has been in full operation. Visitors can get to Dishui Lake where the project can be located directly by metro. The Metro station is only one kilometre away from the project. Furthermore, the project is situated at a popular location where, the explicit aggregation effect of the tourism and culture industries shows up.

Sanya Haichang Dream World

In June 2015, the Sanya Municipal Government principally approved the planning design of the project. The Group obtained the land use right of the project Phase I in November 2015. At the same time, the Hainan Development and Reform Commission approved that the project was one of the key projects in Hainan Province. Moreover, the Group adjusted the project planning of Sanya Haichang Dream World according to the guiding opinions of the Sanya government. During the period, the Group completed the overall planning and design proposal of the project. The project will focus on the story line of "Maritime Silk Road" and will be positioned as a marine-themed park with healthcare, leisure, culture and entertainment features. Story lines will be used to divide and properly connect each thematic area in the park with the intention of creating a large-scale open-spaced integrated tourism, entertainment and leisure project.

Financial review

Revenue

Revenue generated from the Group's park operations segment increased by 11.7% from approximately RMB1,159.6 million in 2014 to approximately RMB1,295.8 million in 2015, primarily due to an increase in tickets sales and non-ticket revenue, which was mainly driven by an increase in the number of ticket attendance. For the year ended 31 December 2015, the ticket attendance of the eight theme parks increased to approximately 9.48 million visitors in 2015 from approximately 8.77 million visitors in 2014. Revenue generated from sales of tickets therefore increased by 11.3% from approximately RMB943.1 million in 2014 to approximately RMB1,049.2 million in 2015. Revenue generated from non-ticket sales increased by 13.8% from approximately RMB216.6 million in 2014 to approximately RMB246.6 million in 2015.

Revenue generated from the Group's property development segment decreased by 67.4% from approximately RMB371.8 million in 2014 to approximately RMB121.0 million in 2015, which was mainly due to the absence of the tailored contract business in 2015 and the difference in the types of properties sold.

In conclusion, for the year ended 31 December 2015, revenue of the Group decreased by approximately 7.5% to approximately RMB1,416.8 million (2014: RMB1,531.4 million).

Cost of Sales

The Group's cost of sales decreased by 26.5% from approximately RMB857.8 million in 2014 to approximately RMB630.4 million in 2015, which was mainly attributable to a decline in the cost of sales caused by a substantial decrease in property sales as well as the Group's increasingly effective control over costs.

Gross Profit

The Group's overall gross profit increased by approximately 16.8% to approximately RMB786.5 million (2014: RMB673.6 million) and overall gross profit margin improved to 55.5% (2014: 44.0%).

Segment gross profit of the Group's park operations segment increased by 21.6% to approximately RMB716.2 million (2014: RMB588.9 million) and segment gross margin of the Group's park operations segment improved from 50.8% in 2014 to 55.3% in 2015, primarily due to an increase in revenue generated from its theme parks as a result of the higher admission attendance of its theme parks in 2015 and the relatively stable operating expenses of most of its theme parks during the same period.

Segment gross profit of the Group's property development segment decreased by 17.0% to approximately RMB70.3 million (2014: RMB84.7 million). Segment gross margin of the Group's property sales was 58.1% (2014: 22.8%). The decrease in gross margin of this segment was mainly due to the difference in the types of properties sold.

Other Income and Gains

The Group's other income and gains decreased by 21.8% from approximately RMB336.3 million in 2014 to approximately RMB263.1 million in 2015, mainly due to the decrease in both the fair value gains on the revaluation of investment properties and government grants in 2015.

Selling and Marketing Expenses

The Group's selling and marketing expenses decreased by 2.7% from approximately RMB120.5 million in 2014 to approximately RMB117.2 million in 2015, mainly because of no similar promotion and advertising on theme parks for the purpose of the Listing in 2015 as compared to 2014.

Administrative Expenses

The Group's administrative expenses increased by 1.5% from approximately RMB265.6 million in 2014 to approximately RMB269.6 million in 2015, mainly due to the amortization arising from the land use rights for the new project in Shanghai in 2015.

Finance Costs

The Group's finance costs decreased by 20.3% from approximately RMB193.5 million in 2014 to approximately RMB154.2 million in 2015, mainly due to the substantial decrease in both the total interest-bearing bank and other borrowings and the comprehensive coupon rate in 2015.

Income Tax Expenses

The Group's income tax expenses increased by 30.0% from approximately RMB163.9 million in 2014 to approximately RMB213.1 million in 2015, mainly due to the increase in the profit before tax recognised for the same period and higher land appreciation tax on property sales in 2015.

Profit/(Loss) for the Year

As a result of the foregoing, the profit of the Group for the year increased by 18.2% from approximately RMB211.5 million in 2014 to approximately RMB250.0 million in 2015, and the net profit margin increased from 13.8% in 2014 to 17.6% in 2015. During the same period, the profit attributable to equity holders of the parent increased by 20.1% from approximately RMB192.0 million in 2014 to approximately RMB230.6 million in 2015.

Liquidity and Financial Resources

As at 31 December 2015, the Group had current assets of approximately RMB1,919.2 million (2014: RMB3,342.7 million). The Group had cash and bank deposits of approximately RMB970.5 million (2014: RMB1,551.4 million) and its pledged bank balances amounted to approximately RMB6.5 million (2014: RMB482.1 million). The decrease in cash and bank deposits of the Group as at the end of 2015 was mainly attributable to the Company's payment of land premium for the projects in Shanghai and Sanya of RMB955.4 million in total and the repayment of part of the loan principal in 2015.

Total equity of the Group as at 31 December 2015 was approximately RMB3,995.2 million (2014: RMB3,728.0 million). The increase in total equity was mainly due to an increase in the profit after tax in 2015. As at 31 December 2015, the total interest-bearing bank and other borrowings of the Group were approximately RMB2,366.0 million (2014: RMB2,770.0 million).

As at 31 December 2015, the Group had a net gearing ratio of 34.4% (as at 31 December 2014: 19.9%). The net liabilities of the Group included interest-bearing bank and other borrowings, amounts due to related companies, less cash and cash equivalents and amounts due from related companies. The increase in the net gearing ratio in 2015 was mainly attributable to a substantial decrease in cash and cash equivalents as a result of the Company's payment of land premium for the projects in Shanghai and Sanya of RMB955.4 million in total and the repayment of part of the loan principal in 2015.

As indicated by the above figures, 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 obtain additional financing with favourable terms.

Capital Structure

The share capital of the Company comprises ordinary shares for the year ended 31 December 2015.

Contingent Liabilities

	31 December 2015 RMB'000	31 December 2014 RMB'000
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties*	69,381	51,788
	69,381	51,788

* 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 titles of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends after the execution of individual purchaser's collateral agreement.

The Group did not incur any material losses during the year (2014: nil) 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.

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 foreign exchange rate risk. The Directors expect that any fluctuation in the exchange rate of RMB will not have material adverse effect on the operation of the Group.

Capital Commitments

For the year ended 31 December 2015, the Group had capital commitments of approximately RMB453.1 million (2014: RMB402.7 million), which shall be funded through a variety of means, including cash generated from operations, bank financing and proceeds from the initial public offering.

Staff Policy

The Group had approximately 2,529 full-time employees and approximately 390 temporary staff (2014: 2,400 full-time and 400 temporary) as at 31 December 2015. 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 a social insurance scheme. The Group and its employees are required to make contribution to fund the endowment insurance and unemployment insurance at the rates specified in the relevant laws and regulations.

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

Purchases, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2015.

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 its existing shareholders.

Corporate Governance

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

The Shares were listed on the Main Board of the Stock Exchange with effect from 13 March 2014 and the Code is applicable to the Company since then. The Company has been in compliance with the code provisions of the Code since 13 March 2014 and up to the date of this announcement 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) were absent from the annual general meeting of the Company held on 25 June 2015 (the "**AGM**") due to pre-arranged business commitments.

Under code provision E.1.2 of the Code, the chairman of the Board is recommended to attend annual general meetings of the Company and to invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) of the Company to attend. Mr. Qu Naijie, being the chairman of the Board, was absent from the AGM due to a pre-arranged business commitment. Mr. Wang Xuguang was chosen as the chairman of the AGM. The chairmen of all the other committees of the Company were absent from the AGM due to pre-arranged business commitments.

Model Code for Securities Transactions by Directors of Listed Issuers

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

Audit Committee

As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Prof. Fang Hongxing, Mr. Sun Jianyi and Prof. Xie Yanjun. Prof. Fang Hongxing is the chairman of the Audit Committee. The Audit Committee has reviewed together with the Directors the audited annual results of the Group for the year ended 31 December 2015.

Dividend

The Board does not recommend payment of any dividend for the year ended 31 December 2015.

Forward Looking Statements

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

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

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

This annual results announcement of the Company for the year ended 31 December 2015 is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.haichangoceanpark.com.

Appreciation

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

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

Dalian, the People's Republic of China, 28 March 2016

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