HAICHANG HOLDINGS LTD.
海昌控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2255)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 11.1% to approximately RMB1,531.4 million
- Profit for the year increased by approximately 65.1% to approximately RMB211.5 million
- Profit attributable to owners of the parent increased by approximately 77.1% to approximately RMB192.0 million

RESULTS

The board of directors (the "Board" or the "Directors") of Haichang 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 2014, together with the comparative figures for 2013.

COMBINED STATEMENTS OF PROFIT OR LOSS
For the year ended 31 December 2014

		Year ended 31 December	
		2014	2013
	Notes	***RMB'000***	*RMB'000*
			(Restated)
REVENUE	*5*	**1,531,386**	1,378,297
Cost of sales		**(857,769)**	(788,992)
GROSS PROFIT		**673,617**	589,305
Other income and gains	*5*	**336,342**	284,851
Selling and marketing expenses		**(120,460)**	(100,019)
Administrative expenses		**(265,585)**	(200,939)
Other expenses		**(55,022)**	(1,217)
Finance costs	*6*	**(193,524)**	(354,787)
PROFIT BEFORE TAX		**375,368**	217,194
Income tax expenses	*7*	**(163,893)**	(89,094)
PROFIT FOR THE YEAR		**211,475**	128,100
Attributable to:			
Owners of the parent		**191,984**	108,393
Non-controlling interests		**19,491**	19,707
		211,475	128,100
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic *(RMB cents)*	*8*	**5.05**	3.61
– Diluted *(RMB cents)*	*8*	**5.05**	3.61

COMBINED STATEMENTS OF FINANCIAL POSITION
As at 31 December 2014

	Notes	31 December 2014 RMB'000	31 December 2013 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**2,639,312**	2,730,818
Investment properties		**1,935,000**	1,558,000
Prepaid land lease payments		**350,355**	366,511
Intangible assets		**7,655**	8,057
Available-for-sale investment		**19,170**	19,170
Deferred tax assets		**121,943**	141,373
Long-term prepayments and deposits		**17,845**	19,005
Total non-current assets		**5,091,280**	4,842,934
CURRENT ASSETS			
Completed properties held for sale		**474,457**	611,465
Properties under development		**549,859**	596,071
Gross amount due from a contract customer		**89,112**	–
Inventories		**14,882**	15,726
Trade receivables	*9*	**58,148**	29,033
Available-for-sale investments		**45,200**	200
Prepayments, deposits and other receivables		**75,732**	58,246
Due from the ultimate holding company		**–**	610
Due from related companies		**1,802**	1,478,477
Due from a non-controlling equity holder		**–**	59,675
Pledged bank balances	*10*	**482,099**	2,292
Cash and cash equivalents	*10*	**1,551,446**	498,828
Total current assets		**3,342,737**	3,350,623
CURRENT LIABILITIES			
Gross amount due to a contract customer		**–**	13,417
Trade and bills payables	*11*	**345,958**	369,954
Other payables and accruals		**281,323**	247,142
Due to related companies		**5,035**	1,161,660
Advances from customers		**78,227**	146,561
Interest-bearing bank and other borrowings	*12*	**1,310,613**	945,520
Government grants		**20,760**	18,277
Deferred revenue		**8,086**	5,354
Tax payables		**221,816**	232,049
Total current liabilities		**2,271,818**	3,139,934
NET CURRENT ASSETS		**1,070,919**	210,689
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,162,199**	5,053,623

	Notes	31 December 2014 RMB'000	31 December 2013 RMB'000 (Restated)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*12*	**1,459,523**	2,440,333
Government grants		**818,655**	873,480
Deferred tax liabilities		**156,019**	77,842
Total non-current liabilities		**2,434,197**	3,391,655
NET ASSETS		**3,728,002**	1,661,968
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital: nominal value		**2,451**	72
Reserves		**111,318**	80,569
Share capital and other statutory capital reserves		**113,769**	80,641
Other reserves		**3,463,317**	1,314,078
		3,577,086	1,394,719
Non-controlling interests		**150,916**	267,249
TOTAL EQUITY		**3,728,002**	1,661,968

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. CORPORATE INFORMATION

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 was Haichang Group Limited, a company incorporated in the British Virgin Islands (the "BVI") at 31 December 2014.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap.32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap.622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements 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 2014. 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 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游發展有限公司 ("Chongqing Caribbean").

In December 2014, the Group completed its acquisitions of Discoveryland and Chongqing Caribbean as further detailed in note 3.

The consolidated financial statements have been prepared by applying the principle of pooling of interest method accounting as if the Reorganisation and acquisitions of Discoveryland and Chongqing Caribbean had been completed since 1 January 2013 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 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 2014 and 2013 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 2014 and 2013 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 standards and new interpretation for the first time for the current year's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	*Investment Entities*
Amendments to IAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to IAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to IAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
IFRIC 21	*Levies*
Amendment to IFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to IFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to IFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to IFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective IFRSs*

[1] Effective from 1 July 2014

Except for the amendment to IFRS 1 which is only relevant to an entity's first IFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to IFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27 (2011). The amendments to IFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in IFRS 10.

(b) The IAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group.

(c) The IAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of IFRIC 21.

(e) The IFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The IFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 or IAS 39. The amendment has had no impact on the Group.

(g) The IFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

(h) The IAS 36 Amendments remove the unintended disclosure requirement made by IFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no significant impact on the Group.

3. PRIOR YEAR RESTATEMENT

Restatement of prior years' financial statements as a result of business combinations for entities under common control

Pursuant to an agreement entered into on 24 September 2013 between Haichang Asia Investment Limited (a related company), Orix (China) Investment Company Limited ("Orix", a company established in the PRC), 大連海昌集團有限公司 ("Haichang Group", a related company) and Haichang Holdings (Hong Kong) Limited ("Haichang Hong Kong", a subsidiary of the Company) that Haichang Hong Kong would acquire the entire equity interest in Discoveryland.

Pursuant to an agreement entered into on 23 September 2013 between 大連海昌旅遊集團有限公司 ("Dalian Tourism", a subsidiary of the Company) and 大連海昌房地產集團有限公司 ("Haichang Property Group", a related company of the Company) that Dalian Tourism would acquire the entire equity interest in Chongqing Caribbean.

Further details of the foregoing agreements ("Share Subscription Agreements") are set out in section headed "HISTORY, REORGANIZATION AND CORPORATE STRUCTURE" of the Company's prospectus for public offering dated 28 February 2014.

In December 2014, the Group completed the acquisitions of Discoveryland and Chongqing Caribbean, at purchase considerations of approximately RMB416,621,000 and RMB10,211,000, respectively. Since the Company, Discoveryland and Chongqing Caribbean were under common control of Mr. Qu Naijie ("Mr. Qu", a director and shareholder of the Company) before and after the completion of the aforesaid acquisitions, the business combination of Discoveryland and Chongqing Caribbean has been accounted for under pooling of interest method.

Business combinations arising from transfers of interests in entities that are under the control of the holder that controls the Group are accounted for as if the acquisitions had occurred at the beginning of the reporting period or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the acquired entities' financial statements.

Upon transfer of interest in an entity to another entity that is under the control of the equity holder that controls the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised directly in equity.

The consolidated statement of comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

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

The opening balances as at 1 January 2013 and comparative information for the year ended 31 December 2013 have been restated in the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the parks operations segment engages in the development, construction and operation of theme parks;

(b) the property development and holding segment engages in properties sales, construction contracts sales and management of the Group's developed and operating properties for rental income potential and for capital appreciation; and

(c) the others segment engages in hotel operation and the provision of services to guests.

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, an amount due from the ultimate holding company, 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 90% of the Group's revenue from external customers is derived from its operation in Mainland China and over 90% of the Group's non-current assets are located in Mainland China.

Operating segments

Year ended 31 December 2014

	Park operations *RMB'000*	Property development and holding *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers and total revenue	**1,097,180**	**419,832**	**14,374**	**1,531,386**
Revenue				**1,531,386**
Segment results	**536,255**	**127,930**	**9,432**	**673,617**
Reconciliation				
Unallocated gains				**387,532**
Unallocated expenses				**(492,257)**
Finance costs				**(193,524)**
Profit before tax				**375,368**

31 December 2014

	Park operations *RMB'000*	Property development and holding *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment assets	**3,034,657**	**2,959,316**	**89,112**	**6,083,085**
Reconciliation:				
Corporate and other unallocated assets				**2,350,932**
Total assets				**8,434,017**
Segment liabilities	**–**	**–**	**–**	**–**
Reconciliation:				
Corporate and other unallocated liabilities				**4,706,015**
Total liabilities				**4,706,015**
Other segment information				
Impairment losses recognised in the statement of profit or loss	**431**	**2,536**	**–**	**2,967**
Depreciation and amortisation				
Unallocated				**1,384**
Segment	**192,066**	**–**	**–**	**192,066**
Capital expenditure*				
Unallocated				**982**
Segment	**114,142**	**42,901**	**–**	**157,043**

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

Year ended 31 December 2013 (restated)

	Park operations *RMB'000*	Property development and holding *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	966,284	399,955	12,058	1,378,297
Intersegment sales	4,891	–	–	4,891
Total revenue	971,175	399,955	12,058	1,383,188
Reconciliation:				
Elimination of intersegment sales				(4,891)
Revenue				1,378,297
Segment results	428,857	149,313	11,135	589,305
Reconciliation				
Unallocated gains				284,851
Unallocated expenses				(302,175)
Finance costs				(354,787)
Profit before tax				217,194

31 December 2013 (restated)

	Park operations *RMB'000*	Property development and holding *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment assets	3,144,163	2,765,536	–	5,909,699
Reconciliation:				
Corporate and other unallocated assets				2,283,858
Total assets				8,193,557
Segment liabilities	–	–	13,417	13,417
Reconciliation:				
Corporate and other unallocated liabilities				6,518,172
Total liabilities				6,531,589
Other segment information				
Impairment losses recognised in the statement of profit or loss	489	–	–	489
Depreciation and amortisation				
Unallocated				1,334
Segment	189,135	–	–	189,135
Capital expenditure*				
Unallocated				361
Segment	150,039	105,043	–	255,082

* 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 contributed over 10% of the Group's revenue was derived for the year ended 31 December 2014

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, 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, the sales of properties, and gross rental income received and receivable from investment properties, an appropriate proportion of contract revenue of construction contracts for 2014 and 2013, net of business tax and other surcharges.

	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Revenue		
Ticket sales	**943,055**	832,577
Property sales	**169,113**	317,178
Food and beverage sales	**83,815**	77,071
Sale of merchandise	**45,568**	42,768
Rental income	**48,074**	24,442
In-park recreation income	**24,742**	13,868
Construction contracts	**202,645**	58,335
Income from hotel operations	**14,374**	12,058
	1,531,386	1,378,297
Other income		
Government grants	**68,474**	27,672
Bank interest income	**22,860**	4,269
Interest income from related companies	**10,433**	145,628
Income from insurance claims	**10,863**	7,672
Foreign exchange gains	**20,441**	–
Others	**10,789**	10,575
	143,860	195,816
Gains		
Fair value gains on investment properties	**–**	71,957
Gain on revaluation upon reclassification from completed properties held for sale to investment properties, net	**192,482**	17,078
	192,482	89,035
	336,342	284,851

6. FINANCE COSTS

	2014 *RMB'000*	2013 *RMB'000* (Restated)
Interest on bank loans and other loans	**207,449**	401,030
Interest on finance leases	**7,488**	20,945
Total interest expenses on financial liabilities not at fair value through profit or loss	**214,937**	421,975
Less: Interest capitalised	**(21,413)**	(67,188)
	193,524	354,787

7. 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 2014 (2013: 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:

	2014 *RMB'000*	2013 *RMB'000* (Restated)
Current – Mainland China:		
Charge for the year	**76,164**	52,200
LAT	**2,491**	19,519
	78,655	71,719
Deferred tax	**85,238**	17,375
Total tax charge for the year	**163,893**	89,094

8. 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 2013.

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

	2014	2013
	RMB'000	*RMB'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	**191,984**	108,393

	Number of ordinary shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,804,945,055**	3,000,000,000

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

9. TRADE RECEIVABLES

	31 December 2014	31 December 2013
	RMB'000	*RMB'000*
		(Restated)
Trade receivables	**64,387**	32,736
Less: Provision for doubtful debts	**(6,239)**	(3,703)
	58,148	29,033

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 aged 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 2014	31 December 2013
	RMB'000	*RMB'000*
		(Restated)
Within 90 days	**36,972**	13,588
Over 90 days and within one year	**9,592**	3,692
Over one year	**11,584**	11,753
	58,148	29,033

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

	31 December 2014	31 December 2013
	RMB'000	*RMB'000*
At 1 January	**3,703**	3,214
Impairment losses recognised	**2,536**	489
	6,239	3,703

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

	31 December 2014	31 December 2013
	RMB'000	*RMB'000* (Restated)
Neither past due nor impaired	**55,969**	26,657
Past due within one year	**2,136**	2,333
Past due over one year	**43**	43
	58,148	29,033

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.

10. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	31 December 2014	31 December 2013
	RMB'000	*RMB'000* (Restated)
Cash and bank balances	2,033,545	501,120
Denominated in RMB	1,507,749	221,692
Denominated in Hong Kong dollar ("HKD")	97,314	–
Denominated in United State dollar ("USD")	428,482	279,428
Cash and bank balances	2,033,545	501,120

11. TRADE AND BILLS PAYABLES

	31 December 2014 *RMB'000*	31 December 2013 *RMB'000* (Restated)
Less than one year	**154,488**	60,000
Over one year	**191,470**	309,954
	345,958	369,954

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	The Group	
	2014 *RMB'000*	2013 *RMB'000* (Restated)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**1,231,403**	682,791
In the second year	**314,919**	399,411
In the third to fifth years, inclusive	**748,270**	880,518
Beyond five years	**265,200**	357,398
	2,559,792	2,320,118
Other borrowings repayable:		
Within one year or on demand	**79,210**	262,729
In the second year	**60,145**	125,686
In the third to fifth years, inclusive	**70,989**	677,320
Beyond five years	**–**	–
	210,344	1,065,735
	2,770,136	3,385,853

13. SUBSEQUENT EVENTS

In January 2015, the Group successfully bidded for land use rights of land with a total site area of approximately 297,155 square meter in Shanghai, the PRC which will be used for the development of Shanghai Haichang Polar Ocean Park at a total purchase consideration of RMB728.1 million.

Mr. Qu sold, on 13 January 2015 to certain eligible participants under the Share Award Scheme, 83,084,476 ordinary shares of the Company, representing 2.08% of the total issued share capital of the Company, at a price of HKD1.36 per share via an intermediary which is an associate of Mr. Qu.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry review

Due to China's economic development, increase in disposable income of its citizens, infrastructure improvement, change in holiday policies and gradual development of transport infrastructure in China, public consumption in the tourism industry in China is experiencing a fast growth period. Many Chinese citizens have adopted traveling as part of their lifestyles.

According to the 2015 National Tourism Meeting Working Report (《2015年全國旅遊工作會議工作報告》) issued by the China National Tourism Administration, China's tourism achieved a steady growth in 2014. It is estimated that the number of domestic tourist visits in 2014 has increased by 10.0% to 3.6 billion and the total national tourism receipts has increased by 11.0% to approximately RMB3.3 trillion. Number of domestic tourist visits has increased by approximately 17 times from about 200 million in 1984 to about 3.6 billion in 2014. The number of outbound travel per capita has increased by approximately 12 times from 0.2 times in 1984 to 2.6 times in 2014, while the number of inbound visitors has increased by approximately 69.7 times from about 1.8 million in 1978 to about 128.0 million in 2014, representing an average annual growth rate of 12.6%. Receipts from international tourism has also increased by approximately 213.8 times from about US$263.0 million to about US$56.5 billion, representing an average annual growth rate of 16.1%. The rapid growth of China's tourism consumption power has made it become the largest domestic tourism market in the world.

In China, the tourism industry has contributed to its related business sectors significantly. Its contribution to the accommodation sector, the civil aviation and railway passenger transport sectors, the cultural and entertainment sectors and the catering and commercial sectors reached over 90%, 80%, 50% and 40%, respectively. Due to the continued strengthening of the integration between the tourism industry and its related business sectors, the emergence of new tourism products and business trends, the development of the variety of tourism enterprises and the further enhancement of tourism service models, the tourism industry and its related business sectors have formed a comprehensive industry consisting of different business sectors. Since the share of the tourism industry in the gross domestic product of the PRC is still relatively low as compared to the developed countries, it is expected that the PRC tourism has great potential for future growth.

In 2014, the amount of actual completed investment in the tourism industry in China was approximately RMB705.3 billion, representing a year-on-year increase of 32.0%, which is higher than the growth rate of tertiary industry investment and national investment for approximately 15.0% and 16.2%, respectively. It is expected that in the coming three years, direct investment in the tourism industry will exceed RMB3.0 trillion. The development of rural tourism, tourist towns, large tourist spots and resorts areas, travel products such as medical and health travel, elderly healthcare travel, self-drive travel, cruise and boat trip and online travel agency, as well as manufacturing of travelling goods, outdoor leisure products and travelling equipment are becoming attractive areas for tourism investment.

Regulatory and Government Support

It is expected that the PRC government will continue to attach great importance and support to the tourism and leisure industry. Apart from a series of policies, laws and regulations such as the National Travel Leisure Outline (2013-2020) (《國民旅遊休閒綱要(2013-2020年)》) and the Tourism Law of the PRC (《中華人民共和國旅遊法》) issued on 25 April 2013 and effective as of 1 October 2013, the "Opinions on Promoting the Reform and Development of the Tourism Industry" (《關於促進旅遊業改革發展的若干意見》) (the "Opinions") were issued by the State Council on 21 August 2014 to facilitate the reform and development of the tourism industry in China. The Opinions set out the priority missions in the reform and development of the tourism industry in the forthcoming period, such as, to strengthen the momentum of tourism development, expand the space for tourism development and optimise the environment for tourism development. Focusing on the prevailing challenges and problems identified in the reform and development of the tourism industry in China, measures have been introduced to implement the paid leave system, strengthen the tourism infrastructure development, implement fiscal and financial policies which can support tourism development under the new market conditions, improve the land use management system of tourism land and optimise the system for tourism-related personnel development. In the working report of the Government delivered by Mr. Li Keqiang, the Premier of the PRC State Council, in March 2015, objectives and measures in connection with the development of the tourism industry such as elevation of tourism and leisure spending, implementation of paid leave system, promotion of expansion and multi-development of national tourism brand names and promotion of development of tourism lifestyle and manufacturing service industries were suggested.

In the coming three years, it is expected that the PRC Government will continue to strengthen the reform of the tourism system so as to motivate the development of the tourism industry, enhance and standardise tourism laws and regulations, improve the public services at tourist spots, promote the establishment of a convenient transportation system, innovate regional tourism co-operation mechanisms, launch new investment and financing platforms for tourism, support the innovation development of tourism enterprises, and encourage the development of leisure vacation products with strong market demand, high-end theme parks and tourism performance shows, all of which will provide more development opportunities to the tourism industry in China.

Business review

The Group is a leading developer and operator of theme parks and ancillary commercial properties in the PRC. The Group's theme parks provide a comprehensive theme park, leisure, dining and shopping experience to its customers through both the in-park offerings and the complementary services offered by the ancillary commercial properties adjacent to the theme parks. Following the completion of the acquisitions of Dalian Discoveryland and Chongqing Caribbean Water Park by the Group in December 2014, the Group has expanded its theme park portfolio and enhanced its strategic geographical presence in the PRC. The Group currently operates six marine theme parks with a focus on polar animals, one adventure theme park and one water park across the PRC located in Dalian, Qingdao, Tianjin, Yantai, Wuhan, Chengdu and Chongqing. The key advantageous assets of the Group are its large and diverse animal collection showcased in its theme parks. All of the Group's marine theme parks, adventure theme park and water park have been operated by the senior management team of the Group since their inception.

The Group has recorded an increase in both the admission attendance (measured by the number of visitors based on actual admissions) and ticket attendance (measured by the number of visitors based on ticket sales) of the eight theme parks owned and operated by the Group in 2014. For the twelve months ended 31 December 2014, the admission attendance of the eight theme parks of the Group increased by 10.6% from approximately 10,393,742 visitors for the twelve months ended 31 December 2013 to approximately 11,494,200 visitors for the same period in 2014. The ticket attendance of the eight theme parks of the Group increased by 7.5% from approximately 8,161,540 visitors for the twelve months ended 31 December 2013 to approximately 8,773,183 visitors for the same period in 2014.

As to brand building, through strengthening the Group's internal training on the unification of the usage of its brand and completing the design and usage specifications of its new theme park cartoon figures, the Group has established the foundations for brand promotion and derivative products development. Also, it has strengthened and promoted the *Haichang Holdings* brand and improved its branding management system. Furthermore, the Group has continuously strengthened the promotion of its brand name through cooperation with main stream media such as China Central Television. As to marketing and promotion, in addition to the preliminary completion and operation of the official network and new media platform, the Group has also proactively implemented its online sales platform, commenced extensive cooperation with various online travel agencies and increased its sales volume with enhanced sales channels combination and integration of offline activities. The Group has expanded the facilities in the intelligent zones of its theme parks by introducing the application of Quick Response Code, tour guide mobile application and in-park public Wi-Fi network. The Group has also imported a gridding management model for its regional market development and placed great emphasis on the development of new customer base and new cooperative partners, as well as seasonal themed activities, in order to stabilise its customer flow during the peak and non-peak seasons and to ensure a stable admission attendance increment. In January and March 2014, the Group launched the "South Pole Fairytale Village (南極童話村)" and the "Haichang Little Explorer (海昌小小旅行家)" activities. Later in the summer of 2014, the Group cooperated with Taomee Holdings Ltd. (NYSE: TAOM) and jointly presented the "Haichang Little Magician – Mole World Adventure (海昌小小魔法師－摩爾莊園大冒險)" activity. Through these activities, the Group aroused the attention of the market and media and attracted more visitors to its theme parks, especially families and children visitors. For the year ended 2014, the Group obtained a number of awards such as "2014 Top 20 Tourism Corporation in the PRC", "2014 Most Favourite Tourism Group of Internet Users" and "2014 Leading Theme Park in the PRC".

The Group has proactively implemented various measures to optimise and increase the revenue from in-park spending and profitability, the results of which were obvious in the year of 2014. In particular, the Group has improved its entertainment contents by upgrading its existing venues and implemented various creative performance activities to enrich visitors' experience and promote public understanding of marine science. It has established and implemented systems to maintain the standard of its catering services and unify the working process. In order to increase its gross profit margin, the Group has implemented effective incentive scheme and costs control system to increase its revenue and profits, carried out scientific adjustments to its business and profit-sharing models and gradually retrieved projects with higher profit margin for self-operation. Based on the spending patterns of its visitors, the Group has also independently conducted research and developed food and beverages with recreational themed packing in order to enrich its product portfolio, enhanced the location, image and environment of its in-park spending points and devoted more effort in innovation for the development of more creative products and new projects with interactive entertainment experience in order to enrich the visitors' experience dimensions.

The park operations and others segments of the Group have experienced significant revenue growth in 2014. Revenue from the park operations and others segments increased from approximately RMB978.3 million in 2013 to approximately RMB1,111.6 million in 2014. Revenue from the property development and holding segment amounted to approximately RMB400.0 million and RMB419.8 million in 2013 and 2014, respectively. The total revenue of the Group was approximately RMB1,378.3 million and RMB1,531.4 million in 2013 and 2014, respectively.

In addition, the Group and Ocean Park Corporation on 25 August 2014 entered into a memorandum of cooperation and stipulated a framework of cooperation, pursuant to which the Group and Ocean Park Corporation will extend and deepen the existing scope of their cooperation in areas such as brand names promotion and marketing, personnel development, animal sustainability and technical skills exchange so as to motivate the world to support the continuing environmental conservation works, especially marine environmental protection and biodiversity. The Board believes that the memorandum of cooperation will allow the Group to share its experience and enhance its professional knowledge in different areas; realise advanced resources sharing; increase public awareness of its brand and elevate the level of its internationalisation through organising animal-related educational activities and environmental protection activities; and more importantly, to promote the importance of animal and environmental protection to the public. The memorandum of cooperation will bring mutual benefits to both parties and is in the interests of the Company and its shareholders as a whole.

The Group has cooperated with many renowned e-commerce enterprises, such as LY.com, Ctrip.com, Qunar.com and Taobao.com, to enlarge its sales channels and explore in-depth online to offline cooperation model. The Group has also actively promoted cross-border cooperation and explored the development of marine themed cultural industry. Besides the cooperation with Taomee.com in launching themed sales promotion activities and the "Mole World" drama touring shows, they also jointly produced a movie called the "Mole World Movie 3: Magic Train Adventure《摩爾莊園大電影3：魔幻列車大冒險》". Furthermore, certain elements and features of the Group's polar ocean world concept have been incorporated in a movie called "The Mermaid《美人魚》", a 3D magical movie invested by Mr. Stephen Chow.

To offer the park visitors an integrated travel experience and benefit from the potential appreciation in value of the properties adjacent to the theme parks, the Group develops, sells and selectively holds ancillary commercial properties adjacent to the theme parks. The Group continues to focus on providing leisure experience and lifestyle services and promoting the concept of synergic development of theme parks and ancillary commercial properties. The Group has facilitated the sales of its properties held for sale through taking a forward-looking approach to identify the positioning of its products, reinforcing the expansion of sales channels and strengthening the management of sales revenue. Therefore, the Group reached the expected sales target of its properties held for sale for the year ended 31 December 2014. By analysing the structure of its product portfolio, carrying out regular assessment and selection of its tenants, consolidating the complementary functions between different business segments and standardising the standard of its property services, the Group has successfully adjusted the combination of the tenant base of its properties held for investment and developed a more diversified tenant base with higher rental income level, such as hot springs, wedding banquets and children's entertainments. The commercial leasing business of the Group has also improved in 2014 as compared to the same period in 2013 as it recorded a substantial growth in its leasable area, occupancy rate and rental income level. With the purposes of prolonging the staying time of visitors in its theme parks and increasing the possibility of consumption, the Group has started to study the self-support business model and has preliminarily completed the research on certain self-support businesses with good synergies effect such as themed hotels and themed restaurants.

With respect to industry exchange activities, the Group participated in the 42nd Annual Symposium of the European Association for Aquatic Mammals (EAAM) held in Spain in March 2014 and the 45th Annual Conference of the International Association for Aquatic Animal Medicine (IAAAM) held in Australia in May 2014, at which the Group exchanged and shared views and experiences on international exchange, global marine theme parks growth trends, establishment of animal pedigree, animal species management and animal medical care with its industry peers. The Group, as an organiser, cooperated with the Aquarium Special Committee of the Chinese Association of Natural Science Museums, Hong Kong Ocean Park and International Marine Animal Trainer's Association, and jointly launched an animal trainer training program in May 2014. In mid-May 2014, the Group was further appointed as an organiser of the annual meeting of the Polar Science Education Centre of the State Oceanic Administration. Later in September 2014, the Group was invited to participate in the 22nd Biennel Conference of the International Zoo Educators Association and the meetings of the United States' Association of Zoos and Aquariums (AZA) and the International Marine Animal Trainer's Association (IMATA). The Group also participated in the first Hong Kong, Taiwan and China aquarium forum and the annual academic conference of the Aquarium Special Committee of the Chinese Association of Natural Science Museums in October and November 2014, respectively. The Group has established a regular two-way exchange mechanism with the Fixed Assets and Aquarium Division of ORIX Group in Japan to facilitate the exchange of ideas in relation to research and development of themed merchandise, management experience and scientific research results. Through the above exchanges and cooperation, the Group has not only acquired experience in advanced operation management and scientific research, it has also strengthened its influence in the marine theme park industry.

Regarding animal breeding and scientific research, the Group bred a total of ten animal species and more than 100 polar marine animals during the year ended 2014. In September 2014, the Group and National Aquatic Wildlife Conservation Association jointly presented the annual "Aquatic Wildlife Conservation Haichang Award" to reward organisations and individuals who had made outstanding contributions to the conservation, research and science education of aquatic wildlife. The Group also entered into a cooperation agreement with Qingdao Agricultural University in December 2014 to establish a polar marine animal research centre for scientific research on polar marine animals, with the aims to actively convert the research results into animal conservation techniques productivity and promote the integration of academic research and industrial development. The Group has also enhanced the technical knowledge and performance of its staff by circulating internal technical journals covering areas such as animal management, medical care and training and establishing mechanisms for internal exchange on animal scientific research.

In order to reward the existing management of the Group for their contributions and to encourage and maintain a long-term service relationship between the Company and the management, the Group adopted a management share purchase scheme on 19 November 2014 and extended the scheme on 13 January 2015, with an aim to provide the directors, management or other core employees of the Group or any other persons who have contributed or will contribute to the development and operation of the Group (collectively, the "Eligible Participants") with the opportunities to hold the shares (the "Shares") of the Company. The share purchase scheme will allow the Group to share its future value and growth with the Eligible Participants and align the personal interests of the Eligible Participants with those of the Company and its shareholders. The Eligible Participants shall have the ownerships, rights to income and voting rights in respect of any scheme shares so purchased. The Board may further encourage the management to increase their shareholdings in the Company in the future.

The Group has always been endeavoured to establish good investor relations and public relations and has placed particular emphasis on communication with investors. Upon the listing (the "Listing") of the Shares on the Mainboard of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group has communicated with more than one hundred investment institutions on matters such as the Group's current operating situation, industry prospects, development strategies and future plans, through organising sizeable results conferences, annual general meeting, non-transactional roadshows after publication of results announcements, investors' reverse roadshows, as well as participating in activities such as investment forums and discussion meetings organised by investment banks. On one hand, the management actively engaged in frequent interactions with investors through one-to-one/group meetings and teleconferences and sending monthly newsletters to investors regularly, with the purposes to increase the public awareness and understanding of the Group. On the other hand, the Group established a two-way communication mechanism with the media in China and Hong Kong, organised a number of reverse roadshow activities in Hong Kong and the places in which its projects are located, it also actively participated in award events for listed companies organised by professional media and industry exchange activities.

Business outlook

The Group will continue to focus on the development of its two pipeline projects, Shanghai Haichang Polar Ocean Park (previously known as Shanghai Haichang Polar Ocean World) and Sanya Haitang Bay Dream World, as well as the cooperation with Dalian Laohutan Marine Park ("Hutan Park") (the state-owned enterprise which holds 41.7% interests in Dalian Laohutan Ocean Park Co., Ltd ("Dalian Laohutan"), a subsidiary of the Group which operates Dalian Laohutan Ocean Park).

Shanghai Haichang Polar Ocean Park

Shanghai Haichang Polar Ocean Park is expected to be developed into a flagship marine theme park of the Group with ancillary commercial properties, and will become a new landmark in Shanghai. The marine theme park will showcase marine animals from the North and South Poles, marine fish and marine wildlife together with large-scale amusement equipment, special effects films, animal performances and water-borne parades.

As disclosed in the announcement of the Company dated 18 January 2015 in relation to the completion of the acquisitions of the land plots to be used for the development of the park portion of Shanghai Haichang Polar Ocean Park, which will comprise a theme park and ancillary hotels, the Group on 16 January 2015 won the bids for the land use rights of the relevant land plots through the listing-for-sale procedures at RMB728.1 million and entered into the corresponding land grant contracts, marking a big step forward for this pipeline project. Establishment of Shanghai Haichang Polar Ocean Park will be regarded as a key business development milestone of the Group. This will help to materialise the Group's geographical strategy with respect to the Yangtze River Delta region and the first-tier cities in the PRC and to strengthen the Group's status as a leading developer and operator of theme parks and ancillary commercial properties in the PRC.

Sanya Haitang Bay Dream World

Sanya Haitang Dream World is planned to be an international tourist destination situated on the "national seashore" of the Sanya Haitang Bay. The project is expected to provide entertainment programs to visitors and be positioned as a large-scale integrated project that blends leisure, dining, shopping, culture and entertainment. In respect of the project land for the tourism-related part of the project, the Group entered into a land lease contract with the local government authority on 16 January 2014. As of 30 June in the same year, the design firm engaged by the Group completed the conceptual planning for the land use of the project and passed the preliminary reporting stage with the relevant local municipal government authority in Sanya. In July of the same year, China Academy of Urban Planning and Design, the organisation responsible for the examination and approval of the overall planning of the Sanya Haitang Bay area, approved the guidelines for a gross floor area of approximately 100,000 sq.m. of the project. The Group and the Sanya Haitang Bay Management Committee (三亞市海棠灣管理委員會) have entered into an agreement in connection with the construction work of the project land for the tourism-related portion of the project, the greening and road construction work of a portion of the project land have commenced in August of the same year pursuant to the agreement.

In respect of the project land for the ancillary commercial properties, the Group expects the local government authority to announce the land tender, auction or listing-for-sale procedures for the relevant project land in phases. The Group will continue to communicate with the relevant government authorities in order to push forward the acquisitions of the land for the tourism-related portion and the ancillary commercial properties of the project.

Dalian Laohutan Park

During the year under review, Haichang (China) Co., Ltd., Dalian Laohutan and Hutan Park entered into a cooperation framework agreement (the "Cooperation Framework Agreement") to strengthen and extend the scope of the existing cooperation between the Group and Hutan Park in relation to the operation and management of Dalian Laohutan Park. Pursuant to the Cooperation Framework Agreement, Hutan Park shall solely appoint Dalian Laohutan to manage Dalian Laohutan Park and Dalian Laohutan shall have the right to develop, operate and manage any new attractions in the park. Despite the parties have already reached consensus on the details of the material terms and conditions in relation to the proposed cooperation stipulated under the Cooperation Framework Agreement, they still require additional time to finalise the definitive agreement(s) and the parties will finalise all the terms and conditions of the definitive agreement(s) as soon as practicable. In February 2015, the Group and Hutan Park reached consensus on the settlement method of the ticket sales revenue of Dalian Laohutan Park for the year of 2014 and also reached an intention to cooperate in various aspects for the year of 2015, such as marketing and promotion, ticket management, settlement, data statistics and new projects development.

Besides, the Group plans to continue strengthening and promoting the construction of travel and leisure spots with marine features, innovating and developing marine cultural techniques service system and product exporting services, and establishing a logical distribution of product areas with the aims to develop a leading tourism and leisure brand name with a focus on marine culture in China and become an international travel and leisure platform type enterprise featuring marine culture. The major plans of the Group are as follows:

Continuous reinforcement of the continuous attractiveness and regional competitive advantages of the existing theme parks and development of travel and leisure destinations with featured culture in the region

The Group will improve the capital investment mechanism with development of travel and leisure destinations as the goal and collaboration and innovation as the principles and enhance the products and services of its existing theme parks. It will also increase the interactive entertainment contents in its existing theme parks and develop featured hotels, hot springs, themed restaurants, coffee shops and children's entertainments at self-owned and leased commercial properties. The Group will reserve a certain percentage of its operating income every year for the upgrading and reconstruction of its theme parks and the formation and operation of self-support business. It is expected that the upgrading of the existing eight theme parks of the Group will be completed in phases within the coming three to five years in order to enhance the continuous attractiveness of the existing parks as the travel and leisure destinations in the region. Through strategies such as importation of science and technology, inclusion of marine cultural features and cooperation with international brands, the Group will be able to improve the income and gross profit margin of its non-ticket operation revenue by enhancing its ability to generate in-park spending, such as to improve the contents of its in-park entertainments and chargeable entertainments and attractiveness of its non-ticket nature products. Through methods such as structural reform, technological innovation and institutional improvement, the Group will be able to control and manage its costs at a reasonable level and thus will maintain its EBITDA and income ratio at a favourable level.

Completion of the development of Shanghai Haichang Polar Ocean Park and Sanya Haitang Bay Dream World and the unified operation of Dalian Laohutan Park, exploration of project investment opportunities in first-tier cities for travel consumption and cities of strategic significance in the PRC, as well as merger and acquisition opportunities across the world

Shanghai Haichang Polar Ocean Park will be positioned as a flagship polar marine park comparable with the Disneyland theme park to be built in Pudong, Shanghai and Sanya Haitang Bay Dream World will be positioned as the most attractive entertainment and leisure destination featuring marine culture in China. The Group will focus on cooperation in respect of international intellectual properties during the course of development and operation and joint development of international consumer goods and services contents. The Group expects that the listing-for-sale procedures for the land plot for the development of Sanya Haitang Bay Dream World will complete and construction works will commence in 2015, and that the development and construction of Shanghai Haichang Polar Ocean Park will be completed in 2017 with all the opening conditions imposed by the relevant PRC government authorities being satisfied. The Group will strive to complete the preliminary reconstruction plan of Dalian Laohutan Ocean Park and commence the reconstruction within the coming three years. The Group will actively explore suitable project investment opportunities in the first-tier cities for travel consumption and cities of strategic significance in the PRC, with a target to conduct thorough investigation and research on cities reserved for development and assess the feasibility of development within a year and to initiate new investment plans within the following three years. The Group will also be actively exploring vertical and horizontal merger and acquisition opportunities across the world. While focusing on the variety of international strategic cooperation, the Group and its strategic partners will jointly develop international tourism consumption products and services.

Continuous improvement of the two core competitiveness (animal conservation management technology; and project design and development and operation management systems) and proactive conversion into output of management consultancy and techniques management services

The Group will continue to promote the harmony between human and animal and the concept of environmental protection; formulate animal protection and conservation strategies; construct animal conservation scientific and research centres; establish animal protection charitable fund; continue to invest in and strengthen the research on management techniques of animal conservation and actively strengthen the cooperation with renowned enterprises and research institutions in the industry so as to highlight and strengthen its position in the industry, and proactively promote the conversion of scientific research results into industry productivity. The Group will continue to improve the overall and individual abilities of each stage of its project development and management process (such as venue design, construction, operation and management). It will set up a management consultancy and techniques services company for active promotion of its marketing consultancy and techniques management services to the market and will fully utilise the advantages of chained distribution in order to develop more opportunities for provision of its services within the region, which will in turn become a momentum for its brand development and profit increment. The Group will highlight and strengthen its design and planning abilities, act along with the fast-changing trend of the commercial service industry and provide services on the design and installation of embedded or portable marine themed products and maintenance services of life-support systems for entities such as aquariums, marine-themed restaurants and children's entertainments.

Development of production capacity in marine themed cultural and entertainment contents and development of children's entertainments, cultural performances and entertainment products

The Group will perform a full assessment of customers' needs, current market competition and development trends of indoor children's entertainment projects under the premises to meet the needs of customers and achieve quick return on investment, the Group will be able to develop logical arrangement and replicate rapidly based on its creative and unique content production ability. The Group will confer cultural connotations to its existing theme parks and those to be developed in light of the "Scene Strategy" concept, the Group will also actively develop creativity through exploration of online virtual scenes and build a design team with creativity and contents production ability in order to become a provider of marine-themed cultural contents with independent intellectual property rights. The Group will also fully utilise shareholders' resources, attract advanced cultural and entertainment enterprises from the Unites States, Japan, Korea and China and mainstream media for collaboration in the development of dramas and animation works for children with the theme of marine science and knowledge. Based on the Group's continuing research and development abilities, the Group will upgrade its existing marine-themed cultural performances and innovate sizeable marine culture shows.

Financial review

Revenue

For the year ended 31 December 2014, the Group recorded a turnover of approximately RMB1,531.4 million (2013: RMB1,378.3 million), representing an approximately 11.1% increment as compared to last year. The increase in turnover was attributed to an increase in the revenue generated from its park operations, property development and holding and others segments.

Revenue generated from the Group's park operations and others segments increased by 13.6% from approximately RMB978.3 million in 2013 to approximately RMB1,111.6 million in 2014, primarily due to an increase in tickets sales and non-ticket revenue, which was mainly driven by the increase in the number of ticket attendance. For the year ended 31 December 2014, the ticket attendance of the eight theme parks increased to approximately 8.77 million visitors in 2014 from approximately 8.16 million visitors in 2013. Revenue generated from sales of tickets therefore increased by 13.3% from approximately RMB832.6 million in 2013 to approximately RMB943.1 million in 2014. Revenue generated from non-ticket sales increased by 15.6% from approximately RMB145.7 million in 2013 to approximately RMB168.5 million in 2014.

Revenue generated from the Group's property development and holding segment increased by 5.0% from approximately RMB400.0 million in 2013 to approximately RMB419.8 million in 2014, of which revenue generated from property sales decreased by 1.0% from approximately RMB375.5 million to approximately RMB371.7 million, and revenue generated from rental income increased 96.3% from approximately RMB24.5 million to approximately RMB48.1 million.

Cost of sales

The Group's cost of sales increased by 8.7% from approximately RMB789.0 million in 2013 to approximately RMB857.8 million in 2014, which was in line with the increase in revenue.

Gross Profit

The Group's overall gross profit increased by approximately 14.3% to approximately RMB673.6 million (2013: RMB589.3 million) and overall gross profit margin slightly improved to 44.0% (2013: 42.8%).

Segment gross profit of the Group's park operations and others segments increased by 24.0% to approximately RMB545.7 million (2013: RMB440.0 million) and segment gross margin of the Group's park operations and others segments improved from 45.0% in 2013 to 49.1% in 2014, primarily due to the increase in revenue generated from its theme parks as a result of the higher admission attendance of its theme parks in 2014 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 and holding segment decreased by 14.3% to approximately RMB127.9 million (2013: RMB149.3 million). Segment gross margin of the Group's property development and holding segment was 30.5% (2013: 37.3%). The decrease in gross margin of this segment was mainly due to the difference in the types of properties sold as compared to the prior period.

Other Income and Gains

The Group's other income and gains increased by 18.1% from approximately RMB284.9 million in 2013 to approximately RMB336.3 million in 2014, mainly due to an increase in the fair value gains on the revaluation of investment properties, which was caused by an increase in the leasable area and rental rates of the investment properties in 2014.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by 20.5% from approximately RMB100.0 million in 2013 to approximately RMB120.5 million in 2014, mainly due to an increase in promotion and advertising expenses on the Group's theme parks for the purpose of the Listing and an increase in commission fees paid to the travel agencies as a result of the increase in revenue from tickets sales in 2014.

Administrative Expenses

The Group's administrative expenses increased by 32.2% from approximately RMB200.9 million in 2013 to approximately RMB265.6 million in 2014, mainly due to certain expenses in connection with the Listing incurred in 2014 and an increase in staff costs as a result of the reorganisation of the listed businesses of the Group.

Finance Costs

The Group's finance costs decreased by 45.5% from approximately RMB354.8 million in 2013 to approximately RMB193.5 million in 2014, mainly due to a substantial decrease in the total amount of bank loans and other borrowings and the optimisation of the Group's debt structure in 2014.

Income Tax Expenses

The Group's income tax expenses increased by 84.0% from approximately RMB89.1 million in 2013 to approximately RMB163.9 million in 2014, mainly due to an increase in deferred tax arising from the increase in the Group's profit before tax and fair value gains on its investment properties recognised during the year.

Profit/(Loss) for the Year

As a result of the foregoing, the profit of the Group for the year increased by 65.1% from approximately RMB128.1 million in 2013 to approximately RMB211.5 million in 2014, while the net profit margin increased from 9.3% in 2013 to 13.8% in 2014. During the same period, the profit attributable to owners of the parent increased by 77.1% from approximately RMB108.4 million in 2013 to approximately RMB192.0 million in 2014.

Liquidity and Financial Resources

As at 31 December 2014, the Group had current assets of approximately RMB3,342.7 million (2013: RMB3,350.6 million). The Group had cash and bank deposits of approximately RMB1,551.4 million (2013: RMB498.8 million) and its pledged bank balances amounted to approximately RMB482.1 million (2013: RMB2.3 million). The increase in cash and bank deposits by the end of 2014 was mainly attributable to the proceeds obtained from the Listing and the increase in revenue generated from its parks operations. The current ratio of the Group was approximately 1.47 (as at 31 December 2013: 1.07).

Total equity of the Group as at 31 December 2014 was approximately RMB3,728.0 million (2013: RMB1,662.0 million). The increase in total equity was mainly due to an increase in the Share premium of the Company as a result of the Listing and the proceeds received from Mr. Qu Naijie in respect of the acquisitions of Dalian Haichang Discoveryland Theme Park Co., Ltd. and Chongqing Haichang Caribbean Tourism Development Co., Ltd. by the Group in December 2014. As at 31 December 2014, the total interest-bearing bank and other borrowings of the Group was approximately RMB2,770.0 million (2013: RMB3,385.9 million).

As at 31 December 2014, the Group had a net gearing ratio of 19.9% (as at 31 December 2013: 154.6%). 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 substantial decrease of the net gearing ratio as at 31 December 2014 was mainly attributable to the increase in total equity as a result of the Listing.

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 be able to obtain additional financing with favourable term.

Capital structure

The share capital of the Company comprises ordinary shares for the year ended 31 December 2014.

Contingent Liabilities

	31 December 2014 *RMB'000* **(Audited)**	31 December 2013 *RMB'000* (Audited)
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties*	**51,788**	87,657
Guarantees given to banks in connection with facilities granted to related companies**	**–**	449,449
	51,788	537,106

* 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 mortgage loan and ends after the execution of the purchaser's collateral agreement.

The Group did not incur any material losses during the year (2013: 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.

** The Group provided guarantees to banks in connection with bank facilities granted to the related companies and the Directors consider that no provision is required in respect of the guarantees.

Capital Commitments

For the year ended 31 December 2014, the Group had capital commitments of approximately RMB402.7 million (2013: RMB358.3 million), which shall be funded through a variety of means, including cash generated from operations, bank financing and proceeds from the Listing.

Foreign Exchange Rate Risk

The Group mainly operates in China. Other than bank deposits and limited amount of bank borrowings denominated in foreign currency, the Group is not exposed to material foreign exchange rate risk. Appreciation in RMB would have a positive effect on the repayment of interest and bank borrowings denominated in foreign currency. During the year ended 31 December 2014, though the exchange rate of RMB against the United States Dollar and the Hong Kong Dollar decreased slightly, 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

When taking into account the eight theme parks of the Group, the Group had approximately 2,400 full-time employees and approximately 400 temporary workers in the PRC (2013: 2,300 full-time and 400 temporary) and 5 full-time employees in Hong Kong (2013: Nil) as at 31 December 2014. 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 is required to make contribution to a social insurance scheme in the PRC. The Group and its employees in the PRC are required to make contribution to a social insurance scheme in the PRC. The Group and its employees in the PRC are required to make contribution to fund the endowment insurance and unemployment insurance at the rates specified in the relevant PRC laws and regulations. During the year, all of the Hong Kong full-time employees have participated in the Mandatory Provident Fund Scheme or recognised occupational retirement scheme.

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 2014.

Pre-Emptive Rights

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

Corporate Governance

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

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. Other than Mr. Yuan Bing, 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 2014 (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. Other than Mr. Yuan Bing, being the chairman of the risk management and corporate governance committee of the Company, the chairmen of all the other committees of the Company were absent from the AGM due to pre-arranged business commitments.

Non-Compliance with Rules 3.10(1), 3.10A and 3.21 of the Listing Rules

Following the resignation of an independent non-executive Director, Mr. Wei Xiaoan, on 27 May 2014, the number of independent non-executive Directors fell below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules. The number of members of the audit committee of the Company (the "Audit Committee") also fell below the minimum number required under Rule 3.21 of the Listing Rules.

Furthermore, the number of members of the nomination committee, the risk management and corporate governance committee and the independent board committee of the Company also fell below the minimum number required under the A.5.1 of the Code and the terms of reference of the respective committees.

The Company has endeavoured to identify a suitable candidate to fill up the roles of Mr. Wei Xiaoan upon his resignation. Prof. Xie Yanjun was appointed as an independent non-executive Director and a member of the Audit Committee, the nomination committee, the risk management and corporate governance committee and the independent board committee of the Company with effect from 22 August 2014, the Company has fulfilled the requirements under Rules 3.10(1), 3.10A, 3.21 of the Listing Rules, the A.5.1 of the Code and the terms of reference of the respective committees.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code (the "Model Code") for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by Directors. The Company has made specific enquiries to all Directors and all Directors have confirmed that they have strictly complied with the Model Code during the year 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, all of whom are independent non-executive Directors. Prof. Fang Hongxing is the chairman of the Audit Committee.

The Audit Committee has reviewed together with the Directors and the Company's external auditor the audited annual results of the Group for the year ended 31 December 2014.

Dividend

The Board does not recommend payment of any dividend for the year ended 31 December 2014.

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 2014 is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.haichangholdings.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 Holdings Ltd.
Wang Xuguang
Executive Director and Chief Executive Officer

Dalian, the People's Republic of China, 29 March 2015

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.