HAICHANG OCEAN PARK HOLDINGS LTD.
海昌海洋公園控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2255)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

FINANCIAL HIGHLIGHTS

- Revenue from park operations for the six months ended 30 June 2018 was RMB615 million, increased by 5.8% as compared to the same period last year
- Ticket revenue for the six months ended 30 June 2018 was RMB446 million, increased 7.4% as compared to the same period last year
- Net profit for the six months ended 30 June 2018 was RMB81.25 million, increased 41.2% as compared to the same period last year

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Haichang Ocean Park Holdings Ltd. (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2018, together with the comparative financial data as follows:

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	For the six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
REVENUE	5	**659,279**	644,052
Cost of sales		**(360,124)**	(323,754)
GROSS PROFIT		**299,155**	320,298
Other income and gains	5	**202,743**	64,136
Selling and marketing expenses		**(52,903)**	(47,738)
Administrative expenses		**(180,568)**	(140,151)
Other expenses		**(1,956)**	(417)
Finance costs	6	**(103,635)**	(69,610)
Share of loss of an associate		**(3)**	(21)
PROFIT BEFORE TAX		**162,833**	126,497
Income tax expense	7	**(81,581)**	(68,947)
PROFIT FOR THE PERIOD		**81,252**	57,550
Attributable to:			
Owners of the parent		**82,034**	55,051
Non-controlling interests		**(782)**	2,499
		81,252	57,550
EARNINGS PER SHARE			
– Basic and diluted (RMB cents)	8	**2.05**	1.38

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**81,252**	57,550
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	**(36,296)**	70,759
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net of tax	**(36,296)**	70,759
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	**36,518**	(71,930)
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods, net of tax	**36,518**	(71,930)
Other comprehensive income/(loss), net of tax	**222**	(1,171)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	**81,474**	56,379
Attributable to:		
Owners of the parent	**82,256**	53,880
Non-controlling interests	**(782)**	2,499
	81,474	56,379

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2018

	Notes	**30 June 2018** *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**5,833,288**	4,892,988
Investment properties		**2,622,329**	2,387,030
Prepaid land lease payments		**1,661,432**	1,704,584
Intangible assets		**11,115**	12,193
Available-for-sale investments		**–**	90,203
Financial assets designated as at fair value through profit or loss		**142,304**	–
Deferred tax assets		**21,835**	25,063
Investment in an associate		**79,110**	79,113
Long term prepayments and deposits		**495,406**	532,935
Total non-current assets		**10,866,819**	9,724,109
CURRENT ASSETS			
Completed properties held for sale		**225,463**	228,514
Properties under development		**512,257**	514,718
Gross amount due from a contract customer		**–**	5,166
Contract assets		**20,688**	–
Inventories		**19,313**	18,941
Trade receivables		**174,959**	170,542
Available-for-sale investments		**–**	200
Financial assets designated as at fair value through profit or loss		**200**	–
Prepayments, deposits and other receivables		**149,113**	149,187
Due from related companies		**12,928**	14,207
Pledged bank balances		**28,373**	1,149
Cash and cash equivalents		**1,623,678**	1,305,108
Total current assets		**2,766,972**	2,407,732

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 JUNE 2018

	Notes	**30 June 2018** *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
CURRENT LIABILITIES			
Trade and bills payables		**971,823**	1,086,381
Other payables and accruals		**300,526**	391,372
Due to related companies		**27,560**	26,540
Advances from customers		**5,631**	33,774
Interest-bearing bank and other borrowings	*9*	**1,861,812**	1,775,257
Government grants		**210,732**	124,014
Deferred revenue		**14,777**	19,957
Tax payables		**193,711**	212,853
Contract liabilities		**28,098**	–
Total current liabilities		**3,614,670**	3,670,148
NET CURRENT LIABILITIES		**(847,698)**	(1,262,416)
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,019,121**	8,461,693
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*9*	**4,381,364**	2,957,133
Government grants		**893,286**	896,811
Deferred revenue		**6,515**	–
Deferred tax liabilities		**230,985**	184,815
Total non-current liabilities		**5,512,150**	4,038,759
NET ASSETS		**4,506,971**	4,422,934
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital		**2,451**	2,451
Reserves		**4,391,322**	4,306,503
		4,393,773	4,308,954
Non-controlling interests		**113,198**	113,980
TOTAL EQUITY		**4,506,971**	4,422,934

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION
30 JUNE 2018

1. CORPORATE INFORMATION

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

The Company's subsidiaries are principally engaged in the development, construction and operation of theme parks, property development and investment, hotel operations and provision of consultancy and management service in the People's Republic of China (the "PRC"). In the opinion of the directors of the Company, the Company's immediate and ultimate holding company at 30 June 2018 was Haichang Group Limited, a company incorporated in the British Virgin Islands (the "BVI").

2.1 BASIS OF PREPARATION

The unaudited interim financial information for the six months ended 30 June 2018 (the "Interim Financial Information") has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

Basis of consolidation

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of three elements of control described in the accounting policy for subsidiaries in the Group's audited financial statements for the year ended 31 December 2017. 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

The Group had net current liabilities of approximately RMB847,698,000 as at 30 June 2018. In view of the net current liabilities position, the directors of the Company have given careful consideration of the Group's operating performance, the availability of sources of finance and the future cash flows in assessing the Group's capability to continue as a going concern. Taking into consideration the available bank facilities up to date, the proposed issuance of an asset-backed security bond and the cash flows from profitable operation, the directors of the Company are of the opinion that it is appropriate to prepare the unaudited interim financial information on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of revised standards and interpretations effective for the annual periods beginning on or after 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
Amendments to IAS 40	*Transfers of Investment Property*
Annual improvements 2014-2016 Cycle	*Amendments to IFRS 1 and IAS 28*

The Group applies, for the first time, IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* that require restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below. Other than as further explained below, the directors do not anticipate that the application of the new and revised IFRSs above will have a material effect on these interim condensed consolidated financial statements and the disclosure.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using a modified retrospective method of adoption. The effect of adopting IFRS 15 is as follows:

- The comparative information for each of the primary financial statements would be presented based on the requirements of IAS 11, IAS 18 and related Interpretations and;

- The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties or customers of management service is recognised as contract assets. The contract assets will be reclassified as receivables when the progress billings are issued as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

- Under IFRS 15, proceeds from customers of non-lease contracts, which previously presented as receipt in advance from customers included in "other payables and accruals", are recorded as "contract liabilities" before relevant sale revenue is recognised.

- As required for the interim condensed consolidated financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to note 4A for the disclosure on disaggregated revenue. Disclosures for the comparative period in the notes to the financial statements would also follow the requirements of IAS 11, IAS 18 and related interpretations. As a result, the disclosure of disaggregated revenue in note 4 would not include comparative information under IFRS 15.

IFRS 9 *Financial Instruments*

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

(a) Classification and measurement

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

The new classification and measurement of the Group's financial assets are as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade receivables and other receivables.

- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition. Financial assets in this category are the Group's quoted debt instruments that meet the SPPI criterion and are held within a business model both to collect cash flows and to sell. Under IAS 39, the Group's quoted debt instruments were classified as available-for-sale (AFS) financial assets.

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Group's unquoted equity instruments were classified as AFS financial assets.

- Financial assets at FVPL comprise derivative instruments and quoted equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under IAS 39, the Group's quoted equity securities were classified as AFS financial assets.

Under IFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model. The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by IAS 39.

The statement of financial position as at 31 December 2017 was adjusted, resulting in increases in FVPL and retained earnings amounting to RMB10,830,000 and RMB8,123,000, respectively.

(b) ***Impairment***

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

For contract assets, trade receivables and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The adoption of the ECL requirements of IFRS 9 resulted in increases in impairment allowances of the Group's debt financial assets. The increase in allowance resulted in adjustment to retained earnings.

The statement of financial position as at 31 December 2017 was adjusted, resulting in decreases in trade receivables and retained earnings amounting to RMB7,414,000 and RMB5,560,000, respectively.

(c) ***Other adjustments***

In addition to the adjustments described above, upon adoption of IFRS 9, other items of the primary financial statements such as deferred taxes, income tax expense and retained earnings were adjusted as necessary.

Impacts on opening condensed consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening condensed consolidated statement of financial position had to be adjusted. The following table show the adjustments recognised for each individual line item.

	31 December 2017 *RMB'000* (Audited)	IFRS 15 *RMB'000*	IFRS 9 *RMB'000*	**1 January 2018** ***RMB'000*** **(Adjusted)**
Non-current assets				
Available-for-sale investments	90,203	–	(90,203)	**–**
Financial assets designated as at fair value through profit or loss	–	–	131,033	**131,033**
Deferred tax assets	25,063	–	1,854	**26,917**
Current assets				
Gross amounts due from a contract customer	5,166	(5,166)	–	**–**
Contract assets	–	12,392	–	**12,392**
Trade receivables	170,542	(7,226)	(7,414)	**155,902**
Available-for-sale investments	200	–	(200)	**–**
Financial assets designated as at fair value through profit or loss	–	–	200	**200**
Prepayments, deposits and other receivables	149,187	–	(30,000)	**119,187**
Non-current liabilities				
Deferred tax liabilities	184,815	–	2,707	**187,522**
Equity attributable to owners of the parent	4,308,954	–	2,563	**4,311,517**

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB issued amendments to IFRS 2 *Share-based Payment* that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group's accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 *Insurance Contracts*, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are not relevant to the Group.

Amendments to IAS 28 Investments in Associates and Joint Ventures-Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards-Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have now served their intended purpose. These amendments do not have any impact on the Group's consolidated financial statements.

4A. DISAGGREGATION OF REVENUE

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Six months ended 30 June 2018 (Unaudited)	**Revenue** *RMB'000*
Tickets sales	446,338
Property sales	44,428
Food and beverage sales	45,383
Sale of merchandise	22,498
In-park recreation income	32,098
Income from hotel operations	4,855
Consultancy and management service income	16,390
Total revenue from contracts with customers	611,990
Timing of revenue recognition	
Goods transferred at a point in time	145,058
Services transferred over time	466,932
Total revenue from contracts with customers	611,990

4B. OPERATING SEGMENT INFORMATION

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

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

Operating segments
The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's operating segments for the six-month periods from 1 January to 30 June 2018 and 2017:

For the six months ended 30 June 2018 (Unaudited)	**Park operations** *RMB'000*	**Property development** *RMB'000*	**Total** *RMB'000*
Segment revenue			
Sales to external customers and total revenue	614,851	44,428	659,279
Revenue			659,279
Segment results	294,691	4,464	299,155
Reconciliation:			
Unallocated income and gains			202,743
Unallocated expenses			(235,427)
Share of loss of an associate			(3)
Finance costs			(103,635)
Profit before tax			162,833

30 June 2018 (Unaudited)	Park operations *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment assets	10,755,221	758,408	11,513,629
Reconciliation:			
Corporate and other unallocated assets			2,120,162
Total assets			13,633,791
Segment liabilities	–	–	–
Reconciliation:			
Corporate and other unallocated liabilities			9,126,820
Total liabilities			9,126,820
Other segment information:			
Share of loss of an associate	(3)	–	(3)
Impairment losses in the statement of profit or loss	7,558	–	7,558
Depreciation and amortisation			
Unallocated			1,277
Segment	101,057	–	101,057
Investment in an associate	79,110	–	79,110
Capital expenditure*			
Unallocated			199
Segment	1,002,073	–	1,002,073

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

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

31 December 2017	Park operations *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment assets	9,660,378	748,398	10,408,776
Reconciliation:			
Corporate and other unallocated assets			1,723,065
Total assets			12,131,841
Segment liabilities	–	–	–
Reconciliation:			
Corporate and other unallocated liabilities			7,708,907
Total liabilities			7,708,907
For the six months ended 30 June 2017 (Unaudited)			
Other segment information:			
Share of loss of an associate	(21)	–	(21)
Impairment losses in the statement of profit or loss	8,985	–	8,985
Depreciation and amortisation			
Unallocated			2,269
Segment	84,965	–	84,965
Investment in an associate	79,122	–	79,122
Capital expenditure*			
Unallocated			1,346
Segment	607,822	–	607,822

* Capital expenditure consisted of additions to property, plant and equipment, investment properties and intangible assets.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of tickets by theme park operations, and the sale of goods by restaurant and store operations, in-park recreation income, income from hotel operations, income from consultancy and management service, the sale of properties, gross rental income received and receivable from investment properties for the six months ended 30 June 2018 and 2017.

		For the six months ended 30 June	
	Notes	**2018**	2017
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue			
Tickets sales		**446,338**	415,427
Property sales		**44,428**	63,017
Food and beverage sales		**45,383**	44,989
Sale of merchandise		**22,498**	19,798
Rental income	*6*	**47,289**	46,468
In-park recreation income		**32,098**	38,798
Income from hotel operations		**4,855**	5,027
Consultancy and management service income		**16,390**	10,528
		659,279	644,052
Other income			
Government grants	*6*	**58,308**	20,363
Bank interest income	*6*	**1,242**	1,519
Other interest income	*6*	**–**	37,176
Income from insurance claims		**4,969**	1,820
Others		**1,109**	1,067
		65,628	61,945
Gains			
Gain on revaluation upon reclassification from properties under development to investment properties	*6*	**137,000**	–
Fair value gain on investment properties	*6*	**115**	1,448
Gain on disposal of an investment property	*6*	**–**	743
		137,115	2,191
		202,743	64,136

6. FINANCE COSTS

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings	**169,720**	88,446
Interest on finance leases	**8,128**	188
Total interest expenses on financial liabilities not at fair value through profit or loss	**177,848**	88,634
Less: Interest capitalised	**(74,213)**	(19,024)
	103,635	69,610

7. INCOME TAX

Provision for PRC corporate income tax (the "CIT") has been provided at the applicable income tax rate of 25% for the six months ended 30 June 2018 (six months ended 30 June 2017: 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 in land, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

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

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

	For the six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current-Mainland China:		
CIT charge for the period	**32,679**	44,480
LAT	**358**	5,209
	33,037	49,689
Deferred tax	**48,544**	19,258
Total tax charge for the period	**81,581**	68,947

8. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent for the six months ended 30 June 2018, and the weighted average number of ordinary shares of 4,000,000,000 (six months ended 30 June 2017: 4,000,000,000) in issue during the period.

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

	30 June 2018 ***RMB'000*** **(Unaudited)**	30 June 2017 *RMB'000* (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**82,034**	55,051
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**4,000,000,000**	4,000,000,000

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

9. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2018 ***RMB'000*** **(Unaudited)**	31 December 2017 *RMB'000*
Finance lease payables	**203,697**	–
Other loans-secured	**420,000**	450,000
Bank loans-secured	**5,619,479**	4,282,390
	6,243,176	4,732,390
Repayable:		
Within one year or on demand	**1,861,812**	1,775,257
In the second year	**862,932**	895,263
In the third to fifth years, inclusive	**1,317,327**	648,512
Over five years	**2,201,105**	1,413,358
	6,243,176	4,732,390
Of which,		
Current:		
Finance lease payables	**37,714**	–
Other loans-secured	**780,000**	–
Bank loans-secured	**330,000**	814,229
Current portion of non-current loans-secured	**714,098**	961,028
	1,861,812	1,775,257
Non-current:		
Finance lease payables	**165,983**	–
Other loans-secured	**90,000**	450,000
Bank loans-secured	**4,125,381**	2,507,133
	4,381,364	2,957,133

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

In the first half of 2018, the Sino-US trade dispute has escalated, and the world economy and market environment are facing many challenges. China's economic operation showcased a good operating pattern with stable growth. In the first half of the year, the national residents per capita consumption expenditure was RMB9,609, with a nominal increase of 8.8% on a year-on-year basis, and the growth rate accelerated. In the first half of the year, the contribution of consumption expenditure to economic growth reached 78.5%, representing a substantial increase of 14.2% on a year-on-year basis. Under the macro-economy, tourism consumption remains to be outstanding within the market with a robust supply and demand. Driven by factors such as global tourism, supply-side reform and household consumption upgrade, residents' willingness to travel continues to rise, whilst the domestic tourism market continues to grow rapidly. In the first half of 2018, the number of domestic tourists was 2.826 billion, increased by 11.4% on a year-on-year basis, the number of inbound tourists was 69.23 million, and income from domestic tourism was RMB2.45 trillion, increased by 12.5% on a year-on-year basis. The growth rate of China's tourism industry is higher than the global level, but there is still room for improvement in per capita consumption.

In the first half of 2018, the State issued a number of new policies, releasing the deep integration signal of culture and tourism and regulating the development of theme parks. In March, the Ministry of Culture and Tourism of the People's Republic of China was established to promote the integration of culture and tourism from the national strategic level in order to guide the construction of tourist attractions from hardware investment to cultural connotation and call for the integration of new products, new business and new forms. In April, the National Development and Reform Commission announced the "Guiding Opinions on Regulating the Construction and Development of Theme Parks" (《關於規範主題公園建設發展的指導意見》), strictly controlling the bundled development of theme parks with surrounding real estates, encouraging to enrich cultural connotations as well as to upgrade scientific and technological content, and raising the threshold of theme parks. In April, the "Guiding Opinions on Supporting Hainan's Comprehensive Deepening of Reform and Opening up" (《關於支持海南全面深化改革開放的指導意見》) was issued, pursuant to which, Hainan tourism has been further developed by building an international tourism consumption center to promote the healthy development of the tourism industry with the promotion of national tourism policy advocacy and the positive guidance of laws and regulations.

In respect of the domestic tourism market, the proportion of leisure vacations is the dominant feature of the current market, parent-child tours and surrounding tours becoming more frequent, forming an important force driving the growth of the domestic tourism market. With the popularization of the leisure vacation concept, the parent-child tour market is experiencing a period of rapid growth. According to the "White Paper of Lvmama Parent-Child Tour 2017" (《2017驢媽媽親子游白皮書》, it is estimated that by the end of 2018, the number of parent-child users in China will reach 286 million, and the market scale will reach RMB50 billion. IP-based, entertainment and education-based, theme-based and technology-based have also become the development direction of parent-child tours in the context of consumption upgrading. At the same time, the fragmentation of China's holiday system has motivated more and more office workers to opt for travelling during mini-breaks or weekends. The surrounding and leisure tours are becoming more convenient and normal, driving the surrounding tourism market to flourish and develop. With the improvement of domestic highways, railways and other basic transportation infrastructure and the increase in car ownership, the market growth of surrounding tours is further enhanced. In a nutshell, with the comprehensive construction of a well-off society, the income of urban and rural residents increasing steadily, the upgrade of consumption structure has accelerated, the holiday system has been continuously improved, and tourism consumption has been released powerfully, promoting the diversification of tourism. The emerging tourism industry, such as parent-child tours and surrounding tours, will also become an important driving force for the growth of the domestic tourism industry.

In respect of the theme park market, driven by the improvement of residents' living standards, China's pan-entertainment industry has been heating up in recent years. Theme parks are more skilled in respect of experience, interaction and participation because of their distinctive theme concepts, unique sightseeing and amusement environment. In recent years, it has developed in a blowout manner. According to the "2017 Global Theme Parks and Museums Report" (《2017全球主題公園和博物館報告》) which was jointly issued by TEA & AECOM, the global theme parks have returned to steady growth in 2017. The total number of visitors to the top ten theme park groups in the world reached 475.8 million, increased by 8.6% on a year-on-year basis. China's theme park visiting volume is growing faster than global level, and accounted for a quarter of the total number of tourists in the world's major theme parks, becoming the main driving force for the growth of the global theme park industry. The explosive growth of the number of visitors to the theme parks, which was resulted from the opening of Shanghai Disneyland, has led to a further increase in the propensity to consume. According to the "World Tourism Market National Trend Report" (《世界旅遊市場全國趨勢報告》) issued by the well-known consulting company – Euromonitor International, it is estimated that the retail sales of China's theme parks will exceed Japan and the United States, becoming the world's largest theme park market. By and large, China has entered the prime development period of the theme park industry and there is huge room for growth in the market scale.

Business Review

In the first half of 2018, in order to achieve the strategic goal of "China's first tourism and leisure brand with marine culture", the Group implemented three strategic development paths: to continuously promote and upgrade the existing projects so that they could be a tourist destination within the region; to fully promote the construction of new projects to ensure that the two new projects will be put into operation as scheduled; and to actively expand the innovative light asset business and speed up in the arrangement of light asset business. During the period under review, the Group focused on the development of the following aspects:

Combining with the preheating promotion of Shanghai Haichang Ocean Park (hereinafter referred to as "**Shanghai Project**"), the Group has successfully hosted a series of marketing warm-up activities, such as the Chinese New Year countdown event of Shanghai Project, global release ceremony, ticket guess, ocean windmill festival, etc., and participated in the Shanghai World Tourism Expo which attracted widespread attention and enhanced the brand awareness of the Group, established the "Haichang Northern Regional Brand Alliance", and held the 2018 Haichang Northern Regional Brand Launch Conference and the 2018 Haichang Regional Channel Partner Festival, consolidating regional brand advantage. As the only representative of the culture and tourism industry, the Group was awarded the State Council certified Academy Awards, which was the only grand prize in the autumn competition, and created a number of industry firsts. We also simultaneously established the brand youth marketing creative alliance, and continued to enhance the young group's attention, thereby accumulating goodwill to the brand. The Group participated in the large-scale exhibition hosted by the Shanghai Tourism Bureau, and won the ADMEN International Awards jury member qualification, the Star Awards and many other industry awards. By expanding self-media matrix, the Group's total number of self-media accounts has reached more than 60, we also enrich the content of the media combining with the characteristics of the hot-spot mainstream platform, and have over a million fans, and the brand image and influence have been effectively improved.

The Group has also actively fulfilled its corporate social responsibility and continued to pay attention to animal protection and education of popular science, contributing to the public welfare activities. Entrusted by the competent government department, the Group and the National Research Institute jointly carried out the Yangtze River ecological protection publicity off-site, conservation of the finless porpoises in Yangtze River and popular science research projects. The abovementioned projects have been approved by the National Professional Committee and obtained the licensing documents. At the same time, we actively participated in the biological protection and conservation projects such as discharging rare fish and rescuing the finless porpoises under the theme of "Join the Yangtze River Protection (共抓長江大保護)". As an initiator, the Group participated in the relevant biological conservation activities organized by the China Harbor Seal Protection Alliance and the China Turtle Protection Alliance, and provided technical support and special guarantees for the activities, which was highly recognized by the respective government departments. We launched a series of popular science experience activities such as the "Open Day of Bio-conservation (生物保育後場開放日)", "The Little Fish Club (小魚兒俱樂部)", "Dr. Marine's Science Class (海博士科普課堂)", and "The Research and Study Tour Behind the Science (科普幕後研學之旅)", strengthening the education of popular science in each venue. We have engaged with more than 100 campuses to conduct marine science lectures, and strive to build research and study tour and popular science education bases in various provinces and cities. During the period, the Group entered into a scenic area assistance agreement with Shuicheng County, Liupanshui City, Guizhou Province, to provide professional guidance and assistance for the creation of a national 5A-level tourist scenic spot in Yeyuhai of Shuicheng County. We successfully held the "Autistic Children Month 2018 (2018海昌孤獨症兒童月)"public welfare activity, gifted more than tens thousands of greeting passes to autistic children and their families, and jointly organized the "Blue Dolphin Action, Guard the Children of the Stars with Love (藍海豚行動，用愛守護星星的孩子)" public welfare activity with JD.com.

In terms of animal conservation, the Group continued to enhance its bio-care technology and strengthen the conservation of endangered species. Currently, the Group's total number of animals under conservation exceeded 66,000. During the period, we bred 38 large-scale rare ocean and polar animals, and our water volume exceeded 200,000 cubic meters, ranking first in the domestic industry. The Group has also set up key bio-breeding research bases and key species breeding research groups equipped with superior resources, and comprehensively carried out research on rare species breeding under captive conditions. At the same time, the Group cultivates and reserves professional and technical personnel, and organizes international industry exchange activities such as "Life Maintenance System Training Course (維生系統培訓班)", "Artificial Breeding Project Expert Workshop (人工繁育項目專家工作坊)" and "Veterinary Skills Training (獸醫技能培訓)". The first batch of college students who were independently trained by joint education projects have graduated and pursued the career in the Group. The joint achievements of the school are remarkable. The self-developed bait nutrition additive "Haichang No.1 (海昌一號)" entered the mass production stage, replacing the original imported products and reducing operating costs, which is an important milestone in the transformation of the core technology industry.

Upgrade Existing Projects, Develop a Regional Tourism Destination

During the period, the Group actively promoted the strategy of cultivating existing projects into regional tourism and leisure destinations. The Group continued to upgrade existing theme parks and introduce new products: in January, Tianjin Haichang Polar Ocean Park added a new ancient aquarium to improve marine science exploration; in the same month, Wuhan Haichang Polar Ocean Park added a new Marine Mozoo World to create a brand new marine Mozoo product line and upgrade the children's interactive experience with popular science; in May, Chongqing Anping Camping Hotel went into full operation, building a new pattern of Chongqing Haichang Caribbean Water Park business; in August, Dalian Haichang Discoveryland's water carousel had its grand opening. During the period, the Group focused on improving the operational quality of its existing projects: promoting scripts and performance upgrades, promoting its contribution to the consumption of the park; continuously upgrading the overall park environment quality, creating quality leisure spaces, extending the visitors' length of stay; upgrading the operational service system, improving the service concept, paying attention to the satisfaction of visitors; comprehensively upgrading the operating facilities, improving the operating standards, providing the visitors experience with convenience, comfort and entertainment. In terms of marketing, the Group actively expanded its marketing channels and strategically cooperated with Alibaba Group, JD.com and Meituan.com. The Group participated in a series of activities, such as the "Fliggy Tickets Super Category Day (飛豬門票超級品類日)", "JD.com Super Tourism Category Day (京東超級旅遊品類日)" and "618 Years of Big promotion (618年中大促)". The Group has also tried to launch a variety of combinations, such as "View+X (景+X)" for the first time, which was welcomed by visitors. We will carry out various types of offline cross-border cooperation with the high-quality resources of the e-commerce platform. The "Haichang Ocean Park" brand is located in the "Jingdong Home" offline experience store in Chengdu, Shanghai and Tianjin. We also cooperated with Sesame Credit to carry out the "Free Deposit Leasing Business (免押金租賃業務)", becoming the first free deposit marine theme park in China, enriching the tourist experience and upgrading the marketing content of the smart scenic spot.

Strongly promote light assets of innovative urban entertainment and leisure products

During the period, the Group continued to develop light asset management output business and entered into six new contracts covering planning and design, construction consulting, operation consulting, brand licensing and other services, our business scale and output categories continued to expand. Among them, the Group entered into a cooperation agreement with the Maoming Romantic Coast (茂名浪漫海岸) of Wanlv Group and the Suzhou HongLeong City Center (蘇州豐隆中心) in terms of the Ocean Park Project and the Mozoo Park Project. So far, we have entered into 36 contracts. The projects under operation are in sound progress and are recognized by customers and the market. The large outdoor representative theme park project - Xiangjiang Joy City Haichang Ocean Park Project (湘江歡樂城海昌海洋公園項目) has entered the design stage, Joy Water Village and Joy Snow of Xiangjiang Joy City (湘江歡樂城歡樂水寨、歡樂雪域) have entered the main structure construction stage; the medium-sized city complex representative theme park project - The Nanning Rongsheng Tianhe Marine Joy City Ocean World Project (南寧融晟天河海悦城海洋世界項目) was officially put into operation in August 2018; the small Midoo Park representative project - Suzhou Haichang Midoo Park (蘇州海昌萌寵 Park), is the first self-investment and self-operated project of the Group, which was officially put into operation for business in July 2018. Through the abovementioned "light, general and heavy asset" product portfolio, we will further enhance market competitiveness and open up business incremental space.

In respect of independent Intellectual Property rights (hereinafter referred to as "**IP**") business, we dig deep into the creation of IP product content and the implementation of Haichang's self-developed IP medium and long term 369 development strategic plan. Through three years of market development, six years of rapid expansion and nine years of enhanced development, we have gradually established the Haichang Ocean Culture IP System from "incubation-product promotion-authorization". The Group has also developed a second style manual based on the theme of the park, providing a richer visual material and guide for IP product use. Further, the Group has continuously improve and expand the IP world view with the "Seven Guardians" as the core, start the creation of animation story lines and role setting, and launch the creation of "Seven Guardians" stage plays. The application in the autonomous IP Park was gradually strengthened, and the first volume of the Seven Guardians and Midoo series was published and the sales in the park were in good condition. The first batch of social expression packs of the Seven Guardians was developed and put into use, and has received overwhelming user response. We have completed hundreds of SKU original derivative products, which will be laid on other projects with Shanghai Project's opening. The Group has also advanced the application of IP in various fields of the park, such as theme packaging, float parade, puppet show, retail store, iconic sculpture, guide system, 4D film, theme restaurant, hotel, children's entertainment area in-park cuisine and other fields.

Two major projects will be put into operation soon

During the period, the Shanghai Haichang Ocean Park Project of the Group has entered the final stage. In respect of operational preparations, the animal venues completed the first round of water injection, and the polar marine organisms was settled in batches; and by conducting a series of professional training such as the "Starfish Training Camp", "Sea Lion Training Camp", "Practicing Training", "Special Operation Training", etc., employees are equipped with the necessary skills for the work and are ready for the opening. During the period, the Group successfully held a series of marketing icebreaking activities and officially published the ticket price in July, gaining widespread market attention. The Group's Sanya Haichang Fantasy Town (hereinafter referred to as the "**Sanya Project**") has completed the construction of the main structure of all building monomers, masonry plastering and roofing projects. Animal life support system, electromechanical installation and indoor and outdoor packaging, equipment installation and the construction of landscape road works have been fully carried out and are being implemented smoothly as planned. The marketing channel was initially completed and the marketing and operation management system structure was also completed. Investment in Sanya Project has progressed smoothly, and many well-known brands have signed up to settle in. The overall project planning and the design of all the main venues of The Zhengzhou Haichang Ocean Park Project of the Group has completed. The project has obtained the official replies of the Henan Provincial Development and Reform Commission regarding the initiation of projects and the project land planning permit. The project has been designated as a provincial key project by Henan Province.

Business Outlook

Looking forward to the future, the Group will continue to implement the established development strategy objectives. In respect of the existing projects, we will continue to promote the upgrade of the existing projects in accordance with the development model of "creating regional tourism destinations", comprehensively improve the quality of operations and services and the tourist satisfaction, establish brand reputation, and accelerate the implementation of commodity, catering, derivative entertainment optimization development strategy to optimize the theme park income structure. In respect of projects under construction, we will ensure that the Shanghai Project and Sanya Project will successfully commence operations, ensure a high standard of operation, and promote brand upgrade through the promotion of the national market. In respect of management output business, we continue to deepen the management output service of "brand + management + technology" for large and medium marine park projects, focus on the layout of the Midoo Park project and rapidly expand across the country by adopting the development concept of "focusing on both light and heavy assets". We will also cooperate with large-scale enterprises to expand the national urban and marine themed innovative cultural tourism project.

Financial Review

Revenue

Revenue generated from park operations and other segments of the Group increased by approximately 5.8% from approximately RMB581.0 million for the six months ended 30 June 2017 to approximately RMB614.9 million for the six months ended 30 June 2018, primarily due to an increase in revenue from ticket sales of parks and the revenue from non-ticket business during the period as compared with the same period in 2017. Revenue generated from ticket business increased by approximately 7.4% from approximately RMB415.4 million for the six months ended 30 June 2017 to approximately RMB446.3 million for the six months ended 30 June 2018. Revenue generated from non-ticket business increased by approximately 1.8% from approximately RMB165.6 million for the six months ended 30 June 2017 to approximately RMB168.6 million for the six months ended 30 June 2018.

Revenue generated from the Group's property development segment decreased by approximately 29.5% from approximately RMB63.0 million for the six months ended 30 June 2017 to approximately RMB44.4 million for the six months ended 30 June 2018.

In conclusion, for the six months ended 30 June 2018, the Group recorded a turnover of approximately RMB659.3 million (same period in 2017: approximately RMB644.1 million), representing an approximately 2.4% increment compared with the corresponding period of last year.

Costs of Sales

The Group's cost of sales increased by approximately 11.2% from approximately RMB323.8 million for the six months ended 30 June 2017 to approximately RMB360.1 million for the six months ended 30 June 2018, which was mainly attributable to the increase in park operations and property sales.

Gross Profit

For the six months ended 30 June 2018, the Group's consolidated gross profit decreased by approximately 6.6% to approximately RMB299.2 million (same period in 2017: RMB320.3 million) and consolidated gross profit margin was 45.4% (same period in 2017: 49.7%).

Segment gross profit of the Group's park operations increased by 2.1% to approximately RMB294.7 million (same period in 2017: RMB288.7 million) and segment gross profit margin of the Group's park operations decreased from 49.7% for the six months ended 30 June 2017 to 47.9% for the six months ended 30 June 2018, primarily due to the increase in cost of park operations.

Gross profit of the Group's property development segment decreased by 85.8% to approximately RMB4.5 million (for the six months ended 30 June 2017: RMB31.6 million). Gross profit margin of the Group's property development segment was 10.0% (same period in 2017: 50.1%), which was mainly due to the difference in the types of properties sold compared to the previous period.

Other Income and Gains

The Group's other income and gains increased by 216.2% from approximately RMB64.1 million for the six months ended 30 June 2017 to approximately RMB202.7 million for the six months ended 30 June 2018, mainly due to the increase in government grants and evaluation appreciation of investment property during the period.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by approximately 10.9% from approximately RMB47.7 million for the six months ended 30 June 2017 to approximately RMB52.9 million for the six months ended 30 June 2018.

Administrative Expenses

The Group's administrative expenses increased by approximately 28.8% from approximately RMB140.2 million for the six months ended 30 June 2017 to approximately RMB180.6 million for the six months ended 30 June 2018, mainly due to the progression of projects in Shanghai and Sanya.

Financial Costs

The Group's financial costs increased by approximately 48.9% from approximately RMB69.6 million for the six months ended 30 June 2017 to approximately RMB103.6 million for the six months ended 30 June 2018, mainly due to an increase in the Group's total bank loans, which was used for ensuring the smooth progress of the Shanghai and Sanya projects.

Income Tax Expenses

The Group's income tax expenses increased by approximately 18.4% from approximately RMB68.9 million for the six months ended 30 June 2017 to approximately RMB81.6 million for the six months ended 30 June 2018, mainly due to an increase in deferred income tax expenses resulting from the confirmation of investment property appreciation during the period.

Profit for the Period

As a result of the foregoing, the profit of the Group for the period increased by approximately 41.2% from approximately RMB57.6 million for the six months ended 30 June 2017 to approximately RMB81.3 million for the six months ended 30 June 2018, while the net profit margin increased from approximately 8.9% for the six months ended 30 June 2017 to approximately 12.3% for the six months ended 30 June 2018. During the same period, the profit attributable to owners of the parent company increased by approximately 49.0% from approximately RMB55.1 million for the six months ended 30 June 2017 to approximately RMB82.0 million for the six months ended 30 June 2018.

Liquidity and Financial Resources

As at 30 June 2018, the Group had current assets of approximately RMB2,767.0 million (as at 31 December 2017: approximately RMB2,407.7 million). The Group had cash and bank deposits of approximately RMB1,623.7 million (as at 31 December 2017: approximately RMB1,305.1 million) and its pledged bank balances amounted to approximately RMB28.4 million (as at 31 December 2017: approximately RMB1.1 million).

Total equity of the Group as at 30 June 2018 was approximately RMB4,507.0 million (as at 31 December 2017: approximately RMB4,422.9 million). As at 30 June 2018, the total interest-bearing bank and other borrowings of the Group was approximately RMB6,243.2 million (as at 31 December 2017: RMB4,732.4 million).

As at 30 June 2018, the Group had a net gearing ratio of 102.8% (as at 31 December 2017: 77.8%). The net liabilities of the Group include interest-bearing bank and other borrowings, amounts due to related companies, less cash and cash equivalents and amounts due from related companies. The increase of the net gearing ratio for the six months ended 30 June 2018 was mainly attributable to the increase in principal amounts of loans in the first half of 2018.

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

Capital Structure

The share capital of the Company comprises ordinary shares (the "**Shares**") for the six months ended 30 June 2018.

Contingent Liabilities

	30 June 2018 *RMB'000* **(Unaudited)**	31 December 2017 *RMB'000* (Audited)
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties*	**13,159**	15,423
	13,159	15,423

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

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

Foreign Exchange Rate Risk

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

Staff Policy

As at 30 June 2018, the Group had 4,098 full-time employees (as at 31 December 2017: 2,990 full-time employees), due to the opening of the Shanghai and Sanya projects, there has been an increase of more than 1,000 full-time employees. The Group offers a comprehensive and competitive remuneration, retirement schemes and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group and its employees are required to make contribution to the social insurance scheme. The Group and its employees are required to make contribution to the pension insurance and unemployment insurance at the rates specified in the relevant laws and regulations.

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

Purchases, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2018.

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 (the "**Listing Rules"**) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance.

During the six months ended 30 June 2018, the Company has been in compliance with the code provisions of the Code except as disclosed below.

Under code provision A.6.7 of the Code, all non-executive Directors are recommended to attend general meetings of the Company. However, all non-executive Directors (including independent non-executive Directors) were absent from the annual general meeting of the Company held on 16 May 2018 (the "**AGM**") due to pre-arranged business commitments.

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

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code (the "**Model Code**") for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by Directors. The Company has made specific enquiries to all Directors and all Directors have confirmed that they have strictly complied with the Model Code during the six months ended 30 June 2018.

Audit Committee

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

The Audit Committee has reviewed together with the Directors and the Company's external auditor the unaudited interim financial information of the Group for the six months ended 30 June 2018.

Interim Dividend

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2018.

Forward Looking Statements

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

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

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

This interim results announcement of the Company for the six months ended 30 June 2018 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 the management of the Group and all fellow staff of the Group for their contributions to the Group's development. Also, I would like to extend my deepest appreciation to the shareholders of the Company, business partners, customers and professional advisors for their support and confidence in bringing the Group a more prosperous and fruitful future.

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

Shanghai, the People's Republic of China, 27 August 2018

As at the date of this announcement, the executive Directors are Mr. Wang Xuguang, Mr. Qu Cheng and Mr. Gao Jie; the non-executive Directors are Mr. Qu Naijie, Mr. Makoto Inoue and Mr. Yuan Bing; and the independent non-executive Directors are Mr. Chen Guohui, Mr. Sun Jianyi and Ms. Zhang Meng.