



海昌海洋公園控股有限公司

HAICHANG OCEAN PARK HOLDINGS LTD.

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code : 2255

Interim Report 2016



ABOUT HAICHANG OCEAN PARK HOLDINGS LTD.

Listed on the Main Board of The Stock Exchange of Hong Kong in March 2014, Haichang Ocean Park Holdings Ltd. is the leading developer and operator of theme parks in China. With over a decade of experience in animal breeding and conservation, marine theme park development and operation, the Company has consistently ranked as one of the top ten theme park operators worldwide for consecutive years. The Company's theme parks provide a one-stop sightseeing, entertainment, leisure, dining and shopping experience to its customers through both the in-park offerings and complementary services offered by the ancillary commercial properties adjacent to the theme parks. The Company currently operates eight theme parks located in Dalian, Qingdao, Tianjin, Yantai, Wuhan, Chengdu and Chongqing respectively, which including six ocean theme parks, one adventure theme park, and one water world. In addition, there are two major flagship projects under construction in Shanghai and Sanya. China's theme park industry possesses enormous growth potential. For the twelve months ended 31 December 2015, the admission attendance of the eight theme parks of the Group increased to 12.31 million visitors. Haichang Ocean Park has had approximately 100 million visitors since 2002. Haichang Ocean Park is currently included as a constituent of the Hang Seng Family of Indexes, and has been included by Morgan Stanley Capital International (MSCI) as a constituent of the MSCI Global Small Cap Indexes.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Wang Xuguang (王旭光) (Chief Executive Officer)

Qu Cheng (曲程)

Gao Jie (高杰)

Non-executive Directors

Qu Naijie (曲乃杰) (Chairman)

Makoto Inoue (井上亮)

Yuan Bing (袁兵)

Independent Non-executive Directors

Fang Hongxing (方红星)

Sun Jianyi (孫建一)

Xie Yanjun (謝彥君)

HONORARY CHAIRMAN

Yoshihiko Miyauchi (宮內義彥)

COMPANY SECRETARY

Xing Jun (HKICS, ICSA)

AUTHORISED REPRESENTATIVES

Wang Xuguang

Xing Jun (HKICS, ICSA)

LEGAL ADVISERS

As to Hong Kong Law

Kwok Yih & Chan

As to PRC Law

Liaoning Think Tank Law Firm

AUDITOR

Ernst & Young

Certified Public Accountants

AUDIT COMMITTEE

Fang Hongxing (Chairman)

Sun Jianyi

Xie Yanjun

REMUNERATION COMMITTEE

Sun Jianyi (Chairman)

Wang Xuguang

Fang Hongxing

NOMINATION COMMITTEE

Qu Naijie (Chairman)

Sun Jianyi

Xie Yanjun

RISK MANAGEMENT AND CORPORATE GOVERNANCE COMMITTEE

Yuan Bing (Chairman)

Fang Hongxing

Xie Yanjun

INDEPENDENT BOARD COMMITTEE

Sun Jianyi (Chairman)

Fang Hongxing

Xie Yanjun

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Dalian, Liaoning Province

PRC

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Cayman Islands

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Hong Kong

CORPORATE INFORMATION

CAYMAN ISLANDS SHARE REGISTRAR

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PO Box 1093, Boundary Hall
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Grand Cayman, KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKS

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

STOCK CODE

2255

COMPANY WEBSITE

<http://www.haichangoceanpark.com>



OUR THEME PARKS





Yantai
Haichang Whale
Shark Aquarium



Tianjin
Haichang Polar
Ocean Park

Dalian
Laohutan
Ocean Park

Dalian
Haichang
Discoveryland



Chengdu
Haichang Polar
Ocean Park

Qingdao
Haichang Polar
Ocean Park

Wuhan
Haichang Polar
Ocean Park

Shanghai
Haichang Polar
Ocean Park

Chongqing
Haichang Caribbean
Water Park



Sanya
Haichang
Dream World

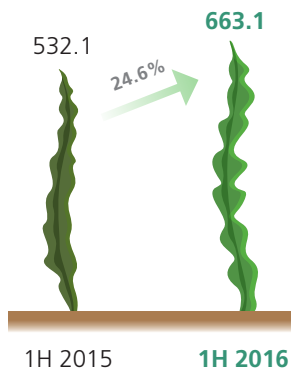


FINANCIAL HIGHLIGHTS

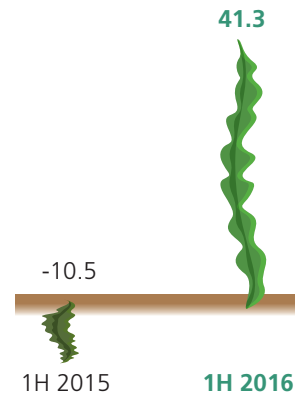
- Revenue increased by approximately 24.6% to approximately RMB663.1 million as compared with the same period in 2015
- Consolidated gross profit of the Group increased by approximately 40.0% to approximately RMB300.2 million as compared with the same period in 2015
- Consolidated gross profit margin of the Group increased approximately 5 percentage points to approximately 45.3% as compared with the same period in 2015
- Core net profit* increased by approximately RMB51.8 million to approximately RMB41.3 million as compared with the same period in 2015

* Core net profit refers to the net profit excluding the gain or loss on change in fair value of investment properties and the effect of the corresponding income tax.

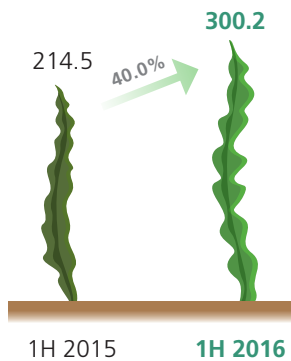
Profit from Operation
(RMB Million)



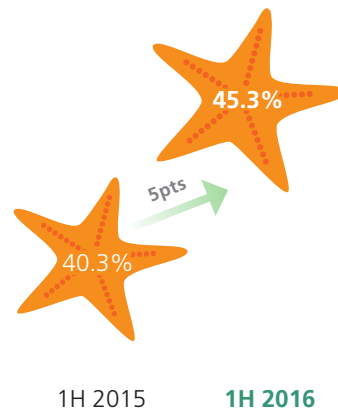
Core Net Profit (RMB Million)



Overall Gross Profit
(RMB Million)



Overall Gross Profit Margin (%)



CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the board (the "Board") of directors (the "Directors") of Haichang Ocean Park Holdings Ltd. ("Haichang Ocean Park" or the "Company") and its subsidiaries (collectively the "Group" or "we"), I am pleased to present the results of the Group for the six months ended 30 June 2016.

In recent years, the State has attached unprecedented importance to tourism. Under the support of favourable government policy and the rising consumption led demand, the theme park industry in China has achieved prosperous market momentum.

In the first half of 2016, the Group achieved steady growth with profitability continuing to increase. The Group recorded a turnover of approximately RMB663.1 million for the period, representing an approximately 24.6% increment as compared with the same period of last year. Core net profit realized by the Group increased by approximately RMB51.8 million to approximately RMB41.3 million as compared with the same period in 2015. In particular, the revenue of the non-ticket business experienced a rapid increase to RMB141.0 million, representing an increase of approximately 49.7% as compared with the same period of last year, and the proportion of the revenue of the non-ticket business over the Group's overall revenue has also increased steadily. The innovative asset-light business has also undergone rapid development both in terms of revenue and profit contribution, recording a revenue of RMB22.8 million.

During the Period, the Group actively implemented the strategy of building regional tourism and leisure destinations and continued to innovate according to customer demand. The Group continuously optimized, integrated and upgraded the products of our parks focusing on delivering experiences for all of the five senses including vision, touch, hearing, taste and smell, so as to comprehensively provide visitors with endless surprises and ubiquitous themes as well as enhancing brand influence and reputation of "Haichang". In particular, in aspect of the development and sales of in-park consumption products, the Group continuously promoted interactive entertainment products with higher profitability, as well as carried out innovative marketing strategy, effectively driving the growth in the non-ticket business scope.



CHAIRMAN'S STATEMENT

During the Period, the Group's innovative asset-light business sped up, developing under the mandate of continuous systemization, scaling and marketization of related businesses. Currently, the Group has established a development model based on three main business lines, namely management output, interactive technological children's entertainment and cultural intellectual properties. Along with the expansion of business scale, the related business brands have been gradually been recognized by the market as well.

In the first half of 2016, the Group's two flagship projects also proceeded as planned. The overall design planning of Shanghai Haichang Polar Ocean Park was approved and fully stepped into the basic engineering construction stage. Simultaneously, the Group has secured funds for subsequent capital expenditure through syndicated financing. The opening of Shanghai Disney Resort has driven a sharp increase in tourism consumption across the industry chain, and a cluster effect has begun to gradually appear. Additionally the overall positioning and conceptual design planning proposal of Sanya Haichang Dream World was approved and the design planning of phase one has been confirmed.

Looking ahead to the second half of 2016, the Group will continuously improve business scale and the operational efficiency of existing parks within the existing development strategy framework. Meanwhile, the Group will speed up the construction of its new projects and strategic cooperation with well-known and reputable upstream and downstream enterprises across the industry chain. This will further optimize the business model and development path of the innovative asset-light business and continuously generate new value.

APPRECIATION

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

Qu Naijie
Chairman

24 August 2016



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2016, due to the fluctuations in the global landscape, the economy of China was still challenged by reform and transformation where the economic development trended toward the “new normal” of slowing growth and structural adjustments. As a result, the market consumer confidence was weak in general and the consumer confidence index decreased over the previous year. However, this is inevitable in the process of adapting to the new economy and economic structural adjustments. In addition, the extreme weather anomalies that have happened this year also impacted the economy to varying degrees. Because of the changes in the macroeconomic landscape in China, the drivers of economic growth have shifted from investment and export to consumption, and new service sectors, namely tourism, culture and etc., that met the mainstream trend of consumption upgrade, experienced rapid growth.

In the first half of 2016, the gross domestic product amounted to RMB34,063.7 billion, representing an increase of 6.7% as compared with that in the same period of last year. Of which, the tertiary industry as represented by the service sector recorded faster growth and increased by 10.9% as compared with that in the same period of last year, with percentage of the gross domestic product of 54.1% and rate of contribution to economic growth of 59.7%. Both the percentage and rate of the tertiary industry have exceeded the secondary industry. The service sector has become the major driver of the national economic development. Tourism as a key integral part of the service sector plays an important strategic position in the transition of economic development.

ACCELERATING TOURISM INVESTMENT AND STEADY GROWTH IN DEMAND

According to the statistics issued by China National Tourism Administration, in the first half of 2016, there were 9,944 tourism projects under construction nationwide. The actual investment amounted to RMB421.15 billion, represented an increase of 30.5% as compared with that in the same period of last year. At the same time, the demand also recorded a steady growth. In the first half of 2016, the number of domestic tourists reached 2.236 billion, representing an increase of 10.5% as compared with that in the same period of last year; total tourism revenue amounted to RMB2.25 trillion, representing a growth rate of 12.4%.

VARIOUS POLICIES FAVOURABLE TO THE INDUSTRY'S COMPREHENSIVE DEVELOPMENT

In recent years, the State attached unprecedented importance to tourism and policies on tourism financial support, Internet + tourism and introduction of private capital to tourism was intensively promulgated. In the first half of 2016, the State further stepped up the efforts in integrated tourism reform. Policies such as the Notice regarding the Builder List of the PRC Tourism Destinations with International Features (《關於公佈中國國際特色旅遊目的地創建名單的通知》) and the Application Kickoff of the RMB12 billion Tourism Infrastructure Fund (《120億旅遊基建基金申報啟動》) as well as industry standards such as the Standards for Tourism Model Base (《旅遊示範基地標準》) and the National Tourism Standardised Growth Plan (《全國旅遊標準化發展規劃》) were successively issued. In addition, Premier Li Keqiang also clearly highlighted in his speech at this year's Summer Davos Forum that tourism has been one of the five major happy industries which would drive consumption growth and facilitates consumption upgrade. Guided by proactive policies, it is expected that tourism development would become healthier with more emphasis on quality improvement.

MANAGEMENT DISCUSSION AND ANALYSIS

TOURISM CONSUMPTION INNOVATIVE DEVELOPMENT DRIVEN BY NEW DEMAND

Affected by factors such as policies, demographic structure and consumption habits, tourism has been characterised by younger tourist groups and the trend of individual travel tours is becoming more obvious. In particular, family tours highlighting education and amusement are well received. With the emerging “Internet+”, the tourism market is more closely tied to the Internet. In addition, technologies including virtual reality, augmented reality, 3D map, front-projected holographic display and etc. further optimise and drive the upgrade of tourism products, thus offering better travel experience to visitors.

Currently, the theme parks in China have revealed a growth pattern of diversification and new models of which are springing up to cater for visitor demand. The combination of “Theme Park + IP” will be a main trend of future development of the industry. In June 2016, Shanghai Disneyland was officially opened, rekindling the passion of the market for theme parks in China. Looking ahead, Universal Studios will also set foot in Beijing. These two world-class theme parks in China are expected to further stimulate domestic visitors’ demand for theme park consumption and accelerate the transformation and upgrade of the theme park industry in China so as to better cope with the challenges from peers locally and abroad. It is expected that by 2020, China will replace North America as the world’s largest theme park market.

BUSINESS REVIEW

In the first half of 2016, the Group actively pursued the strategic development objective of “first marine-culture tourism & leisure brand in China and an international marine-featured tourism platform enterprise”. Leveraged professional market research and the analysis of big data, the Group continuously optimized, integrated and upgraded the products of our parks on the perspective of senses of vision, touch, hearing, taste and smell according to the core customer demand, so as to comprehensively build an “Ocean Park with Experience of Five Senses”.

The Group continuously enhanced its brand influence and reputation through a series of proven measures. During the period, the Group released the commonweal theme song “Dream Love Joy” jointly with Children’s Channel of CCTV, and cooperated with renowned cartoon characters such as “Angry Birds” and “Mermaid”, to establish a productivity in intellectual properties featured with “Self-owned + Cooperation”, so as to develop and extend its brand industry chain effectively. Besides, the Group also received the awards of “Brand Responsibility Award of the Year” and “Welfare Communication Award of the Year” in the China Welfare Festival, as well as various honors and awards such as “People’s Choice Award” and “the Most Popular Ocean Theme Park” in Travel Fair and “Best Investor Relations CEO Award” granted by Hong Kong Investor Relations Association.

As a corporate citizen, the Group is also actively practicing corporate social responsibility. During the period, the Group launched Haichang Ocean Park Autistic Children Month for charity donation, organized an event with the theme of caring for autistic children jointly with Children’s Channel of CCTV, and confirmed that Haichang Ocean Park would be opened to autistic children and their families free of charge in April every year. Besides, the Group continuously paid attention to animal protection and treatment, launched the “Smiling Angel Home” care service for the rescue of porpoises, held the Seabird Sanctuary Festival and organized the publicity and education of ecological environmental protection in Yangtze River area in cooperation with the Ministry of Agriculture.



MANAGEMENT DISCUSSION AND ANALYSIS

Existing Projects

During the period, the Group actively promoted the strategy of developing existing projects into regional tourism and leisure destinations through upgrading and modification as well as the optimization and integration of ancillary commercial property. Meanwhile, the Group continuously enhanced the quality of operations through measures such as research and adjustment on indicators or standards, operating and monitoring analysis under the premise of safe operation, so as to meet the escalating consumer demand. In aspect of hardware, the Group continued to upgrade and modify the existing theme parks. The periodic upgrade and expansion of Chongqing Haichang Caribbean Water Park, Chengdu Haichang Polar Ocean Park and Tianjin Haichang Polar Ocean Park, the expansion layout plan and the program for the planning and design concepts of Dalian Laohutan Ocean Park, as well as the research program of renovation and reforming of Wuhan Haichang Polar Ocean Park were all completed in the period. While in aspect of software, the Group continued to promote innovation on the products and services in existing theme parks. The installation of intelligent systems in Qingdao Haichang Polar Ocean Park and Chongqing Haichang Caribbean Water Park was completed in the period, resulting in the realization of the functioning of smart payment terminal, tour guide back office system, information push, customer relationship management and big data analysis. The interactive experience of visitors was then effectively increased. The Group also enhanced the quality of live performing arts and the level of performance management, and launched a brand new stunt show known as “Leaping over Rift Valley Town” in Dalian Haichang Discoveryland. Besides, the Group kept optimizing the development and sales of in-park consumption products. On one hand, the Group enhanced the sales of theme products and catering through measures such as self-development, the introduction of well-known brands and the launching of marketing campaigns. On the other hand, focusing on the core competence of innovative thinking, the Group newly added six interactive entertainment products with higher profitability. The Group promoted the sales of various in-park interactive entertainment products through network marketing, effectively driving the growth in the non-ticket business scope. In regards to marketing, the Group actively realized marketing activities as products and continued to conduct hot topics communication. The Group also kept on exploring on the internet market, improving the deployment of online tour guide networks and expanding cross-border cooperation. During the period, the Group partnered with Alitrip strategically and launched the first Alitrip O2O experience store in China at Tianjin Haichang Polar Ocean Park, jointly building a new model of intelligent scenic region. Besides, the Group conducted rational planning on the ancillary commercial properties, so as to further promote the construction of regional tourism destination. As a result, the overall occupancy rate of the leasing properties improved significantly and the rental rate also increased in the period.

The Group proactively advocated the concept of animal protection and kept enhancing its core competitiveness related to animal conservation and related education. Through continuously improving the breeding base of its existing projects and constantly enhancing the breeding research, the Group successfully bred five species, 83 large and rare polar marine animals and sharks, recording a historical breeding number in the same period of all time and forming the biggest collection in Asia in terms of number of animal. In the area of animal scientific research innovation, the Group’s self-developed animal management standard and fodder were put into operation during the period. Meanwhile, the Group also valued industrial development and technology exchange. By way of joint education, the Group purposefully trained and reserved high-end professional and technical personnel.

MANAGEMENT DISCUSSION AND ANALYSIS

Marine Cultural Innovative Business

The development of the Group's innovative asset-light business accelerated in the first half of 2016, starting reaping results in both revenue and profit contribution. Currently, the sector has established a development model based on three main business lines, namely management output, interactive technological children's entertainment and cultural intellectual properties. The related business brands have been gradually recognized by the market.

Aiming at target customer base including existing and to-be-developed commercial complexes nationwide, traditional resorts, theme parks and media/business planning companies, the Group actively and continuously transferred its core competitive edges on areas such as marine animal breeding management techniques, venue construction and operation management into productivity, thereby building a full service chain system for project advisory. During the period, there were nine management output projects being conducted or completed by the Group and eight to ten projects in negotiation, pursuant to which services such as design consulting, construction consulting and operation consulting would be provided to cooperation partners.

In order to satisfy consumers' demand in pursuing differentiated experience on interactive children's entertainment, the Group successfully researched and developed marine-themed embedded entertainment projects and mini polar ocean carnival projects independently by leveraging advanced interactive multimedia technology, thereby further enriched product portfolio. For example, the Group's second embedded children's interactive entertainment project, namely "Mermaid Dreamland", opened in Chengdu in June this year. The project has more than 14 interactive multimedia products of its own intellectual property rights. This was the first attempt for the Group to add embedded interactive entertainment program surrounding existing parks. The program not only enriched the playing experience of visitors, but also played an active role on increasing tourists' staying time and re-visit rate. Therefore it was an important measure for the Group to upgrade the existing parks to regional travel and leisure destinations. On the other hand, the Group further enriched its "Mobile Marine Carnival" product line by developing new product series such as "Mobile Shows", "Children's Interactive Entertainment Products" and "Boutique Aquatic Animal Shows" based on the original "Penguin Caravan". During the period, the Group entered into an agreement with an integrated commercial complex in Daqing, pursuant to which a caravans tour lasting for one month featuring mobile penguin caravan and children's interactive entertainment was held which brought a unique marine cultural experience for local tourists.

The Group also set up a cultural foundation on intellectual property, conducted innovative research on interactive technology products and actively sought the integration with multimedia high-tech products. Firstly, the Group researched and developed the 4D cinema animated film "Light of Ocean – Battle for Defending Pearls", which would be screened inside existing theme parks. This marked a significant step for the cultural industry construction of Haichang Ocean Park in terms of intellectual property. Besides, the Group started the planning work of children's video skit of its own copyright, and also established an animation resource library and film database of its own intellectual property rights for the existing projects.



MANAGEMENT DISCUSSION AND ANALYSIS

Progress of New Projects

During the period, the overall design planning of the Group's Shanghai Haichang Polar Ocean Park was approved. The project will include 9 large-scale exhibition venues, 3 large-scale interactive and performing venues, 2 large-scale cinemas and 12 recreational facilities. The project will not only exhibit polar and marine animals and fishes, but will also provide recreational activities such as equipment entertainment, movies with special effects, shows on popular science of animals and aquatic parades. The Group has won the bid and signed contracts for construction and procurement during the period. The park has been fully in the basic engineering construction stage. Besides, the construction of the "Two Express Lines" connecting Shanghai Pudong International Airport and Shanghai Hongqiao Airport will be completed during the period of the Thirteenth Five-Year Plan, so that the travel time between the two airports is expected to be shortened to twenty minutes. The traffic in the region is expected to be improved significantly. The Group has also basically secured the funds for subsequent capital expenditure through onshore syndicated financing in the first half of this year. The opening of Shanghai Disney Resort has driven the increase in tourism consumption of surrounding industry chain, and the cluster effect of the tourism and leisure industry in the districts where the existing projects located has begun to appear gradually.

In the first half of 2016, the overall positioning and conceptual design planning proposal of Sanya Haichang Dream World was approved. The project will focus on the story line of "Maritime Silk Road" and will be positioned as a marine-themed park with healthcare, leisure, culture and entertainment features, so as to establish an open-ended comprehensive travelling and recreational destination. The Group acquired the state-owned land use rights certificate for the land parcel of the first phase development in the period, and has confirmed the design planning of phase one.

BUSINESS OUTLOOK

Looking ahead, the Group will continue to implement the strategic growth objectives. Through the upgrade and modification of existing projects as well as optimization and integration of ancillary commercial property, the Group will take proactive efforts to shape the existing projects into the regional travel and leisure destinations with the feature of "Experience of Five Senses". The projects will be designed to provide visitors with endless surprises and ubiquitous themes from a two to three-hour pure entertainment experience in the past to a one to two-day micro-holiday experience. In addition, while ensuring the quality, the Group will also actively promote the construction and development of Shanghai Haichang Polar Ocean Park and Sanya Haichang Dream World to ensure that the new projects are completed and put into operation as scheduled.

As to marine cultural innovative business, the Group intends to further upgrade the business model of the aquarium operation consultancy and aquarium techniques management services business, thus achieving the innovative model of "brand output + technology output + management output + product contents + scene application". Based on the existing model, the Group organically integrates the interactive technology children entertainment product lines with its own intellectual property rights in order to enhance brand value with high added value. Based on the positioning of the Group in the target market, the Group will focus on studying the mobile carnival products integrating ocean carnivals and ocean light shows and further strengthen the research and development and marketing of such product. The Group will also organically integrate its own cultural intellectual property rights with the new projects, existing projects and light products, and apply its self-developed digital content into multi-media projects including virtual reality to further extend "Haichang Ocean Park" brand's cultural connotation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six-month period ended 30 June 2016, the Group recorded a turnover of approximately RMB663.1 million (30 June 2015: approximately RMB532.1 million), representing an approximately 24.6% increment compared with the corresponding period of last year. The substantial increase in turnover was attributed to significant increase in both the revenue from park operations and property sales.

Revenue generated from park operations of the Group increased by approximately 10.5% from approximately RMB453.8 million for the six months ended 30 June 2015 to approximately RMB501.6 million for the six months ended 30 June 2016, primarily due to a slightly increase in revenue from ticket sales of parks in the period as compared with the same period in 2015 and the substantial increase in the revenue from non-ticket business, of which the revenue of the newly added management output business amounted to RMB22.8 million. Revenue generated from non-ticket business increased by approximately 49.7% from approximately RMB94.2 million for the six months ended 30 June 2015 to approximately RMB141.0 million for the six months ended 30 June 2016.

Revenue generated from property sales of the Group's property development segment increased by approximately 106.3% from approximately RMB78.3 million for the six months ended 30 June 2015 to approximately RMB161.5 million for the six months ended 30 June 2016.

Cost of Sales

The Group's cost of sales increased by approximately 14.2% from approximately RMB317.6 million for the six-month period ended 30 June 2015 to approximately RMB362.8 million for the six-month period ended 30 June 2016, which was mainly attributable to the increase in costs in line with the increase in property sales.

Gross Profit

For the six months ended 30 June 2016, the Group's consolidated gross profit increased by approximately 40.0% to approximately RMB300.2 million (same period in 2015: RMB214.5 million) and consolidated gross profit margin improved to 45.3% (same period in 2015: 40.3%).

Segment gross profit of the Group's park operations increased by 17.9% to approximately RMB236.2 million (same period in 2015: RMB200.3 million) and segment gross profit margin of the Group's park operations improved from approximately 44.1% for the six months ended 30 June 2015 to approximately 47.1% for the six months ended 30 June 2016, primarily due to the increase in revenue generated from park operations as well as the relatively stable operating expenses of most of the Group's theme parks and the enhancement of cost control by the Group.

Gross profit of the Group's property development segment increased by 351.4% to approximately RMB64.1 million (for the six months ended 30 June 2015: RMB14.2 million). Gross profit margin of the Group's property development segment was 39.7% (same period in 2015: 18.1%). The increase in gross profit margin was mainly due to the difference in the types of properties sold compared to the prior period.



MANAGEMENT DISCUSSION AND ANALYSIS

Other Income and Gains

The Group's other income and gains decreased by 67.0% from approximately RMB159.5 million for the six-month period ended 30 June 2015 to approximately RMB52.7 million for the six-month period ended 30 June 2016, mainly due to the increase in valuation gains as a result of addition of investment properties in the same period of 2015.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by approximately 11.9% from approximately RMB39.6 million for the six-month period ended 30 June 2015 to approximately RMB44.3 million for the six-month period ended 30 June 2016, mainly due to the strengthening of the efforts on brand promotion and media advertisement by the Group during the period.

Administrative Expenses

The Group's administrative expenses increased by 8.9% from approximately RMB108.1 million for the six-month period ended 30 June 2015 to approximately RMB117.7 million for the six-month period ended 30 June 2016, mainly due to the increase in administrative expenses as a result of the progress of projects in Shanghai and Sanya.

Finance Costs

The Group's finance costs decreased by 8.1% from approximately RMB81.0 million for the six-month period ended 30 June 2015 to approximately RMB74.4 million for the six-month period ended 30 June 2016, mainly due to a decrease in the comprehensive coupon rate of the Group's bank loans.

Income Tax Expenses

The Group's income tax expenses decreased by 5.1% from approximately RMB76.4 million for the six-month period ended 30 June 2015 to approximately RMB72.5 million for the six-month period ended 30 June 2016, mainly due to a decrease in profit before tax as a result of the change in non-recurring gain and losses.

Profit for the Period

As a result of the foregoing, the profit of the Group for the period decreased from approximately RMB65.4 million for the six-month period ended 30 June 2015 to approximately RMB42.0 million for the six-month period ended 30 June 2016, while the net profit margin decreased from approximately 12.3% for the six-month period ended 30 June 2015 to approximately 6.3% for the six-month period ended 30 June 2016. During the same period, the profit attributable to owners of the parent decreased from approximately RMB62.7 million for the six-month period ended 30 June 2015 to approximately RMB38.6 million for the six-month period ended 30 June 2016, which was mainly attributable to the increase in valuation gains as a result of addition of investment properties in the same period of 2015.

Liquidity and Financial Resources

As at 30 June 2016, the Group had current assets of approximately RMB2,108.1 million (as at 31 December 2015: approximately RMB1,919.2 million). The Group had cash and bank deposits of approximately RMB688.5 million (as at 31 December 2015: approximately RMB970.5 million) and its pledged bank balances amounted to approximately RMB6.5 million (as at 31 December 2015: approximately RMB6.5 million). The decrease in cash and bank deposits for the six-month period ended 30 June 2016 was mainly attributable to the fund payment by the Group for the Shanghai project in the first half of 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Total equity of the Group as at 30 June 2016 was approximately RMB4,039.3 million (as at 31 December 2015: approximately RMB3,995.2 million). As at 30 June 2016, the total interest bearing bank and other borrowings of the Group was approximately RMB2,835.8 million (as at 31 December 2015: RMB2,366.0 million).

As at 30 June 2016, the Group had a net gearing ratio of 52.2% (as at 31 December 2015: 34.4%). 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 2016 was mainly attributable to increase in principal amounts of loans as well as the decrease in cash and cash equivalents as a result of the fund payment of the Shanghai project in the first half of 2016.

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-month ended 30 June 2016.

Contingent Liabilities

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties*	77,035	69,381
	77,035	69,381

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Rate Risk

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

Staff Policy

The Group had 2,563 full-time employees and 1,551 temporary staff (30 June 2015: 2,486 full-time and 1,444 temporary) as at 30 June 2016. The Group offers a comprehensive and competitive remuneration, retirement schemes and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group and its employees are required to make contribution to a social insurance scheme. The Group and its employees are required to make contribution to fund the endowment insurance and unemployment insurance at the rates specified in the relevant laws and regulations.

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



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2016, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

Name of Director	Capacity/Nature of Interest	Number of Shares	Approximate Percentage of Total Issued Shares
Mr. Qu Naijie (Note 1)	Beneficiary of a trust and founder of a trust	2,011,868,524 (L)	50.30%
Mr. Qu Cheng (Note 2)	Beneficiary of a trust	1,884,092,524 (L)	47.10%
	Beneficial owner	2,310,327 (L)	0.06%
Mr. Wang Xuguang	Beneficial owner	8,000,000 (L)	0.20%
Mr. Gao Jie	Beneficial owner	4,495,000 (L)	0.11%

Notes:

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

(b) Haichang Group Limited was granted a call option to purchase from ORIX Asia Capital Limited and granted ORIX Asia Capital Limited a put option to require Haichang Group Limited to purchase from ORIX Asia Capital Limited 200,000,000 Shares, representing approximately 5.00% of the total issued share capital of the Company, which would be lapsed on 1 February 2017. Haichang Group Limited is interested in the 200,000,000 Shares, being the subject of the call option and the put option.

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

Therefore, Mr. Qu Naijie is deemed to be interested in (i) the 1,884,092,524 Shares held and interested by Haichang Group Limited as disclosed in Notes 1(a) and 1(b) above and (ii) the 127,756,000 Shares held by Speedy Journey Investment Limited in the Company as disclosed in Note 1(c) above, together representing approximately 50.30% of the total issued share capital of the Company.

- Mr. Qu Cheng is a beneficiary of the Family Trust. Accordingly, Mr. Qu Cheng is deemed to be interested in 1,884,092,524 Shares as disclosed in Notes 1(a) and 1(b) above.

(L) denotes a long position in the Shares.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, no rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the six months ended 30 June 2016.

SHARE OPTION SCHEME

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

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



CORPORATE GOVERNANCE AND OTHER INFORMATION

MANAGEMENT TRUST

Mr. Qu Naijie set up a management trust (the “Management Trust”) in January 2014. The Management Trust is a revocable discretionary trust settled by Mr. Qu Naijie as settlor with Cantrust (Far East) Limited as trustee for the purposes of recognizing and rewarding the contributions of certain eligible persons (the “Beneficiaries”). Speedy Journey Investment Limited is holding the Shares as nominee for Cantrust (Far East) Limited. Speedy Journey Investment Limited is 100% owned by Cantrust (Far East) Limited. During the six months period ended 30 June 2016, Speedy Journey Investment Limited had not increased its shareholding in the Company and it held 127,756,000 Shares, representing approximately 3.19% of the issued share capital of the Company.

It is the intention of Mr. Qu Naijie and the trustee that the Beneficiaries include Mr. Qu Naijie himself and a group of eligible persons who had contributed or will contribute to the development and operations of the Group. The group of eligible persons comprises persons who are currently employees of the Group and any such persons who have contributed or will contribute to the operations and development of the Group, and these Beneficiaries may hold up to approximately 3.19% of the issued share capital of the Company. Cantrust (Far East) Limited as trustee has the discretionary powers to, among others, allocate all or a portion of the trust fund of the Management Trust (including the Shares held by Speedy Journey Investment Limited), but Mr. Qu Naijie, as settlor of the Management Trust, may request Cantrust (Far East) Limited as trustee to make distributions of such Shares to one or more Beneficiaries, including himself. For the six months ended 30 June 2016, no decision had been made by Mr. Qu Naijie or the trustee with respect to any such distribution.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2016, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of Interest	Number of Shares	Approximate Percentage of Total Issued Shares
BNP Paribas Singapore Trust Corporation Limited (Note 1)	Interest in a controlled corporation	1,884,092,524 (L)	47.10%
BNP Paribas Corporate Services Pte. Ltd. (Note 1)	Interest in a controlled corporation	1,884,092,524 (L)	47.10%
Manmount Limited (Note 1)	Interest in a controlled corporation	1,884,092,524 (L)	47.10%
Haichang Group Limited (Note 1)	Beneficial owner	1,884,092,524 (L)	47.10%
ORIX Corporation (Note 2)	Interest in a controlled corporation	593,384,000 (L) 200,000,000 (S)	14.83% 5.00%
ORIX (China) Investment Company Limited (Note 2)	Interest in a controlled corporation	393,384,000 (L)	9.83%
Oriental Camellia Investment Limited (Note 2)	Beneficial owner	393,384,000 (L)	9.83%
ORIX Asia Capital Limited (Note 2)	Beneficial owner	200,000,000 (L) 200,000,000 (S)	5.00% 5.00%
Zhao John Huan (Note 3)	Interest in a controlled corporation	400,444,000 (L)	10.01%
Exponential Fortune Group Limited (Note 3)	Interest in a controlled corporation	400,444,000 (L)	10.01%
Hony Managing Partners Limited (Note 3)	Interest in a controlled corporation	400,444,000 (L)	10.01%
Hony Group Management Limited (Note 3)	Interest in a controlled corporation	400,444,000 (L)	10.01%
Hony Capital Fund V GP Limited (Note 3)	Interest in a controlled corporation	400,444,000 (L)	10.01%
Hony Capital Fund V GP, L.P. (Note 3)	Interest in a controlled corporation	400,444,000 (L)	10.01%
Hony Capital Fund V L.P. (Note 3)	Interest in a controlled corporation	400,444,000 (L)	10.01%
Time Dynasty Limited (Note 3)	Beneficial owner	400,444,000 (L)	10.01%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. BNP Trustee is the trustee of the Family Trust. Manmount Limited is wholly and beneficially owned by BNP Corporate Services, which is the nominee for the Family Trust and a sole director of Manmount Limited. BNP Corporate Services is wholly and beneficially owned by BNP Trustee. The trust properties of the Family Trust mainly includes, the entire issued share capital of Haichang Group Limited, which beneficially owns and is interested in 1,884,092,524 Shares, representing approximately 47.10% of the total issued share capital of the Company. Haichang Group Limited is wholly owned by Manmount Limited. Accordingly, BNP Trustee, BNP Corporate Services and Manmount Limited are deemed to be interested in the 1,884,092,524 Shares held and interested by Haichang Group Limited.
2. (a) Oriental Camellia Investment Limited holds 393,384,000 Shares. Oriental Camellia Investment Limited is wholly-owned by ORIX (China) Investment Company Limited, which is in turn wholly owned by ORIX Corporation.

(b) ORIX Asia Capital Limited is wholly owned by ORIX Corporation. ORIX Asia Capital Limited was granted a put option to require Haichang Group Limited to purchase from it and granted a call option to purchase from it 200,000,000 Shares, representing approximately 5.00% of the total issued share capital of the Company, which would be lapsed on 1 February 2017.

Accordingly, ORIX Corporation is deemed to be interested in the 393,384,000 Shares held by Oriental Camellia Investment Limited and the call option and put option in relation to 200,000,000 Share of ORIX Asia Capital Limited.
3. These 400,444,000 Shares are held by Time Dynasty Limited. The entire issued share capital of Time Dynasty Limited is wholly-owned by Hony Capital Fund V, L.P., which in turn is controlled by its sole general partner, Hony Capital Fund V GP, L.P.. Hony Capital Fund V GP, L.P. is wholly-owned by Hony Capital Fund V GP Limited, which is wholly owned Hony Group Management Limited. Hony Group Management Limited is controlled as to approximately 80.00% by Hony Managing Partners Limited, which is wholly-owned by Exponential Fortune Group Limited. Exponential Fortune Group Limited is 49.00% controlled by Mr. Zhao John Huan. Accordingly, Mr. Zhao John Huan, Exponential Fortune Group Limited, Hony Managing Partners Limited, Hony Group Management Limited, Hony Capital Fund V GP Limited, Hony Capital Fund V GP, L.P. and Hony Capital Fund V, L.P. are deemed to be interested in the 400,444,000 Shares were held by Time Dynasty Limited.

(L) denotes a long position in the Shares.

(S) denotes a short position in the Shares.

Other than as disclosed above, as at 30 June 2016, the Directors had not been notified by any person (not being the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DEED OF NON-COMPETITION FROM THE CONTROLLING SHAREHOLDERS

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

An independent board committee (the “Independent Board Committee”) consisting exclusively of independent non-executive Directors is set up to monitor the execution and the performance of obligations of the Deed of Non-competition by the Controlling Shareholders. For the six months ended 30 June 2016, the Controlling Shareholders have complied with their obligations under the Deed of Non-competition and the Independent Board Committee has not considered any matter or reached any conclusion pursuant to the Deed of Non-competition.

PURCHASES, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the six-month period ended 30 June 2016.

PRE-EMPTIVE RIGHTS

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

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

There has been no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since the publication of the 2015 annual report of the Company.

USE OF NET PROCEEDS FROM LISTING

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 as its own code of corporate governance.

The Company has been in compliance with the code provisions of the Code for the six-month period ended 30 June 2016 except as disclosed below.

Under code provision A.6.7 of the Code, all non-executive Directors are recommended to attend general meetings of the Company. However, all non-executive Directors of the Company (including independent non-executive Directors) were absent from the annual general meeting of the Company held on 27 June 2016 (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, 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. The chairmen of all the committees of the Company were also absent from the AGM due to pre-arranged business commitments. Mr. Wang Xuguang, an executive Director, the Chief Executive Officer and a member of the remuneration committee of the Company, was chosen as the chairman of the AGM. Mr. Qu Cheng, an executive Director of the Company, as the duly appointed delegate of chairman of the Board, also attended the AGM. Both Mr. Wang Xuguang and Mr. Qu Cheng were available to answer questions at the AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as its own code of conduct for securities transactions by Directors. The Company has made specific enquiries to all Directors and all Directors have confirmed that they have strictly complied with the Model Code during the period under review.

AUDIT COMMITTEE

As at the date of the interim results 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 unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2016.

INTERIM DIVIDEND


The Board does not recommend payment of any interim dividend for the six-month period ended 30 June 2016.

On behalf of the Board

Mr. Wang Xuguang

Executive Director and Chief Executive Officer

24 August 2016



INDEPENDENT REVIEW REPORT



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Report on review of unaudited interim financial information
To the board of directors of Haichang Ocean Park Holdings Ltd.
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 26 to 60, which comprises the interim condensed consolidated statement of financial position of Haichang Ocean Park Holdings Ltd. (the "Company") and its subsidiaries as at 30 June 2016 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young

Certified Public Accountants
Hong Kong
24 August 2016

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
REVENUE	5	663,071	532,081
Cost of sales		(362,838)	(317,601)
GROSS PROFIT		300,233	214,480
Other income and gains	5	52,729	159,464
Selling and marketing expenses		(44,296)	(39,559)
Administrative expenses		(117,718)	(108,098)
Other expenses		(2,016)	(3,488)
Finance costs	7	(74,378)	(80,957)
PROFIT BEFORE TAX	6	114,554	141,842
Income tax expenses	8	(72,513)	(76,449)
PROFIT FOR THE PERIOD		42,041	65,393
Attributable to:			
Equity holders of the parent		38,563	62,659
Non-controlling interests		3,478	2,734
		42,041	65,393
EARNINGS PER SHARE			
– Basic and diluted (RMB cents)	9	0.96	1.57

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	42,041	65,393
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	(59,284)	4,343
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net of tax	(59,284)	4,343
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	61,371	(2,406)
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods, net of tax	61,371	(2,406)
Other comprehensive income, net of tax	2,087	1,937
TOTAL COMPREHENSIVE INCOME, NET OF TAX	44,128	67,330
Attributable to:		
Equity holders of the parent	40,650	64,596
Non-controlling interests	3,478	2,734
	44,128	67,330

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,648,079	2,619,660
Investment properties	11	2,425,890	2,378,740
Prepaid land lease payments		1,255,891	1,059,520
Intangible assets		9,553	9,068
Available-for-sale investments		19,170	19,170
Deferred tax assets		37,204	51,191
Long term prepayments		187,033	294,668
Total non-current assets		6,582,820	6,432,017
CURRENT ASSETS			
Completed properties held for sale	12	262,528	373,290
Properties under development	13	510,562	318,537
Gross amount due from a contract customer		13,723	43,667
Inventories		21,574	14,611
Trade receivables	14	178,886	64,438
Available-for-sale investment		200	200
Prepayments, deposits and other receivables		385,352	103,748
Due from related companies	22	9,014	3,752
Due from a non-controlling equity holder	22	31,269	20,000
Pledged bank balances	15	6,497	6,497
Cash and cash equivalents	15	688,544	970,467
Total current assets		2,108,149	1,919,207
CURRENT LIABILITIES			
Trade and bills payables	16	213,275	250,264
Other payables and accruals		257,013	294,186
Due to related companies	22	2,620	3,853
Advances from customers		23,293	104,086
Interest-bearing bank and other borrowings	17	1,104,037	763,489
Government grants		22,363	22,363
Deferred revenue		11,377	10,311
Tax payables		258,268	262,237
Total current liabilities		1,892,246	1,710,789

continued/...

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
NET CURRENT ASSETS		215,903	208,418
TOTAL ASSETS LESS CURRENT LIABILITIES		6,798,723	6,640,435
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	17	1,731,807	1,602,526
Government grants		844,169	879,831
Deferred tax liabilities		183,438	162,897
Total non-current liabilities		2,759,414	2,645,254
NET ASSETS		4,039,309	3,995,181
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	18	2,451	2,451
Other reserves		3,863,275	3,822,612
		3,865,726	3,825,063
Non-controlling interests		173,583	170,118
TOTAL EQUITY		4,039,309	3,995,181

Wang Xuguang
 Director

Gao Jie
 Director

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to equity holders of the parent							Total	Non-controlling interests	Total equity
	Issued capital	Share premium	Capital reserve	Asset revaluation reserve	Statutory reserves	Exchange fluctuation reserve	Retained earnings			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			
As at 1 January 2016	2,451	2,363,685	731,576	37,105	153,273	12,626	524,347	3,825,063	170,118	3,995,181
Profit for the period	-	-	-	-	-	-	38,563	38,563	3,478	42,041
Exchange differences on translation of foreign operations	-	-	-	-	-	2,087	-	2,087	-	2,087
Total comprehensive income for the period	-	-	-	-	-	2,087	38,563	40,650	3,478	44,128
Transfer to statutory reserves	-	-	-	-	12,315	-	(12,302)	13	(13)	-
As at 30 June 2016 (Unaudited)	2,451	2,363,685*	731,576*	37,105*	165,588*	14,713*	550,608*	3,865,726	173,583	4,039,309
As at 1 January 2015	2,451	2,363,685	731,364	37,105	111,318	(4,365)	335,528	3,577,086	150,916	3,728,002
Profit for the period	-	-	-	-	-	-	62,659	62,659	2,734	65,393
Exchange differences on translation of foreign operations	-	-	-	-	-	1,937	-	1,937	-	1,937
Total comprehensive income for the period	-	-	-	-	-	1,937	62,659	64,596	2,734	67,330
Capital contribution from a shareholder	-	-	212	-	-	-	-	212	-	212
Transfer to statutory reserves	-	-	-	-	13,724	-	(13,708)	16	(16)	-
As at 30 June 2015 (Unaudited)	2,451	2,363,685*	731,576*	37,105*	125,042*	(2,428)*	384,479*	3,641,910	153,634	3,795,544

* These reserve accounts comprise the consolidated other reserves of RMB3,863,275,000 and RMB3,639,459,000 as at 30 June 2016 and 30 June 2015, respectively.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		114,554	141,842
Adjustments for:			
Depreciation of items of property, plant and equipment	6	87,251	86,802
Amortisation of intangible assets	6	797	766
Amortisation of prepaid land lease payments	6	14,608	11,474
Provision/(reversal of provision) for inventories	6	64	(21)
Loss on disposal of items of property, plant and equipment	6	444	1,021
Government grants recognised	6	(37,842)	(24,420)
Gain on revaluation upon reclassification from completed properties held for sale and changes in fair value of investment properties, net	5	(931)	(101,252)
Impairment/(reversal of impairment) of trade receivables	6	913	(604)
Impairment of prepayments, deposits and other receivables	6	–	421
Finance costs	7	74,378	80,957
Foreign exchange loss	6	1,038	–
Interest income	5	(2,947)	(12,094)
		252,327	184,892
Increase in properties under development		(192,225)	(46,560)
Decrease in completed properties held for sale		108,679	52,869
Decrease in a gross amount due from a contract customer		29,944	6,704
Increase in inventories		(7,027)	(2,064)
Increase in trade receivables		(115,361)	(38,378)
(Increase)/decrease in prepayments, deposits and other receivables		(277,298)	8,426
(Increase)/decrease in restricted cash and bank balances		(11)	12,534
Increase in amounts due from related companies		(5,262)	(3,719)
Increase in an amount due from a non-controlling equity holder		(11,269)	(17,831)
Decrease in amounts due to related companies		(1,233)	(3,837)
Decrease in advances from customers		(80,793)	(25,138)
Decrease in trade and bills payables		(36,989)	(49,249)
Decrease in other payables and accruals		(37,173)	(4,289)
Increase in government grants		2,180	4,592
Increase in deferred revenue		1,066	1,752
Cash generated (used in)/from operations		(370,445)	80,704
Interest received		2,947	12,094
Tax paid		(41,954)	(15,626)
Net cash flows (used in)/from operating activities		(409,452)	77,172

continued/...

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	10	(116,114)	(49,771)
Decrease/(increase) in long term prepayments		107,635	(22,887)
Increase in prepaid land lease payments		(215,285)	(728,100)
Decrease in available-for-sale investments		–	45,000
Purchase of intangible assets		(1,282)	(68)
Additions to investment properties	11	(43,936)	–
Net cash flows used in investing activities		(268,982)	(755,826)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in finance lease payables		(504)	(39,815)
Capital contribution from a shareholder		–	212
New bank and other loans		591,680	200,000
Repayment of bank and other loans		(121,347)	(689,909)
Decrease in pledged deposits		–	479,997
Interest paid		(74,378)	(87,666)
Net cash flows from/(used in) financing activities		395,451	(137,181)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		968,124	1,533,130
Effect of foreign exchange rate changes, net		1,049	1,937
CASH AND CASH EQUIVALENTS AT END OF PERIOD		686,190	719,232
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position		688,544	725,014
Restricted cash and bank balances		(2,354)	(5,782)
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS		686,190	719,232

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

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, Uglund 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 30 June 2016.

2. BASIS OF PREPARATION

The unaudited interim financial information for the six months ended 30 June 2016 (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 2015.

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 2015. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

2. BASIS OF PREPARATION (continued)

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Interim Financial Information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new and revised standards and interpretations effective for annual periods beginning on or after 1 January 2016. 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 new or revised International Financial Reporting Standards ("IFRSs", which also include IASs and interpretations) that are relevant to the Group's operation for the preparation of the Group's Interim Financial Information:

- Amendments to IFRS 11: *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to IAS 27: *Equity Method in Separate Financial Statements*
- Annual Improvements 2012-2014 Cycle: *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosure, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting*
- Amendments to IAS 1: *Disclosure Initiative*
- Amendments to IFRS 10, IFRS 12 and IAS 28: *Investment Entities: Applying the Consolidation Exception*

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

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services. During the year ended 31 December 2015, the Group restructured their business units to enhance the management's accountability of the park operations segment by including the development of commercial and rental properties surrounding the theme parks, management of developed and operating properties for rental income which, in prior years, were managed under the property development and holding segment. The prior period's operating segment information has been revised to conform to the current period presentation accordingly. The Group's two reportable operating segments are set out below.

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

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

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

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

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

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

4. OPERATING SEGMENT INFORMATION (continued)

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 2016 and 2015:

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

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

4. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

30 June 2016 (Unaudited)	Park operations RMB'000	Property development RMB'000	Total RMB'000
Segment assets	6,582,890	786,813	7,369,703
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>1,321,266</u>
Total assets			<u>8,690,969</u>
Segment liabilities	-	-	-
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>4,651,660</u>
Total liabilities			<u>4,651,660</u>
Other segment information:			
Impairment losses in the statement of profit or loss	977	-	977
Depreciation and amortisation			
Unallocated			797
Segment	101,859	-	101,859
Capital expenditure*			
Unallocated			1,282
Segment	160,050	-	160,050

* Capital expenditure consist of conditions to property, plant and equipment, investment properties and intangible assets.

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

4. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

For the six months ended 30 June 2015 (Unaudited)	Park operations <i>RMB'000</i>	Property development <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue			
Sales to external customers and total revenue	453,755	78,326	532,081
Revenue			<u>532,081</u>
Segment results			
	200,300	14,180	214,480
<i>Reconciliation:</i>			
Unallocated income			159,464
Unallocated expenses			(151,145)
Finance costs			<u>(80,957)</u>
Profit before tax			<u>141,842</u>

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

4. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

31 December 2015	Park operations <i>RMB'000</i>	Property development <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	6,414,863	735,494	7,150,357
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>1,200,867</u>
Total assets			<u>8,351,224</u>
Segment liabilities	-	-	-
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>4,356,043</u>
Total liabilities			<u>4,356,043</u>
For the six months ended			
30 June 2015 (Unaudited)			
Other segment information:			
Reversal of impairment losses			
in the statement of profit or loss	(204)	-	(204)
Depreciation and amortisation			
Unallocated			766
Segment	98,276	-	98,276
Capital expenditure*			
Unallocated			68
Segment	49,771	-	49,771

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

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents income from the sale of tickets by theme park operations, and the sale of goods by restaurant and store operations, in-park recreation income, income from hotel operations, income from consultancy and management service, the sale of properties, and gross rental income received and receivable from investment properties, an appropriate proportion of contract revenue of construction contracts for the six months ended 30 June 2016 and 2015, net of business tax and other surcharges.

	Notes	For the six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue			
Tickets sales		360,514	359,525
Property sales		161,514	78,326
Food and beverage sales		33,627	31,106
Sale of merchandise		14,985	14,450
Rental income	6	36,125	28,602
In-park recreation income		28,279	14,843
Income from hotel operations		5,255	5,229
Consultancy and management service income		22,772	–
		663,071	532,081
Other income			
Government grants	6	37,842	24,420
Bank interest income	6	2,947	12,094
Income from insurance claims		9,603	16,003
Others		1,406	5,695
		51,798	58,212
Gains			
Gain on revaluation upon reclassification from completed properties held for sale and changes in fair value of investment properties, net		931	101,252
		52,729	159,464

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

6. PROFIT BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Cost of properties sold	12	108,679	52,869
Cost of merchandise goods sold		7,050	5,380
Cost of services provided		247,109	259,352
Depreciation	10	87,251	86,802
Amortisation of prepaid land lease payments		14,608	11,474
Impairment/(reversal of impairment) of trade receivables	14	913	(604)
Impairment of prepayments, deposits and other receivables		–	421
Direct operating expenses arising on rental-earning properties		2,604	447
Amortisation of intangible assets		797	766
Minimum lease payments under operating leases in respect of properties		2,351	2,488
Employee benefit expense (excluding directors and chief executive's remuneration):			
Wages and salaries		79,341	69,824
Bonuses		–	2,043
Retirement benefit scheme contributions		14,093	12,801
		93,434	84,668
Foreign exchange differences, net		1,038	–
Provision/(reversal of provision) for inventories		64	(21)
Changes in fair value of investment properties	11	(214)	(3,292)
Gain on revaluation upon reclassification from completed properties held for sale	12	(717)	(97,960)
Rental income	5	(36,125)	(28,602)
Bank interest income	5	(2,947)	(12,094)
Government grants recognised	5	(37,842)	(24,420)
Loss on disposal of items of property, plant and equipment		444	1,021

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

7. FINANCE COSTS

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Interest on bank loans and other borrowings	74,094	86,939
Interest on finance leases	284	727
Total interest expenses on financial liabilities not at fair value through profit or loss	74,378	87,666
Less: Interest capitalised	–	(6,709)
	74,378	80,957

8. INCOME TAX

Provision for PRC corporate income tax (the "CIT") has been provided at the applicable income tax rate of 25% for the six months ended 30 June 2016 (six months ended 30 June 2015: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

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

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

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

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Current – Mainland China:		
Charge for the period – CIT	31,509	24,435
LAT	6,476	3,336
	37,985	27,771
Deferred tax	34,528	48,678
Total tax charge for the period	72,513	76,449

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

9. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent for the six months ended 30 June 2016, and the weighted average number of ordinary shares of 4,000,000,000 (six months ended 30 June 2015: 4,000,000,000) in issue during the period.

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

	30 June 2016 RMB'000 (Unaudited)	30 June 2015 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	38,563	62,659
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.

10. PROPERTY, PLANT AND EQUIPMENT

	Total RMB'000 (Unaudited)
At 1 January 2016	2,619,660
Additions	116,114
Depreciation (note 6)	(87,251)
Disposal	(444)
At 30 June 2016	2,648,079

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

Included in the property, plant and equipment as at 30 June 2016 was certain machinery with a net carrying amount of RMB876,000 (31 December 2015: RMB1,427,000) which was held under finance leases.

The Group's property, plant and equipment with a carrying value of RMB1,172,690,000 (31 December 2015: RMB1,142,838,000) were pledged to secure banking facilities granted to the Group at 30 June 2016 (note 17).

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

11. INVESTMENT PROPERTIES

	Completed RMB'000 (Unaudited)
At 1 January 2016	2,378,740
Additions	43,936
Reclassification from completed properties held for sale (note 12)	3,000
Net gain from fair value adjustments (note 6)	214
At 30 June 2016	2,425,890

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

Investment properties are stated at fair value, which has been determined with reference to the valuations performed by DTZ Debenham Tie Leung Limited – Beijing Branch (“DTZ”), an independent firm of professionally qualified valuers, on the income approach, as at 30 June 2016. Each year, the Group’s management decides to appoint which external valuer to be responsible for the external valuations of the Group’s properties. The fair value represents the amount of market value at which the assets could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm’s length transaction at the date of valuation. The Group’s management has discussions with the valuer on the valuation assumptions and valuation results on a regular basis when the valuation is performed.

During the six months ended 30 June 2016 and 2015, the Group transferred certain completed properties held for sale to investment properties. The properties were revalued at the dates of change in use by DTZ. The differences between the fair values of the properties at those dates and their then carrying amounts of RMB717,000 and RMB97,960,000 were recognised in the profit or loss for the six months ended 30 June 2016 and 2015, respectively.

Included in the completed investment properties were certain buildings with a carrying value of RMB353,910,000 (31 December 2015: RMB310,530,000), of which the property certificates have not been obtained as at 30 June 2016.

The Group’s investment properties with a carrying value of RMB623,747,000 (31 December 2015: RMB262,406,000) were pledged to secure general banking facilities granted to the Group at 30 June 2016 (note 17).

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

11. INVESTMENT PROPERTIES (continued)**Fair value hierarchy**

The Level 3 – Significant unobservable inputs fair value measurement hierarchy is used for the Group's investment properties, which are all located in Mainland China. During the six months ended 30 June 2016, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

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

Commercial properties	Valuation technique	Significant unobservable inputs	Range (weighted average)
Six months ended 30 June 2016	Income method	Market monthly rental rate (RMB/sq.m.)	32-126
		Capitalisation rate	2.5%-6.5%

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

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

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

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

12. COMPLETED PROPERTIES HELD FOR SALE

	<i>RMB'000</i> (Unaudited)
Carrying amount at 1 January 2016	373,290
Transfer from properties under development (note 13)	200
Fair value change on completed properties held for sale upon reclassification to the investment properties (note 6)	717
Reclassification to investment properties (note 11)	(3,000)
Recognised in the current period	(108,679)
Carrying amount at 30 June 2016	262,528

Included in the completed properties held for sale were certain buildings with a carrying value of RMB4,549,000 (31 December 2015: RMB4,549,000) for which the property certificates have not been obtained as at 30 June 2016.

13. PROPERTIES UNDER DEVELOPMENT

	<i>RMB'000</i> (Unaudited)
Carrying amount at 1 January 2016	318,537
Additions	192,225
Transfer to completed properties held for sale (note 12)	(200)
Carrying amount at 30 June 2016	510,562

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

Certain of the Group's properties under development with a carrying value of RMB43,616,000 (31 December 2015: RMB43,616,000) were pledged to secure bank loans granted to the Group at 30 June 2016 (note 17).

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

14. TRADE RECEIVABLES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Trade receivables	191,010	75,649
Less: provision for doubtful debts	(12,124)	(11,211)
	178,886	64,438

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

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Within 90 days	117,320	8,855
Over 90 days and within one year	16,070	26,147
Over one year	45,496	29,436
	178,886	64,438

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

14. TRADE RECEIVABLES (continued)

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

	<i>RMB'000</i> (Unaudited)
At 1 January 2016	11,211
Impairment losses recognised (note 6)	913
At 30 June 2016	12,124

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

	30 June 2016 <i>RMB'000</i> (Unaudited)	31 December 2015 <i>RMB'000</i>
Neither past due nor impaired	159,844	44,956
Past due within one year	8,434	12,983
Past due over one year	10,608	6,499
	178,886	64,438

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

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

The Group's trade receivables with a carrying value of RMB139,366,000 (31 December 2015: RMB44,553,000) were pledged to secure general banking facilities granted to the Group at 30 June 2016 (note 17).

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

15. CASH AND CASH EQUIVALENTS AND PLEDGED BANK BALANCES

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Cash and bank balances	621,519	912,692
Time deposits with original maturity of less than three months	73,522	64,272
	695,041	976,964
Less: Pledged for interest-bearing bank loans (note 17)	(542)	(542)
Pledged for mortgage loans of purchasers	(5,955)	(5,955)
	(6,497)	(6,497)
Unpledged cash and cash equivalents	688,544	970,467
Less: restricted cash and bank balances*	(2,354)	(2,343)
Unpledged and unrestricted cash and cash equivalents	686,190	968,124

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

At the end of the reporting period, the cash and bank balances and the time deposits of the Group denominated in RMB amounted to RMB662,974,000 (31 December 2015: RMB962,524,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

16. TRADE AND BILLS PAYABLES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Less than one year	98,598	109,307
Over one year	114,677	140,957
	213,275	250,264

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

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

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2016 <i>RMB'000</i> (Unaudited)	31 December 2015 <i>RMB'000</i>
Finance lease payables*	2,001	2,505
Other loans – secured^	98,846	128,160
Bank loans – secured^	2,734,997	2,235,350
	2,835,844	2,366,015
Repayable:		
Within one year or on demand	1,104,037	763,489
In the second year	659,769	626,530
In the third to fifth years, inclusive	843,388	780,276
Over five years	228,650	195,720
	2,835,844	2,366,015
<i>Of which,</i>		
Current:		
Finance lease payables	1,101	985
Other loans – secured	49,093	58,865
Bank loans – secured	498,173	200,000
Current portion of non-current loans – secured	555,670	503,639
	1,104,037	763,489
Non-current:		
Finance lease payables	900	1,520
Other loans – secured	49,753	69,295
Bank loans – secured	1,681,154	1,531,711
	1,731,807	1,602,526

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

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

- * Included in the finance lease payables was an amount of RMB2,001,000 due to 龐大歐力士汽車租賃有限公司 at 30 June 2016 (31 December 2015: RMB2,505,000) which bears interest at 22.6% per annum.
- ^ The Group's bank and other loans were secured by the pledges of the Group's assets with carrying values at 30 June 2016 and 31 December 2015 as follows:

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Property, plant and equipment	10	1,172,690	1,142,838
Investment properties	11	623,747	262,406
Prepaid land lease payments		936,126	213,141
Properties under development	13	43,616	43,616
Trade receivables	14	139,366	44,553
Pledged bank balances	15	542	542

天津極地旅遊有限公司 ("Tianjin Park"), a subsidiary of the Company, pledged its trade receivables arising from sales for certain borrowings amounting to RMB196,197,000 granted to the Group at 30 June 2016 (31 December 2015: RMB223,296,000). As at 30 June 2016, the related trade receivables amounted to RMB87,983,000 (31 December 2015: RMB5,986,000) (note 14).

武漢極地海洋世界投資有限公司 ("Wuhan Park"), a subsidiary of the Company, pledged its trade receivables arising from sales for certain borrowings amounting to RMB289,713,000 granted to the Group at 30 June 2016 (31 December 2015: RMB285,322,000). As at 30 June 2016, the related trade receivables amounted to RMB10,341,000 (31 December 2015: RMB6,562,000) (note 14).

成都極地海洋實業有限公司 ("Chengdu Park"), a subsidiary of the Company, pledged its trade receivables arising from sales for certain borrowings amounting to RMB243,344,000 granted to the Group at 30 June 2016 (31 December 2015: RMB291,093,000). As at 30 June 2016, the related trade receivables amounted to RMB26,193,000 (31 December 2015: RMB16,796,000) (note 14).

煙台漁人碼頭投資有限公司 ("Yantai Park"), a subsidiary of the Company, pledged its income received and park operation rights and the Group pledged its 100% equity interest in a subsidiary, 青島極地海洋世界有限公司 ("Qingdao Park"), for certain borrowings amounting to RMB98,845,000 granted to the Group at 30 June 2016 (31 December 2015: RMB128,161,000).

Qingdao Park pledged its trade receivables arising from sales from January 2010 to January 2025 for certain borrowings amounting to RMB395,890,000 granted to the Group at 30 June 2016 (31 December 2015: RMB395,640,000). As at 30 June 2016, the related trade receivables amounted to RMB14,849,000 (31 December 2015: RMB15,209,000) (note 14).

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

30 June 2016	4.4%-8.3%
31 December 2015	4.8%-8.3%

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

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

All the Group's borrowings are denominated in RMB.

The bank and other borrowing balances of the Group bore interest at floating rates, except for bank and other borrowings of RMB670,000,000 at 30 June 2016 (31 December 2015: RMB400,000,000) that bore interest at fixed rates.

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

18. SHARE CAPITAL**Shares**

	Number of ordinary shares	
	Nominal value of USD0.0001 each (Unaudited)	USD'000
Issued and fully paid At 1 January 2016 and 30 June 2016	4,000,000,000	400
	30 June 2016 RMB'000	31 December 2015 RMB'000
Issued and fully paid: Ordinary shares	2,451	2,451

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

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19. CONTINGENT LIABILITIES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties*	77,035	69,381

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

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

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

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20. OPERATING LEASE COMMITMENTS**As lessor**

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

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Within one year	90,528	80,038
In the second to fifth years, inclusive	331,348	286,955
After five years	390,651	355,173
	812,527	722,166

As lessee

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

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Within one year	9,320	6,498
In the second to fifth years, inclusive	8,993	2,116
	18,313	8,614

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

21. CAPITAL COMMITMENTS

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Contracted, but not provided for: Properties under development, buildings and machinery	462,486	453,073

22. RELATED PARTY TRANSACTIONS AND BALANCES

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

Name of related parties	Relationship with the Group
曲乃杰 ("Mr. Qu")	Shareholder of the Company
程春萍 ("Ms. Cheng")	Wife of Mr. Qu and shareholder of the Company
大連海昌企業發展有限公司 ("Haichang Corporation Development")	Mr. Qu and Ms. Cheng are beneficial equity holders
天津海昌房地產開發有限公司 ("Tianjin Haichang Property")	Mr. Qu and Ms. Cheng are beneficial equity holders
武漢物業管理有限公司 ("Wuhan Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
天津海昌極地物業管理有限公司 ("Tianjin Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連世博房地產開發有限公司 ("Dalian Shibo")	Mr. Qu and Ms. Cheng are beneficial equity holders
煙台海昌物業管理有限公司 ("Yantai Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
武漢創富房地產發展有限公司 ("Wuhan Chuangfu")	Mr. Qu and Ms. Cheng are beneficial equity holders
煙台海昌旅遊發展有限公司 ("Yantai Haichang Tourism Development")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連海昌物業管理有限公司 ("Dalian Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
成都海昌置業有限公司 ("Chengdu Haichang Property")	Mr. Qu and Ms. Cheng are beneficial equity holders
龐大歐力士汽車租賃有限公司 ("Orix Lease")	A joint venture of a beneficial shareholder of the Company
大連東方水城發展有限公司 ("Dalian Oriental Watertown Development")	Mr. Qu and Ms. Cheng are beneficial equity holders
成都海昌物業管理有限公司 ("Chengdu Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連老虎灘海洋公園 ("Hutan Park")	Non-controlling equity holder of a subsidiary

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions

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

	Notes	For the six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<i>Rental income:</i>			
Haichang Corporation Development	(a)(i)	2,343	2,400
Wuhan Chuangfu	(a)(i)	1,831	1,756
Dalian Oriental Watertown Development	(a)(i)	1,286	–
Tianjin Haichang Property	(a)(i)	735	1,053
Yantai Haichang Tourism Development	(a)(i)	648	659
Dalian Shibo	(a)(i)	–	1,243
		6,843	7,111
<i>Management fee income:</i>			
Wuhan Chuangfu	(a)(ii)	–	1,305
Chengdu Haichang Property	(a)(ii)	–	1,083
Tianjin Haichang Property	(a)(ii)	–	593
		–	2,981
<i>Management fee expenses:</i>			
Wuhan Property Management	(a)(iii)	245	501
Tianjin Property Management	(a)(iii)	121	547
Dalian Property Management	(a)(iii)	55	320
Yantai Property Management	(a)(iii)	–	27
		421	1,395

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

- (i) The Group leased out office space to Haichang Corporation Development under a lease agreement dated 24 January 2014 and a supplemental lease agreement dated 18 April 2016, pursuant to which the Group leased the premises to Haichang Corporation Development for a term of five years from 1 January 2014 to 31 December 2018 for RMB400,000 including value-added tax per month. Rental income for the period ended 30 June 2016 from Haichang Corporation Development was RMB2,343,000.

The Group leased out office space to Wuhan Chuangfu, Dalian Shibo, Yantai Haichang Tourism Development and Tianjin Haichang Property dated 14 October 2014. The Group charged monthly rentals of RMB310,000, RMB220,000, RMB110,000 and RMB122,000 including value-added tax per month during the six months ended 30 June 2016 to Wuhan Chuangfu, Dalian Shibo, Yantai Haichang Tourism Development and Tianjin Haichang Property, respectively. On 15 September 2015, the Group entered into a tripartite agreement with Dalian Shibo and Dalian Oriental Watertown Development, pursuant to which Dalian Oriental Watertown Development continued to execute the contract to replace Dalian Shibo commencing from 19 September 2015. Rental income derived by the Group for the period ended 30 June 2016 from Wuhan Chuangfu, Dalian Oriental Watertown Development, Tianjin Haichang Property and Yantai Haichang Tourism Development was RMB1,831,000, RMB1,286,000, RMB735,000 and RMB648,000, respectively.

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

- (ii) On 24 January 2014, Haichang Enterprise Development and the Group entered into a project management framework agreement (the "Project Management Framework Agreement"), pursuant to which the Group would provide project management and quality control services for the real estate projects of Haichang Corporation Development in Mainland China from the date of listing of the Company's shares on the Stock Exchange to 31 December 2015.

On 1 July 2014, Wuhan Chuangfu, Chengdu Haichang Property and Tianjin Haichang Property entered into management service agreements with the Group to engage the Group to provide management services for service charges of 1% of their construction contract value per annum for an eighteen-month period commencing from 1 July 2014 to 31 December 2015.

In the opinion of the directors of the Company, the transactions between the Group and Wuhan Chuangfu, Chengdu Haichang Property and Tianjin Haichang Property were conducted in the ordinary and usual course of business and on terms and conditions agreed mutually.

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

- (iii) On 19 September 2014, Wuhan Property Management, Tianjin Property Management, Dalian Property Management and Yantai Property Management entered into property management agreements with the Group to provide management services at RMB1,011,000, RMB766,000, RMB644,000 and RMB79,000 per annum (to be adjusted as per the actual management service) respectively for a three-year period commencing from 19 September 2014. During the six months ended 30 June 2016, management fee expenses to Wuhan Property Management, Tianjin Property Management, Dalian Property Management and Yantai Property Management were RMB245,000, RMB121,000, RMB55,000 and nil respectively.

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

(b) Balances with related companies

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000
Due from related companies		
Wuhan Chuangfu	3,692	1,813
Haichang Corporation Development	2,517	–
Chengdu Haichang Property	1,316	1,316
Tianjin Haichang Property	1,117	70
Orix Lease	231	231
Dalian Property Management	137	322
Chengdu Property Management	4	–
	9,014	3,752
Due from a non-controlling equity holder		
Hutan Park	31,269	20,000
Due to related companies		
Dalian Oriental Watertown Development	1,054	1,877
Wuhan Property Management	1,008	504
Yantai Haichang Tourism Development	320	968
Dalian Shibo	210	210
Tianjin Property Management	28	–
Tianjin Haichang Property	–	294
	2,620	3,853
Finance lease payables		
Orix Lease	2,001	2,505

NOTES TO UNAUDITED INTERIM FINANCIAL INFORMATION

30 June 2016

22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Compensation to key management personnel

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Emoluments:		
Salaries, allowances, bonuses, benefits and other expenses	2,694	2,914
Post-employment benefits	155	160
	2,849	3,074

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

24. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The unaudited interim financial information was approved and authorised for issue by the board of directors of the Company on 24 August 2016.