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

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 2255)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Haichang Ocean Park Holdings Ltd. (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2020, together with the comparative financial data as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	**2020 (Unaudited) *RMB'000***	2019 (Unaudited) *RMB'000*
REVENUE	*5*	**325,528**	1,087,188
Cost of sales		**(534,932)**	(690,122)
Gross (loss)/profit		**(209,404)**	397,066
Other income and gains		**66,403**	153,177
Selling and marketing expenses		**(56,620)**	(106,666)
Administrative expenses		**(298,526)**	(242,564)
Impairment losses on financial and contract assets, net		**(41,826)**	(9,789)
Other expenses		**(66,652)**	(3,286)
Finance costs		**(323,786)**	(243,515)
Share of losses of an associate		**(2)**	(2)
LOSS BEFORE TAX		**(930,413)**	(55,579)
Income tax credit/(expense)	*6*	**39,746**	(35,784)
LOSS FOR THE PERIOD		**(890,667)**	(91,363)
Attributable to:			
Owners of the parent		**(876,103)**	(93,492)
Non-controlling interests		**(14,564)**	2,129
		(890,667)	(91,363)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*7*		
Basic and diluted			
– For loss for the period (RMB cents)		**(21.90)**	(2.34)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
LOSS FOR THE PERIOD	**(890,667)**	(91,363)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences:		
Exchange differences on translation of foreign operations	**(44,733)**	(5,063)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	**(44,733)**	(5,063)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	**44,833**	4,995
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax	**44,833**	4,995
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**100**	(68)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(890,567)**	(91,431)
Attributable to:		
Owners of the parent	**(876,003)**	(93,560)
Non-controlling interests	**(14,564)**	2,129
	(890,567)	(91,431)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	30 June 2020 (Unaudited) ***RMB'000***	31 December 2019 (Audited) *RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**7,550,356**	7,842,445
Investment properties	**2,534,700**	2,585,900
Right-of-use assets	**1,735,916**	1,746,690
Intangible assets	**15,586**	17,341
Investment in an associate	**79,476**	79,478
Financial assets at fair value through profit or loss	**136,120**	136,120
Deferred tax assets	**19,978**	18,749
Long term prepayments and deposits	**492,321**	521,704
Properties under development	**465,470**	465,470
Total non-current assets	**13,029,923**	13,413,897
CURRENT ASSETS		
Completed properties held for sale	**102,898**	102,898
Properties under development	**258,215**	234,438
Inventories	**42,164**	46,477
Trade receivables	**195,219**	212,684
Contract assets	**–**	3,096
Prepayments, other receivables and other assets	**233,347**	272,150
Tax recoverables	**45,920**	37,190
Financial assets at fair value through profit or loss	**200**	200
Due from related companies	**33,598**	34,235
Pledged deposits	**4,502**	29,418
Cash and cash equivalents	**2,658,785**	2,484,468
Total current assets	**3,574,848**	3,457,254

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2020

	30 June 2020 (Unaudited) *RMB'000*	31 December 2019 (Audited) *RMB'000*
CURRENT LIABILITIES		
Trade and bills payables	**1,347,565**	810,268
Other payables and accruals	**1,304,731**	916,884
Due to related companies	**11,391**	14,687
Advances from customers	**6,648**	6,088
Interest-bearing bank and other borrowings	**2,243,412**	2,471,365
Lease liabilities	**13,477**	14,728
Government grants	**86,799**	77,597
Deferred revenue	**230**	215
Tax payables	**226,380**	226,578
Total current liabilities	**5,240,633**	4,538,410
NET CURRENT LIABILITIES	**(1,665,785)**	(1,081,156)
TOTAL ASSETS LESS CURRENT LIABILITIES	**11,364,138**	12,332,741
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**6,629,893**	6,035,532
Lease liabilities	**56,159**	48,648
Long-term payables	**–**	621,316
Government grants	**848,496**	863,440
Deferred revenue	**1,159**	1,194
Deferred tax liabilities	**240,317**	283,930
Total non-current liabilities	**7,776,024**	7,854,060
Net assets	**3,588,114**	4,478,681
EQUITY		
Equity attributable to owners of the parent		
Share capital	**2,451**	2,451
Reserves	**3,499,240**	4,375,243
	3,501,691	4,377,694
Non-controlling interests	**86,423**	100,987
Total equity	**3,588,114**	4,478,681

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
30 June 2020

1. CORPORATE INFORMATION

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

The Company's subsidiaries are principally engaged in the development, construction and operation of theme parks, property development and investment, hotel operations and provision of consultancy and management services in the People's Republic of China (the "PRC"). In the opinion of the directors of the Company, the Company's immediate and ultimate holding company at 30 June 2020 was Haichang Group Limited, a company incorporated in the British Virgin Islands (the "BVI").

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated 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 consolidated financial statements for the year ended 31 December 2019.

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 2019. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 BASIS OF PRESENTATION

As at 30 June 2020, the Group had net current liabilities of RMB1,665,785,000. Affected by novel coronavirus ("COVID-19"), the Group's incurred a net loss of RMB890,667,000 during the six-month period ended 30 June 2020. The Directors consider that the Group has taken various measures and will have adequate funds available to enable it to operate as a going concern, taken into account the past operating performance of the Group and the following:

(a) All the Group's parks have been reopened and returned to normal operation gradually since April 2020. Expected sales will be gradually restored to the level in the prior year;

(b) Up to the date of this report, the Group had unused bank and credit facilities of a total amount of RMB2,323,523,000;

(c) Subsequent to 30 June 2020, the Group has been granted extended credit terms by certain of the Group's suppliers and service providers for RMB432,176,000 for repayment of trade payables and other payables to be due after 31 December 2021;

(d) Subsequent to 30 June 2020, the Group has been granted new bank loans of RMB307,000,000 due after 30 June 2021;

(e) Subsequent to 30 June 2020, the Group has been granted an extended repayment period for loans of RMB9,000,000 to be due after 30 June 2021;

(f) Subsequent to 30 June 2020, the Group has completed the issue of non-public corporate bonds of RMB200,000,000 to be due after 30 June 2021;

(g) In July 2020, the Group received government subsidy of RMB35,000,000 and can be granted government subsidy for an amount of RMB100,000,000 before 30 June 2021 to support the Group's park operations;

(h) The Group continues to monitor capital expenditure to balance and relieve cash resource to support park operations;

(i) The Group continues to take action to tighten cost controls over various operating expenses and is actively seeking new investment and business opportunities with an aim to attaining profitable and positive cash flow operations.

The Directors have reviewed the Group's cash flow forecast covering a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the Directors believe it is appropriate to prepare the consolidated financial statements of the Group for the period ended 30 June 2020 on a going concern basis.

Should the going concern assumption be inappropriate due to impact from continuity of COVID-19, inadequate financial and operating supports from the Group's financial institutions, suppliers and local government, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the interim financial information.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9 IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*COVID-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.

(c) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

    During the period ended 30 June 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the period ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of RMB2,542,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 30 June 2020.

(d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

4. OPERATING SEGMENT INFORMATION

The Group's liabilities are managed on a group basis.

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

Operating segments

The following table presents revenue and loss information of the Group's operating segments for the six-month period from 1 January to 30 June 2020 and six-month period from 1 January to 30 June 2019, respectively.

Six months ended 30 June 2020	**Park operations** *RMB'000* **(Unaudited)**	**Property development** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Segment revenue *(note 5)*			
Sales to external customers and total revenue	**325,528**	**–**	**325,528**
Revenue			**325,528**
Segment results	**(209,404)**	**–**	**(209,404)**
Reconciliation:			
Unallocated income and gains			**66,403**
Corporate and other unallocated expenses			**(463,624)**
Share of losses of an associate			**(2)**
Finance costs			**(323,786)**
Loss before tax			**(930,413)**

Six months ended 30 June 2019	Park operations *RMB'000* (Unaudited)	Property development *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue *(note 5)*			
Sales to external customers and total revenue	1,087,188	–	1,087,188
Revenue			1,087,188
Segment results	397,066	–	397,066
Reconciliation:			
Unallocated income and gains			153,177
Corporate and other unallocated expenses			(362,305)
Share of losses of an associate			(2)
Finance costs			(243,515)
Loss before tax			(55,579)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2020 and 31 December 2019, respectively.

30 June 2020	**Park operations** *RMB'000* **(Unaudited)**	**Property development** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Segment assets	**12,371,233**	**827,940**	**13,199,173**
Reconciliation:			
Corporate and other unallocated assets			**3,405,598**
Total assets			**16,604,771**
Segment liabilities	**–**	**–**	**–**
Reconciliation:			
Corporate and other unallocated liabilities			**13,016,657**
Total liabilities			**13,016,657**

31 December 2019	Park operations *RMB'000* (Audited)	Property development *RMB'000* (Audited)	Total *RMB'000* (Audited)
Segment assets	12,760,944	804,163	13,565,107
Reconciliation:			
Corporate and other unallocated assets			3,306,044
Total assets			16,871,151
Segment liabilities	–	–	–
Reconciliation:			
Corporate and other unallocated liabilities			12,392,470
Total liabilities			12,392,470

Other segment information

The following table presents expenditure information of the Group's operating segments for the six-month period from 1 January to 30 June 2020 and six-month period from 1 January to 30 June 2019, respectively.

Six months ended 30 June 2020	**Park operations** *RMB'000* **(Unaudited)**	**Property development** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Share of losses of an associate	**(2)**	**–**	**(2)**
Impairment losses in the statement of profit or loss	**161,636**	**–**	**161,636**
Depreciation and amortisation			
Unallocated			**1,785**
Segment	**244,097**	**–**	**244,097**
Capital expenditure*			
Unallocated			**30**
Segment	**115,121**	**–**	**115,121**

Six months ended 30 June 2019	Park operations *RMB'000* (Unaudited)	Property development *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Share of losses of an associate	(2)	–	(2)
Impairment losses in the statement of profit or loss	9,661	–	9,661
Depreciation and amortisation			
Unallocated			1,986
Segment	239,831	–	239,831
Capital expenditure*			
Unallocated			8,238
Segment	188,365	–	188,365

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

Information about major customers

No information about major customers is presented as there was no sales to a single customer which accounted for 10% or more of the Group's revenue for the six months ended 30 June 2020.

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	**280,037**	1,031,260
Revenue from other sources		
Gross rental income	**45,491**	55,928
	325,528	1,087,188

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2020

Segments	**Park operations**	**Property development**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Types of goods or services			
Ticket sales	**159,902**	**–**	**159,902**
Food and beverage sales	**35,684**	**–**	**35,684**
Sale of merchandise	**13,774**	**–**	**13,774**
In-park recreation income	**20,818**	**–**	**20,818**
Income from hotel operations	**33,217**	**–**	**33,217**
Consultancy, management and recreation income	**16,642**	**–**	**16,642**
Total revenue from contracts with customers	**280,037**	**–**	**280,037**
Geographical market			
Mainland China	**280,037**	**–**	**280,037**
Timing of revenue recognition			
Goods transferred at a point in time	**49,458**	**–**	**49,458**
Services transferred over time	**230,579**	**–**	**230,579**
Total revenue from contracts with customers	**280,037**	**–**	**280,037**

For the six months ended 30 June 2019

Segments	Park operations *RMB'000* (Unaudited)	Property development *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Types of goods or services			
Ticket sales	736,985	–	736,985
Food and beverage sales	131,240	–	131,240
Sale of merchandise	48,186	–	48,186
In-park recreation income	57,082	–	57,082
Income from hotel operations	34,664	–	34,664
Consultancy, management and recreation income	23,103	–	23,103
Total revenue from contracts with customers	1,031,260	–	1,031,260
Geographical market			
Mainland China	1,031,260	–	1,031,260
Timing of revenue recognition			
Goods transferred at a point in time	179,426	–	179,426
Services transferred over time	851,834	–	851,834
Total revenue from contracts with customers	1,031,260	–	1,031,260

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the six months ended 30 June 2020

Segments	**Park operations** ***RMB'000*** **(Unaudited)**	**Property development** ***RMB'000*** **(Unaudited)**	**Total** ***RMB'000*** **(Unaudited)**
Revenue from contracts with customers			
External customers	**280,037**	**–**	**280,037**

For the six months ended 30 June 2019

Segments	Park operations *RMB'000* (Unaudited)	Property development *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Revenue from contracts with customers			
External customers	1,031,260	–	1,031,260

6. INCOME TAX

PRC corporate income tax (the "CIT") has been provided at the rate of 25% (2019:25%) on the estimated assessable profits arising in Mainland China during the period.

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

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

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

	For the six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Mainland China:		
CIT charge for the period	**5,096**	42,195
Deferred	**(44,842)**	(6,411)
Total tax charge for the period	**(39,746)**	35,784

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

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of RMB876,103,000 (2019: loss of RMB93,492,000), and the weighted average number of ordinary shares of 4,000,000,000 (2019: 4,000,000,000) in issue during the period.

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

	30 June 2020	30 June 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(876,103)**	(93,492)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss 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 loss per share amounts were the same as the basic loss per share amounts.

8. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 June 2020, the Group has granted extended credit terms by certain of the Group's suppliers and service providers for RMB432,176,000 for repayment of trade payables and other payables to be due after 31 December 2021.

Subsequent to 30 June 2020, the Group has been granted new bank loans of RMB307,000,000 due after 30 June 2021.

Subsequent to 30 June 2020, the Group has been granted an extended repayment period for loans of RMB9,000,000 to be due after 30 June 2021.

Subsequent to 30 June 2020, the Group has completed the issue of non-public corporate bonds of RMB200,000,000 to be due after 30 June 2021.

Subsequent to 30 June 2020, the Group has been granted a government subsidy for an amount of RMB35,000,000 to support the Group's park operations.

EXTRACT OF INDEPENDENT REVIEW REPORT

Conclusion

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

Material uncertainty related to going concern

We draw attention to note 2.2 to the interim financial information which indicates that the Group incurred a net loss of approximately RMB890,667,000 during the six-month period ended 30 June 2020 and, as of that date, had net current liabilities of approximately RMB1,665,785,000. These conditions, along with other matters as set forth in note 2.2, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2020, while the global economy experienced a slowdown due to the impact of COVID-19 pandemic (the "**Pandemic**"), China's economic development remained impressively resilient. According to the National Bureau of Statistics, China's GDP amounted to RMB45.66 trillion for the first half of 2020, representing a year-on-year decrease of 1.6% on an inflation adjusted basis. In particular, China's total retail sales of consumer goods was RMB17.23 trillion, down by 11.4% year-on-year. In addition, consumer demand declined generally due to the impact of the Pandemic, as per capita consumer spending dropped to RMB9,718 in the first half of the year, representing a nominal decrease of 5.9%, or an actual decrease of 9.3% year-on-year, barring the price factors.

In respect of the domestic tourism market, the Pandemic did have a great impact on the cultural tourism industry, however, people still wished to travel and consume, only in a more prudent manner. With the Pandemic gradually brought under control in China, the demand and supply of tourism industry were released simultaneously, and positive signs were seen in cultural tourism consumption. According to the China Tourism Academy, total number of tourists received across the country during the 2020 Labor Day holiday rebounded to 58.97% of the level in the previous year, with the level of total tourist revenue resuming up to 40.42%, showing a steadily improving trend in the tourist economy. Specifically speaking, the market of high-quality and low-density trips with in-depth experience was the first to recover from the Pandemic, with self-drive travel, parents & children travel and family travel being the most popular forms. As predicted by the China Tourism Academy, the total number of tourist arrivals and revenue will decline in 2020 due to the Pandemic, it is however expected that the travel market may return to the level of the previous year during this year's National Day holiday. Meanwhile, the public's awareness of and belief in health and safety in China was strengthened during the period of Pandemic, which will facilitate the conversion of demand for cultural tourism into consumption behavior after the Pandemic is brought under control. On 14 July, the General Office of the Ministry of Culture and Tourism issued the Notice on Issues Related to Promoting Further Resumption of Work and Operations by Tourism Enterprises (《關於推進旅遊企業擴大復工復業有關事項的通知》), pursuant to which the authority lifted the ban of group travelling across provinces (regions and municipalities), raised the limitation of total number of tourists received at tourist attractions from 30% to 50% of their capacity, promoted the orderly resumption of operation and production and injected new vitality into the cultural tourism industry. With the implementation of the guiding principles of expanding domestic demand and activating the "Internal Circulation", the government's increasing policy support for the tourism industry, as well as encouraging promotion of the summer travel and holiday travel markets of 2020 Mid-Autumn Festival and National Day holiday, the domestic travel market is expected to be the first to recover from the Pandemic, and in the long run, China's tourism market will continue to grow faster than the global average.

In addition, due to the effect of the Pandemic and overall slowdown in economic development, China's domestic travel demand has undergone structural changes, resulting in quicker renovation and replacement of many cultural and tourist attractions and diversification of the industry's innovative business formats, and in particular, smart technologies have begun to gradually reshape tourists' pre-trip and in-trip consumption patterns. Leveraging the development and improvement of new infrastructure such as the 5G technology, the tourism marketing scenarios have been upgraded, as cloud-based tourism has become a new option for people to attend exhibitions and enjoy the scenery, and online tour around the tourist attractions and celebrities doing live broadcast on the cloud have become standard modes of marketing.

In respect of the theme parks, although the construction of theme parks in China has been delayed due to the Pandemic, their radiating and driving effects on the technology and culture, industries, consumption and communities of the surrounding areas will continue. According to the "Report on Prediction of China's Theme Park Project Development" released by AECOM, it is estimated that at least 70 theme park projects of significant level of investment will be completed in China by 2025. Attracted by the fertile domestic market, international IPs continued to expand their presence in China, making IP core-driven operation a new trend in the development of the domestic theme park industry, while further promoting the quality upgrade of domestic theme parks. On the other hand, most of the theme parks in China are facing the long payback period issue. The Pandemic has intensified the eliminating process within the industry, during which only those enterprises with outstanding operating expertise and experience will survive the fierce competition.

In respect of the emerging niche markets, statistics from winshang.com shows that commercial complexes have been recovering from the Pandemic, with traffic flow in commercial centers across the country regaining 66% of the level before the Pandemic. Consumers' demand for indoor entertainment products after the Pandemic is also gradually recovering, leading to a more comprehensive development of business formats, such as "entertainment + dining", "entertainment + pet" and "entertainment + classroom". According to winshang.com, in the first half of 2020, children-oriented stores accounted for 12% of the newly-opened branded stores in the urban shopping centers across the country, representing a slight year-on-year decrease. Due to the numerous hindering factors, the children-entertaining business appeared to be relatively slow to recover, with its average revenue in the first half of the year regaining only 15-40% of the level for the same period of last year. However, with the increasing interest of the public in family education and parent-child interaction, it will be an important driving force for the long-term development of the indoor entertainment market.

BUSINESS REVIEW

The outbreak of the Pandemic at the beginning of 2020 had a significant impact on the cultural tourism industry in China. In order to comply with the government's Pandemic prevention and control efforts and protect the health and safety of its employees and customers, the Company suspended operation of all its theme parks (including the self-operated projects under the light asset segment) from 24 January until late March, when certain theme parks were reopened partially, and June, when all the parks resumed full operation. In such a macro environment where the Pandemic has become part of our life, the Group made the safety of its staff and assets its first priority and carried out the Pandemic prevention and control approaches in a scientific manner when resuming operation of the parks so as to ensure the parks can run safely and smoothly. During the period under review, the Group focused on the works below:

During the period, the Group staged innovative brand marketing campaigns, resulting in its brand reputation constantly improving. The Group led the tourism industry in terms of communication methods, by breaking the limitation of space by introducing online tours around its scenic spots, creating hundreds of cloud-based live broadcasts and cloud tours, as well as opening cloud-based free diagnosis and classes, which generated a total of over 50 million online views through top apps such as sina.com, Tik Tok, Kuaishou, Taobao and Toutiao. The Group has extensive cooperation with platforms such as sina.com, Tencent, jiemian.com and ThePaper.cn, who provided us with millions of free resources and frequent exposure, which helped the Group create quality news that frequently hit the list of hot topics. The Company also established links with over 100 media partners such as Baidu Map, Dianping, Helloglobal, and Youth Daily, with the branded communication channels covering more than 500 million people. The Group took advantage of its popular variety shows and film/TV scene shooting to promote its content marketing and strengthen memory of the scenes. Especially, its brand name has been significantly boosted with the help of popular TV series such as "Nothing But Thirty", "Like You, Me Too" and "Let's Sacalaca" produced by iqiyi.com, reaping super-high brand word-of-mouth ratings.

The Group has always been committed to its corporate social responsibility, the rescue of protected species, and building up its brand as a science education supporter. Under the guidance of the competent authorities, the Group actively performed its duty of rescue and release of protected species as a national Aquatic Animal Rescue & Research Centre. The Group has successfully rescued spotted dolphins and several green sea turtles, both being national protected species, and released a total of 10 sea turtles. During the period of the Pandemic, the Group was the first among the travel industry businesses to pay tribute to the Pandemics heroes by announcing that all the theme parks were open free of charge to the medical staff nationwide throughout the year, and 200,000 of them had visited the parks during the period. At the same time, the Group offered free admission to personnel of seven sectors i.e. police, sanitation, public transportation, food delivery, express delivery and community service, in order to provide positive support of public welfare by leveraging the Group's corporate influence. The Group introduced innovative forms to support science education, such as the "Dr. Ocean" free online diagnosis, Autism Care Month, Blue Balloon Campaign, Sea Turtle Environmental Protection Guard Collection, Earth Hour and other series of activities, aiming to enhance the Group's corporate reputation. The Group constantly explored innovative products in science education by establishing the Haichang Exploration Academy featuring "Science + Interactive Experience" as the tipping point for market entry, with a view to enhancing the core competitiveness of its brand.

During the period, the Group strengthened the protection of biological health and Pandemic prevention and continued to maintain its industrial influence on the level of biological conservation. During the Pandemic period, the Group implemented the Pandemic prevention, control and requirements of the State and relevant authorities, set up dedicated funds for the protection and Pandemic prevention and management of biological conservation supplies, especially baits, and strengthened the publicity and positive guidance on the scientific knowledge of biological Pandemic prevention, while paid close attention to the safety of human-animal interactions. In the first half of the year, the Group achieved breakthroughs in the breeding of core species and the artificial breeding of calves. The Group realized the first natural breeding of sickle-fin dolphins and the survival of northern sea lion calves, further consolidated the Group's leading position in technology in the field of biological conservation and breeding. The Group has improved the standard of biological environmental parameters and strengthened the comprehensive analysis of test data to enhance the operational efficiency of the maintenance system. The Group has optimized the biological nutrition scheme, enhanced immunity, and ensured biological health through more scientific diagnosis and treatment.

In respect of theme park operation, the Group insisted on the normalization of Pandemic prevention, safety, scientific operation plans and systematic operation quality. Close attention was paid to the development and changes of the Pandemic situation in each project area, and Pandemic prevention and control standards such as real-name reservations, flow restriction and distance control, and environmental disinfection were implemented, and the park operation plan was adjusted in a scientific and dynamic manner according to the changes in visitor flow during the Pandemic period to fully ensure the safe and stable operation of the parks. We revised the policy for opening, closing and shutting down of some key energy-consuming units, equipment and facilities during the Pandemic period, and completed some energy-saving projects, with energy consumption reducing by more than RMB14 million in the first half of the year without interfering with the safety and experience of visitors. The Group promoted the upgrading of the unique service standards of the operational SOP system; optimized the workflow and workload setting standards for various jobs and work site, refined the output of each job and improved work efficiency; continued to build value mindset and put the service concept into practice. Moreover, the Group established a common evaluation system for frontline employees; implemented an internal training mechanism to continuously improve service standards and enhance the proactivity of employees in providing high-quality services. The Group continued to improve its OPC (Operation Analysis and Calibration Center) operation mechanism by integrating the construction of information system, training of human resources and continuous improvement of the operation mechanism, in order to continuously improve the management and analysis capabilities of the OPC operation and coordination platform and big data, and to promote the upgrading of the operational quality system. In addition, the Group proactively responded to the impact of the Pandemic and made dedicated investment in product upgrades and ancillary facilities. To cater to customer demand, the Group has been systematically pushing forward the positioning of new themed products and enriching the product offerings of its projects to maintain product appeal while keeping sound budgetary control. According to the changes in the traffic flow of the re-opened parks, the introduction of cultural elements and the application of technology in the themed performing arts products will be implemented in an orderly manner to continue to promote the transformation of the performing arts products into an experience economy. Through the maintenance and renewal of themed scenes, we will improve the quality and appeal of the park scenes to provide visitors with a pleasant and comfortable touring space and to continuously improve visitors' experience satisfaction.

During the period, the Group continued to make efforts in its online sales channels. The Group comprehensively deepened its strategic cooperation with online channels by signing strategic agreements with Ctrip, setting up a regional flagship store of Meituan, stationing on the Pinduoduo platform and actively launching activities on the Fliggy platform, with sales on the Internet online channel accounting for over 60%, representing an increase of over 50% year-on-year. Capitalizing on Member's Day, S-class promotion, Superbrand Day and 618 promotion, the Group launched pre-sales of tickets, annual cards and other products, and conducted more than 30 live sales on the platforms to maintain market activity and attention, and was ranked No. 1 in the industry on the Fliggy platform for several times. The Group built a "private domain traffic pool" and comprehensively strengthened its media matrix. The Group rolled out the Haichang Media Personnel Program and cultivated 15 employees as internet celebrities. During the first half of the year, the number of their fans increased by 57%, more than 40 self-media articles of them were created, and a number of their works such as "Penguin Brothers' Travels" (企鵝兄弟出遊記) have generated intense interest in the society.

The Group's theme park projects have been progressing smoothly during the Pandemic period until the Group reasonably controlled the progress in accordance with its operation and development principle after taking into account the impact of the Pandemic, so as to effectively carry out the financing for project construction subsequently. The main structure of Zhengzhou Haichang Ocean Park (the "**Zhengzhou Project**") was 90% complete. Filing for the completion of Sanya Haichang Fantasy Town Project (the "**Sanya Project**") has been completed, and the filing process of Shanghai Haichang Ocean Park (the "**Shanghai Project**") is nearly completed. At present, we are making every effort to promote the settlement and review of various projects and strive to control target costs.

In respect of asset-light business, the Group made constant efforts to strive for excellence while maintaining stable development by continuing to expand and further upgrade asset-light consultancy services, launching product service packages for large-scale cultural tourism projects, small and medium-sized park projects, and expanding aquariums, theme parks, theme towns, urban leisure and family entertainment centers, outdoor cute pet parks, and pop-ups temporary exhibitions and other series. During the period, three new consultancy service contracts were signed, with an aggregate contract value of nearly RMB500 million. Among the Group's joint development projects, the Changsha Dawangshan Joy City project has been fully launched, while the Happy Ocean Park project which commenced construction at the beginning of the year is expected to complete topping out by the end of this year. The Happy Snowy Land and Water Village project had its grand opening on 11 July 2020, for which the Group will provide operation and management services for a period of 5 years. Both Nanning and Hengdian Consulting Services completed the prevention and control work satisfactorily during the Pandemic to ensure smooth operations. In-Mall indoor park continued to introduce new products and strengthened delicacy management. At present, urban leisure products, including Haichang Cute Pets Park, Fishome Haichang Wonderful Fish Family, and Hi-life Nature Exploration Park, have all been put on the market and are still under continuing product innovation. Hefei Hi-life Nature Exploration Park officially opened on 25 June 2020. As a new generation of In-Mall Park, the park has seven nature immersive themed spaces, interactive display of hundreds of cute pets from sea, land and air, and newly added virtual reality research learning experience and cute pet social space. Affected by the Pandemic, cumulative operation time of each of the four indoor park projects in the first half of the year was less than two months on average. The Group focused on overall cost reduction as well as adjustment and optimization of derived consumption items, resulting in a cost reduction rate of 23%. During the period, we continued to expand IP authorization and cross-industry cooperation, and research and plan IP themed temporary exhibitions. The first event was launched in Shanghai on 10 July 2020, which was another pilot project of Haichang asset-light innovative products and received good market response. In addition, IP licensing cooperation and joint selling with well-known domestic auto derivatives suppliers further enriched the IP derivatives stock keeping units (SKU). The Group also launched a co-branded IP cultural creative product "Polar Can" with Tsingtao Brewery and reached a strategic cooperation.

BUSINESS OUTLOOK

Looking ahead, the Group will continue to embrace the primary concept of "focusing on and driving by both light and heavy assets", and prudently discuss and promote the formulation and implementation of its strategic planning for the next five years, taking into account the Pandemic prevention and control as well as external market and policy changes. Under the development strategy of scenario diversification driven by innovation, the Group will continue to strengthen its scenario layout: with the regional flagship Ocean Park as the target, the development and construction of the Zhengzhou Project will be steadily pushed forward in conjunction with the "new normal" practice of Pandemic prevention and control while containing capital expenditure. Riding on the robust development of the Lingang New Area in the Shanghai Free Trade Zone, the Group will consolidate the surrounding development sites around the "Haichang Ocean" central theme to form three clusters, namely the Haichang Ocean Park, the Oriental Marine Leisure Consumption Zone and the Nature Exploration Park, with a view to building an international tourist resort and leisure destination with the Shanghai Haichang Ocean Park as its core. Besides, leveraging the upgraded positioning of Hainan Free Trade Port and coupled with the new policy of Hainan Free Trade Port, the Group will review the positioning and upgrade strategy of its projects as well as the optimization of product formats, enhance and strengthen the product formats of Sanya Project, and promote quality upgrading. The Group will also drive innovation through "industrial extension + consumption diversification + cultural IPs + capital platforms + technology application + brand building" to continuously build a national brand.

FINANCIAL REVIEW

Revenue

Revenue generated from the Group's park operations decreased by approximately 70.1% from approximately RMB1,087.2 million for the six months ended 30 June 2019 to approximately RMB325.5 million for the six months ended 30 June 2020, primarily attributable to the significant decrease in both revenue from ticket business and revenue from non-ticket business of our parks, which was affected by the Pandemic, during the period. Revenue generated from ticket business decreased by approximately 78.3% from approximately RMB737.0 million for the six months ended 30 June 2019 to approximately RMB159.9 million for the six months ended 30 June 2020. Revenue generated from non-ticket business decreased by approximately 52.7% from approximately RMB350.2 million for the six months ended 30 June 2019 to approximately RMB165.6 million for the six months ended 30 June 2020.

The Group's property development segment did not generate any revenue for the six months ended 30 June 2020.

In conclusion, for the six months ended 30 June 2020, the Group recorded a turnover of approximately RMB325.5 million (same period in 2019: approximately RMB1,087.2 million), representing a decrease of approximately 70.1% when compared with the corresponding period of last year.

Cost of Sales

The Group's cost of sales decreased by approximately 22.5% from approximately RMB690.1 million for the six months ended 30 June 2019 to approximately RMB534.9 million for the six months ended 30 June 2020, primarily attributable to the corresponding cost reductions resulted from the significant decrease in operation income of the parks, which was influenced by the Pandemic.

Gross (Loss)/Profit

For the six months ended 30 June 2020, the Group's consolidated gross loss was approximately RMB209.4 million (same period in 2019: gross profit of RMB397.1 million), resulting in a consolidated gross loss margin of 64.3% (same period in 2019: gross profit margin of 36.5%).

Gross loss of the Group's park operations segment was approximately RMB209.4 million (same period in 2019: gross profit of RMB397.1 million) and gross profit margin of the Group's park operations segment decreased from 36.5% for the six months ended 30 June 2019 to gross loss margin of 64.3% for the six months ended 30 June 2020, primarily attributable to the significant decrease in revenue from park operations, which was affected by the Pandemic.

Gross profit of the Group's property development segment was nil for the six months ended 30 June 2020.

Other Income and Gains

The Group's other income and gains decreased by approximately 56.7% from approximately RMB153.2 million for the six months ended 30 June 2019 to approximately RMB66.4 million for the six months ended 30 June 2020, primarily attributable to the decrease in valuation of investment properties appreciation and decrease of fair value gain on equity investment.

Selling and Marketing Expenses

The Group's selling and marketing expenses decreased by approximately 47.0% from approximately RMB106.7 million for the six months ended 30 June 2019 to approximately RMB56.6 million for the six months ended 30 June 2020, primarily attributable to the substantial decrease in selling and marketing expense during the Pandemic period.

Administrative Expenses

The Group's administrative expenses increased by approximately 23.0% from approximately RMB242.6 million for the six months ended 30 June 2019 to approximately RMB298.5 million for the six months ended 30 June 2020, primarily attributable to the impairment loss on certain long-term asset caused by the Pandemic.

Finance Costs

The Group's finance costs increased by approximately 33.0% from approximately RMB243.5 million for the six months ended 30 June 2019 to approximately RMB323.8 million for the six months ended 30 June 2020, primarily attributable to the increase in the Group's total bank loans as a result of financing the openings of the Shanghai Project and the Sanya Project.

Income Tax Credit/Expense

The Group's income tax credit/expense turned from approximately RMB35.8 million income tax expense for the six months ended 30 June 2019 to approximately RMB39.7 million income tax credit for the six months ended 30 June 2020, primarily attributable to the increase in deferred income tax assets arising from the Group's phased losses.

Loss for the Period

As a result of the foregoing, the Group's loss for the period increased from approximately RMB91.4 million for the six months ended 30 June 2019 to approximately RMB890.7 million for the six months ended 30 June 2020, and the net loss margin increased from approximately 8.4% for the six months ended 30 June 2019 to approximately 273.6% for the six months ended 30 June 2020. Meanwhile, loss attributable to owners of the parent increased from approximately RMB93.5 million for the six months ended 30 June 2019 to approximately RMB876.1 million for the six months ended 30 June 2020.

Liquidity and Financial Resources

As at 30 June 2020, the Group had current assets of approximately RMB3,574.8 million (as at 31 December 2019: approximately RMB3,457.3 million). The Group had cash and bank deposits of approximately RMB2,658.8 million (as at 31 December 2019: approximately RMB2,484.5 million) and pledged bank balances of approximately RMB4.5 million (as at 31 December 2019: approximately RMB29.4 million).

Total equity of the Group as at 30 June 2020 was approximately RMB3,588.1 million (as at 31 December 2019: approximately RMB4,478.7 million). As at 30 June 2020, the total interest-bearing bank and other borrowings of the Group amounted to approximately RMB8,873.3 million (as at 31 December 2019: RMB8,506.9 million).

As at 30 June 2020, the Group had a net gearing ratio of 175.1% (as at 31 December 2019: 135.9%). The net liabilities of the Group included interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents. The increase in the net gearing ratio for the six months ended 30 June 2020 was primarily attributable to the increase in principal amount of loans and the loss in operation for the six months ended 30 June 2020, which caused the decrease in net assets of the Group as at 30 June 2020.

As indicated in 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 the Group's future expansion plans and the Group will be able to obtain additional financing on favourable terms as and when necessary.

Capital Structure

The share capital of the Company comprised ordinary shares (the "**Shares**") for the six months ended 30 June 2020.

Contingent Liabilities

	30 June 2020 *RMB'000* **(Unaudited)**	31 December 2019 *RMB'000* (Audited)
Guarantees in respect of the mortgage facilities granted to purchasers of the Group's properties *	**162,780**	4,842
	162,780	4,842

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

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

Foreign Exchange Rate Risk

The Group mainly operates in China. Other than bank deposits denominated in foreign currencies, the Group is not exposed to any material risk related to fluctuations of foreign exchange rates. The Directors do not expect any material adverse effect on the operation of the Group arising from any fluctuation in the exchange rate of RMB.

Staff Policy

As at 30 June 2020, the Group had a total of 4,421 full-time employees (as at 31 December 2019: 5,012 full-time employees). The Group offers comprehensive and competitive remuneration, retirement scheme and benefit packages to its employees. Discretionary bonus is offered to the Group's staff depending on their work performance. The Group and its employees are required to make contributions to a social insurance scheme as well as the pension insurance and unemployment insurance at the rates specified in the relevant laws and regulations.

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

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2020.

Pre-Emptive Rights

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

Corporate Governance

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (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 months ended 30 June 2020 except as disclosed below.

Under code provision A.6.7 of the Code, independent non-executive directors and other non-executive directors should attend annual general meetings to fully gain understanding of the views of shareholders. Mr. Qu Naijie and Mr. Li Hao, being non-executive Directors, were absent from the annual general meeting (the "**AGM**") of the Company held on 30 June 2020 due to pre-arranged business commitments.

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

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by Directors. The Company has made specific enquiries to all Directors and all Directors have confirmed that they have strictly complied with the Model Code during the six months ended 30 June 2020.

Audit Committee

As at the date of this announcement, the audit committee of the Company (the "**Audit Committee**") comprises three members, namely Mr. Chen Guohui, Mr. Wang Jun and Ms. Zhang Meng, all of whom are independent non-executive Directors. Mr. Chen Guohui is the chairman of the Audit Committee.

The Audit Committee has reviewed together with the Directors the unaudited interim financial information of the Group for the six months ended 30 June 2020.

Interim Dividend

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: Nil).

Forward Looking Statements

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

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

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

This interim results announcement of the Company for the six months ended 30 June 2020 is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.haichangoceanpark.com.

Appreciation

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

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

Shanghai, the People's Republic of China, 27 August 2020

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