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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2255)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Haichang Ocean Park Holdings Ltd. (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**" or "**Haichang**" or "**Haichang Ocean Park**") for the year ended 31 December 2023, together with the comparative figures for 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	**1,816,842**	792,988
Cost of sales		**(1,359,387)**	(1,071,716)
Gross profit/(loss)		**457,455**	(278,728)
Other income and gains	5	**306,497**	181,525
Selling and distribution expenses		**(139,222)**	(85,029)
Administrative expenses		**(469,794)**	(606,375)
Reversal of impairment losses/(impairment losses) on financial and contract assets, net		**8,091**	(76,362)
Other expenses		**(26,551)**	(238,556)
Finance costs	6	**(322,580)**	(314,864)
LOSS BEFORE TAX		**(186,104)**	(1,418,389)
Income tax credit	7	**4,197**	9,531
LOSS FOR THE YEAR		**(181,907)**	(1,408,858)
Attributable to:			
Owners of the parent		**(197,259)**	(1,395,911)
Non-controlling interests		**15,352**	(12,947)
		(181,907)	(1,408,858)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
– Loss for the year (RMB cents)		**(2.43)**	(17.31)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023 *RMB'000*	2022 *RMB'000*
LOSS FOR THE YEAR	**(181,907)**	(1,408,858)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(51,601)**	(278,431)
Gains on revaluation of property, plant and machinery	**29,665**	–
Income tax effect	**(7,416)**	–
	22,249	–
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(29,352)**	(278,431)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**56,013**	266,765
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**56,013**	266,765
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**26,661**	(11,666)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(155,246)**	(1,420,524)
Attributable to:		
Owners of the parent	**(170,598)**	(1,407,577)
Non-controlling interests	**15,352**	(12,947)
	(155,246)	(1,420,524)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	31 December 2023 RMB'000	31 December 2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**6,523,087**	5,166,069
Investment properties		**257,349**	122,477
Right-of-use assets		**1,484,515**	1,476,716
Intangible assets		**22,140**	11,683
Financial assets at fair value through profit or loss		**36,915**	54,900
Deferred tax assets		**34,136**	14,263
Long-term prepayments, receivables and deposits		**146,630**	217,648
Properties under development		**299,849**	299,789
Total non-current assets		**8,804,621**	7,363,545
CURRENT ASSETS			
Completed properties held for sale		**22,498**	22,498
Inventories		**54,137**	31,743
Biological assets		**7,005**	6,980
Trade receivables	*9*	**46,209**	47,597
Prepayments and other receivables		**395,687**	990,898
Investment properties classified as held for sale		**374,897**	387,836
Financial assets at fair value through profit or loss		**109,514**	110,120
Pledged deposits	*10*	**5,912**	5,075
Cash and cash equivalents	*10*	**1,702,264**	1,244,633
Total current assets		**2,718,123**	2,847,380
CURRENT LIABILITIES			
Trade payables	*11*	**735,561**	649,989
Other payables and accruals		**681,465**	444,302
Advances from customers		**11,349**	10,847
Interest-bearing bank and other borrowings	*12*	**1,403,535**	1,461,220
Lease liabilities	*12*	**35,087**	25,833
Government grants		**13,678**	15,329
Tax payable	*7*	**34,827**	33,459
Total current liabilities		**2,915,502**	2,640,979
NET CURRENT (LIABILITIES)/ASSETS		**(197,379)**	206,401
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,607,242**	7,569,946

	Notes	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*12*	**4,739,333**	3,687,947
Lease liabilities	*12*	**121,017**	92,730
Long-term payables		**771,141**	666,761
Government grants		**390,844**	403,152
Deferred tax liabilities		**66,545**	43,029
Total non-current liabilities		**6,088,880**	4,893,619
Net assets		**2,518,362**	2,676,327
EQUITY			
Equity attributable to owners of the parent			
Share capital		**2,489**	2,489
Reserves		**2,413,541**	2,621,268
		2,416,030	2,623,757
Non-controlling interests		**102,332**	52,570
Total equity		**2,518,362**	2,676,327

NOTES TO FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 21 November 2011. The registered address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

During the year ended 31 December 2023, the Group was involved in the following principal activities in the People's Republic of China (the "**PRC**"):

- development, construction and operation of theme parks
- property development
- investment
- hotel operation
- provision of consultancy and management services

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Haichang Group Limited, which is incorporated in the British Virgin Islands (the "**BVI**").

2.1 BASIS OF PRESENTATION

As at 31 December 2023, the Group had net current liabilities of RMB197,379,000. 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, after taking into account the past operating performance of the Group and the following:

(a) all the Group's parks have gradually returned to normal operation and the revenue have been gradually recovered;

(b) subsequent to 31 December 2023, the Group has been granted new bank and other loans of RMB64,300,000, which are due after 31 December 2024 from certain banks;

(c) the Group expects to be granted subsidies before 31 December 2024 for an aggregate amount of RMB94,500,000 as agreed by local government to support the Group's park operation;

(d) up to the date of this announcement, the Group has unused bank and credit facilities of a total amount of RMB2,163,000,000 valid until after 31 December 2024, of which RMB500,000,000 was granted by a financial institute subsequent to 31 December 2023 and RMB1,000,000,000 was granted by a related company;

(e) the major shareholder and a director of the Company, 曲程 ("**Mr. Qu Cheng**"), has agreed to provide continuing financial support to the Group to meet its debts and liabilities as and when they fall due for a period of no less than 12 months from 31 December 2023;

(f) the Group continues to monitor capital expenditure to balance and relieve cash resource to support park operations and take action to tighten cost controls over various operating expenses and is actively seeking new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

The Directors of the Company have reviewed the Group's cash flow forecast covering a period of twelve months from the end of the reporting period ended 31 December 2023. The Directors 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 year ended 31 December 2023 on a going concern basis.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, investment properties classified as held for sale, biological assets and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(b) rights arising from other contractual arrangements; and

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

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under IAS 12.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. OPERATING SEGMENT INFORMATION

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

(a) the park operation 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 operation and the provision of services to visitors;

(b) the property development segment engages in property development, construction and sales; and

(c) the operation as a service segment engages in the provision of consultancy, management and recreation services such as the provision of technical support service relating to an aquarium and the operation of a small size playground.

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

Segment assets exclude intangible assets, financial assets at fair value through profit or loss, trade receivables, contract assets, prepayments and other receivables, deferred tax assets, amounts due from related companies, pledged deposits and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities included mainly contract liabilities and lease liabilities.

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

Operating segments

Year ended 31 December 2023

	Park operation *RMB'000*	Operation as a service *RMB'000*	Property operations *RMB'000*	Total *RMB'000*
Segment revenue *(note 5)*				
Sales to external customers and total revenue	**1,687,376**	**129,466**	**–**	**1,816,842**
Total segment revenue				**1,816,842**
Segment results	**444,096**	**13,359**	**–**	**457,455**
Reconciliation:				
Unallocated income and gains				**306,497**
Unallocated expenses				**(627,476)**
Finance costs				**(322,580)**
Loss before tax				**(186,104)**
Segment assets	**8,710,123**	**222,061**	**322,347**	**9,254,531**
Reconciliation:				
Corporate and other unallocated assets				**2,268,213**
Total assets				**11,522,744**
Segment liabilities	**226,687**	**171,481**	**–**	**398,168**
Reconciliation:				
Corporate and other unallocated liabilities				**8,606,214**
Total liabilities				**9,004,382**
Other segment information				
Reversal of impairment losses recognised in the statement of profit or loss, net	**(8,722)**	**–**	**–**	**(8,722)**
Depreciation and amortisation				
Unallocated				**8,288**
Segment	**361,159**	**35,798**	**–**	**396,957**
Capital expenditure*				
Unallocated				**18,745**
Segment	**1,245,984**	**52,709**	**–**	**1,298,693**

Year ended 31 December 2022

	Park operation RMB'000	Operation as a service RMB'000	Property operations RMB'000	Total RMB'000
Segment revenue *(note 5)*				
Sales to external customers and total revenue	748,941	44,047	–	792,988
Total segment revenue				792,988
Segment results	(285,602)	6,874	–	(278,728)
Reconciliation:				
Unallocated income and gains				181,525
Unallocated expenses				(1,006,322)
Finance costs				(314,864)
Loss before tax				(1,418,389)
Segment assets	7,316,913	135,320	322,287	7,774,520
Reconciliation:				
Corporate and other unallocated assets				2,436,405
Total assets				10,210,925
Segment liabilities	51,928	81,383	–	133,311
Reconciliation:				
Corporate and other unallocated liabilities				7,401,287
Total liabilities				7,534,598
Other segment information				
Impairment losses recognised in the statement of profit or loss, net	225,102	–	21,810	246,912
Depreciation and amortisation				
Unallocated				3,034
Segment	337,999	8,988	–	346,987
Capital expenditure*				
Unallocated				4,437
Segment	787,884	11,817	–	799,701

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

Information about major customers

No information about major customers is presented as no single customer from whom over 10% or more of the Group's revenue was derived for the year ended 31 December 2023.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**1,791,557**	769,217
Revenue from other sources		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	**594**	372
Other lease payments, including fixed payments	**24,691**	23,399
Subtotal	**25,285**	23,771
Total	**1,816,842**	792,988

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2023

Segments	**Park operation**	**Operation as a service**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Types of goods or services			
Tickets sales	**902,753**	**–**	**902,753**
Food and beverage sales	**247,577**	**–**	**247,577**
Sale of merchandise	**140,842**	**–**	**140,842**
In-park recreation income	**177,245**	**–**	**177,245**
Income from hotel operations	**193,674**	**–**	**193,674**
Consultancy, management and recreation income	**–**	**129,466**	**129,466**
Total	**1,662,091**	**129,466**	**1,791,557**
Geographical market			
Chinese Mainland	**1,662,091**	**129,466**	**1,791,557**
Timing of revenue recognition			
Goods transferred at a point in time	**389,811**	**–**	**389,811**
Services transferred over time	**1,272,280**	**129,466**	**1,401,746**
Total	**1,662,091**	**129,466**	**1,791,557**

For the year ended 31 December 2022

Segments	Park operation *RMB'000*	Operation as a service *RMB'000*	Total *RMB'000*
Types of goods or services			
Tickets sales	348,340	–	348,340
Food and beverage sales	135,851	–	135,851
Sale of merchandise	55,916	–	55,916
In-park recreation income	84,529	–	84,529
Income from hotel operations	100,534	–	100,534
Consultancy, management and recreation income	–	44,047	44,047
Total	725,170	44,047	769,217
Geographical market			
Chinese Mainland	725,170	44,047	769,217
Timing of revenue recognition			
Goods transferred at a point in time	193,216	–	193,216
Services transferred over time	531,954	44,047	576,001
Total	725,170	44,047	769,217

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2023 ***RMB'000***	2022 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Tickets sales	**51,993**	129,424
Income from hotel operations	**35**	396
Consultancy, management and recreation income	**1,475**	3,503
Total	**53,503**	133,323

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of merchandise

The performance obligation is satisfied upon delivery of the goods and payment by the customer simultaneously is normally required. There is no right of return or volume rebate which gives rise to variable consideration.

Ticket sales

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required, except for tickets sold through travel agencies, where payment is generally due within 30 to 90 days from the delivery of tickets.

Provision of in-park recreation services

The performance obligation is satisfied over time as services are rendered and payment by the customer in advance before provision of services is normally required.

Hotel operation

The performance obligation is satisfied over time as services are rendered and payment by the customer in advance before provision of services is normally required.

Provision of consultancy, management and recreation services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are for periods of one year or less, and are billed based on the milestone according to contract terms.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2023	2022
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**264,959**	53,503

All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

Other income and gains

	2023	2022
	RMB'000	*RMB'000*
Other income		
Government grants	**58,870**	54,088
Interest income	**34,194**	19,453
Income from insurance claims	**10,654**	22,746
Dividend income from financial assets at fair value through profit or loss	**35,548**	–
Others	**30,021**	29,148
Total other income	**169,287**	125,435
Gains		
Gain on modifications of financial liabilities that do not result in derecognition	**40,563**	56,090
Fair value gains on investment properties	**48,647**	–
Gain on disposal of an associate	**48,000**	–
Total gains	**137,210**	56,090
Total other income and gains	**306,497**	181,525

6. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans and other loans	**288,559**	290,798
Interest on lease liabilities	**9,026**	4,370
Total interest expense on financial liabilities not at fair value through profit or loss	**297,585**	295,168
Less: Interest capitalised	**27,453**	4,556
Subtotal	**270,132**	290,612
Other finance costs:		
Increase in discounted amounts of financial liabilities arising from the passage of time	**52,448**	24,252
Total	**322,580**	314,864

7. INCOME TAX

Provision for PRC corporate income tax has been provided at the applicable income tax rate of 25% for the year ended 31 December 2023 (2022: 25%) on the assessable profits of the Group's subsidiaries in Chinese Mainland.

No provision for Hong Kong profits tax has been made in the financial statements as no assessable profit was derived from Hong Kong during the years.

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

	2023	2022
	RMB'000	*RMB'000*
Current – Chinese Mainland:		
Charge for the year	**2,326**	2,513
(Overprovision)/underprovision in prior years	**(2,750)**	10,489
	(424)	13,002
Deferred tax	**(3,773)**	(22,533)
Total	**(4,197)**	(9,531)

A reconciliation of the tax credit applicable to loss before tax using the statutory tax rate to the tax expense at the effective rate is as follows:

	2023	2022
	RMB'000	*RMB'000*
Loss before tax	**(186,104)**	(1,418,389)
Tax at the statutory tax rate of 25% (2022: 25%)	**(46,526)**	(354,597)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**–**	(3,806)
Adjustments in respect of current tax of previous periods	**(2,750)**	10,489
Effect of different tax rates	**8,007**	18,699
Income not subject to tax	**(553)**	(105)
Expenses not deductible for tax	**6,120**	5,280
Tax losses utilised from previous periods	**(21,322)**	–
Tax losses not recognised	**39,695**	257,908
Temporary difference not recognised	**13,132**	56,601
Tax credit at the Group's effective rate	**(4,197)**	(9,531)

Tax payables in the consolidated statement of financial position represent:

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
PRC corporate income tax	**34,827**	33,459

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

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 8,104,147,056 (2022: 8,063,334,444) in issue during the year.

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

	2023	2022
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(197,259)**	(1,395,911)

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**8,104,147,056**	8,063,334,444

There were no potentially dilutive ordinary shares in issue during the year ended 31 December 2023 and therefore the amounts of diluted loss per share were the same as the basic loss per share amounts.

9. TRADE RECEIVABLES

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Trade receivables	**99,831**	103,878
Less: Provision for doubtful debts	**53,622**	56,281
Net carrying amount	**46,209**	47,597

The Group's trading terms with its institutional customers and tenants 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. As at 31 December 2023, the Group had certain concentrations of credit risk of 34.14% of the Group's trade receivables were due from one of the Group's debtors (2022: 34.76% from two of the Group's debtors). Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, net of loss allowance, is as follows:

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Within 90 days	**27,299**	9,436
Over 90 days and within one year	**1,339**	6,534
Over one year	**17,571**	31,627
Total	**46,209**	47,597

The movements in the loss allowance for impairment of trade receivables are as follows:

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
At beginning of year	**56,281**	44,499
Impairment losses, net	**950**	32,198
Amount written off as uncollectible	**(3,609)**	(20,416)
At end of year	**53,622**	56,281

The increase in the loss allowance was due to the following significant changes in the gross carrying amount:

(i) increase in the loss allowance of RMB950,000 (2022: RMB32,198,000) as a result of allowance provided for certain trade receivables; and

(ii) decrease in the loss allowance of RMB3,609,000 (2022: RMB20,416,000) as a result of the write-off of certain trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e. by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

	Ageing			
	Within 90 days	**Over 90 days and within one year**	**Over one year**	**Total**
Expected credit loss rate	**9.28%**	**76.61%**	**72.55%**	**53.71%**
Gross carrying amount (RMB'000)	**30,090**	**5,724**	**64,017**	**99,831**
Expected credit losses (RMB'000)	**2,791**	**4,385**	**46,446**	**53,622**

As at 31 December 2022

	Ageing			
	Within 90 days	Over 90 days and within one year	Over one year	Total
Expected credit loss rate	8.22%	34.49%	80.22%	54.18%
Gross carrying amount (RMB'000)	26,665	17,173	60,040	103,878
Expected credit losses (RMB'000)	2,191	5,923	48,167	56,281

10. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Cash and bank balances	**1,708,176**	1,249,708
Less: Pledged for interest-bearing bank loans (note 12)	**5,912**	5,075
Unpledged cash and cash equivalents	**1,702,264**	1,244,633
Less: Frozen or restricted cash and bank balances*	**6,854**	18,938
Unpledged, unfrozen and unrestricted cash and cash equivalents	**1,695,410**	1,225,695

* As at 31 December 2023, certain bank accounts of the Group of RMB6,854,000 (2022: RMB18,938,000) were frozen by certain court for preservation.

At the end of the reporting period, the cash and bank balances and the time deposits of the Group denominated in RMB amounted to RMB1,706,591,000 (2022: RMB1,241,317,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland'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.

11. TRADE PAYABLES

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Within one year	**840,751**	374,345
Over one year	**560,980**	802,493
	1,401,731	1,176,838
Less: non-current portion	**666,170**	526,849
Current portion	**735,561**	649,989

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 180 days other than those suppliers agreeing to extend the credit period to more than one year from 31 December 2023.

The Group has been granted extended credit terms by certain of the Group's suppliers and service providers for RMB723,159,000, after discounting, for repayment of trade payables to be due after 31 December 2024.

The fair values of trade payables approximate to their carrying amounts.

12. INTEREST-BEARING BANK AND OTHER BORROWINGS AND LEASE LIABILITIES

	31 December 2023			31 December 2022		
	Effective Interest rate (%)	**Maturity**	***RMB'000***	Effective Interest rate (%)	Maturity	*RMB'000*
Current						
Other loans – secured*	**7-12**	**2024**	**96,065**	7-12	2023	61,189
Bank loans – secured	**3-5**	**2024**	**317,904**	3-7	2023	442,042
Current portion of long term bank loans – secured	**4-7**	**2024**	**989,566**	4-7	2023	957,989
Subtotal of interest-bearing bank and other borrowings			**1,403,535**			1,461,220
Lease liabilities	**5**	**2024**	**35,087**	5	2023	25,833
Total – current			**1,438,622**			1,487,053
Non-current						
Other loans – secured*	**7-12**	**2025-2028**	**164,993**	7	2024-2025	64,591
Bank loans – secured	**4-7**	**2025-2033**	**4,574,340**	4-7	2024-2030	3,623,356
Subtotal of interest-bearing bank and other borrowings			**4,739,333**			3,687,947
Lease liabilities	**5**	**2025-2033**	**121,017**	5	2024-2032	92,730
Total – non-current			**4,860,350**			3,780,677
Total			**6,298,972**			5,267,730

* The Group entered into certain sale and leaseback agreements on certain of its property, plant and equipment and investment properties. These agreements were in substance accounted for as financing arrangements to obtain secured loans with an aggregate amount of RMB231,058,000 as at 31 December 2023 (2022: RMB95,780,000). The carrying value of the Group's underlying assets as at 31 December 2023 under the aforesaid arrangements was RMB150,168,000 (2022: RMB68,830,000).

海昌(中國)有限公司 (Haichang China Co., Ltd.), a subsidiary of the Company, entered into agreements with a financial institution for certain borrowings of RMB30,000,000 to the Group as at 31 December 2023 (2022: RMB30,000,000), which were guaranteed by Mr. Qu Cheng.

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	2023	2022
	RMB'000	*RMB'000*
Fixed interest rate	**2,251,247**	3,560,894
Variable interest rate	**4,047,725**	1,706,836
Total	**6,298,972**	5,267,730

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**1,307,470**	1,400,031
In the second year	**798,958**	1,122,026
In the third to fifth years, inclusive	**2,300,271**	1,726,528
Beyond five years	**1,475,111**	774,802
Subtotal	**5,881,810**	5,023,387
Other borrowings repayable:		
Within one year or on demand	**96,065**	61,189
In the second year	**61,967**	33,542
In the third to fifth years, inclusive	**103,026**	31,049
Subtotal	**261,058**	125,780
Lease liabilities:		
Within one year or on demand	**35,087**	25,833
In the second year	**25,987**	25,940
In the third to fifth years, inclusive	**57,977**	43,551
Beyond five years	**37,053**	23,239
Subtotal	**156,104**	118,563
Total	**6,298,972**	5,267,730

The Group's bank and other loans were secured by the pledges of the Group's assets with carrying values as at 31 December 2023 and 2022 as follows:

	Note	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000*
Theme park's buildings and machinery		**2,336,823**	1,053,871
Right-of-use assets		**1,228,254**	825,641
Pledged bank balances	*10*	**5,912**	5,075
Investment properties classified as held for sale		**203,850**	244,800

The Group pledged its 100% equity in 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Caribbean Tourism Development Co., Ltd.), a wholly owned subsidiary of the Company, for certain borrowings of RMB560,000,000 granted to the Group as at 31 December 2023 (2022: RMB150,000,000).

The Group pledged its 100% equity in 鄭州海昌海洋公園旅遊發展有限公司 (Zhengzhou Tourism Development Co., Ltd.), a wholly owned subsidiary of the Company, for certain borrowings of RMB150,000,000 granted to the Group as at 31 December 2023 (2022: Nil).

Dalian Tourism pledged its 58.3% equity in LHT for certain bank borrowings of RMB290,574,000 granted to the Group as at 31 December 2023 (2022: RMB350,678,000).

In addition to the pledges of the Group's assets, 大連海昌集團有限公司 ("**Dalian Haichang Group**"), a related company, provided guarantees for certain borrowings of RMB2,557,900,000 granted to the Group as at 31 December 2023 (2022: RMB962,889,000).

In addition to the pledges of the Group's assets, 曲乃杰 ("**Mr. Qu**", an executive director of the Company), 程春萍 ("**Ms. Cheng**", spouse of Mr. Qu), Mr. Qu Cheng and 楊迪 ("**Ms. Yang**", spouse of Mr. Qu Cheng) provided personal guarantees for certain borrowings of RMB4,790,795,000 granted to the Group as at 31 December 2023 (2022: RMB4,043,327,000).

All the Group's borrowings are denominated in RMB.

13. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in the financial statements, the Group had no other subsequent events after the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading group in China specialising in providing integrated oceanic culture-based tourism and leisure services. As at 31 December 2023, the Group owned and operated seven large-scale marine culture-based theme parks under the brand name of "Haichang" in China. While improving visitors' experience and product offerings in theme parks, the Group gradually diversified its business to tourism and leisure services and solutions, IP operation and new consumption. As we continue to deliver our management and operation experience in large-scale tourism and leisure projects, and IP-supported premium tourism and leisure products with high experience across China and overseas, more consumers are able to fully enjoy our wide range of high-quality culture-based tourism and leisure consumer products. Our goal is to become a company that allows people to have fun to the fullest and create a place filled with "dream, love, joy", which can continue to satisfy consumers' demand for high-quality tourism and leisure products.

In 2023, as the entire tourism and leisure market in China witnessed a rebound, our parks also experienced a certain recovery. The Group's revenue increased by approximately 129.1% to RMB1,816.8 million for the year ended 31 December 2023 from RMB793.0 million for the year ended 31 December 2022. For the year ended 31 December 2023, the Group recorded a gross profit of RMB457.5 million, a net loss attributable to shareholders of RMB181.9 million and an adjusted EBITDA profit (a non-IFRS financial measure) of RMB458.9 million, respectively, representing a significant improvement as compared to gross loss of RMB278.7 million, a net loss attributable to shareholders of RMB1,408.9 million and adjusted EBITDA loss (a non-IFRS financial measure) of RMB423.2 million, respectively, for the corresponding period last year*(note)*.

		RMB'000
	Year ended 31 December	
	2023	2022
Revenue by business		
Park operation	**1,687,376**	748,941
Ticket sales	**902,753**	348,340
In-park spendings*(note)*	**565,664**	276,296
Rental income	**25,285**	23,771
Income from hotel operations	**193,674**	100,534
Income from tourism & leisure services and solutions	**129,466**	44,047
Total	**1,816,842**	792,988

Note: (1) In-park spendings include revenue from sales of food and beverages, sales of merchandises, and in-park recreation income

Note: Please refer to the section headed "Financial Review — Non-IFRSs Measure — Adjusted EBITDA Profit/(Loss)" for details on the adjustments made by the Company in arriving at adjusted EBITDA.

Park Operation

As at 31 December 2023, the Group owned and operated seven theme parks.

Park	Theme	Location	Year of opening	Site area	Scenic rating
Shanghai Haichang Ocean Park (“**Shanghai Park**”)	Polar ocean and amusement facilities	Shanghai	2018	Approximately 297,000 square metres	4A
Zhengzhou Haichang Ocean Resort (“**Zhengzhou Park**”)	Polar ocean and amusement facilities	Zhengzhou	2023	Approximately 425,000 square metres	To be determined
Dalian Haichang Discoveryland Theme Park	Amusement facilities	Dalian	2006	Approximately 467,000 square metres	5A
Sanya Haichang Fantasy Town	Immersive cultural and recreational complex	Sanya	2019	Approximately 233,000 square metres	To be determined
Dalian Laohutan Ocean Park	Polar ocean	Dalian	2002	Approximately 23,000 square metres	5A
Chongqing Haichang Caribbean Water Park	Water park	Chongqing	2009	Approximately 240,000 square metres	4A
Yantai Haichang Ocean Park	Polar ocean	Yantai	2011	Approximately 157,000 square metres	4A

Despite a relatively long period of adversity in the past, we remained committed to improving our visitors’ experience and product quality. Therefore, as the cultural and tourism industry witnessed a rebound, we have been able to achieve a rapid recovery. For the year ended 31 December 2023, the Group’s parks recorded a total admission attendance of approximately 9.29 million. Excluding the newly opened Zhengzhou Park, the total admission attendance recorded a significant increase by 101.9% as compared with the corresponding period of 2022 and an increase by 8.0% as compared with that of the same park admission attendance in 2019. For the year ended 31 December 2023, the park operation segment recorded a revenue of approximately RMB1,687.4 million, excluding the newly opened Zhengzhou Park, representing a significant increase by 118.6% as compared with the corresponding period of 2022 and an increase by 4.4% as compared with that of the same park revenue in 2019.

We further strengthened our IP strategy in our park segment. In 2022, we integrated the ULTRAMAN IP into our Shanghai Park for the first time, and constructed and operated ULTRAMAN-themed pavilion and area, where we provided attractive IP products in form of food, beverage, toy and amusement. Moreover, in January 2023, we officially opened the world's first ULTRAMAN-themed hotel in the Shanghai Park, which has been well received by visitors, reflected in its 100% occupancy from time to time during holidays. In addition to the ULTRAMAN IP, we continued to launch well-known IP products/events such as the ONE PIECE treasure tribes, Baby Shark-themed rooms, restaurants, shops and parade products in our Shanghai Park. In the first half of 2023, we continued to establish an ULTRAMAN-themed pavilion and the ONE PIECE legend castle in the Dalian Discoveryland, maintaining our position in leading the trend for local culture and tourism. The ULTRAMAN-themed area in our Zhengzhou Park has fully completed and opened for business. We will constantly introduce outstanding IPs and promote the implementation of quality IPs in other theme parks, which will greatly broaden the revenue sources of our park operation segment and optimize our revenue structure.

The growth and recovery of our theme parks in 2023 outpaced the average level of tourism and leisure industry. According to the statistics of Euromonitor, the growth and recovery of our theme parks in 2023 significantly outpaced the average level of theme parks in China. Our theme parks share high popularity among tourists due to the integration of amusement, leisure, education and popularization of science as well as our diversified contents. During the Spring Festival of 2024, excluding the newly opened Zhengzhou Park, the total number of ticket buyers recorded an increase by 18.3% as compared with the corresponding period of 2023, and revenue from theme park segments recorded an increase by approximately 15.9%.

Shanghai Project: The Shanghai Park, being our flagship project, has become a benchmark of marine culture experience. We have also seen a significant recovery in park admission attendance and revenue, which was attributable to the tourism recovery as a result of the normalized external environment and the growth in per capita secondary spending due to our ongoing efforts to improve tourism experience. For the year ended 31 December 2023, the Shanghai Park recorded a significant increase by 118.6% in total admission attendance as compared with the corresponding period of 2022 and an increase by 16.6% as compared with the corresponding period of 2019. For the year ended 31 December 2023, the Shanghai Park recorded a significant increase by 132.4% in revenue as compared with the corresponding period of 2022 and an increase by 6.9% as compared with the corresponding period of 2019. During the Spring Festival of 2024, the Shanghai Park recorded an increase by 12.1% in total number of people buying tickets as compared with the corresponding period of 2023, and recorded a significant increase by 16.5% in total revenue as compared with the corresponding period of 2023.

It proved our efforts in providing high quality tourism and leisure experience and our competitive edge on business model: the high quality and sophisticated Shanghai park will bring a sustainable and stable cash return.

Our Shanghai Park is adjacent to Dishui Lake, located in Lin-Gang cultural, commercial and tourism cluster, with a number of well-known cultural and tourism experience projects in the vicinity, including the Yaoxue Ice World, Shanghai Astronomical Museum and the China Maritime Museum. We are expecting such area to become a world-class cultural and sports tourism destination and a carrier of international consumption centre in Shanghai. Our Shanghai Park, as a benchmark of marine culture experience, has already become a leisure and vacation destination in the Yangtze River Delta and even in whole China. To this end, we will further promote the expansion of the Shanghai Park to meet the needs of more tourists for quality cultural tourism. We are expanding the phase II development of the Shanghai Haichang Ocean Park through asset-light approach, which will incorporate elements such as a hot spring hotel, an ocean-themed hotel, an ocean discovery centre and a specialty hot spring centre, which is expected to open in 2025.

Zhengzhou Project: Zhengzhou Park is located in Zhengzhou, an important national transportation hub city in the Central Plains, with two hours of traffic circle covering 450 million people, the potential tourist market is huge. Currently, the Phase I Project of Zhengzhou Park has opened at the end of September 2023, and the size of the entire Zhengzhou theme park is 143% of that of the Shanghai Park, with associated facilities including ocean-themed parks, hotels, commercial strip and IP-themed town. The Zhengzhou Project will become another important source of revenue for the Group. We expect that the cash flows of the Zhengzhou Project will turn to positive in 2024.

Tourism & Leisure Services and Solutions Segment

More than 20 years of cultural tourism operation has enabled us to accumulate experience and insight in the industry. Therefore, we intensify the development of our tourism & leisure services and solutions business. The Group has set up a strategic product system for the provision of a full cycle of management delivery services under the OAAS (OPERATION AS A SERVICE) model, to precisely develop boutique projects in the "marine tourism + science exploration + family entertainment" three-in-one composite business format.

During the period, we signed a strategic cooperation agreement with Tongzhou District People's Government of Beijing Municipality, and also signed a cooperation framework agreement with Beijing Tongzhou Urban Construction and Operation Group Co., Ltd. to work collaboratively to develop the Beijing Haichang Ocean Park Project (the "**Beijing Project**"). The location of the Beijing Project is situated at the north side of Universal Studios, the sub-central cultural tourism zone of Beijing, with a total construction area of approximately 140,000 square meters. The Beijing Project is our first project in Beijing. It is also another project led by local state-owned assets authorities and fully operated and managed by the Group, demonstrating that the Group has won further recognition in terms of OAAS business model, dual-engine strategy of "marine culture + IP". This cooperation will consolidate the advantageous resources from both parties, form an effective synergy with Universal Studios, and help the cultural tourism district to build a brand-based conglomeration for landmark cultural tourism destinations, which will also help boost the overall enhancement in the Group's market share and revenue. Up to now, the Beijing Project has proceeded to the stage of design.

In addition, major projects such as Jinqiao Haichang Penguin Resort Hotel and Phase II Project of Shanghai Park are under construction, and they are expected to open in 2024 and 2025, respectively. On 26 March 2024, we entered into a strategic cooperation framework agreement with Fuzhou New Area Management Committee to work collaboratively to develop Fuzhou Haichang Ocean Park (the "**Fuzhou Project**"). Up to now, we have certain project potential cooperation opportunities that are still under negotiation.

Boutique aquarium is one of our product lines which we are currently advancing in a rapid manner. Embracing the belief of "Every city deserves to have one Haichang Aquarium/Ocean Exploratorium", we launched two new brands, namely "Haichang Aquarium" and "Haichang Ocean Exploratorium", in the first half of 2022. We cooperated with potential local aquariums, which we upgraded to some extent to improve the original landscape and enhance the tourism experience. We also provided a full suite of supporting systems of Haichang and dispatched our experienced staff to provide management support. As of 17 March 2024, we operated 20 marine culture-based and urban family-friendly aquariums. Currently, there are still about 10 boutique aquariums in negotiation. These projects serve as a channel to further increase the attendance through consolidation and management of operating small boutique aquariums by capitalising on our business strengths and experience in marine culture industry. The value, traffic and customers' experience of the boutique aquariums are further enhanced through integration of Haichang's premium culture-based tourism and leisure products and sales system, introduction of IP derivatives and leveraging on the cost advantage as a conglomerate and under the scale-up development. For the year ended 31 December 2023, our boutique aquarium recorded a revenue of approximately RMB93.6 million. From January to February 2024, our boutique aquarium recorded an admission revenue of approximately RMB11 million.

China still has an enormous regional culture-based tourism and leisure market and the demand for high quality tourism and leisure products of the huge regional consumer population. Thus, we plan and hope that we are able to provide a more diversified range of quality products and services for China's massive family tourism and leisure market and speed up on the extensive expansion of geographical presence across China. We will also continue to adjust our portfolio of boutique aquariums to meet our requirements for their efficiency. Furthermore, we will integrate our new IP merchandises business into the chain aquariums. In the future, we will continue to introduce our premium products of new IP merchandises into our operating projects, endeavouring to further meet the demand for the premium IP products of the consumers in the region, thus enhancing the overall profitability for the projects.

In addition, our other product series, the "Children's Snow and Ice Center" project, was officially launched in Bao'an District, Shenzhen in April 2023. Covering an area of approximately 2,200 square meters, the project offers a snow-based experience of real ice and snow through the use of patented technology to restore natural snowfall in a purely physical way, differentiating it from the current ice-based ice and snow projects in the market, ensuring a unique experience. Meanwhile, combined with IP operation, the ice and snow park with exotic customs and magical cultural background is created through multiple scene elements, presenting a rich and colorful interactive experience. The opening of the project will mark the launch of the Group's new product series, which will serve as a starting point for future expansion and deployment of more projects nationwide. This project generated a positive cash flow in 2023, proving the feasibility of such product.

IP Operation New Consumption Business

We have started to shape the landscape of IP operation products in the market segment which we are familiar with. We seek to develop a unique IP operation product platform on which it will, in continued partnership with owners of globally influential IPs, commercialise and integrate such IPs into our theme parks, scenic spots, lifestyle hotels, commercial buildings and other on-ground consumption and entertainment premises for the development of new business formats with IP + new scenarios.

We will strive to further diversify our IP portfolio. Currently, we have been granted the IP license of the ULTRAMAN Series (details of which can be found in the announcements of the Company dated 30 December 2021, 18 April 2022 and 27 June 2022 published on the Stock Exchange). We have also entered into cooperation with Toei Animation Enterprises Limited and were granted relevant license of works under the animated television series "ONE PIECE" for carrying out a series of commercial cooperation. We are also in negotiations with a number of extraordinary IP owners for possible cooperation. On the other hand, we are developing Haichang's proprietary IPs, such as Fat Douding. Fat Douding is the first baby killer whale bred in the Shanghai Park. Other than those charming and oceanic proprietary IPs, we have developed a distinctive oceanic IP, Celestra Queen. These IPs have debuted in the shows at the ULTRAMAN Theatre in the Shanghai Haichang Ocean Park, and received countless commendation after the shows. We will further operate our proprietary IPs in the future.

In addition to introducing the IP-themed pavilions in our own parks, we are also actively expanding other channels. Currently, we plan to first launch our IP-themed pavilions in other scenic spots, parks, shopping malls and other crowded areas. Our influential IP and excellent IP products will be popular among local tourists, which is a proven successful commercialisation opportunity. We expect to open theme pavilions in non self-owned scenic areas as soon as possible, which will lay a solid foundation for the rapid market-wide development of IP business in the future. Besides, we also launched several activities in 2023, including Baby Shark-themed rooms, restaurants, shops and parade products, and achieved success in attracting visitors.

	Type	Area	Year of opening	
Shanghai Haichang Ocean Park	ULTRAMAN-themed pavilion	2,226 square metres	July 2022	Self-owned scenic areas
Shanghai Haichang Ocean Park	ULTRAMAN-themed hotel	105 rooms	January 2023	Self-owned scenic areas
Zhengzhou Haichang Ocean Park	ULTRAMAN-themed pavilion	1,330 square metres	September 2023	Self-owned scenic areas
Zhengzhou Haichang Ocean Park	ULTRAMAN town	10,526 square metres	January 2024	Self-owned scenic areas
Zhengzhou Haichang Ocean Park	ULTRAMAN-themed hotel	105 rooms	January 2024	Self-owned scenic areas
Dalian Discoveryland	ULTRAMAN-themed pavilion	4,147 square metres	May 2023	Self-owned scenic areas
Chengdu Happy Valley	ULTRAMAN-themed pavilion	2,650 square metres	June 2023	Non self-owned scenic areas
Shanghai Haichang Ocean Park	ONE PIECE-themed pavilion	820 square metres	June 2023	Self-owned scenic areas
Dalian Discoveryland	ONE PIECE-themed pavilion	1,190 square metres	June 2023	Self-owned scenic areas

OUTLOOK

Leveraging on our abundant experience in cultural and tourism operation, we will continue to make unremitting efforts to expand and extend our business.

We are still a growing enterprise. The following are our next new projects with high visibility, but we do not guarantee that all of such projects can be fully implemented:

	Type	Expected year of opening	
Jinqiao Haichang Penguin Resort Hotel	Resort hotel	2024	Operated by Haichang
Phase II Project of Zhengzhou Haichang Ocean Park	Theme park	2024	Self-owned and operated by Haichang
Phase II Project of Shanghai Haichang Ocean Park	Theme park	2025	Operated by Haichang
Beijing Haichang Ocean Park Project	Theme park	2026-2027	Operated by Haichang
Haichang Ocean Park Project in the Kingdom of Saudi Arabia	Theme park	2030	Operated by Haichang

In addition to large-scale new projects, we still have much growth potential, including the operation and optimization of existing tourism and leisure projects, the accelerated deep integration of IPs with theme parks, the commercialisation opportunity of IP-themed pavilions, the deliveries of local tourism and leisure projects, etc.

In addition, we also hope to deploy more focus on our operation. We will conduct further in-depth exploration on the path of capitalization to further improve our capital structure. Except for future projects which will be developed under asset-light model in principle, we will also actively pursue an innovative financing model for our existing heavy assets, releasing restricted capital to provide strong financial support for the rapid growth of the Group in future. Meanwhile, we will explore business models with value-added assets empowered by Haichang's operations.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2023, the Group recorded a turnover of approximately RMB1,816.8 million (2022: approximately RMB793.0 million), representing an increase of approximately 129.1% when compared with last year, primarily attributable to the fact that both our park operation business and tourism & leisure services and solutions business recorded a substantial increase in revenue thanks to the rebound of tourism & leisure market, as well as the newly opening of our Zhengzhou Park in 2023.

	As at 31 December			
	2023		2022	
	RMB'000	*%*	*RMB'000*	*%*
Revenue by business				
Park operations	**1,687,376**	**92.9%**	748,941	94.4%
Tourism & leisure services and solutions	**129,466**	**7.1%**	44,047	5.6%
Total	**1,816,842**	**100.0%**	792,988	100.0%

Revenue generated from the Group's park operations segment increased by approximately 125.3% from approximately RMB748.9 million in 2022 to approximately RMB1,687.4 million in 2023.

Revenue generated from the Group's tourism and leisure services and solutions segment increased by approximately 193.9% from approximately RMB44.0 million in 2022 to approximately RMB129.5 million in 2023.

Cost of Sales

The Group's cost of sales increased by approximately 26.8% from approximately RMB1,071.7 million in 2022 to approximately RMB1,359.4 million in 2023, which is attributable to the growth in revenue.

Gross Profit/(Loss)

For the year ended 31 December 2023, the Group's overall gross profit was approximately RMB457.5 million (2022: gross loss of approximately RMB278.7 million), resulting in an overall gross profit margin of approximately 25.2% (2022: gross loss margin of approximately 35.1%), primarily attributable to the substantial increase in revenue post the pandemic.

Other Income and Gains

The Group's other income and gains increased by approximately 68.8% from approximately RMB181.5 million in 2022 to approximately RMB306.5 million in 2023, primarily due to the fair value gains on investment properties, gain on disposal of a related company and dividend income from financial assets.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by approximately 63.7% from approximately RMB85.0 million in 2022 to approximately RMB139.2 million in 2023, primarily attributable to strengthened marketing efforts post the pandemic and increased selling and marketing expenses incurred as a result of the opening of Zhengzhou Park.

Administrative Expenses

The Group's administrative expenses decreased by approximately 22.5% from approximately RMB606.4 million in 2022 to approximately RMB469.8 million in 2023, primarily due to the long-term assets impairment of RMB148 million in 2022.

Finance Costs

The Group's finance costs increased by approximately 2.5% from approximately RMB314.9 million in 2022 to approximately RMB322.6 million in 2023, primarily due to the fact that more interest-bearing debt incurred in 2023 in order to support to Zhengzhou Park.

Income Tax Credit

The Group recorded an income tax credit of approximately RMB9.5 million in 2022 and an credit of approximately RMB4.2 million in 2023, primarily due to the effects of deferred income tax.

Loss for the Year

As a result of the foregoing, the Group realised a loss for the year ended 31 December 2023 of approximately RMB181.9 million (2022: loss of approximately RMB1,408.9 million) with a net loss margin of approximately 10.0% (2022: net loss margin of approximately 177.7%). For the same period, loss attributable to owners of the parent amounted to approximately RMB197.3 million (2022: loss attributable to owners of the parent of approximately RMB1,395.9 million).

Non-IFRSs Measure

In order to supplement the Group's consolidated financial statements, which are presented in accordance with IFRSs, the Group uses adjusted EBITDA profit/(loss) as an additional financial measure. The Group presents the financial measure because it is used by the Group's management to evaluate the Group's financial performance by eliminating the impact of certain items that the Group does not consider to be indicative of the Group's performance during the reporting period. The Group also believes that the non-IFRSs measure provides additional information to investors and others in their understanding and evaluating the Group's results of operations in the same manner as it helps the Group's management. The non-IFRSs measure provides an unbiased presentation for investors for understanding. However, the non-IFRSs measure does not have the standardized meaning prescribed by IFRSs and therefore it may not be comparable to similar measures presented by other companies listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Adjusted EBITDA Profit/(Loss)

For the year ended 31 December 2023, adjusted EBITDA profit was RMB458.9 million (2022: loss of approximately RMB423.2 million), primarily attributable to a significant increase in revenue resulting from the rebound of tourism and leisure market.

The following table sets out the adjustments of adjusted EBITDA for the periods indicated:

	2023	2022
	RMB'000	*RMB'000*
Earnings/(loss) before interest and tax	**102,282**	(1,122,978)
– Depreciation and amortization	**405,245**	350,021
– Changes in fair value of investment properties	**(48,648)**	179,830
– Impairment of property, plant and equipment and intangible assets	**–**	148,114
– Impairment of completed properties held for sale	**–**	21,810
Adjusted EBITDA profit/(loss)	**458,879**	(423,203)

Capital Expenditure

Our major capital expenditure was primarily incurred for park construction, park renovation and facility upgrade. We funded our capital expenditure from our internal resources, bank borrowings and leases. For the years ended 31 December 2022 and 2023, the Group's capital expenditure amounted to RMB804.1 million and RMB1,317.4 million, respectively.

Liquidity and Financial Resources

As at 31 December 2023, the Group had current assets of approximately RMB2,718.1 million (2022: approximately RMB2,847.4 million). As at 31 December 2023, the Group had cash and bank deposits of approximately RMB1,702.3 million (2022: approximately RMB1,244.6 million).

Total equity of the Group as at 31 December 2023 was approximately RMB2,518.4 million (2022: approximately RMB2,676.3 million). As at 31 December 2023, total interest-bearing bank and other borrowings of the Group amounted to approximately RMB6,142.9 million (2022: approximately RMB5,149.2 million). As at 31 December 2023, total lease liabilities of the Group amounted to approximately RMB156.1 million (2022: approximately RMB118.6 million).

As at 31 December 2023, the Group had a net gearing ratio of approximately 182.5% (as at 31 December 2022: approximately 150.3%). The net liabilities of the Group included interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents.

As indicated by the above figures, the Group has maintained stable financial resources to meet its future commitments and future investments for expansion. The Board believes that the existing financial resources will be sufficient to execute future expansion plans of the Group 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 only ordinary shares for the year ended 31 December 2023.

Contingent Liabilities

Certain suppliers of the Group filed claims to the People's Court of Pudong New Area in Chinese Mainland against the Group for overdue payments of construction costs of approximately RMB12,585,000 and the interests arising from the overdue payments of construction costs of approximately RMB305,000. As at 31 December 2023, a bank account of the Group of RMB2,592,000 was frozen by People's Court of Pudong New Area for property preservation. As at the date of this announcement, the trials of the cases are yet to be scheduled. The Group has made full provision for payments of construction costs due to the possibility of the Group taking settlement responsibility on the basis of the available evidence and legal advice taken. The Directors of the Company are of the opinion that, the interests claimed are without merits and the possibility for the Group to be subject to additional interest claims is remote and no provision has been made for the interests claimed.

Foreign Exchange Rate Risk

The Group mainly operates in the PRC. Other than bank deposits denominated in foreign currencies, the Group is not exposed to any material risk related to fluctuations in 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.

Capital Commitments

For the year ended 31 December 2023, the Group had capital commitments of approximately RMB643.6 million (2022: RMB608.4 million), which shall be funded through a variety of means, including cash generated from operations, bank financing etc.

Staff Policy

As at 31 December 2023, the Group had a total of 3,725 full-time employees (2022: 3,060 full-time employees). The Group offers a 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 social insurance schemes including the pension insurance and unemployment insurance at the rates specified in relevant laws and regulations.

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

Purchase, Sale or Redemption of Listed Securities of the Company

Save as disclosed in the annual consolidated financial information, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2023.

Pre-Emptive Rights

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

Corporate Governance

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the code provisions set out in Part 2 of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to The Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange as its own code of corporate governance.

The Company has been in compliance with the code provisions of the CG Code throughout the year under review except as disclosed below.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Qu Naijie acts as the Chairman of the Board and the chief executive officer of the Company. The Company considers that it is appropriate to deviate from the code provision as taking the roles of both chairman and chief executive by the same individual helps enhance the efficiency of the formulation and implementation of the Company's strategies and allows the Group to grasp business opportunities in an efficient and timely manner. The Company is of the view that under the supervision of the Board and the independent non-executive Directors, a balancing mechanism exists so that the interests of the Shareholders are adequately and fairly represented.

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 C3 to the Listing Rules as its own code of conduct for securities transactions by Directors. The Company has made specific enquiries to all Directors and all Directors have confirmed that they have strictly complied with the Model Code during the year ended 31 December 2023.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Zhu Yuchen, Mr. Wang Jun and Ms. Shen Han. Mr. Zhu Yuchen is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the annual results and annual results announcement for the year ended 31 December 2023.

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2023 but represents an extract from the consolidated financial statements for the year ended 31 December 2023 which have been audited by the auditor of the Company, Ernst & Young, in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board. The financial information has been reviewed by the Audit Committee and approved by the Board.

DIVIDEND

The Board does not recommend payment of any dividend for the year ended 31 December 2023.

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "anticipate", "expect", "intend", "may", "will" or "should" or, in each case, their negative, or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, 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 Group wishes to caution 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 results or developments in subsequent periods.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

This annual results announcement of the Company for the year ended 31 December 2023 is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.haichangoceanpark.com. The annual report 2023 will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and of the Company in due course.

APPRECIATION

Lastly, the Board would like to take this opportunity to express its sincere gratitude to the management and all fellow staff for their contributions to the development of the Group. Also, the Board would like to extend its deepest appreciation to the shareholders, business partners, customers and professional advisors of the Company for their support.

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

Shanghai, the People's Republic of China, 26 March 2024

As at the date of this announcement, the executive Directors are Mr. Qu Naijie, Mr. Qu Cheng and Mr. Li Kehui; the non-executive Directors are Mr. Wang Xuguang, Mr. Wu Tongtong and Mr. Yuan Bing; and the independent non-executive Directors are Mr. Zhu Yuchen, Mr. Wang Jun and Ms. Shen Han.