You should read the following discussion and analysis in conjunction with the accountants' report of our Group for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, including notes thereto, as set forth in Appendix IA to this prospectus, the accountants' reports of Dalian Discoveryland and Chongqing Caribbean Water Park for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, including notes thereto, as set forth in Appendix IB and IC to this prospectus, respectively, all of which have been prepared in accordance with IFRS. The following discussion of the unaudited pro forma combined financial information of the Enlarged Group resulting from the Acquisitions should be read in conjunction with the unaudited pro forma combined financial information as of and for the year ended December 31, 2012 and as of and for the nine months ended September 30, 2013, including notes thereto, as set forth in Appendix IIA to this prospectus. The unaudited pro forma combined financial information has been prepared to illustrate the effect of the completion of the Acquisitions on the combined financial information of our Enlarged Group and, because of its hypothetical nature, may not give a true picture of the results of the Enlarged Group.

The following discussion and analysis contains forward-looking statements concerning events that involve risks and uncertainties. Actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Forward-looking Statements," "Risk Factors" and elsewhere in this prospectus. We undertake no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this prospectus, except as required by applicable law.

Unless otherwise specified or the context otherwise requires, for the purpose of this section, references to the financial information of Dalian Discoveryland and Chongqing Caribbean Water Park are references to the financial information of Dalian Haichang Discoveryland and Chongqing Haichang Caribbean, respectively.

OVERVIEW

We are a leading developer and operator of theme parks and ancillary commercial properties in China. Our theme parks provide a comprehensive theme park, leisure, dining and shopping experience to their customers through both their in-park offerings and the complementary services offered by the ancillary commercial properties adjacent to our theme parks. According to Euromonitor, we are the largest marine theme park operator in China in terms of admission attendance in 2012. We currently operate six marine theme parks with a focus on polar animals across China located in Dalian, Qingdao, Tianjin, Yantai, Wuhan and Chengdu. As part of the Reorganization, we will complete the acquisitions of the Additional Theme Parks, namely Dalian Discoveryland and Chongqing Caribbean Water Park, by the end of 2014. Prior to the Reorganization, the Additional Theme Parks had been operated by our senior management team, together with our other marine theme parks, since their inception. Our marine theme parks and the Additional Theme Parks together hosted more than 9.4 million visitors in 2012 in terms of admission attendance. Our key assets are a large and diverse animal collection, amounting to more than 40,000 marine and polar animals and fish, which are showcased creatively in our theme parks. To offer our park visitors an integrated travel experience and benefit from the potential appreciation in value of the properties adjacent to our theme parks, we develop, sell and selectively hold ancillary commercial properties adjacent to our theme parks. These ancillary commercial properties not only increase theme park visitors' lengths of stay and create more consumption options for them, but also provide us with additional sources of funds through property sales and rental income to further develop and upgrade our theme parks.

We opened our first theme park in Dalian in 2002 as an initial step towards building a professionally managed marine theme park portfolio with a polar focus. In the following decade, we replicated our business model in other major cities with high growth potential in China by leveraging our core competitive strength – our industry-leading capabilities in marine and polar animal breeding, husbandry and display. Our marine theme parks are designed to offer our visitors memorable entertaining, interactive and educational encounters with our animals with the goal of fostering both a deeper appreciation of, and a more harmonious relationship with, nature. As of December 31, 2013, our animal collection comprised more than 500 marine and polar animals of approximately 30 species and more than 40,000 animals such as fish, coral and jellyfish, including approximately 500 large-size sharks of more than ten species such as whale sharks, sand tiger sharks and hammerhead sharks. In addition, the Additional Theme Parks offer their visitors a variety of exhilarating rides, attractions and shows catering to both regional residents and destination tourists. These eight theme parks have received numerous awards and recognitions, including two 5A ratings and five 4A ratings – the highest and the second highest ratings, respectively – from NTAQRAC, five "Polar Science Public Education Center (極地科普教育基地)" designations from the PRC polar exploration administration and a "National Cultural Industry Exemplar Center (國家文化產業示範基地)" designation from the Ministry of Culture.

Our park operations have experienced significant revenue growth in recent years. Revenue from our park operations segment increased from RMB386.3 million in 2010 to RMB536.4 million in 2011, and to RMB633.4 million in 2012 and was RMB590.1 million for the nine months ended September 30, 2013. Revenue from our property development and holding segment amounted to RMB413.0 million, RMB146.9 million, RMB250.1 million and RMB147.0 million in 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively. Our total revenue was RMB799.2 million, RMB683.7 million, RMB889.0 million and RMB779.2 million in 2010, 2011 and 2012 and for the nine months ended September 30, 2013, respectively. Assuming the Additional Theme Parks had been acquired by us on the first day of the relevant period, on a pro forma basis, our total revenue would have amounted to RMB1,112.9 million for 2012 and RMB1,015.6 million for the nine months ended September 30, 2013, respectively.

For the avoidance of doubt, the term "theme park" as used in this prospectus is as defined in the section entitled "Glossary of Technical Terms," and differs from a "Theme Park Under 2013 Opinions" which is defined in the section entitled "Definitions" with reference to the relevant PRC regulations.

ACQUISITIONS OF THE ADDITIONAL THEME PARKS

On September 24, 2013, we entered into an equity transfer agreement under which we agreed to acquire 100% equity interests in Dalian Haichang Discoveryland for a total consideration of RMB416,621,420.83, subject to the price adjustment mechanism stated therein. On September 23, 2013, we entered into another equity transfer agreement under which we agreed to acquire 100% equity interests in Chongqing Haichang Caribbean for a total consideration of RMB10,210,831.35, subject to the price adjustment mechanism stated therein. The Acquisitions are being undertaken as part of our Reorganization as described in "History, Reorganization and Corporate Structure – Our Reorganization – Phase 5 of the Reorganization." We expect the Acquisitions to be completed by the end of 2014, subject to certain conditions precedent set out in the relevant equity transfer agreements. See "Risk Factors – Risks Relating to Our Businesses in General – If we are unable to complete the Acquisitions as expected, our results of operations and financial conditions may be adversely affected."

Pursuant to the Share Subscription Agreements, any payment made by our Company to the shareholders of Dalian Haichang Discoveryland and Chongqing Haichang Caribbean as consideration in connection with the Acquisitions will be fully repaid to our Company as their deferred payment for the subscription premium of our Shares. Taking into account the receipt of such deferred payments, we do not expect the payment of consideration for the Acquisitions to affect the financial condition or cash flow of our Group. See "History, Reorganization and Corporate Structure – Phase 5 of the Reorganization" and "History, Reorganization and Corporate Structure – Pre-IPO Investments."

The audited financial information of Dalian Discoveryland as of and for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, and the unaudited financial information for the nine months ended September 30, 2012, are included in the accountants' report in Appendix IB to this prospectus. The audited financial information of Chongqing Caribbean Water Park as of and for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, and the unaudited financial information for the nine months ended September 30, 2012, are included in the accountants' report in Appendix IC to this prospectus. Appendix IIA to this prospectus sets out our unaudited pro forma combined financial information as of and for the year ended December 31, 2012 and as of and for the nine months ended September 30, 2013, after giving effect to the Acquisitions, as if such acquisitions had occurred on the first day of the relevant periods, respectively. The unaudited pro forma combined financial information included in Appendix IIA and elsewhere in this prospectus may not be indicative of our future results following consummation of the Acquisitions. See "– Unaudited Pro Forma Financial Information," "Risk Factors – Risks Relating to Our Businesses in General – The unaudited pro forma combined financial statements may not necessarily reflect our future financial condition and results of operations" and the other risks set forth in "Risk Factors."

RECENT DEVELOPMENTS

Based on our unaudited combined interim condensed financial statements for the two months ended November 30, 2013, which have been reviewed by our reporting accountants in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB and our audited combined financial statements for the nine months ended September 30, 2013, our revenue increased by 15.7% to RMB920.3 million for the eleven months ended November 30, 2013 from RMB795.1 million for the eleven months ended November 30, 2012, primarily due to increases in ticket sales and in-park consumption mainly driven by increased attendance in most of our theme parks. Revenue from our park operations increased by 14.1% to RMB694.3 million for the eleven months ended November 30, 2013 from RMB608.3 million for the eleven months ended November 30, 2012. Property sales decreased by 15.4% to RMB138.6 million from RMB163.8 million during the same periods, primarily due to the decrease in GFA delivered in our commercial properties in Chengdu.

For the year ended December 31, 2013, our ticket attendance of our six theme parks increased to approximately 6.5 million in 2013 from approximately 5.8 million in 2012. We also started to recognize sales of our commercial street properties in Tianjin in December 2013 while the sales of our commercial properties in Chengdu which comprised the majority of our property sales in 2012 stayed relatively stable in 2013 after the sales of commercial properties in Chengdu were recognized in December 2013. In 2013, the GFA of commercial properties sold and delivered in Tianjin was 6,913 sq.m.

From September 30, 2013 to January 31, 2014, the latest practicable date for indebtedness, our interest-bearing bank and other borrowings decreased by 6.5% to RMB3,284.6 million, primarily due to the repayment of our bank loans when they were due.

Our Directors confirm that, since September 30, 2013 and up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially affect the information shown in the accountants' report set out in Appendix IA to this prospectus.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our operating results and financial condition have been and will continue to be affected by a number of key factors, including the following:

General Economic Condition and Discretionary Consumer Spending

Our business depends to a significant extent on discretionary consumer spending, which is heavily influenced by general economic conditions and the availability of discretionary income. As all of our operations are in China, if the PRC economy fails to maintain its current growth rate or there is an economic downturn in China, it could have an adverse effect on consumers' discretionary income and consumer confidence, which may in turn adversely impact attendance figures, the frequency at which guests choose to visit our theme parks and guest spending patterns at our theme parks and their ancillary commercial properties.

Both attendance and total per capita spending at our theme parks are key drivers of our revenue and profitability, and reductions in either can materially and adversely affect our business, financial condition and results of operations. In addition, our ability to continue to derive rental and other income from ancillary commercial properties depends, to a significant extent, on our ability to continue attracting a growing number of visitors to our theme parks so that we can maintain our advantage in negotiating the rents for our leased properties and operate the properties retained by us profitably.

Revenue Mix

We generate revenue primarily from two major business segments: park operations and property development and holding. Revenue from park operations accounted for 48.3%, 78.4%, 71.2% and 75.7% of our total revenue for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively. Revenue from property development and holding accounted for 51.7%, 21.5%, 28.1% and 18.9% of our total revenue for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively. Revenue from park operations consists of revenue from ticket sales and the sale of food, beverage and merchandise in our theme parks. Revenue from ticket sales and in-park spending is driven by attendance in our theme parks, ticket pricing, and the level of per capita spending. Revenue from property development and holding consists of revenue from property sales and rental income. Revenue from property sales tends to fluctuate from period to period due to variations in the amount of GFA delivered and the average selling prices of these properties, which are mainly affected by project development and delivery schedules, types of properties sold and market conditions. Periods in which we deliver more GFA or in which more properties are sold and delivered at higher average selling prices typically generate more revenue from property sales, accordingly accounting for a larger percentage of our total revenue. We develop our ancillary commercial properties as an integral part of the project development process with a view to achieving synergy between our theme park operations and property development and holding segment. We typically develop ancillary commercial properties situated near our theme parks when the construction of the theme parks has been substantially completed or the theme parks have commenced operations. The construction timetable of our commercial properties is dependent on various factors, some of which are beyond our control. Accordingly, our results of operations may fluctuate corresponding with the change of our revenue mix.

Seasonality of Our Theme Park Operations

The theme park business is seasonal in nature. We have historically experienced and expect to continue to experience seasonal fluctuations in our theme park attendance and revenue, which are historically higher from May to October. For instance, revenue from our Group's park operations for the nine months ended September 30, 2012 accounted for 80.1% of revenue from our Group's park operations for the full year of 2012. While the six marine theme parks currently operated by us are open year-round, each of the Additional Theme Parks operates only for a limited duration each year. Dalian Discoveryland usually operates from March to November while Chongqing Caribbean Water Park usually operates from April to October. In addition, public holidays, school vacations and weather conditions may also cause fluctuations in our theme park attendance and revenue.

On the other hand, a significant portion of the expenses relating to our park operations are fixed in nature as the expenses for depreciation of buildings, equipment and other facilities of our theme park, full-time employees, maintenance, animal care, utilities, advertising and insurance do not vary significantly with attendance. These fixed costs may increase at a greater rate than revenue generated from our park operations and may not be able to be reduced at the same rate as any revenue decline. Therefore, our profitability fluctuates during the year and our interim results may not proportionally reflect our annual results. When disruptions to our park operations occur during the operating season, particularly during the peak season, there is only a limited period of time during which the impact of those conditions or events can be mitigated. Accordingly, such conditions or events may have a disproportionately adverse effect on our revenue and cash flow and, if prolonged or repeated, may have a material adverse effect on the results of operations and financial condition of our theme park business.

Acquisitions

We currently operate six marine theme parks which are located in the northeastern, eastern, central and western regions of China. Our existing portfolio is expected to be complemented by a known pipeline of theme parks and ancillary commercial properties that we have agreed to or expect to acquire and to develop. In September 2013, we entered into two equity transfer agreements pursuant to which we have committed to purchase 100% equity interests in project companies holding the Additional Theme Parks, as part of the Reorganization. We expect both Acquisitions to be completed by the end of 2014, subject to the satisfaction of certain conditions precedent set out in the relevant equity transfer agreements. See "History, Reorganization and Corporate Structure – Our Reorganization – Phase 5 of the Reorganization" and "Risk Factors – Risks Relating to Our Businesses in General – If we are unable to complete the Acquisitions as expected, our results of operations and financial condition may be adversely affected" for details on the Acquisitions. Following the completion of the Acquisitions, the financial results of the Additional Theme Parks and their ancillary commercial properties will be consolidated into our combined financial statements. For the year ended December 31, 2012 and the nine months ended September 30, 2013, revenue of Dalian Discoveryland was RMB189.3 million and RMB196.7 million, respectively and revenue of Chongqing Caribbean Water Park was RMB34.5 million and RMB39.7 million, respectively. As of September 30, 2013, total assets of Dalian Discoveryland and Chongqing Caribbean Water Park amounted to RMB765.0 million and RMB699.7 million, respectively. We expect these two parks to become two of our major subsidiaries and have a significant impact on our results of operations and financial condition after the completion of the Acquisitions.

Expansion of Our Portfolios

We will continue our efforts in exploring new theme park projects in cities strategically located across China to enlarge our investment portfolio and further expand our business. Our current development projects include Shanghai Haichang Polar Ocean World and Sanya Haitang Bay Dream World. We have entered into a cooperation agreement with the local government authority in Sanya in respect of the development of the Sanya project, and an investment agreement with a state-owned enterprise in Shanghai in respect of the Shanghai project. We plan to develop Sanya Haitang Bay Dream World into a themed entertainment park area featuring 14 different themed zones in the Haitang Bay area, rather than a traditional theme park operated in an enclosed manner, while we expect to develop Shanghai Haichang Polar Ocean World into our flagship marine theme park along the east side of Shanghai Dishui Lake. Pursuant to the above-mentioned agreements, we plan to acquire property development sites of approximately 500,000 sq.m. and 980,000 sq.m., respectively, for the Shanghai and Sanya projects. In respect of the project land for the tourism-related part of the Sanya project, we entered into a land lease contract with the local government authority on January 16, 2014, following which we have started developing the tourism-related portion of the project. We currently expect to obtain land use rights for, and commence the construction of, the Shanghai project and the ancillary commercial property portion of the Sanya project in 2014. Our Sanya project is not deemed as a Theme Park Under 2013 Opinions based on our interviews with the local government authorities in Sanya and the advice of our PRC legal advisor, as it is planned to be operated in an open manner.

Going forward, we plan to continue to seek other project opportunities with a view to diversifying our portfolio of theme parks, including assessing suitable targets for acquisitions. Expansion of our business through acquisitions or development of new projects such as the foregoing projects in Shanghai and Sanya will place substantial strain on our managerial, operational and financial resources. If we are not able to recover the costs incurred in developing our new projects or to realize their intended or projected benefits, it could materially and adversely affect our business, financial condition, results of operations and prospects. See "Business – Theme Parks To Be Developed," "Risk Factors – Risks Relating to Our Businesses in General – We may not be able to successfully manage our growth" and "Risk Factors – Risks Primarily Relating to Our Theme Park Business – Development of Sanya Haitang Bay Dream World and Shanghai Haichang Polar Ocean World is subject to uncertainties."

Access to and Cost of Financing

Access to funding for capital investments in our theme parks and their ancillary commercial properties and working capital obligations is important to the maintenance and continued growth of our business. Since our business operations are capital intensive, we require a significant amount of funding to maintain, upgrade and expand our operations. Our access to capital and cost of financing will be affected by the prevailing interest rates on bank loans and the general condition of the domestic and global capital markets. Our outstanding bank and other borrowings amounted to RMB1,121.4 million, RMB4,111.1 million, RMB3,843.2 million and RMB3,513.3 million as of December 31, 2010, 2011 and 2012 and September 30, 2013, respectively. The increase in our finance costs during the Track Record Period reflected both the increase in bank borrowings to support our business expansion and the increase in interest rates. The interest rate of our existing and historical bank borrowings are floating with reference to the benchmark interest rate set by the PBOC, and any significant increase in this rate will increase our finance costs. For a discussion of the effect of interest rate fluctuation on our results of operations, see "– Market Risks – Interest Rate Risk." In addition, our ability to pay interest payable on our borrowings, to repay and/or refinance borrowings due, and to obtain additional borrowings to finance our operations will materially affect our results of operations.

Our finance cost during the Track Record Period also reflected the impact of certain intra-group transactions between us and our related companies prior to the completion of the Reorganization. We provided inter-company loans to certain related companies using bank loans we had borrowed and received certain inter-company and other loans from our related companies. To offset our funding cost, we charged interest on inter-company loans we provided to our related companies using bank loans we had borrowed. In addition, for accounting purposes, we also discounted certain of the interest-free amounts due from related companies using the effective interest rate method and recorded the resulting effective interest rate amortization as interest income from related companies. The amounts due to the related companies were all interest-free, while the unsecured other loans, which were granted to us by one of our related companies through a certain bank, were interest-bearing. As of December 31, 2010, 2011 and 2012 and September 30, 2013, (i) amounts due from related companies were RMB1,179.0 million, RMB3,050.3 million, RMB2,483.3 million and RMB2,186.6 million, respectively, of which nil, RMB560.0 million, RMB1,030.0 million and RMB530.0 million were unsecured and interest-bearing; (ii) amounts due to related companies were RMB1,063.6 million, RMB786.1 million, RMB807.3 million and RMB1,173.0 million, respectively; and (iii) other loans that were granted to us by a related company through a certain bank amounted to nil, RMB660.0 million, RMB583.0 million and nil, respectively. For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, our finance cost charged to the combined statements of profit or loss was RMB52.2 million, RMB142.2 million, RMB301.3 million and RMB282.1 million, respectively, while our interest income from related companies was nil, RMB31.8 million, RMB123.7 million and RMB123.1 million, respectively. All the inter-company loans due to or from our related parties will be settled and repaid prior to the Listing Date. See "– Current Assets and Current Liabilities – Amounts Due from/to Related Companies."

Regulatory Environment in the PRC

Our business and results of operations have also been, and will continue to be, affected by the regulatory environment in China, the PRC governmental policies and measures taken by the PRC government on theme park, property development and related industries. In recent years, the PRC government has implemented a series of measures with a view to controlling the growth of the economy, including the property markets. From time to time, the PRC government adjusts or introduces macroeconomic control policies to encourage or restrict development in the theme park or private property sector through regulating, among others, land grants, pre-sales of properties, bank financing and taxation. Measures taken by the PRC government to control money supply, credit availability and fixed assets also have a direct impact on our business and results of operations. The PRC government may introduce initiatives which may affect our access to capital and the means by which we may finance the development of our projects.

Change in Fair Value of Our Investment Properties

Our investment properties are stated at their fair value on our consolidated statements of financial position as non-current assets as of each financial position date on the basis of valuations made by our independent property valuers. In accordance with IFRS, we are required to reassess the fair value of our investment properties on each reporting date and include the gains or losses arising from changes in the estimated fair value of such investment properties in our combined statements of profit or loss in the period in which they arise. Gains arising from a change in fair value upon the reclassification of properties under development or completed properties held for sale to investment properties are also accounted for as gains on revaluation upon such reclassification. In 2010 and 2012 and for the nine months ended September 30, 2013, we had fair valuation gains on investment properties of RMB7.2 million, RMB143.1 million and RMB56.1

million, respectively. In 2011, we had fair value losses on investment properties of RMB15.7 million. In 2010, 2011 and 2012, we had revaluation gains upon reclassification from properties under development to investment properties of RMB46.7 million, RMB122.0 million and RMB3.6 million, respectively. For the nine months ended September 30, 2013, we had gain on revaluation upon reclassification from completed properties held for sale of RMB8.9 million.

The appraised value of the investment properties of our Group and the Additional Theme Parks as contained in the property valuation reports prepared by DTZ attached as Appendix IVA and Appendix IVB, respectively, to this prospectus is based on assumptions that include elements of subjectivity and uncertainty. See Appendix IVA and Appendix IVB to this prospectus. The fair value of each of our investment properties is likely to continue to fluctuate from time to time in the future. Our results of operations may continue to experience volatility as a result of fair-value gains or losses. Any fair value losses of our investment properties would adversely affect our profitability. Furthermore, fair value gains or losses do not give rise to any change to our cash position unless the relevant investment property is sold. Therefore, we may experience constraints on our liquidity even though our profitability increases.

BASIS OF PRESENTATION

Pursuant to the Reorganization as more fully explained in "History, Reorganization and Corporate Structure – Our Reorganization," companies now comprising our Group are under common control of Qu Naijie and his spouse. Accordingly, our financial information included in Appendix IA to this prospectus and the related financial information included in this prospectus has been prepared by applying the principles of merger accounting as if the Reorganization (other than the Acquisitions) had been completed at the beginning of the Track Record Period. Our acquisitions of commercial properties in the Dalian Laohutan Fishermen's Wharf from Shibo Real Estate, a company in which Mr. Qu has an indirect beneficial interest as an equity holder, were completed in January 2014. Such assets acquisitions have been accounted for as a business under common control and therefore the operating results of these acquired assets and their related businesses have been included in our Group's financial information during the Track Record Period.

Our combined statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the Track Record Period include the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the controlling shareholders, whichever is later. The combined statements of financial position of our Group as of December 31, 2010, 2011 and 2012 and September 30, 2013 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholders' perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganization.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The discussion and analysis of our financial condition and results of operations are based upon our combined financial statements for 2010, 2011 and 2012 and the nine months ended September 30, 2013, which have been prepared in accordance with IFRS. Our financial condition and results of operations are sensitive to accounting methods and assumptions and estimates that underlie the preparation of the financial statements. We continually evaluate our estimates and assumptions and base them on historical experience and on various other factors that we currently believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our audited combined financial statements. Our principal accounting policies are set forth in detail in Note 3.2 of the accountants' report included as Appendix IA to this prospectus. We believe the following critical accounting policies are among those that involve the most significant judgments and estimates used in the preparation of our combined financial statements.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits will flow to us and when the revenue can be measured reliably, on the following bases:

- from the sale of completed properties, when the risks and rewards of ownership of the properties are transferred to the purchasers, that is, when the construction of the relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the relevant sale agreements, and the collectability of related receivables is reasonably assured;

- from the sale of goods, when the significant risks and rewards of ownership and title have been transferred to the buyer, provided that we maintain neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

- from construction contracts, on a percentage of completion basis;

- from the rendering of services, when the services are rendered;

- from ticket sales, when receiving ticket fare or rights to collect money from tourist parties;

- rental income, on a time proportion basis over the lease terms;

- interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

- income from hotel operations, recognized upon services rendered.

Property, Plant and Equipment and Depreciation

Property, plant and equipment, other than construction in progress, machinery and equipment under installation, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to our combined statements of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciate them accordingly.

Depreciation is calculated on the straight-line basis to write-off the cost of each item of property, plant and equipment over the following estimated useful lives.

Park and other buildings	20 to 40 years
Machinery	5 to 10 years
Motor vehicles	4 to 10 years
Office equipment and furniture	3 to 5 years
Live animals	3 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Useful lives and the depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in our combine statements of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment Properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in our combined statements of profit or loss in the period in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognized in our combined statements of profit or loss in the period of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or completed properties held for sale, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by us as an owner-occupied property becomes an investment property, we account for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy relating to property, plant and equipment and depreciation as discussed above. For a transfer from properties under development to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in our combined statements of profit or loss in the applicable period.

Properties Under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost and net realizable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to be completed beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Income Tax

Income tax comprises current and deferred tax. Income tax is recognized in our combined statements of profit or loss, or in equity if it relates to items that are recognized in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in China.

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Conversely, previously unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to our combined statements of profit or loss over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to our combined statements of profit or loss by way of a reduced depreciation charge.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in other income and gains in profit or loss. The loss arising from impairment is recognized in the profit or loss in finance costs for loans and in other expenses for receivables.

FINANCIAL INFORMATION OF OUR GROUP

The following tables set forth the selected financial information of our Group for the periods indicated or as of the dates indicated. The selected summary of combined statements of profit or loss of our Group for 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013 and the selected summary combined statements of financial position of our Group as of December 31, 2010, 2011 and 2012 and September 30, 2013 are derived from, and should be read in conjunction with, the accountants' report included in Appendix IA to this prospectus. See "– Financial Information of Dalian Discoveryland" and "– Financial Information of Chongqing Caribbean Water Park," respectively, for details on the financial information of Dalian Discoveryland and Chongqing Caribbean Water Park.

Combined Statements of Profit or Loss

	Year ended December 31,						Nine months ended September 30,			
	2010		2011		2012		2012		2013	
		%		%		%		%		%
							(Unaudited)			
	(RMB'000, except for percentages)									
Revenue	799,212	100.0	683,731	100.0	889,014	100.0	639,920	100.0	779,168	100.0
Cost of sales	(381,988)	(47.8)	(384,073)	(56.2)	(489,347)	(55.0)	(336,220)	(52.5)	(386,318)	(49.6)
Gross profit	417,224	52.2	299,658	43.8	399,667	45.0	303,700	47.5	392,850	50.4
Other income and gains	81,934	10.3	163,790	24.0	309,435	34.8	159,414	24.9	211,884	27.2
Selling and marketing expenses	(37,539)	(4.7)	(63,388)	(9.3)	(76,885)	(8.6)	(69,317)	(10.8)	(51,812)	(6.6)
Administrative expenses	(111,368)	(13.9)	(140,807)	(20.6)	(135,113)	(15.2)	(91,963)	(14.4)	(94,972)	(12.2)
Other expenses	(3,304)	(0.4)	(940)	(0.1)	(8,764)	(1.0)	(1,958)	(0.3)	(165)	(0.0)
Finance costs	(52,218)	(6.5)	(142,233)	(20.8)	(301,296)	(33.9)	(229,097)	(35.8)	(282,105)	(36.2)
Profit before tax	294,729	36.9	116,080	17.0	187,044	21.0	70,779	11.1	175,680	22.5
Income tax expenses	(111,619)	(14.0)	(70,590)	(10.3)	(108,171)	(12.2)	(41,858)	(6.5)	(71,290)	(9.1)
Profit for the year/period	183,110	22.9	45,490	6.7	78,873	8.9	28,921	4.5	104,390	13.4
Attributable to:										
Owners of the parent	148,775	18.6	30,043	4.4	59,617	6.7	14,422	2.3	89,051	11.4
Non-controlling interests	34,335	4.3	15,447	2.3	19,256	2.2	14,499	2.3	15,339	2.0
	183,110	22.9	45,490	6.7	78,873	8.9	28,921	4.5	104,390	13.4

Certain Non-IFRS Data

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	
	(RMB'000, except for percentages)				
Adjusted EBITDA of park operations[(1)*]	178,987	187,142	267,758	242,002	335,373
Adjusted EBITDA of property development and holding[(2)*]	173,815	31,183	94,193	33,802	36,705
Adjusted net profit of park operations[(3)**]	54,924	22,849	70,629	68,710	174,192
Adjusted net profit/(loss) of property development and holding[(4)**]	128,186	22,641	8,244	(39,789)	(69,802)
Adjusted profit/(loss) for the year/period[(5)]	142,648	(34,345)	(31,188)	(10,705)	55,637
Adjusted profit/(loss) margin[(6)]	17.8%	(5.0)%	(3.5)%	(1.7)%	7.1%

Notes:

* Adjusted EBITDA of park operations and adjusted EBITDA of property development and holding are not standard measures under IFRS and are presented as supplemental disclosures because our Directors believe that they are widely used to measure the performance, and as a basis for valuation, of theme park operators and real estate developers. Our Directors use these adjusted measures to measure the operating performance of our park operations and property development and holding segment and to compare these segments' operating performance with that of our competitors. We also present these adjusted measures because they are used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. However, these adjusted measures should not be considered as alternatives to any measure determined in accordance with IFRS. We use the adjusted measures as part of several comparative tools, together with IFRS measurements, to assist in the evaluation of our Group's operating performance. Also, our calculation of these adjusted measures may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

** Adjusted net profits of our park operations and property development and holding segments are not standard measures under IFRS and are presented as supplemental disclosure based on the underlying unaudited management accounts of each individual entity operating the two business segments. Such segment adjusted net profit data is derived based on subjective adjustments and assumptions and therefore may not be representative of the actual results of each segment if such segment is operated on a standalone basis as a separate group or legal entity. Splitting finance costs and income tax expenses in calculating the segment adjusted net profit is subject to various limitations due to the following reasons: (i) one of our major subsidiaries in Qingdao operates both segments under one project company and therefore its financial statements include operating results of both segments; (ii) our theme parks and their ancillary commercial properties in Wuhuan, Tianjin, Yantai and Chengdu are operated through branches which are not legal entities under the PRC laws and are therefore not subject to income tax nor incur finance costs on a standalone basis; and (iii) our subsidiaries in Wuhan, Tianjin, Yantai and Chengdu that operate both segments through branches did not incur income tax expenses during certain periods in the Track Record Period as they had utilized their respective accumulative tax losses as tax credit. Due to the above limitations, the segment adjusted net profit should not be considered as an alternative to our operating profit as an indicator of our or any of our segments' performance, as an alternative to cash flow from operating activities as a measure of liquidity or as an alternative to any other measure determined in accordance with IFRS.

(1) Adjusted EBITDA of park operations represents the sum of profit/(loss) before tax of park operations plus depreciation of property, plant and equipment, amortization of prepaid land lease payments and finance costs of park operations. Profit/(loss) before tax of park operations represents the sum of (i) profit/(loss) before tax of our two project companies in Dalian that operate our theme park and a 4-D cinema in Dalian, (ii) profit/(loss) before tax of our four branches in Wuhan, Tianjin, Yantai and Chengdu that operate our four theme parks in those cities, (iii) profit/(loss) before tax attributable to theme park operations of a project company in Qingdao that operates the Company's theme park in Qingdao and (iv) interest income from related companies. Finance costs of park operations represent finance costs on (a) bank and other borrowings secured by property, plant and equipment and other assets of our park operations and (b) bank and other borrowings that were used to provide inter-company loans to our related companies. The full amount of interest income from related companies is included in the calculation of adjusted EBITDA of park operations because the full amount of finance costs relating to bank borrowings that were used to provide advances to related companies during the Track Record Period are included in finance costs of park operations as discussed above. As the project company in Qingdao operates both the theme park and commercial properties businesses, it is difficult to split its selling and marketing expenses and administrative expenses between its theme park and commercial properties operations. For simplicity and reflecting the fact that the Qingdao project company's business is focused on its theme park operations, we allocated all selling and marketing expenses and administrative expenses of the Qingdao project company to its theme park operations.

(2) Adjusted EBITDA of property development and holding represents the sum of profit/(loss) before tax of property development and holding plus the Group's finance costs after deducting finance costs of park operations as described in footnote (1) above, and less the sum of (x) fair value gains/(losses) on investment properties and (y) gain on revaluation upon reclassification from properties under development and from completed properties held for sale to investment properties. There were no depreciation or amortization expenses allocated to this segment. Profit/(loss) before tax of property development and holding represents the sum of (i) profit/(loss) before tax of our four branches in Wuhan, Tianjin, Yantai and Chengdu that operate our ancillary commercial properties in those cities, (ii) gross profit and gain from commercial properties in Qingdao, and (iii) profit/(loss) before tax attributable to the commercial properties operations of Haichang China. The abovementioned four branches only operate our ancillary commercial properties in the relevant cities and their financial information was used as underlying management accounts when our combined financial statements were audited by our reporting accountants. As the project company in Qingdao operates both the theme park and commercial properties businesses, it is difficult to split its selling and marketing expenses and administrative expenses between the theme park and commercial properties operations. For simplicity and reflecting the fact that the Qingdao project company's business is focused on its theme park operations, we allocated all selling and marketing expenses and administrative expenses of the Qingdao project company to its theme park operations and included the gross profit and gain from its commercial properties operations in the calculation of adjusted EBITDA of property development and holding segment. Haichang China has historically developed and sold certain commercial properties. As part of the Reorganization, Haichang China became an onshore holding vehicle of our operating subsidiaries in China and has therefore discontinued its property operations (other than to hold the Dalian Laohutan Fishermen's Wharf and an office building in Dalian).

(3) Adjusted net profit of park operations represents profit/(loss) before tax of park operations as described in footnote (1) above, minus income tax allocated to park operations. Income tax allocated to park operations includes the PRC income tax of three project companies that operate our theme parks in Qingdao and Dalian and a 4D-cinema in Dalian. Such income tax did not reflect the PRC income tax effect attributable to four branches that operate our remaining four theme parks in Wuhan, Tianjin, Yantai and Chengdu because such four branches are not legal entities per se and therefore are not subject to the PRC enterprise income tax on a standalone basis.

(4) Adjusted net profit/(loss) of property development and holding represents profit/(loss) before tax of property development and holding as described in footnote (2) above, minus (i) the sum of (x) fair value gains/(losses) on investment properties and (y) gain on revaluation upon reclassification from properties under development and from completed properties held for sale to investment properties and (ii) our Group's income tax expenses after deducting income tax allocated to park operations.

(5) Adjusted profit/(loss) for the year/period represents our profit or loss for the year or period, adjusted to exclude the effect of (i) fair value gains/(losses) on investment properties and (ii) gains on revaluation upon reclassification from properties under development to investment properties and from completed properties held for sale to investment properties, net of tax effect. Adjusted profit for the year/period is a non-IFRS financial measure. It should not be considered in isolation or construed as an alternative to profit/(loss) for the year/period or profit from operations as indicators normally included in IFRS-based financial results. Adjusted profit/(loss) for the year/period presented in this prospectus may not be comparable to other similarly titled measurements of other companies.

The following table provides a quantitative reconciliation of adjusted profit/(loss) for the year/period to its most directly comparable IFRS measurement, profit for the year/period:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	
			(RMB'000)		
Profit for the year/period					
Adjusted for:	183,110	45,490	78,873	28,921	104,390
Fair value (gains)/losses on investment properties	(7,234)	15,716	(143,149)	(49,284)	(56,067)
Tax effect on fair value gains/(losses) on investment properties	1,809	(3,929)	35,787	12,321	14,017
Gain on revaluation upon reclassification from properties under development to investment properties	(46,716)	(122,029)	(3,551)	(3,551)	–
Tax effect on gain on revaluation upon reclassification from properties under development to investment properties	11,679	30,507	888	888	–
Gain on revaluation upon reclassification from completed properties held for sale to investment properties	–	–	–	–	(8,938)
Tax effect on gain on revaluation upon reclassification from completed properties held for sale to investment properties	–	–	–	–	2,235
Adjusted profit/(loss) for the year/period	142,648	(34,345)	(31,188)	(10,705)	55,637

(6) Adjusted profit/(lost) margin represents adjusted profit/(loss) for the year/period divided by revenue for the same period.

Combined Statements of Financial Position

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
NON-CURRENT ASSETS				
Property, plant and equipment	1,340,187	1,884,964	1,842,282	1,873,110
Investment properties	460,767	872,000	1,143,000	1,350,000
Prepaid land lease payments	342,102	332,206	315,038	307,142
Intangible assets	35	85	123	104
Available-for-sale investment	19,170	19,170	19,170	19,170
Due from a related company	–	–	500,000	–
Deferred tax assets	129,854	90,609	70,753	54,769
Long-term prepayments	30,884	40,322	18,247	34,568
Total non-current assets	2,322,999	3,239,356	3,908,613	3,638,863
CURRENT ASSETS				
Completed properties held for sale	504,332	416,011	470,871	349,898
Properties under development	622,057	574,682	648,047	723,755
Inventories	7,153	7,386	6,834	7,970
Trade and bills receivables	114,008	16,818	17,955	18,933
Available-for-sale investment	–	–	180,182	200
Prepayments, deposits and other receivables	42,278	59,017	72,421	69,899
Due from the ultimate holding company	–	–	–	615
Due from related companies	1,178,957	3,050,257	1,983,260	2,186,610
Due from related parties	2,800	–	–	–
Due from a non-controlling equity holder	56,897	75,555	52,675	58,977
Pledged bank balances	2,582	3,632	2,286	2,291
Cash and cash equivalents	107,067	115,545	404,040	590,706
Total current assets	2,638,131	4,318,903	3,838,571	4,009,854
CURRENT LIABILITIES				
Gross amount due to a contract customer	–	–	6,212	8,593
Trade and bills payables	634,689	564,380	492,745	375,290
Other payables and accruals	137,398	230,036	174,539	174,546
Due to related companies	1,063,593	786,061	807,266	1,172,994
Due to a related party	818	–	–	–
Advances from customers	112,338	267,803	361,506	295,813
Interest-bearing bank and other borrowings	307,440	1,672,292	1,436,777	1,197,921
Government grants	9,703	11,166	9,577	9,463
Deferred revenue	–	–	4,036	7,898
Tax payables	298,149	298,421	251,748	236,639
Total current liabilities	2,564,128	3,830,159	3,544,406	3,479,157
NET CURRENT ASSETS	74,003	488,744	294,165	530,697
TOTAL ASSETS LESS CURRENT LIABILITIES	2,397,002	3,728,100	4,202,778	4,169,560
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	813,999	2,438,840	2,406,470	2,315,370
Government grants	609,931	595,887	587,440	588,162
Deferred tax liabilities	31,957	30,182	65,008	78,596
Total non-current liabilities	1,455,887	3,064,909	3,058,918	2,982,128
NET ASSETS	941,115	663,191	1,143,860	1,187,432
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Issued capital	–	–	72	72
Reserves	649,451	362,201	1,008,091	1,036,587
	649,451	362,201	1,008,163	1,036,659
Non-controlling interests	291,664	300,990	135,697	150,773
TOTAL EQUITY	941,115	663,191	1,143,860	1,187,432

DESCRIPTION OF SELECTED COMBINED STATEMENTS OF PROFIT OR LOSS LINE ITEMS

Revenue

We generate revenue primarily from two main business segments: (i) park operations; and (ii) property development and holding. We also derive a small portion of our revenue from certain other business operations. Our revenue is presented net of business tax and surcharges, after eliminating inter-segment sales.

The following table sets forth a breakdown of our revenue in each segment for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2010		2011		2012		2012		2013	
		%		%		%		%		%
							(Unaudited)			
	(RMB'000, except for percentages)									
Park operations:										
Tickets sales	357,073	44.7	489,248	71.6	577,353	64.9	470,118	73.5	542,013	69.6
Food and beverage sales	21,163	2.6	28,066	4.1	33,373	3.8	27,269	4.3	30,574	3.9
Sale of merchandise	8,024	1.0	19,036	2.8	22,681	2.6	15,306	2.4	17,527	2.2
Subtotal	386,260	48.3	536,350	78.4	633,407	71.2	512,693	80.1	590,114	75.7
Property development and holding:										
Property sales	397,793	49.8	133,002	19.5	230,305	25.9	105,516	16.5	125,533	16.1
Rental income	15,159	1.9	13,945	2.0	19,789	2.2	16,600	2.6	21,513	2.8
Subtotal	412,952	51.7	146,947	21.5	250,094	28.1	122,116	19.1	147,046	18.9
Others:										
Construction contracts	–	–	–	–	3,480	0.4	3,477	0.5	40,212	5.2
Revenue from hotel operations	–	–	434	0.1	2,033	0.2	1,634	0.3	1,796	0.2
Subtotal	–	–	434	0.1	5,513	0.6	5,111	0.8	42,008	5.4
Total	**799,212**	**100.0**	**683,731**	**100.0**	**889,014**	**100.0**	**639,920**	**100.0**	**779,168**	**100.0**

Park operations

Our park operations generate revenue primarily through the sale of tickets for admission to our theme parks, and the sale of food and beverage and merchandise inside our parks. Ticket sales historically constituted the largest component of our park operations' revenue.

We currently operate six theme parks in China located in Dalian, Qingdao, Tianjin, Yantai, Wuhan and Chengdu. Revenue from our park operations is driven by attendance in our theme parks, ticket pricing and the level of per capita spending. Historically, revenue from ticket sales of Dalian Laohutan Ocean Park and Qingdao Polar Ocean World accounted for a significant portion of our revenue. Given the increasing revenue contributions from new theme parks we opened in 2011 and 2012 and the inclusion of the Additional Theme Parks into our combined financial statements following the completion of the Acquisitions, we expect the revenue from ticket sales of Dalian Laohutan Ocean Park and Qingdao Polar Ocean World as a percentage of our total revenue to decrease in the future. In relation to ticket sales of Dalian Laohutan Ocean Park, we have entered into annual ticketing cooperation agreements with Hutan Park since 2008. Pursuant to such annual agreements, we agree with Hutan Park on the price of admission tickets for the year as well as a revenue split mechanism in respect of revenue to be received by us from ticket sales, subject to adjustment agreed by us and Hutan Park at the end of each year. See "Business – Marine Theme Parks – Dalian Laohutan Ocean Park" and "Risk Factors – Risks Primarily Relating to Our Theme Park Business – Our revenue from Dalian Laohutan Ocean Park may be adversely affected if we are unable to continue our ticketing cooperation arrangement with Hutan Park or if we experience difficulties in enforcing the terms of the arrangement."

The following table sets forth a breakdown of revenue from our six theme parks for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2010		2011		2012		2012		2013	
		%		%		%		%		%
							(Unaudited)			
	(RMB'000, except for percentages)									
Dalian Laohutan Ocean Park	127,074	32.9	134,296	25.0	141,708	22.4	115,356	22.5	126,168	21.4
Qingdao Polar Ocean World	135,616	35.1	165,261	30.8	214,323	33.8	183,554	35.8	222,899	37.8
Chengdu Polar Ocean World	89,380	23.1	107,928	20.1	92,722	14.6	69,110	13.5	78,042	13.2
Tianjin Polar Ocean World	34,190	8.9	88,119	16.4	73,201	11.6	58,322	11.4	67,816	11.5
Yantai Whale Shark Aquarium(1)	–	–	10,760	2.0	26,545	4.2	21,742	4.2	20,425	3.5
Wuhan Polar Ocean World(1)	–	–	29,986	5.6	84,908	13.4	64,609	12.6	74,764	12.7
Total	**386,260**	**100.0**	**536,350**	**100,00**	**633,407**	**100.0**	**512,693**	**100.0**	**590,114**	**100.0**

Note:

(1) Yantai Whale Shark Aquarium and Wuhan Polar Ocean World commenced operation in September 2011.

The following table sets forth revenue from ticket sales, ticket attendance and average ticket price for the periods indicated for each of our theme parks:

	Year ended December 31,									Nine months ended September 30,					
	2010			2011			2012			2012			2013		
	Ticket Sales	Ticket Attendance	Average Ticket Price	Ticket Sales	Ticket Attendance	Average Ticket Price	Ticket Sales	Ticket Attendance	Average Ticket Price	Ticket Sales	Ticket Attendance	Average Ticket Price	Ticket Sales	Ticket Attendance	Average Ticket Price
	RMB'000	Visitors in million	RMB per person	RMB'000	Visitors in million	RMB per person	RMB'000	Visitors in million	RMB per person	RMB'000 (Unaudited)	Visitors in million	RMB per person	RMB'000	Visitors in million	RMB per person
Dalian Laohutan Ocean Park[(1)]	122,660	1.67	73.4	128,428	1.82	70.6	136,679	1.83	74.7	110,959	1.60	69.3	123,187	1.43	86.1
Qingdao Polar Ocean World	128,693	1.30	99.0	150,526	1.80	83.6	195,839	1.96	99.9	167,285	1.71	97.8	204,680	2.10	97.5
Chengdu Polar Ocean World	73,106	0.68	107.5	92,554	0.85	108.9	82,739	0.71	116.5	61,661	0.57	108.2	68,407	0.68	100.6
Tianjin Polar Ocean World	32,614	0.26	125.4	83,081	0.69	120.4	68,065	0.51	133.5	54,607	0.41	133.2	62,473	0.53	117.9
Yantai Whale Shark Aquarium	–	–	–	8,239	0.07	117.7	19,297	0.16	120.6	18,794	0.13	144.6	17,327	0.13	133.3
Wuhan Polar Ocean World	–	–	–	26,420	0.20	132.1	74,734	0.64	116.8	56,812	0.46	123.5	65,939	0.57	115.7
Total	**357,073**	**3.91**	**91.3**	**489,248**	**5.43**	**90.1**	**577,353**	**5.81[(2)]**	**99.4**	**470,118**	**4.89**	**96.1**	**542,013**	**5.44**	**99.6**

Notes:

(1) Ticket attendance of Dalian Laohutan Ocean Park includes (i) the number of visitors to whom Dalian Laohutan Park sold tickets based on attendance data provided by Hutan Park, with which we have entered into annual ticketing cooperation agreements since 2008, and (ii) the number of visitors to whom a 4-D cinema in the park sold tickets separately. See "Business – Marine Theme Park – Dalian Laohutan Ocean Park" for details on the annual ticketing cooperation agreements.

(2) The number of ticket attendance, which is based on the number of visitors to whom our theme parks sell tickets, is different from the number of admission attendance, which is based on actual admissions of visitors to our theme parks. The difference of the two sets of attendance data in 2012 was mainly due to the following reasons, (i) when a combo ticket is sold by Qingdao Polar Ocean World for the ocean world and a happy theater within the park as a package, the number of ticket attendance is calculated based on the number of combo tickets sold while the admission attendance is calculated based on the actual admissions to each of the ocean world and the happy theater, thus resulting in a higher admission attendance of the park compared to its ticket attendance data; (ii) we provide certain free admissions to visitors from time to time as promotions or benefits to children or the elderly; and (iii) certain visitors use their annual passes for multiple entries into our theme parks.

Revenue of our park operations also includes in-park spending of visitors through the sale of food and beverage and sale of merchandise in our theme parks. For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, in-park spending amounted to RMB29.2 million, RMB47.1 million and RMB56.1 million and RMB48.1 million, respectively. In-park spending per visitor, which is in-park spending of our six theme parks divided by the total ticket attendance of these theme parks, was approximately RMB7.5, RMB8.7, RMB9.7 and RMB8.8, respectively, during the same periods.

Property development and holding segment

Our property development and holding segment generates revenue primarily from the sale of commercial properties, and to a lesser extent, rental income. Revenue from property sales is driven by amount of GFA delivered and the average selling price per square meter. The average selling price is affected by various factors, such as the type and size of properties sold and delivered, market conditions, location, target customers and floor level and therefore may have significant variations. Rental income represents recurring revenue from the rental of facilities inside our theme parks and ancillary investment properties surrounding the parks, and is primarily affected by the GFA of rented properties, rental rates and occupancy rates.

The following table sets forth revenue from property sales for the periods indicated on a project basis:

	Year ended December 31,									Nine months ended September 30,					
	2010			2011			2012			2012			2013		
	Revenue	GFA Sold and Delivered	Average Selling Price	Revenue	GFA Sold and Delivered	Average Selling Price	Revenue	GFA Sold and Delivered	Average Selling Price	Revenue	GFA Sold and Delivered	Average Selling Price	Revenue	GFA Sold and Delivered	Average Selling Price
	RMB'000	Sq. m.	RMB per sq.m.	RMB'000	Sq. m.	RMB per sq.m.	RMB'000	Sq. m.	RMB per sq.m.	RMB'000 (Unaudited)	Sq. m.	RMB per sq.m.	RMB'000	Sq. m.	RMB per sq.m.
Ancillary commercial properties of Chengdu Polar Ocean World	25,685	2,040	12,591	57,442	2,450	23,446	174,581	12,537	13,925	72,923	5,365	13,539	118,767	7,963	14,915
Ancillary commercial properties of Qingdao Polar Ocean World	9,598	585	16,407	53,940	7,518	7,175	46,732	2,720	17,181	23,810	1,385	17,191	–	–	–
Yantai Fisherman's Wharf	362,510	40,568	8,936	–	–	–	8,992	506	17,771	8,783	506	17,358	6,766	360	18,794
Haichang China(1)	–	–	–	21,620	4,214	5,131	–	–	–	–	–	–	–	–	–
Total	**397,793**			**133,002**			**230,305**			**105,516**			**125,533**		

Note:

(1) In 2011, we recognized revenue of RMB21.6 million from the sales of commercial properties located in Dalian, which were historically developed by one of our wholly-owned subsidiaries, Haichang China. As part of the Reorganization, Haichang China became an onshore holding vehicle of our operating subsidiaries in China and has therefore discontinued its property operations (other than to hold the Dalian Laohutan Fishermen's Wharf and an office building in Dalian). Other than properties sold by Haichang China, all properties sold and delivered during the Track Record Period were ancillary commercial properties surrounding our theme parks. Going forward, revenue generated from property sales will only be related to our ancillary commercial properties situated near our theme parks.

Other operations

Revenue from other business operations mainly represents revenue from hotel room charges and the provision of services to guests during their stay at Yantai Yudaishan Hot Spring Resort, which is adjacent to our theme park in Yantai. Revenue from hotel operations is primarily affected by average occupancy rates and room rates. In 2012 and the nine months ended September 30, 2013, other business operations also included revenue generated from a construction contract of RMB3.5 million and RMB40.2 million, respectively, relating to a commercial building in Chengdu which was constructed for sale in accordance with the purchaser's specifications. Our revenue from this project is regarded as revenue arising from a construction contract and the revenue is recognized based on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total costs of the contract. See Note 3.2 to the accountants' report included in Appendix IA to this prospectus.

Cost of Sales

Cost of sales of our park operations represents cost associated with our park operations, primarily including depreciation of buildings, facilities and construction-in-progress of our theme parks, employee salaries and benefits expense, repair and maintenance, animal care, utilities, and cost of merchandise sold in the parks. Cost of sales of property development and holding segment primarily represents cost associated with revenue from property sales recognized during the given period, including land acquisition costs, construction costs, capitalized interest and other expenses. Cost of sales of other operations consists of construction costs recognized for the purpose of preparing our financial statements based on the percentage of completion method relating to a construction contract of a commercial building in Chengdu which was constructed for sale in accordance with the purchaser's specifications.

The following table sets forth a breakdown of our cost of sales by business segment for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2010		2011		2012		2012		2013	
		%		%		%		%		%
							(Unaudited)			
	(RMB'000, except for percentages)									
Park operations	179,536	47.0	293,341	76.4	362,268	74.0	265,209	78.9	261,425	67.7
Property development and holding	202,452	53.0	89,892	23.4	121,805	24.9	66,106	19.7	83,859	21.7
Others	–	–	840	0.2	5,274	1.1	4,905	1.5	41,034	10.6
Total	**381,988**	**100.0**	**384,073**	**100.0**	**489,347**	**100.0**	**336,220**	**100.0**	**386,318**	**100.0**

Gross Profit and Gross Profit Margin

Gross profit represents revenue less cost of sales. Our gross profit for 2010, 2011 and 2012 and the nine months ended September 30, 2013 was RMB417.2 million, RMB299.7 million, RMB399.7 million and RMB392.9 million, respectively. Our gross profit margin, which is gross profit divided by revenue, was 52.2%, 43.8%, 45.0% and 50.4%, respectively, for the same periods. The relatively high level of gross profit margin in 2010 was primarily attributable to commercial properties sold at Yantai Fishermen's Wharf in 2010, which generated higher gross margin as compared to 2011 and the sale of which properties accounted for a large percentage of our total revenue in 2010. The relatively high level of gross profit for the nine months ended September 30, 2013 was primarily due to increased revenue derived from our park operations.

The following table sets forth a breakdown of our gross profit and gross profit margin by business segment for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2010		2011		2012		2012		2013	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
							(Unaudited)			
	(RMB'000, except for percentages)									
Park operations	206,724	53.5	243,009	45.3	271,139	42.8	247,484	48.3	328,689	55.7
Property development and holding	210,500	51.0	57,055	38.9	128,289	51.3	56,010	45.9	63,187	43.0
Others	–	–	(406)	(93.5)	239	4.3	206	4.0	974	2.3
Total/average	**417,224**	**52.2**	**299,658**	**43.8**	**399,667**	**45.0**	**303,700**	**47.5**	**392,850**	**50.4**

The following table sets forth a breakdown of gross profit and gross profit margin of each of our six theme parks for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2010		2011		2012		2012		2013	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
							(Unaudited)			
	(RMB'000, except for percentages)									
Laohutan Ocean Park	67,181	52.9	70,109	52.2	75,774	53.5	68,447	59.3	80,084	63.5
Qingdao Polar Ocean World	76,368	56.3	100,738	61.0	146,865	68.5	129,228	70.4	173,115	77.7
Chengdu Polar Ocean World	47,936	53.6	40,602	37.6	32,477	35.0	26,002	37.6	32,279	41.4
Tianjin Polar Ocean World	15,239	44.6	20,729	23.5	4,845	6.6	9,386	16.1	18,275	26.9
Yantai Whale Shark Aquarium	–	–	(1,341)	(12.5)	(11,100)	(41.8)	(6,562)	(30.2)	(7,433)	(36.4)
Wuhan Polar Ocean World	–	–	12,172	40.6	22,278	26.2	20,983	32.5	32,369	43.3
Total/average	**206,724**	**53.5**	**243,009**	**45.3**	**271,139**	**42.8**	**247,484**	**48.3**	**328,689**	**55.7**

Other Income

Other income consists primarily of government grants, interest income from related companies, proceeds from insurance claims, commission income and other miscellaneous items.

The following table sets forth a breakdown of our other income for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	
			(RMB'000)		
Government grants	11,793	18,642	17,511	13,644	8,949
Interest income	1,173	569	547	267	3,398
Interest income from related companies:					
Interest income from advances to Haichang Group Co	–	31,816	81,318	43,437	83,705
Effective interest rate amortization	–	–	42,420	30,582	39,352
Subtotal	–	31,816	123,738	74,019	123,057
Income from insurance claims	10,037	5,244	7,757	6,198	7,164
Commission income	3,994	–	–	–	–
Others	987	1,206	1,297	888	4,311
Total	**27,984**	**57,477**	**150,850**	**95,016**	**146,879**

Government grants

During the Track Record Period, government grants included in our combined statements of profit or loss as other income amounted to RMB11.8 million, RMB18.6 million, RMB17.5 million and RMB8.9 million in 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively. Most of such government grants are related to assets of our theme parks, which were initially recognized as deferred income in our statement of financial position and subsequently released to profit or loss over the expected useful life of land and buildings of the relevant theme parks by equal annual installments. The following table sets forth a breakdown of government grants included in our combined statements of profit or loss during the Track Record Period:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	
			(RMB'000)		
Park operations					
Dalian Laohutan Ocean Park	1,962	–	–	40	300
Qingdao Polar Ocean World	5,271	3,271	3,261	2,761	563
Chengdu Polar Ocean World	2,228	1,950	1,950	1,394	1,705
Tianjin Polar Ocean World	1,438	8,801	7,601	6,236	5,222
Yantai Whale Shark Aquarium	–	–	100	100	100
Wuhan Polar Ocean World	–	200	2,129	1,628	712
Subtotal	10,899	14,222	15,041	12,159	8,603
Property development and holdings	894	4,420	2,471	1,485	347
Total	**11,793**	**18,642**	**17,511**	**13,644**	**8,949**

Government grants recognized in our combined statements of profit or loss during the Track Record Period included (i) grants we received during the relevant reporting period which were recognized as income for the same period on a one-off basis to match related costs that had been recognized as expenses ("one-off grants"), and (ii) grants relating to an assets item which were released to our combined statements of profit or loss from a deferred income account in our combined statements of financial position which had been received before or during the relevant periods ("grants released from a deferred income account"). For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, our one-off grants amounted to RMB6.5 million, RMB6.1 million, RMB6.0 million and RMB1.8 million, respectively. All such one-off grants were attributable to our parks operation segment.

The following table sets forth a breakdown of government grants included in our combined statements of profit or loss that we received during the Track Record Periods:

	Year ended December 31,			Nine months ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
				(Unaudited)	
			(RMB'000)		
Government grants charged to our combined statements of profit or loss					
One-off grants					
Dalian Laohutan Ocean Park	1,962	–	–	–	300
Qingdao Polar Ocean World	4,520	2,520	2,510	2,010	–
Chengdu Polar Ocean World	–	–	–	419	242
Tianjin Polar Ocean World	–	3,340	2,140	1,680	950
Yantai Whale Shark Aquarium	–	–	–	–	–
Wuhan Polar Ocean World	–	200	1,376	1,176	260
	6,482	6,060	6,025	5,285	1,752
Grants released from a deferred income account	5,311	12,582	11,486	8,359	7,197
Total	11,793	18,642	17,511	13,644	8,949

The following table sets forth a breakdown of government grants recognized in our combined statements of financial position by our theme parks and their ancillary commercial properties as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Government grants recognized in our combined statements of financial position				
Qingdao Polar Ocean World and its ancillary commercial properties	51,308	46,138	42,916	42,006
Chengdu Polar Ocean World and its ancillary commercial properties	75,772	73,821	72,872	70,845
Tianjin Polar Ocean World and its ancillary commercial properties	388,232	382,772	377,660	381,658
Wuhan Polar Ocean World and its ancillary commercial properties	104,322	104,322	103,569	103,117
	619,634	607,053	597,017	597,625
Under current liabilities	9,703	11,166	9,577	9,463
Under non-current liabilities	609,931	595,887	587,440	588,162
	619,634	607,053	597,017	597,625

The following table sets forth a breakdown of government grants received by our theme parks and their ancillary properties during the Track Record Period, which were (i) directly recognized as income if related to an expense item or (ii) credited to a deferred income account in our combined statements of financial position if related to an assets item:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	
			(RMB'000)		
Government grants received					
Dalian Laohutan Ocean Park and its ancillary commercial properties	1,962	–	–	–	300
Qingdao Polar Ocean World and its ancillary commercial properties	4,520	2,521	2,510	2,010	–
Chengdu Polar Ocean World and its ancillary commercial properties	–	–	1,100	419	–
Tianjin Polar Ocean World and its ancillary commercial properties	170,000	3,340	2,489	1,680	8,997
Yantai Whale Shark Aquarium and its ancillary commercial properties	–	–	–	–	–
Wuhan Polar Ocean World and its ancillary commercial properties	–	200	1,376	1,176	260
	176,482	6,061	7,475	5,285	9,557

The PRC government in recent years has promulgated various national policies encouraging the tourism and leisure industries. Local governments at provincial or lower levels have implemented such national policies through specific measures including providing government grants to important tourism and leisure projects in their regions to further local industrial and economic objectives, such as promoting the development of local tourism and leisure industry, increasing employment and optimizing industrial structure. In particular, in providing grants to our theme park projects, we believe that local government generally consider, among other things, the scale of our projects, the potential or proven benefits that our projects will bring or have brought to the local tourism and leisure market, economy and city development, and our experience and track record in developing similar theme park projects. The amount of most of the grants we have received from various local government authorities is generally determined through our negotiation with the relevant local government in the early stage of our development process (the "Project Grants"), taking into factors, including among others, the size and location of the proposed project, the level of difficulty with regard to the infrastructure planning and construction work of the theme park to be developed, the financial resources available to the local government and the level of importance of developing such project in the local government's overall planning. Project Grants recognized and charged to our combined statements of profit or loss during the Track Record Period mainly represented such grants received by our theme parks and their ancillary commercial properties in Chengdu and Wuhan in 2006, in Qingdao in 2008 and in Tianjin from 2008 to 2011. Such grants are usually paid to us in installments during the construction period of our theme park and commercial property projects at the local governments' discretion. Other than such grants, we have also received grants in recognition of our achievements, such as success in obtaining national tourist site ratings, which are usually paid in lump-sum form after our applications for specific grants are approved by the relevant local government. Given that government grants are generally provided to subsidize the development projects we undertake, we believe that our primary obligation in connection with the government grants we have received is to develop the projects based on the schedule approved by the local authorities and to apply proceeds from the grants in the specified projects for the purpose indicated by the local authorities. Other than that, government grants we received during the Track Record Period did not impose upon us any significant or unusual obligations or conditions.

Interest income from related companies

Interest income from related companies represented (i) interest income derived from our advances to Haichang Group Co in the amount of nil, RMB560.0 million, RMB1,030.0 million and RMB530.0 million as of December 31, 2010, 2011 and 2012 and September 30, 2013, respectively, which inter-company loans were provided by us using funds from our bank loans and on which we charged interest to offset our funding costs, and (ii) effective interest rate amortization that was recorded for accounting purposes after discounting the interest-free inter-company loans we granted to Haichang Enterprise Development in 2012 with a principal amount of RMB700.0 million (the "Term Loan Granted to HED"), using the effective interest rate method. In accordance with IFRS, the Term Loan Granted to HED was initially recognized as its fair value, which was estimated by discounting the future loan repayments using a market rate. After initial recognition, such loan was measured at amortization cost using the effective interest rate method. The effective interest rate amortization in relation to the Term Loan Granted to HED was included in our combined statements of profit or loss as other income.

Interest income from our advances to Haichang Group Co amounted to nil, RMB31.8 million, RMB81.3 million and RMB83.7 million, respectively, for 2010, 2011 and 2012 and the nine months ended September 30, 2013. All such interest-bearing advances to Haichang Group Co were provided through banks, except for certain inter-company loans directly provided by our subsidiary, Dalian Laohutan, to Haichang Group Co during 2011 and 2012, which generated interest income of RMB31.8 million and RMB29.3 million for the same periods, respectively. We have not directly provided any interest-bearing inter-company loans to our related companies since the above loans provided by Dalian Laohutan were fully repaid and replaced with loans provided to Haichang Group Co through a bank in August 2012. See "Business – Legal Proceedings and Regulatory Compliances."

Commission income

Commission income represents the sales of merchandise by third parties within the park pursuant to certain pre-agreed profit sharing percentages between our Group and the third parties.

Other Gains

Other gains consist primarily of fair value gains or losses on investment properties and gains on revaluation upon reclassification from properties under development to investment properties.

The following table sets forth a breakdown of other gains for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	
			(RMB'000)		
Fair value gains/(losses) on investment properties	7,234	(15,716)	143,149	49,284	56,067
Gain on disposal of items of property, plant and equipments	–	–	11,765	11,443	–
Gain on revaluation upon reclassification from properties under development to investment properties	46,716	122,029	3,551	3,551	–
Gain on revaluation upon reclassification from completed properties held for sale to investment properties	–	–	–	–	8,938
Others	–	–	120	120	–
Total	**53,950**	**106,313**	**158,585**	**64,398**	**65,005**

Fair value gains/(losses) on investment properties

Our investment properties which we hold to earn rental income and/or for capital appreciation include investment properties in the status of completed and under construction. Our investment properties are stated at their fair value on our combined statements of financial position as non-current assets as of each balance sheet date on the basis of valuations by a qualified independent professional valuer. Gains or losses arising from changes in the fair value of our investment properties are accounted for as profit or loss in our combined statements of profit or loss. See "– Critical Accounting Policies and Estimates – Investment Properties." The fair value of our investment properties is likely to fluctuate from time to time and the fair value of our investment properties may decrease in the future. Any such decrease in the fair value of our investment properties would reduce our profits.

The following table sets out the breakdown of our fair value gains/(losses) on investment properties for the periods indicated.

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	
			(RMB'000)		
Ancillary commercial properties in Qingdao	(12,463)	(1,346)	8,000	6,000	4,000
Ancillary commercial properties in Chengdu	–	(10,347)	16,022	14,412	–
Ancillary commercial properties in Tianjin	–	–	(2,277)	(19,765)	25,063
Yantai Fisherman's Wharf	19,697	(4,023)	3,698	2,000	2,231
Ancillary commercial properties in Wuhan	–	–	117,706	46,637	(12,646)
Haichang China	–	–	–	–	37,419
Total	**7,234**	**(15,716)**	**143,149**	**49,284**	**56,067**

We recorded fair value losses on investment properties of RMB15.7 million in 2011 primarily attributable to the variances in factors and valuation techniques used in the property valuation by our current property valuer since 2011, DTZ, as compared to those used by our previous property valuer in 2010, Censere (Far East) Limited, both of which are independent qualified property valuer. The property valuation involves subjective estimates and assumptions that may change, in particular when the valuation is conducted by different property valuers. We recorded a relatively high level of fair value gains on investment properties in 2012 and the nine months ended September 30, 2012 primarily representing the fair value changes of our commercial properties in Wuhan with a total GFA of approximately 40,761.7 sq.m. after its completion in 2012. Before the completion of the construction, such commercial properties were classified as investment properties under construction. The fair value gains on investment properties of RMB56.1 million for the nine months ended September 30, 2013 was primarily attributable to the fair value of an office building in Dalian acquired by Haichang China in the first half of 2013 and fair value gains on investment properties in Tianjin after we completed construction of such properties in 2013. It was partially offset by fair value losses on investment properties in Wuhan due to unfavorable market conditions in the local property market, which was adversely affected by the PRC government regulations and policies aimed to control the real estate market.

Gains on revaluation upon reclassification

During the Track Record Period, we also recorded gains on revaluation upon reclassification from properties under development to investment properties and from completed properties held for sale to investment properties. Properties under development and completed properties held for sale are reclassified to investment properties when the intended use of the relevant properties is changed from being held for sale to being held for rental income and/or capital appreciation, evidenced by entering into relevant lease agreements or letters of intent before entering into lease agreements with other parties. In 2010, 2011 and 2012, we changed the use of certain properties under development to investment properties. In the nine months ended September 30, 2013, we changed the use of certain completed properties held for sale to investment properties. Accordingly, the differences between the fair value of such reclassified properties as of the reclassification date based on valuations by a qualified independent professional valuer and their then carrying amount were accounted for as profit or loss in our combined statements of profit or loss. These adjustments reflected unrealized capital gains on our investment properties, and did not generate cash.

The following table sets forth a breakdown of our gains on revaluation upon reclassification by project for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	
			(RMB'000)		
Reclassification from properties under development to investment properties	46,716	122,029	3,551	3,551	–
Ancillary commercial properties in Chengdu	46,716	–	3,551	3,551	–
Ancillary commercial properties in Tianjin	–	66,045	–	–	–
Ancillary commercial properties in Wuhan	–	55,984	–	–	–
Subtotal	46,716	122,029	3,551	3,551	–
Reclassification from completed properties held for sale to investment properties	–	–	–	–	8,938

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of advertising and promotion expenses, sales commission paid to travel agencies, salaries and compensation, travel expenses and office expenses for our sales and marking staff, depreciation of items such as office equipment, furniture and vehicles and other miscellaneous expenses. Selling and marketing expenses accounted for 4.7%, 9.3%, 8.6% and 6.6%, respectively, of our revenue for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013.

Administrative Expenses

Administrative expenses primarily consist of staff costs, office expenses and travel expense for our general management and administrative staff, pre-operation expenses, tax expenses, maintenance fees, amortization and other miscellaneous expenses. Administrative expenses accounted for 13.9%, 20.6%, 15.2% and 12.2%, respectively, of our revenue for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013.

Other Expenses

Other expenses primarily consist of loss on disposal of fixed assets, exchange rate loss, payments of fines and compensation, tax expenses and other miscellaneous items.

Finance Costs

Finance costs primarily consist of interest payments made for bank loans, net of capitalized interest relating to properties under construction or development and construction-in-progress of the facilities in our theme park. For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, finance costs represented approximately 6.5%, 20.8%, 33.9% and 36.2% of our revenue, respectively.

The following table sets forth our finance costs for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	
			(RMB'000)		
Interest on bank loans and other borrowings	90,082	175,365	358,357	273,526	334,253
Interest on finance leases	–	–	11,271	8,932	10,955
Total interest expense on financial liabilities not at fair value through profit or loss	90,082	175,365	369,628	282,458	345,208
Less: Interest capitalized	(37,864)	(33,132)	(68,332)	(53,361)	(63,103)
Total	**52,218**	**142,233**	**301,296**	**229,097**	**282,105**

Income Tax Expenses

Income tax expenses represent our total current and deferred tax expenses, including PRC enterprise income tax and provision made for LAT. See Note 10 to the accountants' report in Appendix IA to this prospectus.

Our effective tax rate, representing income tax divided by profit before tax, was 37.9%, 60.8%, 57.8%, 59.1% and 40.6%, respectively, for 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013. The fluctuation of our effective tax rate during the Track Record Period was primarily as a result of the combined effect of tax losses not recognized, the provision of LAT relating to our property sales and certain expenses not deductible for tax purpose. Tax losses not recognized were mainly related to losses before tax of certain of our subsidiaries which were not recognized as deferred tax assets if it was probable that taxable profit would not be available against which the losses could be utilized for accounting purposes. Expenses not deductible for tax purpose were primarily related to the excess of certain interest expenses payable upon inter-company loans which were not deductible for tax purpose after having exceeded certain threshold, according to the relevant PRC tax laws. See "Critical Accounting Policies and Estimates – Income Tax" for details on the accounting treatment of deferred tax assets recognition.

For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, our PRC enterprise income tax expenses were provided at the statutory income tax rate of 25% on the assessable profits of our subsidiaries in the PRC.

RESULTS OF OPERATIONS

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Revenue

Revenue increased by 21.8% from RMB639.9 million in the nine months ended September 30, 2012 to RMB779.2 million for the nine months ended September 30, 2013, primarily due to increases in revenue generated from our park operations and property development and holding segment.

Revenue generated from park operations increased by 15.1% from RMB512.7 million for the nine months ended September 30, 2012 to RMB590.1 million for the nine months ended September 30, 2013, primarily due to an increase in ticket sales and higher in-park consumption relating to food and beverage sales. Ticket sales of our theme parks increased by 15.3% from RMB470.1 million for the nine months ended September 30, 2012 to RMB542.0 million for the nine months ended September 30, 2013, primarily attributable to increases in ticket sales at our theme parks in Wuhan, Qingdao, Tianjin and Chengdu driven by higher attendance and at our theme parks in Dalian driven by increased average ticket price. The increased attendance at our theme parks in Qingdao and Wuhan was attributable to successful marketing efforts in particular through our group sales channel, and the fact that cities such as Qingdao have become popular tourism destinations attracting increasing number of visitors. The increased attendance at our theme park in Tianjin was due to improved access to the park as a result of the rescheduling of the operation of a drawbridge near the park, while increased attendance of our theme park in Chengdu was due to increased traffic flow resulting from the development of a recreational and shopping center in the area where our park is located. The increase in ticket sales at those parks was partially offset by a decrease in ticket sales of our theme park in Yantai mainly due to decreased average ticket price as a result of the adjustment of our marketing strategy to focus on sales to group visitors. Revenue from food and beverage sales increased by 12.1% from RMB27.3 million for the nine months ended September 30, 2012 to RMB30.6 million for the nine months ended September 30, 2013 and revenue from sales of merchandise increased by 14.5% from RMB15.3 million to RMB17.5 million, both primarily due to higher attendance at our theme parks.

Revenue generated from our property development and holding segment increased by 20.4% from RMB122.1 million for the nine months ended September 30, 2012 to RMB147.0 million during the same period in 2013, primarily due to an increase of 19.0% in revenue from property sales from RMB105.5 million to RMB125.5 million during the same period. The increase in property sales was due to a 48.4% increase in GFA delivered of our commercial properties in Chengdu as well as a 10.2% increase in the average selling price of such properties. The increase in revenue of this segment was, to a lesser extent, attributable to an increase of 29.6% in rental income from RMB16.6 million for the nine months ended September 30, 2012 to RMB21.5 million during the same period in 2013, primarily due to an increase in rental rates according to the relevant lease agreements.

Revenue generated from our other operations increased from RMB5.1 million for the nine months ended September 30, 2012 to RMB42.0 million during the same period in 2013, primarily due to revenue from construction contracts of RMB40.2 million recognized in the nine months ended September 30, 2013, compared to RMB3.5 million recognized in the same period in 2012, relating to a commercial building in Chengdu which was constructed for sale in accordance with the purchaser's specifications. The smaller amount of revenue recognized in the nine months ended September 30, 2012 was due to the fact that we commenced construction of the relevant properties only in the second half of 2012.

Cost of sales

Cost of sales increased by 14.9% from RMB336.2 million in the nine months ended September 30, 2012 to RMB386.3 million in the nine months ended September 30, 2013, primarily due to the increases in cost of sales of our property development and holding segment and other business operations. Cost of sales of our park operations was relatively stable in the nine months ended September 30, 2013, compared to the prior period. Cost of sales of our property development and holding segment increased by 26.9% from RMB66.1 million for the nine months ended September 30, 2012 to RMB83.9 million for the nine months ended September 30, 2013, primarily due to an increase in GFA sold and delivered in Chengdu. Cost of sales of other operations increased from RMB4.9 million for the nine months ended September 30, 2012 to RMB41.0 million for the nine months ended September 30, 2013 primarily as a result of cost of a construction contract relating to the construction work of a commercial building in Chengdu which was recorded based on the percentage of completion method of the construction work for purposes of preparing our financial statements.

Gross profit

Gross profit increased by 29.4% from RMB303.7 million in the nine months ended September 30, 2012 to RMB392.9 million in the nine months ended September 30, 2013. Gross margin increased from 47.5% to 50.4% during the same period.

Segment gross profit of our park operations increased by 32.8% from RMB247.5 million for the nine months ended September 30, 2012 to RMB328.7 million for the nine months ended September 30, 2013. Segment gross margin of our park operations was 48.3% and 55.7% for the nine months ended September 30, 2012 and 2013, respectively. The increase in gross margin of our park operations was primarily due to the increased revenue from our theme parks in Wuhan, Qingdao, Tianjin and Chengdu resulting from higher attendance from the nine months ended September 30, 2012 than the nine months ended September 30, 2013 coupled with relatively stable operating expenses at the majority of our theme parks during the same periods. The increase in gross margin of our park operations was also attributable to the increase in gross margin of our theme park in Dalian mainly driven by increased average ticket price and decreased operating expenses as a result of cost control measures.

Segment gross profit of our property development and holding segment increased by 12.8% from RMB56.0 million for the nine months ended September 30, 2012 to RMB63.2 million for the nine months ended September 30, 2013. Segment gross margin of our property development and holding segment was 45.9% and 43.0% for the nine months ended September 30, 2012 and 2013, respectively. The decrease in gross margin of this segment was mainly due to a relatively higher cost of sales of our commercial properties delivered in Chengdu for the nine months ended September 30, 2013 compared to the prior period.

Segment gross profit of our other operations significantly increased from RMB0.2 million for the nine months ended September 30, 2012 to RMB1.0 million for the nine months ended September 30, 2013.

Other income and gains

Other income and gains increased by 32.9% from RMB159.4 million in the nine months ended September 30, 2012 to RMB211.9 million in the nine months ended September 30, 2013, primarily due to a 66.4% increase in interest income from related companies from RMB74.0 million for the nine months ended September 30, 2012 to RMB123.1 million for the nine months ended September 30, 2013, primarily due to an increase in interest-bearing inter-company loans we provided to related companies for their general financing needs, as well as an increase in interest income arising from discounting of certain interest-free amounts due from related companies using the effective interest rate method. See "– Critical Accounting Policies – Loans and Receivables." We charged interest upon certain inter-company loans in order to substantially offset the funding costs related to bank loans we borrowed to provide such inter-company loans. The increase was also attributable to an increase in fair value gains on investment properties from RMB49.3 million for the nine months ended September 30, 2012 to RMB56.1 million in the same period in 2013 due to higher fair value gains of investment properties in the nine months ended September 30, 2013, which reflected our progress in construction of certain properties as well as the increase in market value associated therewith, as well as revaluation gains upon reclassification from completed properties held for sale to investment properties of RMB8.9 million for the nine months ended September 30, 2013.

Selling and marketing expenses

Selling and marketing expenses decreased by 25.3% from RMB69.3 million in the nine months ended September 30, 2012 to RMB51.8 million in the nine months ended September 30, 2013, primarily due to the large-scale marketing and promotional activities we undertook in 2012, which were not repeated in 2013.

Administrative expenses

Administrative expenses remained relatively constant at RMB92.0 million and RMB95.0 million in the nine months ended September 30, 2012 and 2013, respectively.

Other expenses

Other expenses decreased by 91.6% from RMB2.0 million for the nine months ended September 30, 2012 to RMB0.2 million for the nine months ended September 30, 2013, primarily due to a decrease of RMB0.4 million in loss on disposal of fixed assets and a decrease of RMB0.7 million in payments relating to fines and compensation.

Finance costs

Finance costs increased by 23.1% from RMB229.1 million in the nine months ended September 30, 2012 to RMB282.1 million in the nine months ended September 30, 2013, primarily due to increased bank loans and other borrowings.

Income tax expenses

Income tax expenses increased by 70.3% from RMB41.9 million in the nine months ended September 30, 2012 to RMB71.3 million in the nine months ended September 30, 2013, primarily due to an increase of RMB24.6 million in deferred tax expenses primarily in relation to the adjustment of the fair value of investment properties and interest capitalization.

Profit for the period

As a result of the foregoing, our profit for the period increased significantly from RMB28.9 million for the nine months ended September 30, 2012 to RMB104.4 million for the nine months ended September 30, 2013. Net profit margin increased from 4.5% for the nine months ended September 30, 2012 to 13.4% for the same period in 2013.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Revenue

Our revenue increased by 30.0% from RMB683.7 million in 2011 to RMB889.0 million in 2012, primarily due to increases in revenue from our park operations and property development and holding segments.

Revenue generated from our park operations increased by 18.1% from RMB536.4 million in 2011 to RMB633.4 million in 2012, primarily due to an increase in ticket sales and higher in-park consumption relating to food and beverage sales and the sale of merchandise. Ticket sales of our theme parks increased by 18.0% from RMB489.2 million in 2011 to RMB577.4 million in 2012, primarily attributable to revenue contributions from Wuhan Polar Ocean World and Yantai Whale Shark Aquarium, both of which commenced operation in September 2011. The increase in ticket sales of our theme parks was also attributable to an increase in ticket sales at Qingdao Polar Ocean World primarily driven by increased attendance and increased average ticket price and at Dalian Laohutan Ocean Park primarily driven by increased average ticket price and increased ticket sales of a 4-D cinema in the park. The increase was partially offset by decreased ticket sales of Chengdu Polar Ocean World primarily due to undeveloped surrounding infrastructure which resulted in lower attendance, as well as decreased ticket sales of Tianjin Polar Ocean World due to decreased attendance primarily as a result of the operation of a drawbridge near the park. In 2012, the draw bridge operated by the local government authority was lifted on a more frequent schedule, in particularly during weekends and peak hours during a day when traffic is high, which therefore adversely affected traffic flow to the park. Revenue from food and beverage sales increased by 18.9% from RMB28.1 million in 2011 to RMB33.4 million in 2012. Revenue from sales of merchandise increased by 19.5% from RMB19.0 million in 2011 to RMB22.7 million in 2012. The increases in in-park consumption were driven by higher attendance.

Revenue generated from our property development and holding segment increased by 70.3% from RMB146.9 million in 2011 to RMB250.1 million in 2012, primarily attributable to an increase of 73.2% in property sales from RMB133.0 million in 2011 to RMB230.3 million in 2012 due to a larger amount of GFA delivered of our properties in Chengdu. The increase was also attributable to an increase of 42.4% in rental income from RMB13.9 million in 2011 to RMB19.8 million in 2012, primarily due to an increase in occupancy rates.

Revenue generated from our other operations increased from RMB0.4 million in 2011 to RMB5.5 million in 2012, primarily attributable to (i) an increase in revenue from hotel operations from RMB0.4 million in 2011 to RMB2.0 million in 2012 due to the fact that Yantai Yudaishan Hot Spring commenced operation in September 2011 and (ii) revenue from a construction contract of RMB3.5 million recognized in 2012 relating to a commercial building in Chengdu. We did not have any construction contract in 2011.

Cost of sales

Cost of sales increased by 27.4% from RMB384.1 million in 2011 to RMB489.3 million in 2012, primarily due to an increase in cost of sales of our park operations, and to a lesser extent, the increases in cost of sales of property development and holding segment and other business operations. Cost of sales of our park operations increased by 23.5% from RMB293.3 million in 2011 to RMB362.3 million in 2012, primarily driven by increased operating costs relating to Wuhan Polar Ocean World and Yantai Whale Shark Aquarium, both of which had their first full year of operation since the opening in September 2011 and to a lesser extent, increased operating costs in other theme parks corresponding to their increased revenue. Cost of sales of property development and holding segment increased by 35.5% from RMB89.9 million in 2011 to RMB121.8 million in 2012, primarily due to an increase in GFA sold and delivered in relation to our properties in Chengdu as discussed above. Cost of sales of other operations increased from RMB0.8 million in 2011 to RMB5.3 million in 2012, primarily due to an increase in cost of a construction contract relating to a commercial building in Chengdu.

Gross profit

As a result of the foregoing, our gross profit increased by 33.4% from RMB299.7 million in 2011 to RMB399.7 million in 2012. Gross margin increased from 43.8% in 2011 to 45.0% in 2012.

Segment gross profit of our park operations increased by 11.6% from RMB243.0 million in 2011 to RMB271.1 million in 2012. Segment gross margin of park operations was 45.3% and 42.8% in 2011 and 2012, respectively. The decrease in gross margin of our park operations was primarily due to (i) decreased revenue from our theme parks in Chengdu and Tianjin as discussed above resulting in lower gross margin for those two theme parks, and (ii) lower gross margin of our new theme parks in Wuhan and Yantai in 2012 as compared to 2011. As our theme parks generally have higher level of monthly attendance and thereby higher gross margins during the year of their opening resulting from marketing campaigns and promotion during the pre-operation and opening period, our theme parks in Wuhan and Yantai experienced relatively lower margins in 2012 since they commenced operation in September 2011. The decrease in gross margin of our park operations was partially offset by the increases in (i) gross margin of our theme park in Dalian mainly driven by increased average ticket price and increased ticket sales of a 4-D cinema in the park and (ii) gross margin of our theme park in Qingdao mainly driven by increased attendance.

Segment gross profit of our property development and holding segment increased by 124.7% from RMB57.1 million in 2011 to RMB128.3 million in 2012. Segment gross margin of our property development and holding segment was 38.9% and 51.3% in 2011 and 2012, respectively. The increase in gross margin of this segment was mainly due to a higher percentage of high-end dining and other commercial properties delivered in Qingdao in 2012 which had a relatively higher average selling price.

Segment gross loss of our other operations was RMB0.4 million in 2011. Segment gross profit was RMB0.2 million in 2012. Segment gross margin of other operations was negative 93.5% and 4.3% in 2011 and 2012, respectively.

Other income and gains

Other income and gains increased by 88.9% from RMB163.8 million in 2011 to RMB309.4 million in 2012, primarily due to increases in fair value gains on investment properties and interest income from related companies. We recognized fair value gains on investment properties in an amount of RMB143.1 million in 2012, primarily attributable to the increase in market value of the phase 1 commercial properties adjacent to Wuhan Polar Ocean World due to the completion of construction of such properties during the period. Interest income from related companies increased from RMB31.8 million in 2011 to RMB123.7 million in 2012, primarily due to an increase in interest-bearing inter-company loans we provided to related companies for their general financing needs, as well as an increase in interest income arising from discounting of certain interest-free amounts due from related companies using the effective interest rate method. We charged interest upon certain loans in order to substantially offset the funding costs related to bank loans we borrowed to provide such loans. The increase in other income and gains was partially offset by a decrease in gain on revaluation upon reclassification from properties under development to investment properties from RMB122.0 million in 2011 to RMB3.6 million in 2012.

Selling and marketing expenses

Selling and marketing expenses increased by 21.3% from RMB63.4 million in 2011 to RMB76.9 million in 2012. The increase mainly reflected (i) an increase of RMB5.4 million in sales commission paid to travel agencies due to increased group ticket sales through travel agencies, and (ii) an increase of RMB5.9 million in advertising and promotion primarily related to advertising campaigns to promote our polar marine theme parks.

Administrative expenses

Administrative expenses decreased by 4.1% from RMB140.8 million in 2011 to RMB135.1 million in 2012, primarily as a result of pre-opening expenses of RMB36.5 million in 2011 in relation to Wuhan Polar Ocean World and Yantai Whale Shark Aquarium, both of which commenced operation in September 2011. The decrease was partially offset by an increase in payroll expense primarily as a result of increased employee salaries and benefits and an increase in expenses in connection with our pre-IPO investments.

Other expenses

Other expenses increased from RMB0.9 million in 2011 to RMB8.8 million in 2012, primarily due to an increase of RMB2.1 million in payments of fines and compensation mainly relating to compensation paid for the delay in obtaining property ownership certificates by the purchasers of certain properties and an increase of RMB3.4 million in exchange rate losses.

Finance costs

Finance costs increased by 111.9% from RMB142.2 million in 2011 to RMB301.3 million in 2012, primarily because interest expenses of certain outstanding loans we borrowed in the second half of 2011 were incurred throughout 2012 while the period during which interest expenses were charged in 2011 was shorter.

Income tax expenses

Income tax expenses increased by 53.3% from RMB70.6 million in 2011 to RMB108.2 million in 2012, primarily due to an increase in our taxable income and an increase in deferred tax expense primarily relating to adjustment of the fair value of the investment properties and interest capitalization.

Profit for the year

As a result of the foregoing, profit for the year increased by 73.4% from RMB45.5 million in 2011 to RMB78.9 million in 2012, and net profit margin increased from 6.7% in 2011 to 8.9% in 2012.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Revenue

Our revenue decreased by 14.5% from RMB799.2 million in 2010 to RMB683.7 million in 2011, primarily due to a decrease in revenue from property sales, partially offset by an increase in revenue from our park operations.

Revenue generated from our park operations increased by 38.9% from RMB386.3 million in 2010 to RMB536.4 million in 2011, primarily due to increase in ticket sales and higher in-park consumption relating to food and beverage sales and the sale of merchandise. Ticket sales of our theme parks increased by 37.0% from RMB357.1 million in 2010 to RMB489.2 million in 2011, primarily attributable to increases in ticket sales of Chengdu Polar Ocean World and Tianjin Polar Ocean World, both of which commenced operation in the second half of 2010, as well as revenue contribution from Wuhan Polar Ocean World and Yantai Whale Shark Aquarium, both of which commenced operation in September 2011. The increase was also attributable to increased ticket sales of our theme parks in Dalian and Qingdao, both driven by increased attendance in 2011 compared to 2010. Revenue from food and beverage sales increased by 32.5% from RMB21.2 million in 2010 to RMB28.1 million in 2011. Revenue from sales of merchandise increased by 137.5% from RMB8.0 million in 2010 to RMB19.0 million in 2011. The increases in in-park consumption were primarily due to higher attendance.

Revenue generated from our property development and holding segment decreased by 64.4% from RMB413.0 million in 2010 to RMB146.9 million in 2011, primarily attributable to the decrease in property sales in Yantai from RMB362.5 million in 2010 to nil in 2011, partially offset by increases in property sales in Qingdao due to an increase in GFA sold and delivered and in Chengdu due to increases in both average selling price and GFA sold and delivered. The decrease in revenue from property sales was, to a lesser extent, attributable to a decrease of 8.6% in rental income from RMB15.2 million in 2010 to RMB13.9 million in 2011 due to a decrease in occupancy rates.

Our other operations recorded revenue from hotel operations of RMB0.4 million in 2011, relating to revenue from sales of the admission tickets by Yantai Yudaishan Hot Spring which commenced operation in September 2011. No revenue was derived from other operations in 2010.

Cost of sales

Cost of sales stayed relatively constant at RMB382.0 million and RMB384.1 million in 2010 and 2011, respectively. Cost of sales of our park operations increased by 63.4% from RMB179.5 million in 2010 to RMB293.3 million in 2011, primarily driven by increased operating costs relating to Chengdu Polar Ocean World and Tianjin Polar Ocean World, both of which had their first full year of operation in 2011 and Wuhan Polar Ocean World and Yantai Whale Shark Aquarium, both of which commenced operation in September 2011, and to a lesser extent, increased operating costs in other theme parks as a result of increased attendance. The increase was partially offset by a decrease by 55.6% in cost of sales of property development and holding segment from RMB202.5 million in 2010 to RMB89.9 million in 2011 due to the lower amount of GFA sold and delivered in 2011 as discussed above.

Gross profit

As a result of the foregoing, our gross profit decreased by 28.2% from RMB417.2 million in 2010 to RMB299.7 million in 2011. Gross profit margin decreased from 52.2% in 2010 to 43.8% in 2011.

Segment gross profit of our park operations increased by 17.6% from RMB206.7 million in 2010 to RMB243.0 million in 2011. Segment gross margin of park operations was 53.5% and 45.3% in 2010 and 2011, respectively. The decrease in gross margin of our park operations was mainly due to a combination of various factors, including (i) the lower margins of our theme parks in Chengdu and Tianjin in 2011 attributable to the fact that the two parks, which commenced operations in second half of 2010, had a relatively higher level of monthly attendance and thereby higher gross margin in 2010 resulting from marketing campaigns and promotion during the pre-operation and opening period, (ii) the lower margin of our theme park in Tianjin in 2011 compared to 2010 is also attributable to the revised operation schedule of a drawbridge near the park as discussed above, which adversely affected traffic flow and the attendance of the park, and (iii) increased operating expenses incurred by Dalian Laohutan Ocean Park associated with a project to upgrade theater seats and other facilities of its 4-D cinema. The decrease in gross margin of our park operations was partially offset by higher gross margin of our theme park in Qingdao in 2011 driven by increased attendance and our theme park in Wuhan which commenced operation in September 2010.

Segment gross profit of our property development and holding segment decreased by 72.9% from RMB210.5 million in 2010 to RMB57.1 million in 2011. Segment gross margin of this segment was 51.0% and 38.9% in 2010 and 2011, respectively. The decrease in gross margin of this segment was mainly because commercial properties sold and delivered at Yantai Fishermen's Wharf in 2010 generated higher gross margin due to their prime location and favorable market conditions. We did not record any property sales at Yantai Fishermen's Wharf in 2011.

Segment gross loss of our other operations was RMB0.4 million in 2011. Other operations did not have gross profit in 2010 as no revenue was derived.

Other income and gains

Other income and gains increased by 100.0% from RMB81.9 million in 2010 to RMB163.8 million in 2011, primarily due to an increase of RMB75.3 million in gain on revaluation upon reclassification from properties under development to investment properties. The increase was also attributable to interest income from related companies which was nil in 2010 and RMB31.8 million in 2011. We charged interest upon such inter-company loans in order to fully offset the funding costs related to bank loans we borrowed to provide such inter-company loans.

Selling and marketing expenses

Selling and marketing expenses increased by 69.1% from RMB37.5 million in 2010 to RMB63.4 million in 2011. The increase reflects (i) an increase of RMB18.2 million in advertising and promotion expenses primarily related to our advertisement campaigns to promote theme parks opened in 2010 and 2011 and (ii) an increase of RMB3.1 million in payroll expenses primarily as a result of an increase in the number of permanent employees with the opening of two theme parks in the second half of 2010 and another two parks in 2011.

Administrative expenses

Administrative expenses increased by 26.4% from RMB111.4 million in 2010 to RMB140.8 million in 2011, primarily due to (i) an increase of RMB17.1 million in pre-operation expenses relating to expenses incurred to prepare for the launch of our new theme parks in Wuhan and Yantai in 2011, (ii) an increase of RMB7.6 million in payroll expenses as a result of an increased number of employees and increased employee salaries and benefits, and (iii) an increase of RMB5.9 million in tax expenses.

Other expenses

Other expenses decreased from RMB3.3 million in 2010 to RMB0.9 million in 2011, primarily because we recorded a loss on disposal of fixed assets of RMB2.1 million in 2010 primarily relating to the relocation of a 4-D cinema in our theme park in Dalian.

Finance costs

Finance costs increased by 172.4% from RMB52.2 million in 2010 to RMB142.2 million in 2011, primarily due to increased bank borrowings.

Income tax expenses

Income tax expenses decreased by 36.8% from RMB111.6 million in 2010 to RMB70.6 million in 2011, primarily due to the decrease in taxable income and the decrease in land appreciation tax.

Profit for the year

As a result of the foregoing, profit for the year decreased by 75.2% from RMB183.1 million in 2010 to RMB45.5 million in 2011, and net profit margin decreased from 22.9% in 2010 to 6.7% in 2011.

LIQUIDITY AND CAPITAL RESOURCES

Our liquidity requirements primarily relate to working capital needs, capital expenditures, debt services and business acquisitions. Our principal sources of liquidity are cash generated from our operations, bank and other borrowings and inter-company loans from our related companies and parties. Due to the seasonal nature of our theme park operations, one of our management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows over the course of any given year. During the off-season when our theme parks have lowest attendance level, we control operating costs by adjusting show schedules and improving efficiency of our administrative and managerial team and fund our liquidity needs by utilizing bank and other borrowings, inter-company loans from our related companies and existing cash in hand. We have in place a planning and budgeting process and closely monitor our cash flow and liquidity position to help determine the funds required to ensure we have the appropriate liquidity to meet our operating and growth objectives. Going forward, we expect cash generated from our operations, bank borrowings and the proceeds from this Global Offering to be our principal sources of liquidity. In the future, if our capital expenditures or other long-term commitments increase, or if we need significant financing for business acquisitions, we may decide to incur additional long-term indebtedness, depending on our financial condition at the time, taking into account net proceeds from the Global Offering.

Cash Flows

The following table sets forth certain information regarding our consolidated cash flows for the period indicated:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	
			(RMB'000)		
Net cash flows from operating activities	379,209	326,962	192,461	388,583	283,595
Net cash flows (used in)/from investing activities	(1,119,122)	(2,529,998)	(447,741)	(353,935)	223,830
Net cash flows from/(used in) financing activities	716,921	2,211,514	543,775	401,469	(320,759)
Net (decrease)/increase in cash and cash equivalents	(22,992)	8,478	288,495	436,117	186,666
Cash and cash equivalents at end of year/period	107,067	115,545	404,040	551,662	590,706

Net cash generated from operating activities

For the nine months ended September 30, 2013, we had net cash from operating activities of RMB283.6 million. Such amount was derived from our profit before tax of RMB175.7 million, adjusted mainly to reflect (i) a decrease in completed property held for sales of RMB83.9 million as a result of the sale of commercial properties in Chengdu and Yantai, (ii) adjustment for interest received of RMB87.1 million, and (iii) certain non-cash adjustments for finance costs of RMB282.1 million and depreciation of property, plant and equipment of RMB85.6 million, partially offset by (i) adjustment for interest income of RMB126.5 million, (ii) a decrease in trade and bills payables of RMB117.5 million mainly due to a decrease in contract cost payables resulting from the settlement of such payables when certain construction projects were completed, (iii) a decrease in advances from customers of RMB65.7 million due to a decrease in pre-sale of properties, (iv) adjustment for tax paid of RMB56.8 million and (v) non-cash adjustment for changes in the fair value of investment properties of RMB56.1 million.

In 2012, we had net cash generated from operating activities of RMB192.5 million. Such amount was derived from our profit before tax of RMB187.0 million, adjusted mainly to reflect (i) a decrease in completed property held for sales of RMB121.8 million primarily as a result of the sale of commercial properties in Chengdu, (ii) an increase in advances from customers of RMB93.7 million and (iii) certain non-cash adjustments for finance costs of RMB301.3 million and depreciation of property, plant and equipment of RMB112.9 million, partially offset by (i) changes in fair value of investment properties of RMB143.1 million, (ii) an increase in property under development of RMB199.4 million and (iii) adjustment for interest income of RMB124.3 million.

In 2011, we had net cash generated from operating activities of RMB327.0 million. Such amount was derived from our profit before tax of RMB116.1 million, adjusted mainly to reflect (i) an increase in amounts in advances from customers of RMB155.5 million in relation to property pre-sales, (ii) a decrease in trade and bills receivables of RMB97.2 million attributable to collection of receivables from property sales in the prior year, (iii) a decrease in completed property held for sales of RMB96.5 million primarily as a result of the sale of commercial properties in Chengdu and Qingdao in 2011 and (iv) certain non-cash adjustments for finance cost of RMB142.2 million and depreciation of property, plant and equipment of RMB84.6 million. These were partially offset by (i) gains on revaluation upon reclassification from properties under development to investment properties of RMB122.0 million and (ii) an increase in property under development of RMB223.0 million.

In 2010, we had net cash generated from operating activities of RMB379.2 million. Such amount was derived from our profit before tax of RMB294.7 million, adjusted mainly to reflect (i) a decrease in completed property held for sale of RMB195.8 million in relation to our properties sold and delivered in Yantai, (ii) an increase in trade and bills payables of RMB313.7 million primarily in relation to construction work for our new theme parks to be opened in 2010, (iii) an increase in government grants of RMB164.7 million mainly in relation to government grants we received from the local government in Tianjin to promote the leisure and tourism industry and certain other non-cash adjustments, partially offset by (i) an increase in properties under development of RMB362.5 million and (ii) an increase in prepayments, deposits and other receivables of RMB126.1 million.

Net cash generated from/used in investing activities

For the nine months ended September 30, 2013, net cash generated from investing activities was RMB223.8 million, primarily due to (i) a decrease in the amounts due from related companies of RMB286.5 million which was due to the settlement of the relevant loans granted by us to certain related companies and (ii) a decrease in the available-for-sale investments of RMB180.0 million after certain principal protected investment products were repaid to us upon maturity, partially offset by (i) purchases of property, plant and equipment of RMB117.0 million and (ii) additions to investment properties of RMB102.9 million.

In 2012, net cash used in investing activities was RMB447.7 million, primarily consisting of (i) an increase in available-for-sale investments of RMB180.2 million, (ii) an increase in amounts due from related companies of RMB153.4 million, and (iii) additions to investment properties of RMB106.9 million.

In 2011, net cash used in investing activities was RMB2,530.0 million, primarily consisting of an increase in amounts due from related companies of RMB1,871.3 million and purchases of property, plant and equipment of RMB630.4 million in relation to the two new theme parks opened in the year.

In 2010, net cash used in investing activities was RMB1,119.1 million, primarily consisting of an increase in amounts due from related companies of RMB364.7 million and purchases of property, plant and equipment of RMB746.4 million in relation to the two new theme parks opened in the year.

Net cash generated from/used in financing activities

For the nine months ended September 30, 2013, net cash used in financing activities was RMB320.8 million, primarily attributable to (i) repayment of bank and other loans of RMB1,361.4 million and (ii) interest paid of RMB345.2 million, partially offset by (i) new bank and other loans of RMB960.0 million and (ii) increase in amounts due to related companies of RMB365.7 million.

In 2012, net cash generated from financing activities was RMB543.8 million, primarily attributable to (i) new bank and other loans of RMB1,381.8 million and (ii) issue of shares of RMB509.7 million, partially offset by repayment of bank and other loans of RMB841.4 million and interest paid of RMB369.6 million.

In 2011, net cash generated from financing activities was RMB2,211.5 million, primarily attributable to new bank and other loans of RMB3,494.7 million, partially offset by repayment of bank and other loans of RMB633.3 million, deemed distribution to the then equity holder of RMB323.8 million and a decrease in amounts due to related companies of RMB277.5 million.

In 2010, net cash generated from financing activities was RMB716.9 million, primarily attributable to new bank and other loans of RMB951.5 million and an increase of amounts due to related companies of RMB380.6 million, partially offset by repayment of bank and other loans of RMB505.0 million.

Working Capital

Taking into account our existing cash and cash equivalents, anticipated cash flow from our operating activities, available bank loans and other facilities and the estimated net proceeds from the Global Offering, our Directors are satisfied, after due and careful inquiry, that we have sufficient working capital available to satisfy our liquidity requirements for at least 12 months following the date of this prospectus.

CURRENT ASSETS AND CURRENT LIABILITIES

The following table sets forth the breakdown of our net current assets and current liabilities as of the dates indicated below:

	As of December 31,			As of September 30,	As of January 31,
	2010	2011	2012	2013	2014
					(Unaudited)
			(RMB'000)		
CURRENT ASSETS					
Completed properties held for sale	504,332	416,011	470,871	349,898	530,471
Properties under development	622,057	574,682	648,047	723,755	505,043
Inventories	7,153	7,386	6,834	7,970	19,285
Trade and bills receivables	114,008	16,818	17,955	18,933	20,975
Available-for-sale investment	–	–	180,182	200	200
Prepayments, deposits and other receivables	42,278	59,017	72,421	69,899	113,974
Due from the ultimate holding company	–	–	–	615	615
Due from related companies	1,178,957	3,050,257	1,983,260	2,186,610	1,553,621
Due from related parties	2,800	–	–	–	–
Due from a non-controlling equity holder	56,897	75,555	52,675	58,977	52,819
Pledged bank balances	2,582	3,632	2,286	2,291	2,291
Cash and cash equivalents	107,067	115,545	404,040	590,706	391,408
Total current assets	2,638,131	4,318,903	3,838,571	4,009,854	3,190,702
CURRENT LIABILITIES					
Gross amount due to a contract customer	–	–	6,212	8,593	41,235
Trade and bills payables	634,689	564,380	492,745	375,290	326,001
Other payables and accruals	137,398	230,036	174,539	174,546	202,027
Due to related companies	1,063,593	786,061	807,266	1,172,994	1,103,398
Due to a related party	818	–	–	–	–
Advances from customers	112,338	267,803	361,506	295,813	126,825
Interest-bearing bank and other borrowings	307,440	1,672,292	1,436,777	1,197,921	915,592
Government grants	9,703	11,166	9,577	9,463	9,513
Deferred revenue	–	–	4,036	7,898	7,873
Tax payables	298,149	298,421	251,748	236,639	246,302
Total current liabilities	2,564,128	3,830,159	3,544,406	3,479,157	2,978,766
NET CURRENT ASSETS	74,003	488,744	294,165	530,697	211,936
TOTAL ASSETS LESS CURRENT LIABILITIES	2,397,002	3,728,100	4,202,778	4,169,560	4,142,902

As of January 31, 2014, our net current assets were RMB211.9 million, consisting of current assets of RMB3,190.7 million and current liabilities of RMB2,978,766 million. The decrease in total current assets as of January 31, 2014 compared to September 30, 2013 was primarily due to the decrease in due from related companies as we started to settle the balances of inter-company loans and the decrease in cash and cash equivalents as we utilized part of them to fund our operating expenses during the off-season from November to January and also to settle certain construction cost payables according to their instalment payment schedules. The decrease in total current liabilities as of January 31, 2014 compared to September 30, 2013 was primarily due to the decrease in interest-bearing bank and other borrowings after certain borrowings were repaid and the decrease in advances from customers as certain pre-sale proceeds from property sales were recognized as income.

Completed Properties Held for Sale

Completed properties held for sale consist of completed properties that have not yet been delivered at each date of the statements of financial position and are stated at the lower of cost and net realizable value. As of December 31, 2010, 2011, 2012 and September 30, 2013, we had completed properties held for sale of RMB504.3 million, RMB416.0 million, RMB470.9 million and RMB349.9 million respectively. During the Track Record Period, our completed properties held for sale consisted primarily of our commercial properties in Chengdu, Qingdao and Yantai.

The following table sets forth a breakdown of our completed properties held for sale by project as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Ancillary commercial properties of Chengdu Polar Ocean World	299,194	277,429	357,513	238,978
Ancillary commercial properties of Yantai Fishermen's Wharf	9,454	9,454	6,098	3,586
Ancillary commercial properties of Qingdao Polar Ocean World	77,895	27,584	5,716	5,790
Dalian Lahutan Fishermen's Wharf	161,544	101,544	101,544	101,544
Commercial properties of Haichang China [(1)]	16,245	–	–	–
Total	**504,332**	**416,011**	**470,871**	**349,898**

Note:

(1) One of our wholly owned subsidiaries, Haichang China, historically engaged in property development. As part of our reorganization, Haichang China became an onshore holding vehicle of our operating subsidiaries in China and subsequently, discontinued its property operations in 2011 (other than to hold the Dalian Laohutan Fishermen's Wharf and an office building in Dalian).

Properties Under Development

Properties under development are properties intended to be held for sale after completion and are stated at the lower of cost and net realizable value. Cost includes land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period. Properties under development are classified as current assets unless the construction period of the relevant development project is expected to be completed beyond the normal operating cycle. Completed properties are transferred from properties under development to completed properties held for sale.

We had properties under development of RMB622.1 million, RMB574.7 million, RMB648.0 million and RMB723.8 million as of December 31, 2010, 2011, 2012 and September 30, 2013, respectively. Changes in our properties under development generally reflect the amount of GFA we have under construction at the given date of the statements of financial position and therefore are significantly affected by project development schedules. During the Track Record Period, our properties under development consisted primarily of our commercial properties in Tianjin, Chengdu and Wuhan.

The following table sets forth a breakdown of our properties under development by project as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Ancillary commercial Properties of Wuhan Polar Ocean World	132,302	95,332	94,436	95,937
Ancillary commercial Properties of Chengdu Polar Ocean World	35,367	105,741	5,149	7,445
Ancillary commercial Properties of Tianjin Polar Ocean World	454,388	373,329	545,227	620,373
Ancillary commercial Properties of Qingdao Polar Ocean World	–	–	3,235	–
Commercial Properties of Sanya Development[(1)]	–	280	–	–
Total	**622,057**	**574,682**	**648,047**	**723,755**

Note:

(1) It represents properties held by Sanya Development, then a subsidiary of our Group. We disposed of the entire equity interest in this company in 2012.

Trade and Bills Receivables

Trade and bills receivables primarily consist of (i) receivables arising from sales of our commercial properties which are due for settlement in accordance with the relevant sale and purchase agreements, (ii) receivables from travel agencies in relation to tickets sold by them, and (iii) rental receivables which are due for settlement and receivables in respect of the rent-free periods we offered to certain tenants. Receivables in respect of the rent-free periods represent the difference between the rental income recognized during the rent-free periods over straight-line basis and the rental income received up to the reporting date. As of December 31, 2010, 2011 and 2012 and September 30, 2013, our trade and bills receivables were RMB114.0 million, RMB16.8 million, RMB18.0 million and RMB18.9 million, respectively. Our trade and bills receivables were at a relatively high level as of December 31, 2010 primarily as a result of the sales of our commercial properties in Yantai during the year. The allowance we made for doubtful debts as of December 31, 2012 and September 30, 2013 related to a provision for certain management fees payable by our tenants.

The following table sets forth our trade and bills receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Trade receivables	113,808	16,618	21,169	22,147
Bills receivables	200	200	–	–
Less: provision for doubtful debts	–	–	(3,214)	(3,214)
Total	**114,008**	**16,818**	**17,955**	**18,933**

The following table sets forth the aging analysis of trade and bills receivables based on the invoice date, before net of allowance for doubtful debts:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Within 90 days	88,942	802	3,944	11,918
Over 90 days and within one year	8,311	4,448	4,472	583
Over one year	16,755	11,568	9,539	6,432
Total	**114,008**	**16,818**	**17,955**	**18,933**

The credit term we offer to purchasers of our properties is typically one month, which may be extended to up to three months for major customers. Ticket sales and sales of other products and services in our park operations are usually made in cash or by debit or credit cards. For the purpose of provision for trade receivables, we assess our trade receivables on a collective basis taking into consideration any changes in the level of default risks associated with the trade receivables from the beginning of the credit period up to the end of each of the reporting period.

The following table sets forth the aging analysis of trade and bills receivables that were not considered to be impaired as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Neither past due nor impaired	95,756	11,370	14,536	18,764
Past due within one year	12,216	4,913	3,378	126
Past due over one year	6,036	535	41	43
Total	**114,008**	**16,818**	**17,955**	**18,933**

The following table sets forth our average trade and bills receivables turnover days for the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2010	2011	2012	2013
Average trade and bills receivables turnover days[(1)] . . .	47.5	34.9	7.1	6.4

Note:

(1) The average trade and bills receivables turnover days for a year is the average of opening and closing gross trade and bills receivables balances divided by revenue for that year and multiplied by 365 days. The average trade and bills receivables turnover days for the nine months ended September 30, 2013 is the average of opening and closing trade and bills receivables balances divided by revenue for that nine months and multiplied by 270 days.

The fluctuation in our trade and bills receivables turnover days during the Track Record Period was primarily due to the different composition of principal sources of revenue during the respective periods. The high level of average trade and bills receivables turnover days in 2010 and 2011 was due to the high level of trade and bills receivables as of December 31, 2010 as certain large customers were given relatively longer credit terms in relation to the property sales in Yantai.

Prepayments, Deposits and Other Receivables

Prepayments, deposits and other receivables primarily consist of (i) prepayments for construction costs, purchase of property, plant and equipment and other related expenses, (ii) tender deposits, performance bonds and other deposits and receivables, and (iii) current portion of prepaid land lease payments for acquiring land reserves, less provision for impairment. The following table sets forth our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Prepayments	35,422	46,611	26,383	44,158
Deposits and other receivables .	28,024	43,084	54,148	50,385
Current portion of prepaid land lease payments	9,716	9,644	9,957	9,924
	73,162	99,339	90,488	104,467
Less: non-current portion	(30,884)	(40,322)	(18,247)	(34,568)
	42,278	59,017	72,241	69,899

The increase in deposits and other receivables as of December 31, 2011 as compared to December 31, 2010 was mainly due to increased deposits paid to relevant government authorities as required under the PRC laws, as well as an increase in prepaid tax. The decrease in deposits and other receivables as of September 30, 2013 as compared to December 31, 2012 was mainly due to the deduction of a greater amount of non-current portion of prepayments for purchase of property, plant and equipment. The provision of doubtful debts we made in the Track Record Period in relation to prepayments, deposits and other receivables included an allowance of RMB10.5 million mainly in relation to a deposit of RMB10 million we had provided to the local government in Yantai in 2010 in connection with the acquisition of certain land reserves in Yantai. In order to participate in the public tender, auction and listing-for-sale processes for land acquisition, we are required to pay a deposit upfront in an amount determined by the relevant PRC government authority. The successful participant in the public tender, auction and listing-for-sale process enters into a land grant contract with the government and the deposit paid for participating in the sale will normally be used to offset part of the land premium or be refunded to the successful participant after the land premium has been fully paid. We have entered into a land grant contract in relation to the land in Yantai and fully paid the required land premium. However, as the deposit has not been refunded to us after we acquired the relevant land use right and there was no assurance as to when or if such deposit would be refunded to us, we have made a provision in respect of the deposit out of prudence.

Inventory

Our inventory primarily consists of food to feed our animals and merchandise sold in our theme parks. We had inventory of RMB7.2 million, RMB7.4 million, RMB6.8 million and RMB8.0 million as of December 31, 2010, 2011 and 2012 and September 30, 2013, respectively.

The following table sets forth our average inventory turnover days for the periods indicated that our inventory turnover days remained at a relatively low level during the Track Record Period.

	Year ended December 31,			Nine months ended September 30,
	2010	2011	2012	2013
Inventory turnover days[1]	6.8	6.9	5.3	5.2

Note:

(1) The inventory turnover days for a year is the average of opening and closing inventory balances divided by cost of sales for that year and multiplied by 365 days. The average inventory turnover days for the nine months ended September 30, 2013 is the average of opening and closing inventory balances divided by cost of sales for that nine months and multiplied by 270 days.

Trade and Bills Payables

Trade and bills payables primarily consist of construction costs payable to third-party contractors and other suppliers, expense payables and other payables. We do not have uniform settlement terms with our contractors. For general suppliers, we usually settle our payments within 30 to 60 days of receiving the goods and services. For our construction contractors, our payment is usually made in installments according to pre-agreed payment milestones as set out in the construction contracts. Under the typical construction service master contracts, for example, we usually settle in the current month a portion of the estimated construction costs during the previous month based on construction work completed, and agree to settle up to 75% of the total construction costs by the time the construction of the project is completed and up to 95% of the total construction costs when the construction related expenses have been agreed by us and the contractors. Settlement of the relevant payment is subject to the fulfillment of payment conditions including, among others, quality assessment of the relevant construction work, availability of the required construction completion filing documents, and verification of the related invoices, which depend on various factors such as the scale and quality of the contracted construction and the reputation of the contractors, and may take a few weeks to months. Our contractual arrangements also typically provide for our withholding of a warranty fee or retention money of approximately 5% of the aggregate construction costs to provide additional quality assurance, subject to settlement within about two years after completion of the project. The following table sets forth the aging analysis of trade and bills payables as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Less than one year	619,770	414,440	322,723	217,052
Over one year	14,919	149,940	170,022	158,238
Total	**634,689**	**564,380**	**492,745**	**375,290**

The decrease in trade and bills payables during the Track Record Period was primarily due to the decreased construction costs payables after the completion of construction work at our new theme parks which opened in 2010 and 2011 and other work related to projects to upgrade facilities in our parks.

The following table sets forth our average trade and bills payables turnover days for the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2010	2011	2012	2013
Average trade and bills payables turnover days(1)	643.3	569.8	394.3	303.3

Note:

(1) The average trade and bills payables turnover days for a year is the average of opening and closing gross trade and bills payables balances divided by cost of sales for that year and multiplied by 365 days. The average trade and bills payables turnover days for the nine months ended September 30, 2013 is the average of opening and closing trade and bills payables balances divided by cost of sales for that nine months and multiplied by 270 days.

The decrease in average trade and bills payables turnover days during the Track Record Period was primarily due to a decrease in trade and bills payables as a larger amount of construction costs payables was settled after we completed major construction projects. Historically, in a given period, significant expenditures were generally incurred in connection with the construction of our new theme parks and property development activities during such period resulting in relatively higher balances of trade payables, whereas the related cost of sales for purposes of calculating turnover days for such period was generally associated with the operating costs of our existing theme parks and property development expenditures incurred in earlier periods. As a result of the additions to our theme park and property development portfolios during the Track Record Period, we recorded relatively high trade payable turnover days.

Other Payables and Accruals

Other payables primarily consist of interest payables, tender deposits and business and other taxes payables. All other payables are unsecured, interest-free and repayable on demand. Accruals primarily consist of salaries payables and other amounts payables relating to employee benefits. The following table sets forth our other payables and accruals as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Other payables	133,359	228,666	169,331	172,224
Accruals	4,039	1,370	5,208	2,322
Total	**137,398**	**230,036**	**174,539**	**174,546**

Advances From Customers

Advances from customers primarily consist of our presale proceeds from property sales, as well as prepayments in relation to ticket sales through travel agencies. We do not recognize proceeds from property presales as revenue until we have completed the construction of the relevant property and delivered it to customers or transferred it for rental purposes. Our advances from customers were RMB112.3 million, RMB267.8 million, RMB361.5 million and RMB295.8 million as of December 31, 2010, 2011 and 2012 and September 30, 2013, respectively.

Amounts Due From/To Related Companies

Prior to the completion of the Reorganization, members of our Group and the Remaining Group were within the same group under centralized capital management and control and therefore we have historically received from and granted to our related companies certain inter-company loans in intra-group transactions. Following the completion of the Reorganization, for the purpose of preparing our combined financial statements, such inter-company loans we provided to our related companies were recorded as amounts due from related companies and loans we received from our related companies were recorded as amounts due to related companies or other loans if provided through certain banks.

Amounts due from related companies

As of December 31, 2010, 2011 and 2012 and September 30, 2013, amounts due from related companies were RMB1,179.0 million, RMB3,050.3 million, RMB2,483.3 million and RMB2,186.6 million, respectively. Amounts due from related companies during the Track Record Period primarily consisted of advances to Haichang Enterprise Development and Haichang Group Co. Except for advances to Haichang Group Co of nil, RMB560.0 million, RMB1,030.0 million and RMB530.0 million (the "Interest-bearing Amounts Due From A Related Company") as of December 31, 2010, 2011 and 2012 and September 30, 2013, respectively, all the other amounts due from related companies during the Track Record Period were interest-free and unsecured. Out of the Interest-bearing Amounts Due From A Related Company as of December 31, 2010, 2011 and 2012 and September 30, 2013, advances of RMB560.0 million as of December 31, 2011 were provided by our subsidiary, Dalian Laohutan, directly to Haichang Group Co without the back-to-back arrangement with entrusted banks as discussed below. We have not directly provided any interest-bearing inter-company loans to our related companies since the above advances directly provided by Dalian Laohutan were fully repaid and replaced with entrusted loans provided to Haichang Group Co through a bank in August 2012. As of December 31, 2010, 2011 and 2012 and September 30, 2013, entrusted loans we provided to our related company, under the back-to-back arrangement with entrusted banks as discussed below amounted to nil, nil, RMB1,030.0 million and RMB530.0 million, respectively. Such entrusted loans contain terms and conditions that are customary for a typical entrusted loan arrangement in the PRC. We as the entrustor, which is the actual lender, deposit the amount of the loan principal with the entrusted bank. The entrusted bank then lends the principal to our related companies according to our direction while we bear the risk of default by the borrower on the repayment of the principal and interest. Under the entrusted loan arrangements, a fixed service fee is payable to the entrusted bank and we need to notify the entrusted bank in the event of material adverse changes in operations and financial conditions of the relevant borrowers or us or occurrence of material corporate actions by them or us. The relevant PRC regulations prohibit a non-financial institution such as our subsidiaries from lending directly to another company and structuring the inter-company loans from us to our related companies as entrusted loans enabled us to comply with such PRC regulations. Our Directors confirm that such entrusted loans we provided to related companies do not have any other material term that is different from advances directly provided to related companies and we believe that using entrusted loans instead of advances directly provided to related companies would not adversely affect our indebtedness position. The following table sets forth amounts due from related companies that are entrusted loans based on the back-to-back arrangement as discussed above and advances directly provided to related companies without such back-to-back arrangement as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Entrusted loan to Haichang Group Co	–	–	1,030,000	530,000
Advances directly provided to related companies				
Interest-bearing advances to Haichang Group Co	–	560,000	–	–
Non-interest-bearing advances to related companies	1,178,957	2,490,257	1,453,260	1,656,610
Total	**1,178,957**	**3,050,257**	**2,483,260**	**2,186,610**

We charged interests upon the Interest-bearing Amounts Due From A Related Company as we used funds borrowed from banks to provide such inter-company loans and the interest income derived from such Interest-bearing Amounts Due From A Related Company substantially offset our funding costs in relation to the relevant bank loans. Interest income from such Interest-bearing Amounts Due From A Related Company amounted to nil, RMB31.8 million, RMB81.3 million and RMB83.7 million, respectively, for 2010, 2011 and 2012 and the nine months ended September 30, 2013. The other amounts due from related companies were provided using our existing funds as part of the intra-group transactions between us and our related companies prior to the completion of the Reorganization and were interest-free.

As of September 30, 2013, the Interest-bearing Amounts Due From A Related Company amounted to RMB530.0 million, which were unsecured, and bore interest rate of 16.9% per annum. During the nine months ended September 30, 2013, the Interest-bearing Amounts Due From A Related Company of RMB500.0 million was settled and the repayment date of the remaining amount of RMB530.0 million was extended to June 4, 2014.

Amounts due to related companies

As of December 31, 2010, 2011 and 2012 and September 30, 2013, amounts due to related companies were RMB1,063.6 million, RMB786.1 million, RMB807.3 million and RMB1,173.0 million, respectively. Amounts due to related companies during the Track Record Period primarily consisted of advances from Haichang Enterprise Development. The amounts due to related companies during the Track Record Period were granted to us as part of the intra-group transactions between us and our related companies prior to the completion of the Reorganization and all such amounts were interest-free, unsecured and repayable on demand.

Other loans

Other loans provided to us by Haichang Enterprise Development through banks, which were recorded as other loans in our statements of financial position, were fully repaid upon maturity in 2013. Certain of such loans were refinanced using inter-company loans granted to us by Haichang Enterprise Development, which were recorded as amounts due to related companies in our combined statements of financial position. As a result, other loans decreased from RMB583.0 million as of December 31, 2012 to nil as of September 30, 2013, whereas amounts due to related companies increased by RMB365.7 million as of September 30, 2013 compared to December 31, 2012.

The carrying amounts of all amounts due from or to related companies during the Track Record Period approximated to their fair value due to their relatively short maturity term. All the outstanding inter-company loans due from and to related companies will be settled and repaid prior to the Listing Date.

The following table sets forth the amounts due from and to related companies and other loans as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
		(RMB'000)		
Amounts due from related companies				
– Current portion	1,178,957	3,050,257	1,983,260	2,186,610
– Non-current portion	–	–	500,000	–
Subtotal	1,178,957	3,050,257	2,483,260	2,186,610
Other loans	–	660,000	583,000	–
Amounts due to related companies – current	1,063,593	786,061	807,266	1,172,994

When all the inter-company loans due from and to related companies are settled, we expect to receive the net payment from related companies in the amount of approximately RMB1,013 million based on the balances as of September 30, 2013. We expect to use payments we receive from related companies in respect of loans due from related companies to settle the outstanding loans due to related companies.

During the Track Record Period, our amounts due to and from related companies and other loans primarily consisted of inter-company and other loans between us and Haichang Enterprise Development and Haichang Group Co as part of the inter-group transactions entered into prior to the completion of the Reorganization. The following table sets forth inter-company and other loans due to and from Haichang Enterprise Development and Haichang Group Co as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Amounts due from related parties				
Haichang Enterprise Development(1)	865,142	2,398,246	1,203,964	1,441,989
Haichang Group Co(2)	302,758	644,344	1,168,276	639,340
Amounts due to related companies(3)				
Haichang Enterprise Development	854,666	772,883	750,884	1,071,277
Haichang Group Co	5,187	5,187	2,632	6,193
Other loans from Haichang Enterprise Development(4)	–	660,000	583,000	–

Notes:

(1) Amounts due from Haichang Enterprise Development were all interest-free, which included a term loan granted to Haichang Enterprise Development in 2012 with a principal amount of RMB700.0 million. Such loan had originally been due to be repaid in March 2013 but was subsequently extended to December 2013 and further to February 28, 2014. Based on the supplemental agreement entered into by the parties, Haichang Enterprise Development is not subject to any penalty as a result of the extensions.

(2) Except for amounts due from Haichang Group Co of nil, RMB560.0 million, RMB1,030.0 million, RMB530.0 million as of December 31, 2010, 2011 and 2012 and September 30, 2013, respectively, bearing an interest rate of 16.9% per annum, the other amounts due from Haichang Group Co were all interest-free.

(3) Amounts due to related companies were all interest-free.

(4) Other loans provided by Haichang Enterprise Development through banks bore an interest rate at 15% and 15% per annum as of December 31, 2011 and 2012, respectively, and had been fully repaid as of September 30, 2013.

Investment Properties

We retain the commercial properties we develop as investment properties for long-term rental income or for capital appreciation or both. Our investment properties include both completed investment properties and properties under development for future use as investment properties. As of December 31, 2010, 2011 and 2012 and September 30, 2013, the fair value of our investment properties was RMB460.8 million, RMB872.0 million, RMB1,143.0 million and RMB1,350.0 million, respectively, based on the valuations prepared by qualified independent professional valuers. The following table sets forth a breakdown of the fair value of our investment properties as of the date indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Ancillary commercial properties in Qingdao	204,346	203,000	211,000	215,000
Ancillary commercial properties in Chengdu	122,398	115,000	152,000	200,000
Ancillary commercial properties in Tianjin	–	246,000	324,000	389,000
Yantai Fisherman's Wharf	134,023	130,000	135,000	137,000
Ancillary commercial properties in Wuhan	–	178,000	321,000	324,000
Haichang China	–	–	–	85,000
Total	**460,767**	**872,000**	**1,143,000**	**1,350,000**

The increase by 89.2% in the fair value of our investment properties from December 31, 2010 to December 31, 2011 was due to certain of our commercial properties in Tianjin and Wuhan being leased out and transferred from properties under development to investment properties in 2011. The increase by 31.1% in the fair value of our investment properties from December 31, 2011 to December 31, 2012 was primarily due to an increase in fair value of investment properties in Wuhan after the completion of its construction and the continued construction of our investment properties in Tianjin. The increase by 18.1% in the fair value of our investment properties from December 31, 2012 to September 30, 2013 was mainly due to the fair value of an office building in Dalian acquired by us in the first half of 2013 and additions of new investment properties in Chengdu after reclassification from completed properties held for sale.

CAPITAL EXPENDITURE

Our capital expenditures during the Track Record Period primarily comprised of additions to property, plant and equipment relating to our theme park business, prepayment for land use right and development of our investment properties, which in aggregate amounted to RMB766.2 million, RMB633.4 million, RMB190.6 million and RMB220.0 million for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively. Capital expenditure incurred in 2010 was primarily related to the construction and development of our theme parks in Chengdu and Tianjin, both of which were opened in 2010. Capital expenditure incurred in 2011 was primarily related to the construction and development of our theme parks in Yantai and Wuhan, both of which were opened in September 2011. Capital expenditure incurred in 2012 was primarily related to (i) the construction of certain building and facilities in our theme park in Wuhan, (ii) development of our investment properties in Tianjin, (iii) purchase of property, plant and equipment relating to replacement and repair of equipment in our other theme parks and (iv) payment for land use rights relating to our commercial properties in Qingdao. Capital expenditure for the nine months ended September 30, 2013 was primarily related to the acquisition of an office building in Dalian and development of our investment properties in Dalian, Tianjin and Wuhan.

The following table sets forth the capital expenditure incurred by our subsidiaries that operate the six theme parks (including a 4-D cinema in Dalian) and their ancillary commercial properties, as well as certain other subsidiaries during the periods indicated:

	Year ended December 31,			Nine months ended September 30,
	2010	2011	2012	2013
	(RMB'000)			
Dalian Laohutan	10,823	8,823	8,899	3,924
Qingdao Polar	9,991	21,918	15,933	4,383
Chengdu Polar	269,850	14,662	729	11,196
Tianjin Polar	318,168	8,337	87,131	50,983
Yantai Fishermen	93,965	149,835	1,303	1,276
Wuhan Polar	59,718	428,189	75,983	44,297
Haichang China	–	–	–	97,508
Dalian Friday Avenue	3,703	–	–	–
Shanghai Haichang	–	1,638	619	6,384
Total	**766,241**	**633,402**	**190,597**	**219,951**

INDEBTEDNESS AND CONTRACTUAL OBLIGATIONS

Interest-bearing Bank and Other Borrowings

As of January 31, 2014, we had outstanding interest-bearing bank and other borrowings of RMB3,284.6 million. The following table sets forth the components of our interest-bearing bank and other borrowings as of the dates indicated:

	As of December 31,			As of September 30,	As of January 31,
	2010	2011	2012	2013	2014
					(Unaudited)
			(RMB'000)		
Current					
Finance lease payables	–	40,760	51,315	103,859	80,626
Other loans – unsecured(1)	–	660,000	583,000	–	–
Other loans – secured(2)	61,460	61,460	–	143,334	140,897
Bank loans – secured	30,000	789,524	491,923	208,575	100,000
Current portion of non-current loans – secured	215,980	120,548	310,539	742,153	594,069
Subtotal	307,440	1,672,292	1,436,777	1,197,921	915,592
Non-current					
Finance lease payables	–	87,539	36,815	55,665	27,793
Other loans – secured(2)	–	500,000	1,301,800	791,614	782,532
Bank loans – secured	813,999	1,851,301	1,067,855	1,468,091	1,558,666
Subtotal	813,999	2,438,840	2,406,470	2,315,370	2,368,991
Total	1,121,439	4,111,132	3,843,247	3,513,292	3,284,583

Notes:

(1) Represented loans granted to us by Haichang Enterprise Development through a bank which bore interest at nil, 15% and 15% per annum as of December 31, 2010, 2011 and 2012, respectively, which had been fully repaid as of September 30, 2013.

(2) Represented loans from trust companies as discussed below.

We used proceeds from our interest-bearing bank and other borrowings to finance our construction and development of theme parks and commercial properties and overall expansion of our business. The increase in interest-bearing bank and other borrowings as of December 31, 2011 as compared to December 31, 2010 was mainly due to capital investments relating to the two new theme parks opened in the second half of 2010 and another two theme parks opened in 2011. It reflects an increase in our bank loans from December 31, 2010 to December 31, 2011, as well as loans of RMB600.0 million we received from our related company through a bank in 2011 and a loan of RMB500.0 million our subsidiary, Dalian Laohutan, obtained from a trust company in the same year. The decrease in interest-bearing bank and other borrowings from December 31, 2011 to December 31, 2012 was primarily because of the repayment of certain bank borrowings before the end of 2012 upon maturity, partially offset by an increase from loans from trust companies. The decrease in interest-bearing bank and other borrowings as of September 30, 2013 as compared to December 31, 2012 was primarily because we repaid loans granted by Haichang Enterprise Development through a bank upon maturity.

In addition to bank borrowings, we also utilize loans from trust companies with a view to diversifying our financing sources. We decided to enter into such financing arrangement with trust companies after taking into account a variety of factors such as the costs and time required for obtaining funds from different sources, the scope of restrictions imposed on us and our subsidiaries under the relevant financing documents, market conditions and our funding needs. Compared to bank loans, loans from trust companies usually offer greater flexibility in terms of funding availability, approval schedule and repayment requirements, thereby providing an effective alternative source of funding for some of our project developments, although they typically bear a higher interest rate than commercial bank loans. Also as the terms and security structures of bank loans are subject to rigid regulatory and internal compliance requirements of each bank, bank loans are typically only available to a limited number of qualified borrowers, which leaves room for trust companies to competitively price their services and provide financings to a broader range of potential borrowers. Despite of the higher interest rates, we decided to obtain loans from trust companies during the Track Record Period as such loans were on relatively more negotiable terms and were available in varying and flexible structures, which can be more readily adjusted to meet the capital needs of our business. We believe this is in line with the industry practice. We have used the loans from trust companies to primarily fund the development of our ancillary commercial properties.

Under the loans from trust companies that our subsidiaries entered into with the relevant trust companies, we typically agreed with the trust companies to set up a trust using certain fixed assets of our theme parks or equity interests in project companies which operate our theme parks, as well as rights, titles, interests or other benefits in relation to the identified assets or equity interests. The trust companies provided loans to us using proceeds received by them from investors who invested in the trust and we agreed to make scheduled repayments of the principals and interests to the trust companies who acted as the trustee for the benefit of the investors.

The following tables sets forth our outstanding loans from trust companies as of the dates indicated.

Lending trust companies	Borrower	As of December 31, 2010	2011	2012	As of September 30, 2013
			(RMB'000)		
Dalian Huaxin Trust Company Limited(1)	Qingdao Polar	61,460	61,460	–	–
Zhongcheng Trust Company Limited(2)	Dalian Laohutan	–	500,000	500,000	500,000
Dalian Huaxin Trust Company Limited(3)	Haichang Travel	–	–	500,000	–
Dalian Huaxin Trust Company Limited(4)	Chengdu Polar	–	–	101,800	101,800
Zhongyuan Trust Company Limited(5)	Haichang Travel	–	–	200,000	188,773
Sichuan Trust Company Limited(6)	Qingdao Polar	–	–	–	144,375
		61,460	561,460	1,301,800	934,948

Notes:

(1) The term of the loan was from May 2010 to May 2011.

(2) The term of the loan is from June 2011 to June 2018.

(3) The term of the loan is from April 2012 to April 2014.

(4) The term of the loan is from June 2012 to June 2014.

(5) The term of the loan is from December 2012 to December 2017.

(6) The term of the loan is from March 2013 to February 2019.

All of our bank and other borrowings are denominated in RMB. Certain of our bank loans and other borrowings were secured by one or a combination of the following: mortgages on our assets such as property, plant and equipment, properties under development, investment properties, prepaid land lease payments and trade receivables, pledges on shares of our subsidiaries, mortgages on buildings and prepaid land lease payments of our related companies, or guarantees by our related companies. Our historical and outstanding bank borrowings are typically from major commercial banks in China, which are independent third-parties. All the guarantees provided by our related companies and pledges on the assets of our related companies in relation to our bank and other borrowings will be released prior to the Listing Date.

Our bank borrowings generally contain terms and conditions that are customary for commercial bank loans. Our other loans from trust companies may include covenants that are similar to the ones in bank loans. Our bank borrowings and other loans include covenants such as requirements to notify the lenders in the event of material adverse changes in operations and financial conditions of the relevant borrowers, restrictions on material corporate actions (such as mergers, major assets sales and capital reduction), and restrictions on incurrence of material indebtedness and making material investments. Certain of such borrowings also include restrictions on paying dividends in the event that any amounts payable under the loans are due and unpaid and restrictions on using the borrowings for investment purposes.

Our bank and other borrowings during the Track Record Period bore the effective interest rates as follows:

	Year ended December 31,			Nine months ended September 30,
	2010	2011	2012	2013
Bank loans	5.4% to 6.5%	6.1% to 7.1%	5.9% to 7.8%	6.6% to 8.8%
Other loans	12.0%	9.0% to 15.0%	9.0% to 15.0%	8.6% to 15.1%

The table below sets forth the maturity profile of our borrowings as of the dates indicated below:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Within one year or on demand	307,440	1,672,292	1,436,777	1,197,921
In the second year	105,480	138,365	985,335	453,914
In the third to fifth years, inclusive	153,440	1,109,229	491,896	1,441,752
Beyond five years	555,079	1,191,246	929,239	419,704
	1,121,439	4,111,132	3,843,247	3,513,292

As of the Latest Practicable Date, other than the credit facility extended to Wuhan Polar by the Wuhan Dongxi Lake Branch of the Industrial and Commercial Bank of China in October 2012 (the "Wuhan Credit Facility") in the principal amount of RMB550 million, which requires Wuhan Polar to maintain a debt-to-assets ratio of not more than 75%, none of our material loan documentation contained any financial covenant. While Wuhan Polar's debt-to-assets ratio was once above 75%, such ratio has been lowered to a level below 75% since Wuhan Polar completed an increase of its registered capital from RMB60 million to RMB460 million on October 11, 2013. The increased registered capital of Wuhan Polar has been fully subscribed and paid by Haichang Travel, the sole shareholder of Wuhan Polar. We were not subject to any penalty imposed by the relevant lender as a result of the past breach of the debt-to-assets ratio under the Wuhan Credit Facility. We have received a letter dated November 18, 2013 from the relevant lender confirming our compliance with the terms and conditions under the Wuhan Credit Facility as of the date thereof. Given that such past breach has been cured and taking into account the confirmation letter we received from the lender, and the advice of our PRC legal advisor, the Directors are of the view that it is unlikely that we will be subject to any penalty as a result of the past breach under the Wuhan Credit Facility. Our Directors are not aware of any other breach of financial covenants or any material default in payment of trade and non-trade payables and bank borrowings during the Track Record Period. In November 2013, we received the approval of the Dalian Branch of China Construction Bank granting us credit facilities in a total amount of up to RMB200 million, which is available to utilize upon entering into separate loan agreements. The approval does not contain any restrictions that will limit our ability to drawdown on our unutilized facilities. As of the Latest Practicable Date, we have not drawn any amount under the new facilities. Our Directors have confirmed that other than amounts available for drawdown under the existing credit facilities, we do not have any plan to raise material external debt financing as of the date of this prospectus.

Statement of Indebtedness

As of January 31, 2014, being the latest practicable date for the purpose of this indebtedness statement, save as disclosed in the sub-sections entitled "– Interest-bearing Bank and Other Borrowings" and "– Contingent Liabilities" in this section, we did not have any other debt securities, borrowings, indebtedness, mortgages, hire purchase commitments, guarantees or other material contingent liabilities. Since January 31, 2014, there has been no material adverse change in our indebtedness.

Capital Commitments

The following table sets forth our capital commitments, principally for property development expenditures and construction and development of property, plant and equipment, as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Contracted, but not provided for:				
Properties under development, buildings and machinery	558,466	827,238	497,657	390,001
Authorized but not contracted	4,543	–	36,288	2,787
Total	**563,009**	**827,238**	**533,945**	**392,788**

The following table sets forth the contracted capital commitments for our theme parks in Wuhan, Chengdu, Tianjin and Qingdao and their ancillary commercial properties as of September 30, 2013 and the expected payment schedule for such commitments in the future periods as indicated:

	Commitments as of September 30, 2013	Expected Commitment Payment in the Year Ended December 31,			
		2013	2014	2015	2016
	(RMB'000)				
Wuhan Polar Ocean World	279,052	13,817	12,903	126,972	125,360
Chengdu Polar Ocean World	22,079	2,455	9,533	6,740	3,351
Tianjing Polar Ocean World	80,940	17,322	30,987	20,500	12,131
Qingdao Polar Ocean World	7,930	4,773	3,157	–	–
Total	**390,001**	**38,367**	**56,580**	**154,212**	**140,842**

We expect to meet these commitments primarily through cash flow from our theme park operations, net repayment to be received from our related companies after all the inter-company loans between us and our related companies are settled and proceeds from the sale and pre-sale of and rental income from our ancillary commercial properties.

In addition, in September 2013, we entered into two equity transfer agreements pursuant to which we have committed to purchase 100% equity interest in Dalian Haichang Discoveryland and Chongqing Haichang Caribbean, respectively, for a total consideration of approximately RMB416,621,420.83 and RMB10,210,831.35, respectively, subject to the price adjustment stated therein. We expect the Acquisitions to be completed by the end of 2014, subject to certain conditions precedent set out in the relevant equity transfer agreements. We plan to use existing cash and cash equivalents and anticipated cash flow from operations to fund the consideration for the Acquisitions. Pursuant to the Share Subscription Agreements, any payment made by our Company to the shareholders of Dalian Haichang Discoveryland and Chongqing Haichang Caribbean as consideration in connection with the Acquisitions will be fully repaid to our Company. See "History, Reorganization and Corporate Structure – Phase 5 of the Reorganization" and "History, Reorganization and Corporate Structure – Pre-IPO Investments." Taking into account the receipt of such payments, we do not expect the payment of consideration of the Acquisitions to affect the financial condition or cash flows of our Group.

Operating Lease Commitments

We let our investment properties under operating lease arrangements with terms ranging from three months to 10 years, which may be extended to up to 20 years for major customers. The terms of leases generally require our tenants to pay security deposits and provide for periodic rental rate adjustments according to the prevailing market conditions.

We have total future minimum lease receivables under non-cancellable operating leases with our tenants falling due as follows:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Within one year	10,428	9,520	11,819	12,231
In the second to fifth years, inclusive	40,028	46,591	54,770	56,328
After five years	94,083	126,281	117,570	113,064
Total	**144,539**	**182,392**	**184,159**	**181,623**

In addition, we have leased certain office buildings under operating lease arrangements. We have in total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
Within one year	461	300	1,729	–
In the second to fifth years, inclusive	800	225	6,014	–
Total	**1,261**	**525**	**7,743**	**–**

CONTINGENT LIABILITIES

In accordance with market practice, we provide guarantees to banks in connection with mortgage loans granted to certain customers of our completed properties held for sale to finance their purchase of our properties. Our guarantees are generally released upon completion of construction and either (1) the delivery of the mortgage registration documents to the relevant banks after the issuance of the property ownership certificate, or (2) the full settlement of the mortgage loans by our customers, whichever occurs earlier. Pursuant to the terms of the guarantees, if the purchasers default on these mortgage loans, we are responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the purchasers to the mortgage banks, and then we are entitled to take over the legal title of the related properties. If we fail to do so, the mortgage banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds.

As of December 31, 2010, 2011 and 2012 and September 30, 2013, our outstanding guarantees for mortgage loans of our customers were RMB92.1 million, RMB121.7 million, RMB126.1 million and RMB110.5 million, respectively. During the Track Record Period, we did not incur any material losses in respect of our guarantees provided for such mortgage loans of our customers.

In addition, we have also provided mortgage guarantees in respect of bank loans granted to our related companies by pledging our assets, including investment properties, land use rights and properties under development. Such mortgage guarantees amounted RMB300.0 million, RMB69.5 million, RMB496.6 million and RMB584.2 million as of December 31, 2010, 2011 and 2012 and September 30, 2013. All the guarantees we provided in respect of bank loans of our related companies will be released prior to the Listing Date.

As of January 31, 2014, being the latest practicable date for the purpose of this statement, other than disclosed otherwise in this prospectus, we did not have any significant contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of January 31, 2014, being the latest practicable date for the purpose of this statement, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

For a discussion of our related party transactions, see note 42 to the accountants' report in Appendix IA to this prospectus.

DISTRIBUTABLE RESERVES

As of September 30, 2013, our share premium was RMB509.6 million, which is reserves available for distribution to our members. The Companies Law provides that share premium account of an exempted company incorporated in the Cayman Islands, such as our Company, may be applied in such manner as it may from time to time determine, subject to the provisions, if any, of its memorandum and articles of association, provided that no distribution or dividend may be paid to its members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, such company shall be able to pay its debts as they fall due in the ordinary course of business.

KEY FINANCIAL RATIOS

The following table sets forth, as the dates or periods indicated, our key financial ratios:

	As of/for the year ended December 31,			As of/for the nine months ended September 30,
	2010	2011	2012	2013
Return on equity(1)	22.9%	8.3%	5.9%	11.5%(5)
Return on total assets(2)	3.7%	0.6%	1.0%	1.8%(5)
Current ratio(3)	1.0x	1.1x	1.1x	1.2x
Net debt to equity(4)	95.5%	261.1%	154.1%	160.8%

Notes:

(1) The return on equity is calculated by dividing profit for each year/period attributable to owners of the company by total equity attributable to owners of the company at the end of each financial period.

(2) The return on total assets is calculated by dividing profit for each year/period by total assets at the end of each financial period.

(3) The current ratio is calculated by dividing total current assets by total current liabilities.

(4) The net debt to equity is calculated by dividing net debt by total equity at the end of each financial period. Net debt equals the sum of (i) interest-bearing bank and other borrowings and (ii) amounts due to related companies, minus the sum of (i) cash and cash equivalent and (ii) amounts due from related companies.

(5) The ratio has been annualized.

Return on Equity

Our return on equity decreased from 22.9% as of December 31, 2010 to 8.3% as of December 31, 2011 due to decreased profit in 2011. Return on equity further decreased to 6.4% as of December 31, 2012 due to an increase in total equity attributable to owners of the company from RMB362.2 million as of December 31, 2011 to RMB1,008.2 million as of December 31, 2012 primarily due to the pre-IPO investments by Hony Capital. Return on equity increased to 11.5% as of September 30, 2013 due to increased profit in the nine months ended September 30, 2013.

Return on Total Assets

Our return on total assets decreased from 3.7% as of December 31, 2010 to 0.6% as of December 31, 2011 due to decreased profit in 2011 as well as an increase in total assets as of December 31, 2011 primarily as a result of increased amounts due from related companies and increases in property, plant and equipment and investment properties. Return on total assets increased to 1.0% as of December 31, 2012 and further increased to 1.8% as of September 30, 2013 primarily due to increased profit in 2012 and the nine months ended September 30, 2013 as well as a decrease in total assets as a result of a decrease in amounts due from related companies.

Current ratio

Our current ratio stayed relatively stable during the Track Record Period.

Net Debt to Equity

Net debt to equity ratio significantly increased from 95.5% as of December 31, 2010 to 261.1% as of December 31, 2011 mainly due to the increase in our interest-bearing bank and other borrowings, which was used to fund our capital expenditure. Net debt to equity ratio decreased to 154.1% as of December 31, 2012 due to an increase in total equity as a result of the pre-IPO investments by Hony Capital and a decrease in interest-bearing bank and other borrowings after repayment of certain bank borrowings upon maturity. Net debt to equity decreased to 160.8% as of September 30, 2013 primarily due to decreased loans from related companies through banks and inter-company loans received from related companies as we are in the process of settling the balances of inter-company loans with our related companies.

MARKET RISK

We are exposed to various types of financial risk in the ordinary course of business, including interest rate risk, credit risk and liquidity risk.

Interest Rate Risk

Our interest rate risk arises primarily from interest-bearing bank loans. Bank loans issued at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest rate risk, respectively. In general, we raise bank loans at floating rates as well as fixed rates, based upon the capital market conditions and our needs. We currently do not use any interest rate swap contracts or other financial instruments to hedge against our interest rate risk exposure. We will, however, continue to monitor interest rate exposure and will consider hedging significant interest rate risk exposure, should the need arise.

As of December 31, 2010, 2011 and 2012 and September 30, 2013, if the interest rate on our then outstanding bank loans had been 100 basis points higher/lower, with all other variables held constant, our profit before tax for the respective years or period then ended would have been lower/higher by RMB8.1 million, RMB25.2 million, RMB19.1 million and RMB21.5 million, respectively.

Credit Risk

With respect of trade and other receivables, we have no significant concentrations of credit risk. The credit risk of our other financial assets, comprising cash and cash equivalents, pledged deposits, trade and bills receivables, deposits and other receivables, and amounts due from related companies; arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity Risk

The capital-intensive nature of our business exposes us to liquidity risk. We are exposed to liquidity risk if we are unable to raise sufficient funds to meet our capital commitments. To manage the liquidity risk, we monitor and maintain a level of cash and cash equivalents considered adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows. In doing so, our management monitors capital on the basis of the gearing ratio to ensure adequate undrawn banking facilities and the utilization of borrowings to ensure compliance with loan covenants.

LISTING EXPENSES

Listing expenses directly attributable to issuing new shares are recognized in equity, while other listing expenses are recognized as administrative expenses.

As of September 30, 2013, we had incurred expenses of RMB5.8 million in connection with the Global Offering, of which RMB4.4 million are accounted for as our administrative expenses for the nine months ended September 30, 2013 with the remaining amount of RMB1.4 million to be offset against the share premium upon the Listing. By the completion of the Global Offering, we expect to further incur listing expenses of approximately RMB100.0 million listing expenses, among which an estimated amount of RMB30.7 million is to be recognized as our administrative expenses and an estimated amount of RMB69.3 million is to be offset against the share premium upon the Listing.

PROFIT ESTIMATE

On the bases as set out in Appendix III to this prospectus and in the absence of unforeseen circumstances, we believe that our estimated combined profit attributable to owners of our Company for the year ended December 31, 2013 will be no less than RMB83 million under IFRS.

DIVIDEND AND DIVIDEND POLICY

After completion of the Global Offering, our Shareholders will be entitled to receive dividends we declare. The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, acquisitions, capital requirements and surplus, general financial conditions, contractual restrictions and other factors which our Directors deem relevant. In addition, our Controlling Shareholders will be able to influence our dividend policy.

We currently intend to retain most, if not all, of our available funds and future earnings to operate and expand our business. The Board will review the dividend policy on an annual basis. Cash dividends on our Shares, if any, will be paid in Hong Kong dollars.

PROPERTY INTERESTS AND PROPERTY VALUATION

Particulars of certain property interests of us and the Additional Theme Parks are set out in Appendix IVA and IVB. DTZ has valued these property interests as of December 31, 2013. A summary of values and valuation certificates issued by DTZ are included therein as well.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that as of the Latest Practicable Date, there were no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this prospectus, there has been no material adverse change in our trading or financial position or prospects since September 30, 2013 and there is no event since September 30, 2013 which would materially affect the information shown in the accountants' report set out in Appendix IA to this prospectus. Our Directors consider that all information necessary for the public to make an informed assessment of the activities and financial position of our Group has been included in this prospectus.

FINANCIAL INFORMATION OF DALIAN DISCOVERYLAND

As part of our reorganization, we entered into an equity transfer agreement on September 24, 2013, pursuant to which we agreed to acquire 100% equity interests in Dalian Haichang Discoveryland for a total consideration of approximately RMB416,621,420.83, subject to the price adjustment mechanism stated therein. We expect the Acquisition will be completed by the end of 2014. See "History, Reorganization and Corporate Structure – Our Reorganization – Phase 5 of the Reorganization" and "Risk Factors – Risks Relating to Our Businesses in General – If we are unable to complete the Acquisitions as expected, our results of operations and financial condition may be adversely affected."

Basis of Presentation

Dalian Haichang Discoveryland had previously been a branch of Haichang Enterprise Development before it undertook a demerger process pursuant to the relevant PRC law. As part of the demerger process, Dalian Haichang Discoveryland was incorporated on May 28, 2012 to hold the theme park assets at, and to develop and operate, the Dalian Discoveryland. The financial information of Dalian Discoveryland set forth in the accountants' report included in Appendix IB to this prospectus includes the results and cash flows from the beginning of the Track Record Period as if Dalian Haichang Discoveryland had been demerged prior to December 31, 2010. The statements of financial position of Dalian Discoveryland have been prepared to present the assets and liabilities of Dalian Discoveryland's businesses which were demerged as of December 31, 2010.

Results of Operations

The following table sets forth, for the periods indicated, information relating to certain income and expense items included in the statements of comprehensive income of Dalian Discoveryland:

	Year ended December 31,						Nine months ended September 30,			
	2010		2011		2012		2012		2013	
		%		%		%		%		%
							(Unaudited)			
	(RMB'000, except for percentages)									
Revenue	150,128	100.0	183,603	100.0	189,332	100.0	174,741	100.0	196,710	100.0
Cost of sales	(117,737)	(78.4)	(123,346)	(67.2)	(136,419)	(72.1)	(114,119)	(65.3)	(118,138)	(60.1)
Gross profit	32,391	21.6	60,257	32.8	52,913	27.9	60,622	34.7	78,572	39.9
Other income and gains	5,380	3.6	9,788	5.3	7,418	3.9	1,486	0.9	1,838	0.9
Selling and marketing expenses	(13,498)	(9.0)	(12,533)	(6.8)	(13,247)	(7.0)	(11,111)	(6.4)	(10,690)	(5.4)
Administrative expenses	(20,919)	(13.9)	(32,528)	(17.7)	(29,460)	(15.6)	(18,434)	(10.5)	(22,248)	(11.3)
Other expenses	(155)	(0.1)	(260)	(0.1)	(249)	(0.1)	(161)	(0.1)	(158)	(0.1)
Profit before tax	3,199	2.1	24,724	13.5	17,375	9.2	32,402	18.5	47,314	24.1
Income tax expenses	(20)	(0.0)	–	–	(2,300)	(1.2)	(6,057)	(3.5)	(11,783)	(6.0)
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	3,179	2.1	24,724	13.5	15,075	8.0	26,345	15.1	35,531	18.1
Attributable to:										
Owners of the parent	3,179	2.1	24,724	13.5	15,075	8.0	26,345	15.1	35,531	18.1

Certain Non-IFRS Data

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	
			(RMB'000)		
Adjusted EBITDA[(1)] . . .	55,717	75,036	68,274	70,695	87,000

Note:

(1) Adjusted EBITDA of Dalian Discoveryland represents its profit before tax, depreciation of property, plant and equipment, amortization of prepaid land lease payments, net finance costs and headquarter expenses. Adjusted EBITDA of Dalian Discoveryland is not a standard measure under IFRS and is presented as supplemental disclosure because our Directors believe that it is widely used to measure the performance, and as a basis for valuation, of theme park operators. We use adjusted EBITDA of Dalian Discoveryland as a measure of its operating performance of and to compare its operating performance with that of its competitors. We also present adjusted EBITDA of Dalian Discoveryland because it is used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. However, adjusted EBITDA of Dalian Discoveryland should not be considered as an alternative to any measure determined in accordance with IFRS. Also, our calculation of adjusted EBITDA of Dalian Discoveryland may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

The following table sets forth statements of financial position of Dalian Discoveryland as of the dates indicated:

	As of December 31,			As of September 30,
	2010	2011	2012	2013
		(RMB'000)		
NON-CURRENT ASSETS				
Property, plant and equipment . .	744,050	704,150	684,489	651,773
Prepaid land lease payments . . .	61,901	59,985	57,990	56,494
Intangible assets	7,330	6,490	8,672	7,803
Total non-current assets	813,281	770,625	751,151	716,070
CURRENT ASSETS				
Inventories	6,677	6,631	5,878	8,457
Due from a fellow subsidiary. . . .	–	–	–	9,329
Trade receivables	1,003	256	798	5,179
Prepayments, deposits and other receivables	5,165	9,023	3,232	4,091
Cash and cash equivalents	21,932	2,388	1,485	21,866
Total current assets	34,777	18,298	11,393	48,922

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
CURRENT LIABILITIES				
Due to a related company	74,887	79,317	79,317	78,626
Due to a fellow subsidiary	166,951	94,432	42,983	–
Trade payables	26,573	9,852	15,751	10,067
Other payables and accruals	5,990	6,829	8,711	12,309
Advances from customers	364	476	390	1,284
Total current liabilities	274,765	190,906	147,152	102,286
NET CURRENT LIABILITIES	**(239,988)**	**(172,608)**	**(135,759)**	**(53,364)**
TOTAL ASSETS LESS CURRENT LIABILITIES	**573,293**	**598,017**	**615,392**	**662,706**
NET ASSETS	**573,293**	**598,017**	**615,392**	**662,706**
EQUITY				
Paid up capital	413,211	413,211	413,211	413,211
Reserve	160,082	184,806	202,181	249,495
TOTAL EQUITY	**573,293**	**598,017**	**615,392**	**662,706**

Descriptions of Selected Statements of Comprehensive Income Line Items

Revenue

Dalian Discoveryland generates revenue from two business segments: (i) park operations of Dalian Discoveryland and (ii) operations of Dalian Discoveryland Hotel, a resort hotel adjacent to Dalian Discoveryland. Park operations generate revenue from the sale of tickets for entrance to the park, the sales of food and beverage and merchandise inside the park. Ticket sales historically constituted the largest component of Dalian Discoveryland's revenue.

The following table sets forth a breakdown of Dalian Discoveryland's revenue for the periods indicated, net of business tax and surcharges:

	Year ended December 31,						Nine months ended September 30,			
	2010		2011		2012		2012		2013	
		%		%		%		%		%
							(Unaudited)			
	(RMB'000, except for percentages)									
Ticket sales	112,452	74.9	129,964	70.8	136,016	71.8	125,877	72.0	137,782	70.0
Food and beverage sales	19,633	13.1	29,550	16.1	29,003	15.3	26,587	15.2	30,078	15.3
Sales of goods	13,707	9.1	16,681	9.1	16,225	8.6	14,251	8.2	19,900	10.1
Revenue from hotel operations	4,336	2.9	7,408	4.0	8,088	4.3	8,026	4.6	8,950	4.6
Total	**150,128**	**100.0**	**183,603**	**100.0**	**189,332**	**100.0**	**174,741**	**100.0**	**196,710**	**100.0**

The following table sets forth the ticket attendance and average ticket price of Dalian Discoveryland for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
Ticket attendance (visitors in million)	1.09	1.23	1.22	1.10	1.19
Average ticket price (RMB per person)	103.2	105.7	111.5	114.4	115.8

Cost of sales

Cost of sales includes primarily cost of services provided and cost of inventories sold. Cost of services provided mainly represents cost associated with our park operations, including utilities, repair and maintenance, expenses relating to shows and performances, inspection fees, depreciation of buildings, equipment and other facilities of the park, and employee salaries and benefits expense. Cost of inventories consists primarily of cost of food and beverage and merchandise sold in the park.

Other income

Other income mainly represents commission income from the sales of merchandise by third-parties in the park pursuant to certain pre-agreed profit sharing percentages, interest income, income from rental of parking spaces and other facilities and other miscellaneous items.

Selling and marketing expenses

Selling and marketing expenses are primarily comprised of advertising and promotion expenses, salaries and compensation for our sales and marketing staff and other miscellaneous expenses.

Administrative expenses

Administrative expenses are primarily comprised of salaries and compensation and office expenses for administrative staff, amortization and depreciation, tax expenses, utilities and other miscellaneous expenses.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Revenue

Revenue increased by 12.6% from RMB174.7 million for the nine months ended September 30, 2012 to RMB196.7 million for the nine months ended September 30, 2013, primarily due to an increase of 9.5% in ticket sales from RMB125.9 million for the nine months ended September 30, 2012 to RMB137.8 million for the nine months ended September 30, 2013 due to (i) increased attendance as the operating period of the park commenced in April 2013, approximately one month earlier than in 2012, due to favorable weather condition, and (ii) increased average ticket price as a new 4-D cinema was opened in the first half of 2013. The increase in revenue was also attributable to increased in-park consumption primarily driven by increased attendance. Revenue from food and beverage sales increased by 13.2% from RMB26.6 million for the nine months ended September 30, 2012 to RMB30.1 million for the nine months ended September 30, 2013. Revenue from sales of merchandise increased by 39.2% from RMB14.3 million to RMB19.9 million during the same periods. Revenue from hotel operations increased by 12.5% from RMB8.0 million in the first nine months of 2012 to RMB9.0 million in the same period in 2013.

Cost of sales

Cost of sales increased by 3.5% from RMB114.1 million for the nine months ended September 30, 2012 to RMB118.1 million for the nine months ended September 30, 2013 mainly due to the increased costs of sales associated with higher attendance in the nine months ended September 30, 2013.

Gross profit

Gross profit increased by 29.6% from RMB60.6 million for the nine months ended September 30, 2012 to RMB78.6 million for the nine months ended September 30, 2013 mainly due to the increase in revenue as explained above and relatively small increase in cost of sales. As result of the foregoing, the gross profit margin increased from 34.7% for the nine months ended September 30, 2012 to 39.9% for the nine months ended September 30, 2013.

Other income

Other income increased by 23.7% from RMB1.5 million for the nine months ended September 30, 2012 to RMB1.8 million during the same period in 2013, primarily due to increased interest income and commission income.

Selling and marketing expenses

Selling and marketing expenses stayed relatively constant at RMB11.1 million and RMB10.7 million for the nine months ended September 30, 2012 and 2013, respectively.

Administrative expenses

Administrative expenses increased by 20.7% from RMB18.4 million for the nine months ended September 30, 2012 to RMB22.2 million for the nine months ended September 30, 2013, primarily due to an increase in payroll expenses resulting from salary increases and payments of performance based bonus.

Other expenses

Other expenses stayed relatively constant at RMB0.2 million and RMB0.2 million for the nine months ended September 30, 2012 and 2013, respectively.

Income tax expenses

Income tax expenses increased from RMB6.1 million for the nine months ended September 30, 2012 to RMB11.8 million for the same period in 2013 primarily due to an increase in our taxable income.

Profit/loss for the period

As a result of the foregoing, Dalian Discoveryland recorded a profit of RMB26.3 million and RMB35.5 million for the nine months ended September 30, 2012 and 2013, respectively.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Revenue

Revenue increased by 3.1% from RMB183.6 million in 2011 to RMB189.3 million in 2012, primarily due to an increase of 4.6% in ticket sales from RMB130.0 million in 2011 to RMB136.0 million in 2012 driven by an increase in average ticket price, which also resulted in a slight decrease in ticket attendance. The increase in revenue is also, to a lesser extent, attributable to an increase of 9.5% in revenue from hotel operations from RMB7.4 million in 2011 to RMB8.1 million in 2012, primarily due to an increase in occupancy rate. The increases were partially offset by decreases in food and beverage sales and sales of merchandise, primarily due to decreased ticket attendance. Revenue from food and beverage sales decreased by 2.0% from RMB29.6 million in 2011 to RMB29.0 million in 2012. Revenue from sales of merchandise decreased by 3.0% from RMB16.7 million in 2011 to RMB16.2 million in 2012.

Cost of sales

Cost of sales increased by 10.6% from RMB123.3 million in 2011 to RMB136.4 million in 2012, primarily due to an increase in repair and maintenance expenses related to the upgrading of equipment in the park and increased expenses associated with the introduction of nighttime parades in 2012.

Gross profit

As a result of the foregoing, gross profit decreased by 12.3% from RMB60.3 million in 2011 to RMB52.9 million in 2012. Gross margin decreased from 32.8% in 2011 to 27.9% in 2012 mainly as the increase in cost of sales as discussed above was greater than the increase in revenue.

Other income

Other income decreased by 24.5% from RMB9.8 million in 2011 to RMB7.4 million in 2012, primarily because revenue from advance admission ticket sales of RMB1.5 million was recognized in 2011 as the tickets were not used for more than two years after issuance and had expired.

Selling and marketing expenses

Selling and marketing expenses stayed largely constant at RMB12.5 million and RMB13.2 million in 2011 and 2012, respectively.

Administrative expenses

Administrative expenses decreased by 9.2% from RMB32.5 million in 2011 to RMB29.5 million in 2012, primarily due to a decrease in payroll expenses as a result of a decrease in performance based bonus, as well as decreases in consulting fees, office expenses and other expenses resulting from the cost control efforts of Dalian Discoveryland.

Other expenses

Other expenses stayed largely constant at RMB0.3 million in 2011 and RMB0.2 million in 2012.

Income tax expenses

Dalian Discoveryland did not incur income tax expenses in 2011 because of utilization of accumulated tax losses carried forward from prior years. Income tax expenses of Dalian Discoveryland were RMB2.3 million after utilizing its accumulated tax losses carried forward from prior years.

Profit for the period

As a result of the foregoing, profit for the period decreased by 38.9% from RMB24.7 million in 2011 to RMB15.1 million in 2012, and net profit margin decreased from 13.5% in 2011 to 8.0% in 2012.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Revenue

Revenue increased by 22.3% from RMB150.1 million in 2010 to RMB183.6 million in 2011, primarily due to an increase in ticket sales mainly driven by an increase in ticket attendance, as well as increases in sales of food and beverage and merchandise. Ticket sales increased by 15.6% from RMB112.5 million in 2010 to RMB130.0 million in 2011. Revenue from food and beverage sales increased by 51.0% from RMB19.6 million in 2010 to RMB29.6 million in 2011. Revenue from sales of merchandise increased by 21.9% from RMB13.7 million in 2010 to RMB16.7 million in 2011. The increase in revenue is also attributable to an increase of 72.1% in revenue from hotel operations from RMB4.3 million in 2010 to RMB7.4 million in 2011, primarily due to an increase in average occupancy rate resulting from higher attendance.

Cost of sales

Cost of sales increased by 4.8% from RMB117.7 million in 2010 to RMB123.3 million in 2011, primarily due to an increase in cost of inventories as a result of increased sales of food and beverages and merchandise, as well as increases in operating expenses of both the park and the hotel as a result of higher attendance.

Gross profit

As a result of the foregoing, gross profit increased by 86.1 % from RMB32.4 million in 2010 to RMB60.3 million in 2011. Gross margin increased from 21.6% in 2010 to 32.8% in 2011 as the increase in revenue was greater than the increase in cost of sales.

Other income

Other income increased by 81.5% from RMB5.4 million in 2010 to RMB9.8 million in 2011, primarily due to (i) an increase in commission income derived from sales of merchandise by third parties in the park as result of increased attendance, (ii) revenue from advance admission ticket sales of RMB2.0 million recognized in 2011 as the tickets were not used for more than two years after issuance and had expired, and (iii) an increase in business tax returns.

Selling and marketing expenses

Selling and marketing expenses remained largely constant at RMB13.5 million in 2010 and RMB12.5 million in 2011.

Administrative expenses

Administrative expenses increased by 55.5% from RMB20.9 million in 2010 to RMB32.5 million in 2011, primarily due to an increase in payroll expenses resulting from higher performance based bonus.

Other expenses

Other expenses stayed constant at RMB0.2 million and RMB0.3 million in 2010 and 2011, respectively.

Income tax expenses

Dalian Discoveryland incurred an income tax expenses of RMB20,000 in 2010 and did not incur income tax expenses in 2011 as a result of utilization of accumulated tax losses carried forward from prior years.

Profit for the period

As a result of the foregoing, profit for the period increased by 671.9% from RMB3.2 million in 2010 to RMB24.7 million in 2011, and net profit margin increased from 2.1% in 2010 to 13.5% in 2011.

Net Current Liabilities

	As of December 31,			As of September 30,
	2010	**2011**	**2012**	**2013**
		(RMB'000)		
CURRENT ASSETS				
Inventories	6,677	6,631	5,878	8,457
Due from a fellow subsidiary	–	–	–	9,329
Trade receivables	1,003	256	798	5,179
Prepayments, deposits and other receivables	5,165	9,023	3,232	4,091
Cash and cash equivalents	21,932	2,388	1,485	21,866
Total current assets	**34,777**	**18,298**	**11,393**	**48,922**
CURRENT LIABILITIES				
Due to a related company	74,887	79,317	79,317	78,626
Due to a fellow subsidiary	166,951	94,432	42,983	–
Trade payables	26,573	9,852	15,751	10,067
Other payables and accruals	5,990	6,829	8,711	12,309
Advances from customers	364	476	390	1,284
Total current liabilities	**274,765**	**190,906**	**147,152**	**102,286**
NET CURRENT LIABILITIES	**(239,988)**	**(172,608)**	**(135,759)**	**(53,364)**

As of December 31, 2010, 2011 and 2012 and September 30, 2013, Dalian Discoveryland had net current liabilities of RMB240.0 million, RMB172.6 million, RMB135.8 million and RMB53.4 million, respectively. The current liabilities primarily consist of amounts due to Haichang Group Co and Haichang Enterprise Development, as well as trade payables to suppliers of food, beverages and merchandise sold in the park and other payables. The current assets primarily consist of inventories of food, beverages and merchandise, trade receivables from travel agencies and institutional customers in relation to ticket sales, and cash and cash equivalents. The historical net current liabilities position of Dalian Discoveryland was primarily attributable to inter-company loans from Haichang Group Co and Haichang Enterprise Development, which are unsecured, interest-free and repayable on demand.

Dalian Discoveryland did not have any current or non-current bank borrowings during the Track Record Period as it relied upon inter-company loans to fund its working capital and capital expenditure. We will settle all inter-company loans to and from related parties of Dalian Discoveryland immediately upon completion of the acquisition.

Cash Flows

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	
			(RMB'000)		
Net cash flows from operating activities	14,058	56,173	82,084	71,899	77,989
Net cash flows from/(used in) investing activities	30,571	(7,628)	(31,538)	(22,753)	(13,934)
Net cash used in financing activities	(33,766)	(68,089)	(51,449)	(44,336)	(43,674)
Net increase/(decrease) in cash and cash equivalents	10,863	(19,544)	(903)	4,810	20,381
Cash and cash equivalents at end of year/period	21,932	2,388	1,485	7,198	21,866

Net cash generated from operating activities

For the nine months ended September 30, 2013, Dalian Discoveryland had net cash generated from operating activities of RMB78.0 million. Such amount was derived from our profit before tax of RMB47.3 million, adjusted mainly to reflect non-cash adjustments for depreciation of property, plant and equipment of RMB37.3 million, partially offset by (i) an increase in trade receivables of RMB4.4 million primarily in relation to receivables from travel agencies for the sales of admission tickets and (ii) a decrease in trade payables of RMB5.7 million primarily due to decreased payments in relation to construction cost.

In 2012, Dalian Discoveryland had net cash generated from operating activities of RMB82.1 million. Such amount was derived from our profit before tax of RMB17.4 million, adjusted mainly to reflect (i) certain non-cash adjustments for depreciation of property, plant and equipment of RMB47.9 million; (ii) a decrease in prepayments, deposits and other receivables of RMB5.8 million due to a collection of receivables relating to certain inter-company loans and a decrease in prepayment relating to purchase of animated films used by the 4-D cinema; and (iii) an increase in trade payables of RMB5.9 million due to increased payables relating to construction and maintenance work undertaken by the park in the year.

In 2011, Dalian Discoveryland had net cash generated from operating activities of RMB56.2 million. Such amount was derived from our profit before tax of RMB24.7 million, adjusted mainly to reflect certain non-cash adjustments for depreciation of property, plant and equipment of RMB47.4 million. These were partially offset by (i) an increase in prepayments, deposits and other receivables of RMB3.9 million due to an increase in prepayment relating to purchase of animated films used by the 4-D cinema and (ii) a decrease in trade payables of RMB16.7 million due to the settlement of certain construction cost payables after the completion of construction work.

In 2010, Dalian Discoveryland had net cash generated from operating activities of RMB14.1 million. Such amount was derived from our profit before tax of RMB3.2 million, adjusted mainly to reflect certain non-cash adjustments for depreciation of property, plant and equipment of RMB49.7 million. These were partially offset by (i) a decrease in trade payables of RMB16.0 million due to the settlement of certain construction cost payables after the completion of construction work and (ii) a decrease in other payables and accruals of RMB22.5 million due to a decrease in payables relating to performance based bonus.

Net cash generated from/(used in) investing activities

For the nine months ended September 30, 2013, net cash used in investing activities was RMB13.9 million, consisting primarily of cash used in purchase of property, plant and equipment of RMB4.5 million and advance to fellow subsidiaries of RMB9.3 million.

In 2012, net cash used in investing activities was RMB31.5 million, primarily consisting of cash used in (i) purchase of property, plant and equipment of RMB28.3 million in relation to replacement and maintenance of equipment in the park and the construction of a 4-D cinema and (ii) purchase of other intangible assets of RMB3.2 million principally relating to an online hotel booking system and animated films used by the 4-D cinema.

In 2011, net cash used in investing activities was RMB7.6 million, primarily consisting of cash used in purchase of property, plant and equipment of RMB7.5 million.

In 2010, net cash generated from investing activities was RMB30.6 million, primarily consisting of advance to a related party of RMB38.5 million, partially offset by cash used in (i) purchase of property, plant and equipment of RMB5.9 million and (ii) purchase of other intangible assets of RMB2.0 million principally relating to animated films used by the park.

Net cash generated from/(used in) financing activities

For the nine months ended September 30, 2013, net cash used in financing activities was RMB43.7 million, primarily attributable to repayment of advance from a fellow subsidiary, Haichang Enterprise Development, of RMB43.0 million.

In 2012, net cash used in financing activities was RMB51.4 million, attributable to repayment of advances from Haichang Enterprise Development of RMB51.4 million.

In 2011, net cash used in financing activities was RMB68.1 million, primarily attributable to repayment of advances from Haichang Enterprise Development of RMB72.5 million, partially offset by an increase in an amount due to a related party of RMB4.4 million.

In 2010, net cash used in financing activities was RMB33.8 million, relating to repayment of advances from Haichang Enterprise Development of RMB33.8 million.

FINANCIAL INFORMATION OF CHONGQING CARIBBEAN WATER PARK

As part of our reorganization, we entered into an equity transfer agreement on September 23, 2013, pursuant to which we agreed to acquire 100% equity interests in Chongqing Haichang Caribbean Water Park for a total consideration of RMB10,210,831.35, subject to the price adjustment mechanism stated in the equity transfer agreement. We expect the acquisition will be completed by the end of 2014. See "History, Reorganization and Corporate Structure – Our Reorganization – Phase 5 of the Reorganization" and "Risk Factors – Risks Relating to Our Businesses in General – If we are unable to complete the Acquisitions as expected, our results of operations and financial condition may be adversely affected."

Basis of Presentation

Chongqing Haichang Caribbean had previously been a branch of Chongqing Pole Property before it undertook a demerger process pursuant to the relevant PRC law. As part of the demerger process, Chongqing Haichang Caribbean was incorporated on January 8, 2012 to hold the theme park assets at, and to develop and operate, Chongqing Caribbean Water Park. The financial information of Chongqing Caribbean Water Park set forth in the accountants' report included in Appendix IC to this prospectus includes the statements of comprehensive income, statements of changes in equity and statements of cash flows from the beginning of the Track Record Period as if Chongqing Haichang Caribbean had been demerged prior to December 31, 2010. The statements of financial position of Chongqing Caribbean Water Park have been prepared to present the assets and liabilities of Dalian Discoveryland's businesses which were demerged as of December 31, 2010.

Results of Operations

The following table sets forth the statements of profit or loss and comprehensive income of Chongqing Caribbean Water Park for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2010		2011		2012		2012		2013	
		%		%		%		%		%
							(Unaudited)			
	(RMB'000, except for percentages)									
REVENUE	27,691	100.0	37,353	100.0	34,538	100.0	32,416	100.0	39,715	100.0
Cost of sales	(19,750)	(71.3)	(24,775)	(66.3)	(26,416)	(76.5)	(18,455)	(56.9)	(20,595)	(51.9)
GROSS PROFIT	7,941	28.7	12,578	33.7	8,122	23.5	13,961	43.1	19,120	48.1
Other income and gains	18,598	67.2	12,482	33.4	15,074	43.6	12,761	39.4	13,418	33.8
Selling and marketing expenses	(9,793)	(35.4)	(4,293)	(11.5)	(4,249)	(12.3)	(3,659)	(11.3)	(4,024)	(10.1)
Administrative expenses	(4,952)	(17.9)	(6,264)	(16.8)	(7,590)	(22.0)	(5,913)	(18.2)	(7,620)	(19.2)
Other expenses	(14)	(0.1)	(13,739)	(36.8)	(81)	(0.2)	(8)	(0.0)	(114)	(0.3)
Finance costs	–	–	–	–	(4,866)	(14.1)	(3,776)	(11.6)	(2,328)	(5.9)
PROFIT BEFORE TAX	11,780	42.5	764	2.0	6,410	18.6	13,366	41.2	18,452	46.5
Income tax expenses	(3,081)	(11.1)	(393)	(1.1)	(5,157)	(14.9)	(3,815)	(11.8)	(4,133)	(10.4)
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	8,699	31.4	371	1.0	1,253	3.6	9,551	29.5	14,319	36.1
Attributable to:										
Owner of the parent	8,699	31.4	371	1.0	1,253	3.6	9,551	29.5	14,319	36.1

Certain Non-IFRS Data

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	
			(RMB'000)		
Adjusted EBITDA(1)	6,285	16,493	13,132	17,053	24,609

Note:

(1) Adjusted EBITDA of Chongqing Caribbean Water Park represents profit/(loss) before tax attributable to its theme park operations, plus depreciation of property, plant and equipment, amortization of prepaid land lease payments, net finance costs and headquarter expenses. In order to view its theme park operations on a stand-alone basis, we have excluded the operating results of its ancillary commercial property which is operated under a separate project company from the calculation.

Adjusted EBITDA of Chongqing Caribbean Water Park is not a standard measure under IFRS and is presented as supplemental disclosure because our Directors believe that it is widely used to measure the performance, and as a basis for valuation, of theme park operators. We use adjusted EBITDA of Chongqing Caribbean Water Park as a measure of its operating performance of and to compare its operating performance with that of its competitors. We also present adjusted EBITDA of Chongqing Caribbean Water Park because it is used by some investors as a way to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. However, adjusted EBITDA of Chongqing Caribbean Water Park should not be considered as an alternative to any measure determined in accordance with IFRS. Also, our calculation of adjusted EBITDA of Chongqing Caribbean Water Park may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

The following table sets forth statements of financial position of Chongqing Caribbean Water Park as of the dates indicated:

	As of December 31,			As of September 30, 2013
	2010	2011	2012	
	(RMB'000)			
NON-CURRENT ASSETS				
Property, plant and equipment	252,762	242,665	235,106	230,740
Investment properties	188,734	175,000	177,000	179,000
Prepaid land lease payments	6,378	6,194	6,010	5,871
Intangible assets	361	298	235	189
Deferred tax assets	79,846	80,318	75,161	71,028
Total non-current assets	**528,081**	**504,475**	**493,512**	**486,828**
CURRENT ASSETS				
Completed properties held for sale	82,231	82,696	83,814	83,814
Properties under development	119,070	119,070	119,758	119,758
Inventories	836	420	853	458
Trade receivables	901	1,048	1,498	1,437
Prepayments, deposits and other receivables	346	314	533	1,117
Due from the immediate holding company	10,000	–	–	–
Due from a related company	280	280	–	–
Due from fellow subsidiaries	91	611	828	79
Cash and cash equivalents	323	10,211	265	6,228
Total current assets	**214,078**	**214,650**	**207,549**	**212,891**
CURRENT LIABILITIES				
Trade payables	9,378	8,907	9,070	6,041
Other payables and accruals	994	2,755	5,579	6,562
Due to the immediate holding company	–	–	20	20
Due to an intermediate holding company	357,441	285,274	283,527	287,220
Due to a fellow subsidiary	–	–	–	3,473
Advances from customers	–	6	16	115
Finance lease payables	–	10,629	17,967	19,145
Government grants	7,784	8,761	8,761	8,761
Total current liabilities	**375,597**	**316,332**	**324,940**	**331,337**
NET CURRENT LIABILITIES	**(161,519)**	**(101,682)**	**(117,391)**	**(118,446)**
TOTAL ASSETS LESS CURRENT LIABILITIES	**366,562**	**402,793**	**376,121**	**368,382**

	As of December 31,			As of September 30,
	2010	2011	2012	2013
	(RMB'000)			
NON-CURRENT LIABILITIES				
Finance lease payables	–	34,652	15,487	–
Government grants	304,955	305,298	296,538	289,967
Total non-current liabilities	**304,955**	**339,950**	**312,025**	**289,967**
NET ASSETS	**61,607**	**62,843**	**64,096**	**78,415**
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Paid up capital	10,000	10,000	10,000	10,000
Reserve	51,607	52,843	54,096	68,415
TOTAL EQUITY	**61,607**	**62,843**	**64,096**	**78,415**

During the Track Record Period, Chongqing Caribbean Water Park generated revenue from the sale of tickets for entrance and sales of food and beverage and merchandise inside the park. Revenue from the water park amounted to RMB27.7 million, RMB37.4 million, RMB34.5 million and RMB39.7 million for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively. Ticket sales accounted for 88.5%, 88.6%, 88.4% and 85.5% of its total revenue, respectively, during the same periods. Ticket attendance of the water park was approximately 212,600, 296,100, 259,700 and 315,600 in 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively. Profit after tax of the water park was RMB8.7 million, RMB0.4 million, RMB1.3 million and RMB14.3 million for the years ended December 31, 2010, 2011 and 2012 and for the nine months ended September 30, 2013, respectively.

Chongqing Caribbean Water Park is usually open for operations from April to October each year and its attendance is highly dependent on weather condition as all of its current attractions are outdoors. The fluctuation of its historical operating results are due to the variety of factors, such as weather condition, seasonal fluctuations in ticket attendance, increases in operating expenses associated with repair, maintenance and replacement of equipment, amounts of government grants recognized during the reporting period associated with subsidies and other incentives it receives from relevant PRC government authorities to encourage the construction of the park and nearby infrastructure, and finance cost. Chongqing Caribbean Water Park has historically experienced, and expects to continue to experience, seasonal fluctuations in its operating results.

The ancillary commercial properties adjacent to the Chongqing Caribbean Water Park consist of two commercial streets. As of September 30, 2013, investment properties, completed properties held for sale and properties under development of Chongqing Caribbean Water Park amounted to RMB179.0 million, RMB83.8 million and RMB119.8 million, respectively.

Net Current Liabilities

As of December 31, 2010, 2011 and 2012 and September 30, 2013, Chongqing Caribbean Water Park had net current liabilities of RMB161.5 million, RMB101.7 million, RMB117.4 million and RMB118.4 million, respectively. The current liabilities primarily consist of amounts due to a fellow subsidiary, trade payables, finance lease payables, tax payables and government grants. The current assets primarily consist of completed properties held for sale, properties under development and due from an intermediate holding company. The historical net current liabilities position of Chongqing Caribbean Water Park was primarily due to the high level of inter-company loans from its related parties, which are unsecured, interest-free and repayable on demand.

Chongqing Caribbean Water Park did not have any current or non-current bank borrowing during the Track Record Period as it primarily relied on inter-company loans to fund its working capital and capital expenditure. We will settle all inter-company loans to and from related parties of Chongqing Caribbean Water Park immediately upon completion of the acquisition.

Cash Flows

The following table sets forth summary cash flow information of Chongqing Caribbean Water Park for the periods indicated:

	Year ended December 31,			Nine months ended September 30, 2013,	
	2010	2011	2012	2012	2013
				(Unaudited)	
			(RMB'000)		
Net cash flows from operating activities	5,232	19,406	7,597	13,255	16,005
Net cash flows used in investing activities	(1,880)	(1,736)	(3,989)	(2,791)	(2,899)
Net cash flows used in financing activities	(3,981)	(7,782)	(13,554)	(20,345)	(7,143)
Net (decrease)/increase in cash and cash equivalents	(629)	9,888	(9,946)	(9,881)	5,963
Cash and cash equivalents at end of year/period	323	10,211	265	330	6,228

SELECTED FINANCIAL DATA OF THE GROUP AND THE ADDITIONAL THEME PARKS

The following table sets forth selected combined statement of profit or loss data of our Group, Dalian Discoveryland and Chongqing Caribbean Water Park for the periods indicated:

	Year ended December 31,								
	2010			2011			2012		
	Our Group(1)	Dalian Haichang Discoveryland(2)	Chongqing Haichang Caribbean(3)	Our Group(1)	Dalian Haichang Discoveryland(2)	Chongqing Haichang Caribbean(3)	Our Group(1)	Dalian Haichang Discoveryland(2)	Chongqing Haichang Caribbean(3)
								(RMB'000)	
REVENUE	799,212	150,128	27,691	683,731	183,603	37,353	889,014	189,332	34,538
Cost of sales	(381,988)	(117,737)	(19,750)	(384,073)	(123,346)	(24,775)	(489,347)	(136,419)	(26,416)
GROSS PROFIT	417,224	32,391	7,941	299,658	60,257	12,578	399,667	52,913	8,122
Other income and gains	81,934	5,380	18,598	163,790	9,788	12,482	309,435	7,418	15,074
Selling and marketing expenses	(37,539)	(13,498)	(9,793)	(63,388)	(12,533)	(4,293)	(76,885)	(13,247)	(4,249)
Administrative expenses	(111,368)	(20,919)	(4,952)	(140,807)	(32,528)	(6,264)	(135,113)	(29,460)	(7,590)
Other expenses	(3,304)	(155)	(14)	(940)	(260)	(13,739)	(8,764)	(249)	(81)
Finance costs	(52,218)	–	–	(142,233)	–	–	(301,296)	–	(4,866)
PROFIT BEFORE TAX	**294,729**	**3,199**	**11,780**	**116,080**	**24,724**	**764**	**187,044**	**17,375**	**6,410**
Income tax expenses	(111,619)	(20)	(3,081)	(70,590)	–	(393)	(108,171)	(2,300)	(5,157)
PROFIT FOR THE YEAR/ PERIOD	**183,110**	**3,179**	**8,699**	**45,490**	**24,724**	**371**	**78,873**	**15,075**	**1,253**
Attributable to:									
Owner of the company	148,775	3,179	8,699	30,043	24,724	371	59,617	15,075	1,253
Non-controlling interests	34,335	–	–	15,447	–	–	19,256	–	–
	183,110	**3,179**	**8,699**	**45,490**	**24,724**	**371**	**78,873**	**15,075**	**1,253**

	Nine months ended September 30,					
	2012			2013		
	Our Group(1)	Dalian Haichang Discoveryland(2)	Chongqing Haichang Caribbean(3)	Our Group(1)	Dalian Haichang Discoveryland(2)	Chongqing Haichang Caribbean(3)
	(Unaudited)	(Unaudited)	(Unaudited)			
REVENUE	639,920	174,741	32,416	779,168	196,710	39,715
Cost of sales	(336,220)	(114,119)	(18,455)	(386,318)	(118,138)	(20,595)
GROSS PROFIT	303,700	60,622	13,961	392,850	78,572	19,120
Other income and gains	159,414	1,486	12,761	211,884	1,838	13,418
Selling and marketing expenses	(69,317)	(11,111)	(3,659)	(51,812)	(10,690)	(4,024)
Administrative expenses	(91,963)	(18,434)	(5,913)	(94,972)	(22,248)	(7,620)
Other expenses	(1,958)	(161)	(8)	(165)	(158)	(114)
Finance costs	(229,097)	–	(3,776)	(282,105)	–	(2,328)
PROFIT BEFORE TAX	**70,779**	**32,402**	**13,366**	**175,680**	**47,314**	**18,452**
Income tax expenses	(41,858)	(6,057)	(3,815)	(71,290)	(11,783)	(4,133)
PROFIT FOR THE YEAR/ PERIOD	**28,921**	**26,345**	**9,551**	**104,390**	**35,531**	**14,319**
Attributable to:						
Owner of the company	14,422	26,345	9,551	89,051	35,531	14,319
Non-controlling interests	14,499	–	–	15,339	–	–
	28,921	**26,345**	**9,551**	**104,390**	**35,531**	**14,319**

Notes:

(1) The selected combined statements of profit or loss data of our Group for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013 have been derived from the accountants' report of our Group included in Appendix IA to this prospectus.

(2) The selected statements of comprehensive income data of Dalian Discoveryland for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013 have been derived from the accountants' report of Dalian Discoveryland included in Appendix IB to this prospectus. We entered into an equity transfer agreement on September 24, 2013 to acquire 100% equity interest in Dalian Haichang Discoveryland and expect to complete the acquisition by the end of 2014. The historical financial information of Dalian Discoveryland is included in this prospectus for illustrative purpose only and is not necessarily representative of our Group's financial condition and results of operations as they would have appeared in our Group's combined financial information had the acquisition of Dalian Discoveryland occurred during the periods indicated.

(3) The selected statements of comprehensive income data of Chongqing Caribbean Water Park for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013 have been derived from the accountants' report of Chongqing Caribbean Water Park included in Appendix IC to this prospectus. We entered into an equity transfer agreement on September 23, 2013 to acquire 100% equity interest in Chongqing Haichang Caribbean and expect to complete the acquisition by the end of 2014. The historical financial information of Chongqing Caribbean Water Park is included in this prospectus for illustrative purpose only and is not necessarily representative of our Group's financial condition and results of operations as they would have appeared in our Group's combined financial information had the acquisition of Chongqing Caribbean Water Park occurred during the periods indicated.

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

We have prepared certain unaudited pro forma combined financial information as of and for the year ended December 31, 2012 and the nine months ended September 30, 2013, after giving effect to the Acquisitions, as if such acquisitions had occurred on the first day of such periods, respectively. Our unaudited pro forma combined financial information has been prepared using the procedures and adjustments described in the notes to the unaudited pro forma combined financial information in Appendix IIA to this prospectus. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma combined financial information has been audited in accordance with any generally accepted accounting principles.

Our unaudited pro forma combined financial information is not necessarily representative of our financial condition, results of operations and changes in liquidity and capital resources as they would have appeared in our combined financial statements had the Acquisitions occurred during the periods indicated below. Our unaudited pro forma combined financial information was prepared based on the assumption that the Acquisitions are business combinations involving entities under common control since our Company, Dalian Haichang Discoveryland and Chongqing Haichang Caribbean have been ultimately controlled by Qu Naijie and his spouse both before and after the Acquisitions.

These financial statements are not necessarily indicative of what our financial condition, results of operations and changes in liquidity and capital resources will be in future years. Investors should not place undue reliance on the unaudited pro forma combined financial information. This information should be read in conjunction with the section headed "Risk Factors," the other disclosure under this section and our audited combined financial information and the notes thereto and the audited combined financial information of Dalian Discoveryland and Chongqing Caribbean Water Park and the notes thereto set forth in the accountants' reports included elsewhere in this prospectus.

The following tables present (i) summary unaudited pro forma combined statement of profit or loss data for the nine months ended September 30, 2013, (ii) summary unaudited pro forma combined statement of profit or loss data for the year ended December 31, 2012 and (iii) summary unaudited pro forma combined statement of financial position data as of September 30, 2013, as if the Acquisitions had occurred on the first date of the relevant period. Such unaudited pro forma combined financial information is more fully presented in Appendix IIA to this prospectus and should be read in conjunction with the related notes thereto.

	Nine months ended September 30, 2013						
	Our Group[(1)]	Dalian Discoveryland[(2)]	Chongqing Caribbean Water Park[(3)]	Total A	Pro forma Adjustments B	Pro forma Enlarged Group A+B	%
			(RMB'000)				
Revenue	779,168	196,710	39,715	1,015,593		1,015,593	100.0
Gross profit	392,850	78,572	19,120	490,542		490,542	48.3
Profit before taxation	175,680	47,314	18,452	241,446		241,446	23.8
Income tax expenses	(71,290)	(11,783)	(4,133)	(87,206)		(87,206)	(8.6)
Profit for the period	104,390	35,531	14,319	154,240		154,240	15.2

Notes:

(1) These amounts are extracted from our audited combined financial information for the nine months ended September 30, 2013 as set out in the accountants' report included in Appendix IA to this prospectus.

(2) These amounts are extracted from the audited financial information of Dalian Discoveryland for the nine months ended September 30, 2013 as set out in the accountants' report included in Appendix IB to this prospectus.

(3) These amounts are extracted from the audited financial information of Chongqing Caribbean Water Park for the nine months ended September 30, 2013 as set out in the accountants' report included in Appendix IC to this prospectus.

	Year ended December 31, 2012						
	Our Group(1)	Dalian Discoveryland(2)	Chongqing Caribbean Water Park(3)	Total A	Pro forma Adjustments B	Pro forma Enlarged Group A+B	%
			(RMB'000)				
Revenue	889,014	189,332	34,538	1,112,884		1,112,884	100.0
Gross profit	399,667	52,913	8,122	460,702		460,702	41.4
Profit before taxation	187,044	17,375	6,410	210,829		210,829	18.9
Income tax expenses	(108,171)	(2,300)	(5,157)	(115,628)		(115,628)	10.4
Profit for the period	78,873	15,075	1,253	95,201		95,201	8.6

Notes:

(1) These amounts are extracted from our audited combined financial information in 2012 as set out in the accountants' report included in Appendix IA to this prospectus.

(2) These amounts are extracted from the audited financial information of Dalian Discoveryland in 2012 as set out in the accountants' report included in Appendix IB to this prospectus.

(3) These amounts are extracted from the audited financial information of Chongqing Caribbean Water Park in 2012 as set out in the accountants' report included in Appendix IC to this prospectus.

	As of September 30, 2013					
	Our Group(1)	Dalian Discoveryland(2)	Chongqing Caribbean Water Park(3)	Total A	Pro forma Adjustments B	Pro forma Enlarged Group A+B
			(RMB'000)			
Non-current assets	3,638,863	716,070	486,828	4,841,761		4,841,761
Total current assets	4,009,854	48,922	212,891	4,271,667	0(4)	4,271,667
Total current liabilities	3,479,157	102,286	331,337	3,912,780		3,912,780
Total non-current liabilities	2,982,128	–	289,967	3,272,095		3,272,095
Net assets	1,187,432	662,706	78,415	1,928,553		1,928,553

Notes:

(1) These amounts are extracted from our audited combined financial information as of September 30, 2013 as set out in the accountants' report included in Appendix IA to this prospectus.

(2) These amounts are extracted from the audited financial information of Dalian Discoveryland as of September 30, 2013 as set out in the accountants' report included in Appendix IB to this prospectus.

(3) These amounts are extracted from the audited financial information of Chongqing Caribbean Water Park as of September 30, 2013 as set out in the accountants' report included in Appendix IC to this prospectus.

(4) The proposed Acquisitions of the Dalian Haichang Discoveryland and Chongqing Haichang Caribbean are considered as business combinations involving entities under common control because our Company, the Dalian Haichang Discoveryland and Chongqing Haichang Caribbean are ultimately controlled by Mr. Qu and Ms. Cheng, collectively, both before and after the Acquisitions. The considerations to be paid by the Company for the acquisitions of Dalian Haichang Discoveryland and Chongqing Haichang Caribbean are RMB416,621,420.83 and RMB10,210,831.35, respectively, subject to the price adjustments stated in the Share Subscription Agreements. Pursuant to the Share Subscription Agreements as set out in the section headed "History, Reorganization and Corporate Structure" in this prospectus, the shareholders of Dalian Haichang Discoveryland and Chongqing Haichang Caribbean shall promptly repay to our Company such amount that equals to the cash payment received by them in connection with the sales of Dalian Haichang Discoveryland and Chongqing Haichang Caribbean as considerations for the Acquisitions.

The differences between the historical financial information of our Group and the unaudited pro forma combined financial information of the Enlarged Group are largely due to the inclusion of the results of Dalian Haichang Discovery land and Chongqing Haichang Caribbean. Other than the adjustments described in note 4 to the preceding table, no adjustment was made in preparing the pro forma financial information. See "– Financial Information of Our Group," "– Financial Information of Dalian Discoveryland" and "– Financial Information of Chongqing Caribbean Water Park" for details on the historical financial information of our Group and the Additional Theme Parks.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted combined net tangible assets of our Group which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had taken place on September 30, 2013 and based on our audited combined net tangible assets as of September 30, 2013, as set forth in the accountants' report included in Appendix IA to this prospectus and is adjusted as detailed below.

The unaudited pro forma adjusted combined net tangible assets of our Group has been prepared for illustrative purpose only and, because of its nature, it may not give a true and fair picture of our financial position after the completion of the Global Offering or at any future dates.

	Audited combined net tangible assets of the Group attributable to the equity holders of the Company as of September 30, 2013[(1)]	Forecast net proceeds from Global Offer Shares[(2)]	Unaudited pro forma adjusted combined net tangible assets[(4)]	Unaudited pro forma adjusted combined tangible assets per Share[(3)(4)]
	(RMB million)	(RMB million)	(RMB million)	(RMB)
Based on an Offering price of HK$2.18 per Share	981.8	1,616.6	2,598.4	0.65
Based on an Offering price of HK$2.68 per Share	981.8	1,998.4	2,980.2	0.75

Notes:

(1) Our audited combined net tangible assets as of September 30, 2013 is extracted from the accountants' report set out in Appendix IA to this prospectus and is equal to the audited combined net assets attributable to owners of our Company of RMB1,036.7 million as of September 30, 2013 less other intangible assets of RMB0.1 million and deferred tax asset of RMB54.8 million as of the same date as set out in Appendix IA to this prospectus.

(2) The forecast net proceeds from the Global Offer are based on the indicative Offer Price of HK$2.18 and HK$2.68 per Share, respectively, being the low end and high end of the stated Offer Price range, after deduction of the underwriting fees and related expenses payable by our Company and taking no account of any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Over-allotment Option or the Share Option Scheme or Shares which may be allotted and issued or purchased by our Company pursuant to the general mandate for the allotment and issue or purchase of Shares referred to in "Appendix VI – Statutory and General Information – Further information about our Company – Written resolutions of our Shareholders passed on February 23, 2014." The estimated net proceeds are converted into RMB at the exchange rate of HK$1.00 to RMB0.7874 for illustrative purpose.

(3) The unaudited pro forma adjusted net tangible assets per Share has been arrived at after making the adjustment referred to in this section above and on the basis that 4,000,000,000 Shares are in issue immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option and the Share Option Scheme).

(4) No adjustment has been made to reflect any trading results or other transactions of our Group entered into subsequent to September 30, 2013.