海昌控股有限公司

HAICHANG HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2255

Global Offering

Joint Global Coordinators, Joint Sponsors,
Joint Bookrunners and Joint Lead Managers

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

BofA Merrill Lynch

Joint Bookrunners and Joint Lead Managers
(In alphabetical order)

建银国际 CCB International

CMS 招商证券

安信國際 ESSENCE INTERNATIONAL

ICBC 工银国际

IMPORTANT: If you are in any doubt about the contents of this prospectus, you should seek independent professional advice.

Haichang Holdings Ltd.
海昌控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	1,000,000,000 Shares (subject to adjustment and the Over-allotment Option)
Number of Hong Kong Offer Shares	:	100,000,000 Shares (subject to adjustment)
Number of International Offer Shares	:	900,000,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	:	HK$2.68 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	US$0.0001 per Share
Stock code	:	2255

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A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on or about Saturday, March 8, 2014 and, in any event, not later than Monday, March 10, 2014. The Offer Price will be not more than HK$2.68 per Offer Share and is currently expected to be not less than HK$2.18 per Offer Share, unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK$2.68 per Offer Share, together with brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK$2.68 per Offer Share.

The Joint Global Coordinators (on behalf of the Underwriters), with the consent of our Company, may reduce the indicative Offer Price range stated in this prospectus and/or reduce the number of Offer Shares being offered pursuant to the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. See "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares." If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Monday, March 10, 2014 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse. See also "Underwriting – Underwriting Arrangements and Expenses – The Hong Kong Public Offering – Grounds for Termination."

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Shares may be offered or sold (i) to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by Rule 144A or (ii) in reliance on another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act.

February 28, 2014

Latest time for completing electronic applications under **HK eIPO White Form** service through the designated website **www.hkeipo.hk**	11:30 a.m. on Friday, March 7, 2014
Application lists open	11:45 a.m. on Friday, March 7, 2014
Latest time for lodging **WHITE** and **YELLOW** Application Forms	12:00 noon on Friday, March 7, 2014
Latest time for completing payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, March 7, 2014
Latest time for giving **electronic application instructions** to HKSCC	12:00 noon on Friday, March 7, 2014
Application lists close	12:00 noon on Friday, March 7, 2014
Expected Price Determination Date	Saturday, March 8, 2014
(1) Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before	Wednesday, March 12, 2014
(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for the Hong Kong Offer Shares – Publication of Results" in this prospectus	Wednesday, March 12, 2014
(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.haichangholdings.com** from	Wednesday, March 12, 2014

Results of allocations in the Hong Kong Public Offering will be available at **www.tricor.com.hk/ipo/result** with a "search by ID" function from	Wednesday, March 12, 2014
Dispatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before	Wednesday, March 12, 2014
Dispatch of refund cheques and e-Auto Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before	Wednesday, March 12, 2014
Dealings in the Shares on the Stock Exchange expected to commence on	Thursday, March 13, 2014

The above expected timetable is a summary only. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, March 7, 2014, the application lists will not open and close on that day. See "How to Apply for the Hong Kong Offer Shares – Effect of Bad Weather on the Opening of the Application Lists." See "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" for details on the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to us. The Directors, having made all reasonable inquiry, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters and any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

RESTRICTIONS ON OFFERS AND SALES OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING OF THE SHARES ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options to be granted pursuant to the Share Option Scheme).

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasize that none of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

EXCHANGE RATES

Solely for convenience purposes, this prospectus includes translation of certain RMB amounts into HK dollars and certain HK dollars into RMB amounts. Unless otherwise indicated, the translation of RMB into Hong Kong dollars was made at the rate of RMB0.7874 to HK$1.00, the exchange rate prevailing on February 14, 2014 published by PBOC for foreign exchange transactions. No representation is made that any amounts in RMB or Hong Kong dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

OTHERS

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

The English names of companies incorporated in the PRC are translations of their Chinese names and are included for identification purposes only.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by Haichang Holdings Ltd., solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to buy in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors or advisors, or any other person or party involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

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, which amounted to 7.2 million visitors, more than twice the number of visitors hosted by our closest competitor.

We currently operate six marine theme parks located in Dalian, Qingdao, Tianjin, Yantai, Wuhan and Chengdu, respectively. 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. According to Euromonitor, if taking into account the Additional Theme Parks, we would have been ranked as the second largest theme park operator in China and one of the top ten theme park operators worldwide based on admission attendance in 2012. For 2010, 2011 and 2012 and the nine months ended September 30, 2013, (i) adjusted EBITDA of park operations was RMB179.0 million, RMB187.1 million, RMB267.8 million and RMB335.4 million, respectively, and (ii) adjusted net profit of park operations was RMB55.0 million, RMB22.8 million, RMB70.6 million and RMB174.2 million, respectively[(1)].

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. In line with the practice of international theme park operators, our ancillary commercial property business is an integral part of our project development process. It is usually the same project company that acquires the land for both our theme park and its ancillary commercial properties pursuant to a comprehensive project design developed by us in consultation with the relevant local government authorities. The project design usually envisages that the theme park plays a key role in attracting visitor traffic and promoting the general development of the area, while the ancillary commercial properties support and complement the theme park operations. For 2010, 2011, 2012 and the nine months ended September 30, 2013, property sales derived from our property development and holding segment amounted to RMB397.8 million, RMB133.0 million, RMB230.3 million and RMB125.5 million, respectively with a total delivered GFA of 43,193 sq.m., 14,182 sq.m., 15,763 sq.m. and 8,323 sq.m., respectively. As of December 31, 2013, the total GFA of our completed ancillary commercial properties held for sale and held for investment was approximately 60,712 sq.m. (including 2,299 sq.m. in Dalian that was acquired in January 2014) and 113,650 sq.m., respectively. For 2010, 2011 and 2012 and the nine months ended September 30, 2013, adjusted EBITDA of property development and holding was RMB173.8 million, RMB31.2 million, RMB94.2 million and RMB36.7 million, respectively. For 2010, 2011 and 2012, the adjusted net profit of our property development and holding segment was RMB128.2 million, RMB22.6 million, RMB8.2 million, while for the nine months ended September 30, 2013, the adjusted net loss of our property development and holding segment was RMB69.8 million[(1)].

(1) See "– Summary of Combined Financial Information of Our Group – Certain Operational and Financial Data" for the footnotes explaining how segment data of adjusted EBITDA and adjusted net profit was calculated and cautionary notes as to the limitations in deriving such adjusted measures, which shall not be considered as alternatives to any standard IFRS measures.

Revenue from our park operations 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. 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. See "Financial Information – Unaudited Pro Forma Financial Information" and the accountants' report included in Appendix IIA to this prospectus for details on the unaudited pro forma combined financial information of the Enlarged Group resulting from the Acquisitions.

Various PRC government authorities promulgated in March 2013 the Theme Park Opinions, which for the first time defined "theme park" and clarified the project approval requirements for theme parks of different sizes in terms of site area and total investment amount under PRC law. One of the major policy drivers behind the Theme Park Opinions is to prohibit development of residential or commercial property using the land granted for park development. One of the key features of the theme park defined under the Theme Park Opinions is operation in an enclosed manner. 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. Before the issuance of the Theme Park Opinions, a different and less clear project approval regime had applied to theme park projects in China, including our theme parks and the Additional Theme Parks, and the then-current project approval requirements have been complied with in respect of each of these theme parks as confirmed by our PRC legal advisor. See "Business – Project Approvals for Our Theme Parks and Additional Theme Parks."

COMPETITIVE STRENGTHS AND BUSINESS STRATEGIES

We believe the following competitive strengths differentiate us from our competitors and have contributed to our success: (1) we are the largest marine theme park operator in China; (2) we have the largest marine animal collection in China with industry leading animal care expertise; (3) we have industry leading operational capabilities; (4) we are in a strong position to capitalize on the significant growth potential of China's tourism and theme park markets; (5) we enjoy the synergy between our theme parks and their ancillary commercial properties; (6) we have experienced management and technical teams; and (7) we have strategic investors with strong commitment to our business model.

Our strategies for future development include to: (1) continue to promote our national theme park brand; (2) continue to increase the profits of our existing theme parks; (3) continue to expand our portfolio and offerings; (4) further strengthen ancillary commercial property development; and (5) continue to support species preservation, sustainability and animal care.

OUR THEME PARKS AND ANCILLARY COMMERCIAL PROPERTIES

Our theme parks and the Additional Theme Parks are located in major metropolises in the economically developed Bohai Sea Economic Rim, central China and Chengdu-Chongqing Economic Rim and provide versatile themed offerings that attract both regional and destination visitors. These theme parks offer visitors a variety of exhilarating and educational experiences, from animal encounters and displays that invite exploration and appreciation of the natural world, to thrilling rides, water slides and spectacular shows. As an integral part of our project development process, we also develop ancillary commercial properties adjacent to our theme parks with a view to both supplementing the offerings of our theme parks and deriving additional revenue from property sales and rental income from our investment properties. See "Business – Operation of Ancillary Commercial Properties."

The table below sets forth details about our theme parks and the Additional Theme Parks and their respective ancillary commercial properties. See "Business – Overview of Our Theme Parks and Ancillary Commercial Properties."

	Year Opened	Site Area of the Occupied Land of Theme Park (sq.m.)[1]	GFA of Theme Park (sq.m.)[2]	Operating Season	Actual or Planned Use of Ancillary Commercial Properties[5]	GFA of Completed Properties Held for Investment or for Sale (sq.m.)[5]	GFA of Properties Under Development (underground GFA) (sq.m.)[5]	GFA of Properties Held for Future Development (underground GFA) (sq.m.)[5]
Our Theme Parks								
Dalian Laohutan Ocean Park	2002	20,353	38,151	Year-round	Commercial street	12,671[6]	Nil	Nil
Qingdao Polar Ocean World	2006	117,675	45,357	Year-round	Commercial street	16,735	Nil	Nil
Chengdu Polar Ocean World	2010	240,048	48,600	Year-round	Commercial street, club house, office and hotel	44,087	46,126 (12,135)	Nil
Tianjin Polar Ocean World	2010	30,495	49,289	Year-round	Commercial street and serviced apartments	44,291	59,006 (12,118)	120,749 (37,938)
Yantai Whale Shark Aquarium and Yantai Yudaishan Hot Spring Resort	2011	156,604	31,886	Year-round	Commercial street	10,649	Nil	Nil
Wuhan Polar Ocean World	2011	279,476	42,788	Year-round	Commercial street and serviced apartments	45,929	Nil	250,542 (58,190)
Additional Theme Parks								
Dalian Discoveryland	2006	466,896	70,756	March-November[4]	Nil	Nil	Nil	Nil
Chongqing Caribbean Water Park	2009	65,130	nil[3]	April-October[4]	Commercial street	46,191	Nil	54,095 (9,758)

Notes:

1 As the land use rights in respect of certain theme parks and their ancillary commercial properties are recorded in one or more land use right certificates without allocation of the land between theme parks and their ancillary commercial properties, the site area shown in this column may also cover land used for ancillary commercial properties.

2 The GFA shown in this column is based on our internal records regarding the buildings that form theme parks.

3 Because Chongqing Caribbean Water Park is a water park without above-the-ground buildings, the total GFA of the park is nil.

4 The actual operating season of the Additional Theme Parks in any given year is subject to weather conditions.

5 The statistics of the ancillary commercial properties as of December 31, 2013 are based on the property valuation reports set out as Appendix IVA and Appendix IVB of this prospectus.

6 The ancillary commercial properties in Dalian, namely Dalian Fishermen's Wharf, were acquired by us recently and such acquisitions were completed in January 2014. The total GFA included a GFA of 2,299 sq.m. that was acquired in January 2014.

Through years of efforts, we have developed comprehensive capabilities in each step of the development of our theme park projects and established standardized management system, which enable us to offer high-quality services to visitors to our theme parks, maximize the synergy between theme parks and their ancillary commercial properties by offering integrated travel experiences to visitors, and replicate our established business model in new locations. In addition, we plan to develop another two theme parks, namely, Sanya Haitang Bay Dream World and Shanghai Haichang Polar Ocean World. See "Business – Theme Parks to be Developed" 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." Our Sanya project is one of the theme park projects to be developed as part of our strategies to promote our national theme park brands and to expand our theme park portfolio. Although we believe the Sanya project will be a themed entertainment park area and viewed as such by the public, 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 a themed entertainment park area operated in an open manner, as opposed to an enclosed park with a specific theme. See "Regulatory Overview – Regulations – Theme Park – Project Approval."

OUR ANIMALS

We believe we are attractively positioned in our industry with our extensive animal collection and our ability to design differentiated and interactive attractions showcasing our animals. 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. We have a team of over 600 zoological staff well trained to promote the welfare and living environment of our animals, which is supported by international veterinary advisors and partners. We believe our expertise and dedication in protecting the well-being of our animals will continue to contribute to the sustainable development of our business. See "Business – Our Animals."

CUSTOMERS AND SUPPLIERS

Theme Park Business

Our customers of the theme park business primarily include theme park visitors consisting of destination tourists from outside the region in which our theme parks operate and regional visitors who reside within the region. Our suppliers to our theme park business mainly include construction companies engaged by us for the construction of the theme parks, suppliers of animals and animal-related life support systems, suppliers for large-scale and high-tech entertainment equipment and suppliers of raw materials and merchandise to support our routine up-keep and operation.

Ancillary Commercial Property Business

Our ancillary commercial property business derives its revenue mainly from purchasers of ancillary commercial properties sold by us and tenants leasing ancillary commercial properties held by us. Our ancillary commercial property business's suppliers mainly include construction companies engaged by us to construct the properties and suppliers of the construction materials as well as other service suppliers such as property management companies.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering (excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Shares to be issued under the Share Option Scheme), indirectly through Haichang BVI, Qu Naijie will own an approximately 53.48% interest in the post-offering enlarged issued share capital of our Company and hence will, together with Haichang BVI, continue to be our Controlling Shareholders. Accordingly, subject to our memorandum and articles of association and the Cayman Companies Law, Qu Naijie, by virtue of his controlling beneficial ownership of our share capital as well as his position as the chairman of our Board, will be able to exercise substantial influence over our business or otherwise on matters of significance to us and other Shareholders. See "Relationship With Our Controlling Shareholders."

SUMMARY OF COMBINED FINANCIAL INFORMATION OF OUR GROUP

The following is a summary of our Group's combined financial information as of and for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, extracted from the accountants' report set out in Appendix IA to this prospectus. Our Group's historical financial information does not include the results of the Additional Theme Parks and their ancillary commercial properties.

Extracts of 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
Gross profit	417,224	52.2	299,658	43.8	399,667	45.0	303,700	47.5	392,850	50.4
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/(loss) for the year/period	**183,110**	**22.9**	**45,490**	**6.7**	**78,873**	**8.9**	**28,921**	**4.5**	**104,390**	**13.4**

Certain Operational and Financial Data

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	
	(RMB'000, except for percentages or otherwise noted)				
Gross profit margin of park operations	53.5%	45.3%	42.8%	48.3%	55.7%
Gross profit margin of property development and holding	51.0%	38.8%	51.3%	45.9%	43.0%
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)
Ticket attendance of park operations (visitors in million)	3.91	5.43	5.81	4.89	5.44
GFA delivered of property development and holding (sq.m.)	43,193	14,182	15,763	7,256	8,323

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 Wuhan, 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 segmental adjusted net profit should not be considered as (i) an alternative to our operating profit as an indicator of our or any of our segmental performance, (ii) an alternative to cash flow from operating activities as a measure of liquidity or (iii) 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 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.

Excluding the fair value gains and losses on investment properties, gains on revaluation upon reclassification from properties under development to investment properties and from completed properties held for sale to investment properties and the related tax effect, for the year ended December 31, 2010 and the nine months ended September 30, 2013, our Group's adjusted profit would have been RMB142.6 million and RMB55.6 million, respectively, and our Group's adjusted profit margin would have been 17.8% and 7.1%, respectively, and for the years ended December 31, 2011 and 2012 and the nine months ended September 30, 2013, the Group would have recorded an adjusted loss of RMB34.3 million, RMB31.2 million and RMB10.7 million, respectively, and our Group's adjusted loss margin would have been 5.0%, 3.5% and 1.7%, respectively, mainly due to the relatively high level of theme park depreciation and interest expenses as a percentage of revenue from our park operations which were primarily attributable to our theme parks in Wuhan, Yantai, Tianjin and Chengdu newly opened in 2010 and 2011.

Extracts of Combined Statements of Financial Position

	As of December 31,			As of September 30,
	2010	2011	2012	2013
		(RMB'000)		
Total non-current assets	2,322,999	3,239,356	3,908,613	3,638,863
Total non-current liabilities	1,455,887	3,064,909	3,058,918	2,982,128
Total current assets	2,638,131	4,318,903	3,838,571	4,009,854
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 Equity	941,115	663,191	1,143,860	1,187,432

Selected Segment Information

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:	386,260	48.3	536,350	78.4	633,407	71.2	512,693	80.1	590,114	75.7
Property development and holding:	412,952	51.7	146,947	21.5	250,094	28.1	122,116	19.1	147,046	18.9
Others:	–	–	434	0.1	5,513	0.6	5,111	0.8	42,008	5.4
Total	**799,212**	**100.0**	**683,731**	**100.0**	**899,014**	**100.0**	**639,920**	**100.0**	**779,168**	**100.0**

Park Operations

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	–	–	10,760	2.0	26,545	4.2	21,742	4.2	20,425	3.5
Wuhan Polar Ocean World	–	–	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**

Our park operations generate revenue primarily through the sale of tickets for admission to our theme parks, accounting for 44.7%, 71.6%, 64.9% and 69.6% of our total revenue for 2010, 2011 and 2012 and the nine months ended September 30, 2013, respectively. Due to the seasonality of our theme park operations, most of our theme park admissions are concentrated in the period from May to October, during which a large portion of our annual revenue from the park operations segment is generated. The following table sets forth the key operational data of our six theme parks. See "Financial Information – Description of Selected Combined Statements of Profit or Loss Line Items – Revenue – Park Operations."

	Year ended December 31,			Nine months ended September 30,	
	2010	2011	2012	2012	2013
Ticket sales (RMB'000)	357,073	489,248	577,353	470,118	542,013
Ticket attendance (visitors in million)	3.91	5.43	5.81	4.89	5.44
Average ticket price (RMB per visitor)	91.3	90.1	99.4	96.1	99.6

Property Development and Holding

During the Track Record Period, a majority of the revenue of our property development and holding segment was derived from property sales. For 2010, 2011, 2012 and the nine months ended September 30, 2013, property sales derived from our property development and holding segment amounted to RMB397.8 million, RMB133.0 million, RMB230.3 million and RMB125.5 million, respectively, with a total delivered GFA of 43,193 sq.m., 14,182 sq.m., 15,763 sq.m. and 8,323 sq.m., respectively. As of December 31, 2013, the total GFA of our completed ancillary commercial properties held for sale and held for investment was approximately 60,712 sq.m. (including 2,299 sq.m. in Dalian that was acquired in January 2014) and 113,650 sq.m., respectively. See "Business – Operation of Ancillary Commercial Properties" and "Financial Information – Description of Selected Combined Statements of Profit or Loss Line Items – Revenue – Property Development and Holding Segment."

Key Financial Ratios

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

	As of and for the year ended December 31,			As of and 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%

(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 such year/period.

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

Financing Resources and Requirements

Our theme park operations and property development projects require substantial capital investment for land acquisition, construction and maintenance. To fund the expansion of our theme park operations, including two theme parks opened in 2010 and another two opened in 2011, as well as the development of our ancillary commercial properties, our interest-bearing bank and other borrowings increased during the Track Record Period, amounting 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. As a result, we historically had a relatively high degree of leverage and our net debt to equity ratio as of the same dates was 95.5%, 261.1%, 154.1% and 160.8%, respectively.

We believe that our liquidity needs are manageable and intend to fund them primarily with proceeds from bank and other borrowings, operating cash flow, proceeds from pre-sale and sale of our ancillary commercial properties and net proceeds from the Global Offering. In addition, we plan to settle all the inter-company loans due from and to related companies prior to the Listing. When all such inter-company loans are settled, we expect to receive the net payment from related company of approximately RMB1,013 million based on the balances as of September 30, 2013. As our theme park operations are seasonal in nature, we have experienced, and expect to continue to experience, seasonal fluctuations in our revenue and operating cash flow. To reduce seasonal volatility, we rely on bank and other borrowings to fund our off-season working capital needs and also endeavor 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. 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.

SUMMARY OF FINANCIAL INFORMATION OF THE ADDITIONAL THEME PARKS

The following is a summary of the Additional Theme Parks' financial information as of and for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2012 and 2013, extracted from the accountants' reports set out in Appendix IB and Appendix IC, respectively, to this prospectus.

Extracts of Statements of Profit or Loss and 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
Gross profit	32,391	21.6	60,257	32.8	52,913	27.9	60,622	34.7	78,572	39.9
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

Extracts of Statements of Profit or Loss and Comprehensive Income of Chongqing Caribbean Water Park

	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
Gross profit	7,941	28.7	12,578	33.7	8,122	23.5	13,961	43.1	19,120	48.1
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**

RISK FACTORS

Our business is subject to a number of risks, including but not limited to certain risks relating to our business in general and specific risks relating to our park operation segment and our property development and holding segment. In particular, while we have entered into relevant cooperation or investment agreements with the relevant local government authority or designated state-owned enterprise in respect of the Shanghai Haichang Polar Ocean World and Sanya Haitang Bay Dream World, development of the Shanghai and Sanya projects is subject to uncertainties. While we have entered into the land lease contract for the tourism-related portion of the Sanya project, there is no assurance that we will be able to obtain the land use rights through the required tender, auction and listing-for-sale procedures for development of the Shanghai project or the ancillary commercial properties of the Sanya project at acceptable terms or at all. We may face other challenges to obtain the necessary governmental approval or achieve the results as expected.

In addition, we also face the following major risks, including: (1) restrictive measures adopted from time to time by the PRC government to curtail or strengthen control over the development of theme parks or tourism-related commercial properties may inhibit our ability to develop new theme park projects; (2) we could be adversely affected by a decline in discretionary consumer spending or consumer confidence; (3) our property development and holding segment depends on the performance of the real estate market in China; and (4) our results of operations included unrealized revaluation adjustments on investment properties, which may fluctuate significantly over financial periods. You should read the entire section headed “Risk Factors” of this prospectus carefully before you decide to invest in our Shares.

PROFIT ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2013

Unaudited estimated combined profit attributable to owners of the Company for the year ended December 31, 2013[1]	Not less than RMB83 million (equivalent to HK$105 million)
Unaudited pro forma forecast earnings per Share[2]	Not less than RMB2.08 cents (equivalent to HK$2.64 cents)

Notes:

(1) The bases on which the unaudited estimated combined profit attributable to owners of the Company for the year ended December 31, 2013 are presented in Appendix III to this prospectus.

(2) The calculation of the unaudited pro forma forecast earnings per Share is based on the unaudited estimated combined profit attributable to owners of the Company for the year ended December 31, 2013 and assuming the Global Offering had been completed on January 1, 2013 and a total of 4,000,000,000 Shares had been in issue throughout the year ended December 31, 2013. The calculation assumes that the Over-allotment Option had not been exercised.

OFFERING STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option will not be exercised.

	Based on an Offer Price of HK$2.68 per share	Based on an Offer Price of HK$2.18 per share
Market capitalization upon completion of the Global Offering(1)	HK$10,720 million	HK$8,720 million
Unaudited pro forma adjusted net tangible asset per Share(2)	RMB0.75	RMB0.65

Notes:

(1) The calculation of market capitalization is based on 4,000,000,000 Shares expected to be issued immediately upon completion of Global Offering and the Capitalization Issue.

(2) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in Appendix IIB "Unaudited Pro Forma Financial Information" in this prospectus and on the basis of 4,000,000,000 Shares in issue at the respective offer price of HK$2.18 and HK$2.68 pursuant to the Global Offering.

LISTING 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, of 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.

USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$2.43 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$2,295.6 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

We intend to use the net proceeds of the Global Offering for the following purposes:

Amount	Percentage of Net Proceeds	Purposes
HK$1,147.8 million	50%	To develop Shanghai Haichang Polar Ocean World
HK$918.2 million	40%	To develop Sanya Haitang Bay Dream World
HK$229.6 million	10%	Working capital

If the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds of the Global Offering, assuming that the Over-allotment Option is not exercised, will increase to approximately HK$2,538.1 million or decrease to approximately HK$2,053.1 million, respectively. In such event, we will increase or decrease the intended use of the net proceeds for the above purposes on a pro-rata basis.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

To the extent our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations and bank financing.

In the event that any part of Shanghai Haichang Polar Ocean World and/or Sanya Haitang Bay Dream World does not proceed as planned, including as a result of circumstances such as failure to obtain the land use right, the requisite approvals, changes in government policies that would render any of our property developments not commercially viable, or force majeure, our Directors will evaluate the situation, explore other potential development projects, including expansion of our existing theme parks, development of new projects and/or acquisitions of new projects or land for development in the PRC, and utilize the unused portion of proceeds from the Global Offering on such other projects. As of the Latest Practicable Date, we had not yet identified or committed to any acquisition targets for such use of net proceeds from the Global Offering. We intend to identify development opportunities and select acquisition targets that can fit into our overall branding and development strategies. See "Business – Project Development Process" for details on our project planning process. In the event that any part of Shanghai Haichang Polar Ocean World and/or Sanya Haitang Bay Dream World does not proceed as planned, our Directors may also consider utilizing the unused portion of proceeds from the Global Offering to repay our existing bank loans and other borrowings and interests accrued thereon. See "Future Plans and Use of Proceeds."

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.

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

"ABMA"	Animal Behavior Management Alliance
"Acquisitions"	the acquisition of 100% equity interests of Dalian Haichang Discoveryland pursuant to an equity transfer agreement dated September 24, 2013 and the acquisition of 100% equity interests of Chongqing Haichang Caribbean pursuant to an equity transfer agreement dated September 23, 2013, as part of the Reorganization
"Additional Theme Parks"	Dalian Discoveryland and Chongqing Caribbean Water Park, which we will acquire upon completion of the Acquisitions. See "History, Reorganization and Corporate Structure – Our Reorganization – Phase 5 of the Reorganization"
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them
"Articles" or "Articles of Association"	the articles of association of our Company (as amended from time to time), conditionally adopted on February 23, 2014, a summary of which is set out in Appendix V to this prospectus
"Board" or "Board of Directors"	the board of directors of our Company
"Business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"Capitalization Issue"	the issue of 2,885,608,004 Shares to be made upon capitalization of an amount of US$288,560.8004 standing to the share premium account of our Company referred to in "Statutory and General Information – A. – Further Information about our Company – 3. Resolutions in Writing of our Shareholders passed on February 23, 2014" in Appendix VI to this prospectus
"Cayman Companies Law" or "Companies Law"	the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"CBRC"	China Banking Regulatory Commission (中國銀行業監督管理委員會)
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Chengdu Polar"	Chengdu Polar Ocean Industrial Co., Ltd* (成都極地海洋實業有限公司), a company established in the PRC on December 18, 2003 and our indirect wholly-owned subsidiary
"Chengdu Polar Ocean World"	a marine theme park in Chengdu operated by Chengdu Polar
"China Records Headquarters (上海大世界基尼斯總部)"	an independent company incorporated in the PRC in 1992
"Chongqing Caribbean Water Park"	a water park in Chongqing operated by Chongqing Haichang Caribbean. Unless otherwise specified or the context otherwise requires, references to the financial information of Chongqing Caribbean Water Park in this prospectus are references to the financial information of Chongqing Haichang Caribbean set out in Appendix IC to this prospectus
"Chongqing Haichang Caribbean"	Chongqing Haichang Caribbean Tourism Development Co., Ltd.* (重慶海昌加勒比海旅遊發展有限公司), a company established in the PRC on January 18, 2012 and a wholly-owned subsidiary of Haichang Real Estate which will be acquired by our Group, and the acquisition will be completed no later than December 31, 2014
"Chongqing Industrial"	Chongqing Polar Industrial Co., Ltd.* (重慶極地實業有限公司), a company established in the PRC on July 15, 2003 and a wholly-owned subsidiary of Haichang Real Estate, our Connected Person
"Circular 59"	the Circular on Certain Issues Concerning Enterprise Income Tax Treatment for Corporate Restructuring (關於企業重組業務企業所得稅處理若干問題的通知), jointly promulgated by the MOF and the SAT on April 30, 2009 with retrospective effect from January 1, 2008

"CNAW article"	an article titled "Haichang China: Chinese Dream of a Tourism Kingdom (《海昌(中國):旅遊王國的中國夢》)" which appeared on pages 46 to 53 of the September 2013 issue of China National Aquatic Wildlife (《中國水生野生動物》) journal, a magazine published under the sponsorship of the National Aquatic Wildlife Conservation Association (全國水生野生動物保護分會) of China and the supervision of China Fisheries Administration Center (中國漁政指揮中心)
"CNTA"	China National Tourism Administration (中華人民共和國國家旅遊局)
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
"Company" or "our Company"	Haichang Holdings Ltd. (海昌控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on November 21, 2011
"Connected Person"	has the meaning ascribed thereto in the Listing Rules
"Controlling Shareholders"	Qu Naijie and Haichang BVI
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Dalian 4D-Cinema Co"	Dalian Laohutan 4D Cinema Co., Ltd.* (大連老虎灘四維影院有限公司), a company established in the PRC on May 25, 2001 and held by Haichang Travel and Haichang Group Co as to 49% and 51%, respectively
"Dalian Discoveryland"	an amusement park in Dalian operated by Dalian Haichang Discoveryland. Unless otherwise specified or the context otherwise requires, references to the financial information of Dalian Discoveryland in this prospectus are references to the financial information of Dalian Haichang Discoveryland set out in Appendix IB to this prospectus
"Dalian Discoveryland Hotel"	a resort hotel in Dalian adjacent to Dalian Discoveryland and operated by Dalian Haichang Discoveryland
"Dalian Friday Avenue"	Dalian Friday Avenue Commercial Service Co., Ltd* (大連星期五大道商業服務有限公司), a company established in the PRC on May 13, 2003 and our indirect wholly-owned subsidiary
"Dalian Haichang Discoveryland"	Dalian Haichang Discoveryland Theme Park Co., Ltd.* (大連海昌發現王國主題公園有限公司), a company established in the PRC on May 28, 2012 and held by ORIX China, Haichang Asia HK and Haichang Group Co as to 15%, 78.51% and 6.49%, respectively, and to be acquired by our Group. The acquisition will be completed no later than December 31, 2014

"Dalian Laohutan"	Dalian Laohutan Ocean Park Co., Ltd* (大連老虎灘海洋公園有限公司), a company established in the PRC on February 13, 2001 and a subsidiary in which we own 58.3% equity interests
"Dalian Laohutan Ocean Park"	a combination of tourist attractions operated by Dalian Laohutan at Dalian Laohutan Park
"Dalian Laohutan Park"	a park in Dalian operated by Hutan Park, within which Dalian Laohutan Ocean Park is situated
"Dalian Laohutan Polar Aquarium"	an aquarium located in the Dalian Laohutan Park, being part of the Dalian Laohutan Ocean Park
"Dalian Lianyun"	Dalian Lianyun Co., Ltd* (大連聯運有限公司), a company established in the PRC on January 3, 1986 and wholly-owned by Haichang Group Co, our Connected Person
"Director(s)"	the director(s) of our Company
"E.A.A.M."	European Association for Aquatic Mammals
"EIT"	enterprise income tax of the PRC
"EIT Law"	the PRC Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time
"Enlarged Group"	our Group, together with Chongqing Haichang Caribbean and Dalian Haichang Discoveryland after the completion of the Acquisitions
"Euromonitor"	Euromonitor International Ltd., an independent industry consultant we commissioned to conduct a research on China's theme park and marine theme park markets
"FIREE"	foreign-invested real estate enterprise
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Green Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider
"Group," "our Group," "we," "our," "us" or "Haichang Holdings Ltd."	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or (as the case may be) their predecessors
"Haichang Asia BVI"	Haichang Holdings (Asia) Ltd. (海昌控股(亞洲)有限公司), a company incorporated in the BVI on November 22, 2011 and our direct wholly-owned subsidiary

"Haichang Asia HK"	Haichang Asia Investment Limited (海昌亞洲投資有限公司) (formerly known as United Far East Investment Limited (致遠投資有限公司), a limited liability company incorporated in Hong Kong on November 13, 2007, indirectly wholly-owned by Sea Rich Oil, our Connected Person
"Haichang BVI"	Haichang Group Limited (海昌集團有限公司), a company incorporated in the BVI on November 18, 2011 and wholly-owned by Qu Naijie, and one of our Controlling Shareholders
"Haichang China"	Haichang (China) Co., Ltd.* (海昌(中國)有限公司) (formerly known as Dalian Haichang Garden Co., Ltd.* (大連海昌花園有限公司)), a company established in the PRC on December 11, 1996 and our indirect wholly-owned subsidiary
"Haichang Enterprise Development"	Dalian Haichang Corporation Development Co., Ltd* (大連海昌企業發展有限公司) (formerly known as Dalian Golden Pebble Beach Paradise Co., Ltd* (大連金石灘樂園有限公司)), a company established in the PRC on January 16, 2003 and held by ORIX China, Haichang Asia HK and Haichang Group Co as to 15%, 78.51% and 6.49%, respectively, our Connected Person
"Haichang Group Co"	Dalian Haichang (Group) Co., Ltd.* (大連海昌集團有限公司), a company established in the PRC on November 17, 1998 and held by Qu Naijie, Qu Naiqiang and Cheng Chunping (the wife of Qu Naijie) as to 60%, 10% and 30%, respectively, our Connected Person
"Haichang Holdings HK"	Haichang Holdings (Hong Kong) Limited (海昌控股(香港)有限公司), a company incorporated in Hong Kong on December 5, 2011 and our indirect wholly-owned subsidiary
"Haichang Housing"	Dalian Haichang Housing Development Co., Ltd.* (大連海昌房屋開發有限公司), a company established in the PRC on July 31, 1995 and held by Haichang Group Co and Qu Naiqiang as to 90% and 10%, respectively, our Connected Person
"Haichang Inc"	Haichang Inc., a company incorporated in the Cayman Islands on December 13, 2007, indirectly wholly-owned by Sea Rich Oil, our Connected Person
"Haichang International"	Haichang International Holdings Ltd., a company incorporated in the BVI on December 13, 2007, wholly-owned by Sea Rich Oil, our Connected Person
"Haichang Land HK"	Hong Kong Haichang Land Limited (香港海昌置業有限公司), a company incorporated in Hong Kong on October 9, 2007 and wholly-owned by Qu Cheng, son of Qu Naijie, our Connected Person

"Haichang Offshore"	Haichang (Offshore) Investment Ltd., a company incorporated in the BVI on December 12, 2007, indirectly wholly-owned by Sea Rich Oil, our Connected Person
"Haichang Pole Aquarium HK"	Hong Kong Haichang Pole Aquarium Investment Limited (香港海昌極地投資有限公司), a company incorporated in Hong Kong on July 5, 2007 and wholly-owned by Qu Cheng, son of Qu Naijie, our Connected Person
"Haichang Real Estate"	Dalian Haichang Real Estate Group Co., Ltd.* (大連海昌房地產集團有限公司) (formerly known as Dalian Haichang Investment Co., Ltd.* (大連海昌投資有限公司)), a company established in the PRC on November 8, 2007 and wholly-owned by Haichang Enterprise Development, our Connected Person
"Haichang Travel"	Dalian Haichang Travel Group Co., Ltd.* (大連海昌旅遊集團有限公司) (formerly known as Dalian Haichang Travel Development Co., Ltd.* (大連海昌旅遊發展有限公司), a company established in the PRC on January 28, 2010 and our indirect wholly-owned subsidiary
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK eIPO White Form"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **HK eIPO White Form** **www.hkeipo.hk**
"HK eIPO White Form Service Provider"	the HK eIPO White Form Services Provider designated by us, as specified on the designated website of HK eIPO White Form at **www.hkeipo.hk**
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 100,000,000 Shares being initially offered for subscription in the Hong Kong Public Offering, subject to reallocation
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting – Hong Kong Underwriters" in this prospectus

"Hong Kong Underwriting Agreement"	the underwriting agreement dated February 27, 2014, relating to the Hong Kong Public Offering and entered into, among others, the Joint Global Coordinators, the Hong Kong Underwriters, the Controlling Shareholders and our Company
"Hony Capital"	Hony Capital Fund V, L.P., a limited partnership registered in the Cayman Islands on December 15, 2011
"Hutan Park"	Dalian Laohutan Marine Park* (大連老虎灘海洋公園) (formerly known as Dalian Hutan Park* (大連虎灘樂園)), a state-owned enterprise established in the PRC on August 1, 1991 and an independent third party
"IAAAM"	International Association for Aquatic Animal Medicine
"IFRS"	International Accounting Standards, International Financial Reporting Standards, amendments and the related interpretations issued by the International Accounting Standards Board
"IMATA"	International Marine Animal Trainer's Association
"Independent Third Party(ies)" or "independent third party(ies)"	person(s) or company(ies) which is/are not connected person(s) (as defined in the Listing Rules) of our Company
"International Offer Shares"	the 900,000,000 Shares being initially offered in the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to reallocation
"International Offering"	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering, which is expected to be entered into by the Joint Global Coordinators, the International Underwriters and our Company on or about March 8, 2014
"International Underwriters"	the group of underwriters, led by the Joint Global Coordinators, that is expected to enter into the International Underwriting Agreement to underwrite the International Offering
"Joint Bookrunners"	BNP Paribas Securities (Asia) Limited, Merrill Lynch International, CCB International Capital Limited, China Merchants Securities (HK) Co., Limited, Essence International Securities (Hong Kong) Limited and ICBC International Capital Limited

"Joint Global Coordinators"	BNP Paribas Securities (Asia) Limited and Merrill Lynch International
"Joint Lead Managers"	BNP Paribas Securities (Asia) Limited, Merrill Lynch Far East Limited, Merrill Lynch International, CCB International Capital Limited, China Merchants Securities (HK) Co., Limited, Essence International Securities (Hong Kong) Limited and ICBC International Securities Limited
"Joint Sponsors"	BNP Paribas Securities (Asia) Limited and Merrill Lynch Far East Limited
"LAT"	land appreciation tax
"Latest Practicable Date"	February 19, 2014, being the latest practicable date for the inclusion of certain information in this prospectus prior to its publication
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about March 13, 2014, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Management Trust"	revocable discretionary trust settled by Qu Naijie as settlor with Cantrust (Far East) Limited as trustee for the trust for the purposes of recognizing and rewarding the contribution and performance of certain persons who had contributed or will contribute to the development and operations of our Group, details of which are set out in "History, Reorganization and Corporate Structure"
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company conditionally adopted on February 23, 2014, as amended from time to time
"MEP"	Ministry of Environmental Protection of the PRC (中華人民共和國環境保護部)
"Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部) or its local counterparts
"Ministry of Culture"	Ministry of Culture of the PRC (中華人民共和國文化部)
"Ministry of Finance" or "MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)

"MLR"	Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
"MOHURD"	Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)
"NDRC"	National Development and Reform Commission (中華人民共和國國家發展和改革委員會) or its local counterparts
"NPC"	National People's Congress (全國人民代表大會)
"NTAQRAC"	National Tourist Attraction Quality Ratings Assessment Committee (全國旅遊景區質量等級評定委員會)
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%)
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"Oriental Camellia"	Oriental Camellia Investment Limited (東方加梅力亞投資有限公司), a limited liability company incorporated in Hong Kong on June 21, 2012 and a Shareholder wholly-owned by ORIX China
"Oriental Camellia SSA"	the share subscription agreement dated July 13, 2012, entered into among our Company, ORIX China and Oriental Camellia under which Oriental Camellia agreed to subscribe 15,000,000 Shares at a consideration of (i) US$1,500 and (ii) Oriental Camellia shall, and ORIX China shall cause Oriental Camellia to, pay to our Company, directly or through any of its affiliate, such amount that equals to the payment received by Oriental Camellia and ORIX China (together with their affiliates) as consideration for their equity interests in Dalian Haichang Discoveryland in connection with the sale of Dalian Haichang Discoveryland to Haichang Holdings HK and net of any taxes paid or payable by ORIX China or its affiliates in connection with Oriental Camellia's acquisition of 15% equity interests in Dalian Haichang Discoveryland and/or the sale of Dalian Haichang Discoveryland to Haichang Holdings HK
"ORIX China"	ORIX (China) Investment Company Limited (歐力士(中國)投資有限公司), a company established in the PRC on December 16, 2009
"ORIX China 2009 SSA"	the share subscription agreement dated December 21, 2009, entered into by Haichang Group Co, Haichang Asia HK, Haichang Enterprise Development and ORIX China

"Over-allotment Option"	the option expected to be granted by our Company to the Joint Global Coordinators (on their own behalf), pursuant to which our Company may be required to allot and issue up to an aggregate of 150,000,000 Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC" or "China"	the People's Republic of China, but for the purposes of this prospectus only, except where the context requires, references in this prospectus to PRC or China exclude the Hong Kong and Macau Special Administrative Regions of the People's Republic of China and Taiwan
"PRC legal advisor"	Jun He Law Offices
"Pre-IPO Shareholders' Agreement"	the pre-IPO shareholders' agreement entered into by our Company, Qu Naijie, Haichang BVI, Time Dynasty and Oriental Camellia on August 24, 2012 and the supplemental agreement entered into by the same parties on September 27, 2013, in relation to the rights and obligations of Haichang BVI, Time Dynasty and Oriental Camellia as our Shareholders
"Price Determination Date"	the date, expected to be on or about Saturday, March 8, 2014, on which the Offer Price will be determined and, in any event, not later than Monday, March 10, 2014
"Property Valuer"	DTZ Debenham Tie Leung Limited
"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Qingdao Polar"	Qingdao Polar Ocean World Co., Ltd.* (青島極地海洋世界有限公司), a company established in the PRC on September 26, 2002 and our indirect wholly-owned subsidiary
"Qingdao Polar Ocean World"	a marine theme park in Qingdao operated by Qingdao Polar
"Qu Naijie"	Mr. Qu Naijie, a non-executive Director and one of our Controlling Shareholders
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganization"	the corporate reorganization of our Group conducted in preparation for the Listing, details of which are set out in the section headed "History, Reorganization and Corporate Structure" in this prospectus
"RMB"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act

"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局) or its local counterparts
"SAIC"	State Administration for Industry and Commerce (中華人民共和國國家工商行政管理總局) or its local counterparts
"Sanya Development"	Sanya Haichang Tourism Development Co., Ltd.* (三亞海昌旅業發展有限公司), a company established in PRC on June 29, 2011 as a subsidiary of our Group and disposed of to an independent third party in 2012
"Sanya Haichang"	Sanya Haichang Dream World Development Co. Ltd* (三亞海昌夢幻不夜城發展有限公司), a company established in the PRC on December 24, 2013 and our indirect wholly-owned subsidiary
"Sanya Haitang Bay Dream World"	a project in Sanya, Hainan Province that we intend to develop into a themed entertainment park area at the Haitang Bay area that is operated in an open manner
"SAQSIQ"	General Administration of Quality Supervision, Inspection and Quarantine of the PRC (國家質量監督檢驗檢疫總局)
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SCNPC"	The Standing Committee of the National People's Congress (全國人民代表大會常務委員會)
"Sea Rich Oil"	Sea-Rich Oil (S) Pte Ltd (西瑞克石油(新加坡)有限公司) (formerly known as Hoi Chiong International (S) Pte Ltd (海昌新加坡國際(私人)有限公司)), a company incorporated in Singapore on February 17, 1996 and held by Qu Naijie, Zhang Tianchen, Cheng Chunping (the wife of Qu Naijie) and Li Jiehui as to 74.36%, 1.41%, 22.82% and 1.41%, respectively, our Connected Person
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shanghai Haichang"	Shanghai Haichang Polar Ocean World Co., Ltd. * (上海海昌極地海洋世界有限公司), a company established in the PRC on July 19, 2011 and our indirect wholly-owned subsidiary

"Shanghai Haichang Polar Ocean World"	a project in Shanghai that we intend to develop into our flagship marine theme park with a focus on polar animals
"Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of US$0.0001 each
"Share Option Scheme"	our share option scheme conditionally adopted pursuant to resolutions passed by our Shareholders by resolutions in writing passed on February 23, 2014
"Share Subscription Agreements"	the Oriental Camellia SSA and the Time Dynasty SSA
"Shareholder(s)"	holders of our Shares
"Shibo Real Estate"	Dalian Shibo Real Estate Development Co., Ltd.* (大連世博房地產開發有限公司), a company established in the PRC on July 17, 2003 and wholly-owned by Haichang Real Estate, our Connected Person
"Stabilizing Manager"	BNP Paribas Securities (Asia) Limited
"State"	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
"State Council"	the PRC State Council (中華人民共和國國務院)
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Theme Park Opinions"	Certain Opinions on Regulating the Development of Theme Park (《關於規範主題公園發展的若干意見》) issued on March 4, 2013 by several authorities including, among others, the NDRC, MLR and Ministry of Culture

"Theme Park Under 2013 Opinions"	a theme park defined under the Theme Park Opinions as is a park area constructed for profit-making purpose, the land area and investment amount of which reach a certain scale and which is operated in an enclosed manner with one or more specific cultural and tourist themes and provides visitors with paid leisure experience and culture and entertainment products or services. The definition of Theme Park Under 2013 Opinions is different from theme parks defined in the section entitled "Glossary of Technical Terms" and used throughout this prospectus. Our six theme parks, the Additional Theme Parks and our new projects in Shanghai and Sanya are deemed as theme parks from the perspectives of their business operations and the existing or expected public perception of them as amusement or entertainment parks offering a variety of entertainment attractions, rides, shows and other events. However, 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 as a themed entertainment park area, as opposed to an enclosed theme park with a specific theme. See "Business – Theme Parks To Be Developed – Sanya Haitang Bay Dream World"
"Tianjin Polar"	Tianjin Polar Tourism Co., Ltd.* (天津極地旅遊有限公司), a company established in the PRC on September 24, 2007 and our indirect wholly-owned subsidiary
"Tianjin Polar Ocean World"	a marine theme park in Tianjin operated by Tianjin Polar
"Time Dynasty"	Time Dynasty Limited (時譽有限公司), a limited liability company incorporated in the British Virgin Islands on November 21, 2008 and a Shareholder wholly-owned by Hony Capital as a special purpose vehicle
"Time Dynasty SSA"	the share subscription agreement dated May 24, 2012, entered into among our Company, Haichang BVI, Qu Naijie and Time Dynasty under which Time Dynasty agreed to subscribe 14,391,996 Shares at a consideration of US$80,500,000
"Track Record Period"	the three financial years of our Company ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013
"Trademark Office"	Trademark Office of the State Administration for Industry and Commerce
"Underwriters"	the Hong Kong Underwriters and the International Underwriters

"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America
"US dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended
"WAZA"	World Association of Zoos and Aquariums
"Wuhan Polar"	Wuhan Polar Ocean World Investment Co., Ltd.* (武漢極地海洋世界投資有限公司), a company established in the PRC on October 26, 2004 and our indirect wholly-owned subsidiary
"Wuhan Polar Ocean World"	a marine theme park in Wuhan operated by Wuhan Polar
"Xinhua News Agency" (新華通訊社)	the official press agency of the PRC and one of the biggest centers for collecting information and press conferences in China
"Yantai Fishermen"	Yantai Fishermen's Wharf Investment Co., Ltd.* (煙台漁人碼頭投資有限公司), a company established in the PRC on March 15, 2005 and our indirect wholly-owned subsidiary
"Yantai Fishermen's Wharf"	a commercial street in Yantai adjacent to Yantai Whale Shark Aquarium operated by Yantai Fishermen
"Yantai Whale Shark Aquarium"	an aquarium in Yantai operated by Yantai Fishermen
"Yantai Yudaishan Hot Spring Resort"	a hot spring resort in Yantai adjacent to Yantai Whale Shark Aquarium operated by Yantai Fishermen

In this prospectus, the terms "associate," "connected person," "connected transaction," "controlling shareholder," "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

* If there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC mentioned in this prospectus and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC entities are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains terms used in this prospectus in connection with us. As such, these terms and their meanings may not correspond to standard industry meanings or usages of these terms.

"3D film"	a motion picture that enhances the illusion of depth perception for viewers, using special film production and play equipment and skills
"4D film"	an entertainment presentation system combining a 3D film with physical effects that occur in the theater in synchronization with the film
"admission attendance"	the number of visitors at our theme parks or the Additional Theme Parks based on actual admissions to the relevant theme parks in a given period, which also include admissions to certain separately charged attractions within the theme parks such as a 4-D cinema within Dalian Laohutan Ocean Park and a happy theater within Qingdao Polar Ocean World
"ancillary commercial properties"	commercial properties, such as lodging, dining and shopping venues, developed adjacent to the theme parks to offer amenities and more consumption option for theme park visitors
"average selling price"	average selling price on a gross basis, unless otherwise stated
"average ticket price"	in respect of a theme park, the result of dividing the revenue from ticket sales of such theme park net of business tax and other surcharge by the ticket attendance
"CAGR"	compound annual growth rate
"GDP"	gross domestic product
"GFA"	gross floor area
"husbandry"	the cultivation of animals, plants, fungi and other forms of life for food, fiber, biofuel, drugs, display and other purposes
"land use rights certificate"	a certificate (or certificates as the case may be) of the rights of a party to use a parcel of land (國有土地使用權證)
"mu"	畝, equivalent to approximately 667 sq. m.
"spherical screen"	a type of screen for playing films that is different from the regular flat screen and extends over the cinema's dome

"sq. m."	square meters
"theme park"	a distinct style of amusement or entertainment parks offering a variety of entertainment attractions, rides, shows and other events, featuring one or more specific themes or stories, which may include both parks with multiple buildings and single-complex parks with different internal functional areas. Theme parks are so defined from the perspectives of their business operations and the existing or expected public perception of them as amusement or entertainment parks which may be operated in an open or enclosed manner. Such term is different from the term "Theme Parks Under 2013 Opinions," which is defined with reference to the Theme Park Opinions, which does not include theme parks managed in an open manner
"ticket attendance"	the number of visitors to our theme parks or the Additional Theme Parks based on ticket sales of the relevant theme parks in a given period, which also include tickets sold separately for admissions to a 4-D cinema within Dalian Laohutan Ocean Park
"WeChat"	a mobile messaging communication and social media service, offering multimedia communication with text messaging, hold-to-talk voice messaging, broadcast (one-to-many) messaging, photo/video sharing, location sharing, and contact information exchange

An investment in our Shares involve risks. You should carefully consider the risks described below and all other information contained in this prospectus before making an investment decision. You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that all of our operations are conducted in China and are governed by a legal and regulatory environment that differs in some respects from those that prevail in other countries. Any of these risks and uncertainties, if materialized, may have a material adverse effect on our business, financial condition and results of operations. In that event, the trading price of our Shares could decline, and you may lose part or all of your investment. This prospectus also contains forward-looking statements that identify certain risks and uncertainties. See "Forward-looking Statements."

There are certain risks relating to an investment in our Shares. These risks can be broadly categorized into: (i) risks relating to our businesses in general; (ii) risks primarily relating to our theme park business; (iii) risks primarily relating to our ancillary commercial property business; (iv) risks relating to doing business in China; and (v) risks relating to our Global Offering. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that are presently deemed immaterial, could also harm our business, financial condition and operating results.

RISKS RELATING TO OUR BUSINESSES IN GENERAL

Our success depends on continued effective execution of our business strategy and our inability to do so may affect our results of operations and financial condition.

Our business strategy focuses on leveraging our expertise in the cultivation, training and exhibition of marine and polar animals to develop and operate marine theme parks. The successful execution of our business strategy depends on our ability to maintain our industry-leading marine animal care expertise and develop attractive marine or other theme parks together with ancillary commercial properties. Our revenue also depends on a healthy mix of revenue from our park operations segment and property development and holding segment. The successful execution of our business strategy may be adversely affected by a number of factors, such as loss of our key management members, change in the PRC government's policies with respect to the theme park and commercial real estate industries, the availability of suitable land and sufficient funding, or a downturn in the PRC economy. If we cannot continue to execute our business strategy, we may be unable to continue our growth or maintain our market position, which may materially and adversely affect our results of operations and financial condition.

We may not be able to successfully manage our growth.

Our future success will depend on our ability to grow our business through improvement of our existing theme parks and their ancillary commercial properties and acquisition or development of new projects. We intend to explore new theme park projects in cities strategically located across China to enlarge our portfolio and further expand our business. For instance, we intend to develop Shanghai Haichang Polar Ocean World and Sanya Haitang Bay Dream World in Shanghai and Sanya, respectively. Expansion may place substantial strain on our managerial, operational and financial resources. For example, we may not have sufficient working capital or financing to take up new opportunities for theme park or ancillary commercial property projects, including acquisition of our options granted by the Remaining Group to purchase businesses from the Remaining Group, in respect of which see "Relationship with Our Controlling Shareholders – Option to Purchase and/or Operate and Manage Excluded Business." In addition, we have limited knowledge of the local conditions of these new markets, which may differ from the conditions of the markets in which we currently operate. We cannot assure you that we will be able to successfully leverage our experience to expand into other parts of the PRC. When we enter new markets, we may face intense competition from other theme park operators with industry experience or established presence in the relevant geographical areas and from other developers with similar expansion targets. We may not be able to recover the costs incurred in developing our new projects and initiatives or to realize their intended or projected benefits. We cannot assure you that we can anticipate and resolve all problems that may occur during our expansion and failure to do so may have a material adverse effect on our business, financial condition and results of operations.

Restrictive measures adopted from time to time by the PRC government to curtail or strengthen control over the development of theme parks or tourism-related commercial properties may inhibit our ability to develop new theme park projects.

Our business model depends on our ability to acquire suitable land at competitive prices in strategic locations. The PRC government controls the availability of land in China and its land supply policies have a direct impact on our ability to acquire land use rights and our costs of acquisition. We may also face difficulties in obtaining suitable land and necessary permits for developing new projects if the PRC government tightens its policy towards the development of new theme parks. For example, the PRC government issued a Notice on Suspending New Theme Park Construction Projects (《關於暫停新開工建設主題公園項目的通知》) in August 2011, according to which the relevant local government authorities suspended approval procedures for the construction of new theme parks with planned or actual site area of 300 mu (approximately 200,100 sq.m.) or more or total investment of RMB500 million or more until further rules are promulgated. In March 2013, the PRC government promulgated Certain Opinions on Regulating the Development of Theme Parks (《關於規範主題公園發展的若干意見》), pursuant to which theme parks are for the first time defined under the PRC regulations and such theme park projects are classified into three categories according to their site area and total investment, with each category being subject to approvals by governments at various levels. See "Regulatory Overview – Regulation – Project Approval Regime." See the definition of "Theme Parks Under 2013 Opinions" in "Definitions" for details of such statutory definition, which differs from the term "theme park" as used in this prospectus and defined in "Glossary of Technical Terms." The implementation of these policies or the promulgation of new restrictive measures may prevent us from acquiring suitable land or required approvals for new theme park projects if our theme park projects are deemed by the relevant government authorities as projects that fall within the ambit of these policies and as result, may have a material adverse effect on our business, financial condition, results of operations and prospects.

If we lose or are unable to renew licenses and permits required to cultivate and exhibit animals or conduct other licensed businesses, our business will be adversely affected.

We are required to hold government licenses and permits, some of which are subject to yearly or periodic renewal, for purposes of possessing, exhibiting and maintaining animals and conducting other licensed businesses. Although our theme parks' licenses and permits have always been renewed in the past, in the event that any of our licenses or permits are not renewed or any of our licenses or permits are revoked, the affected theme park might not be able to remain open for purpose of displaying or retaining the animals covered by such licenses or permits or we may have to suspend or cease other business operations for which we are unable to obtain the required permit or license.

In addition, in order to engage in our property development and other operations, we must apply to relevant government authorities to obtain and renew (in the case of those relating to on-going operations) various licenses, permits, certificates and approvals. Before the government authorities issue or renew any certificate or permit, we must meet specific conditions. For instance, up to January 2014, Yantai Yudaishan Hot Spring Resort had not obtained the mining license required for the extraction of natural hot spring water since its commencement of operations in 2011. As our preparatory work for applying for the license showed that the hot spring from which we were then extracting water could not meet the conditions for the issuance of the license, we ceased the extraction from the hot spring in January 2014. See "Business – Legal Proceedings and Regulatory Compliances."

We cannot guarantee that we will be able to adapt to new rules and regulations of the PRC that may come into effect from time to time with respect to the theme park and commercial real estate industries or that in the future we will not encounter other material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all the other necessary certificates or permits for our operations in a timely manner, or at all. In the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our theme parks or projects, our business, financial condition and results of operations may be adversely affected.

If we are unable to complete the Acquisitions as expected, our results of operations and financial condition may be adversely affected.

We have included in this prospectus the historical financial information and certain other operational information of the Additional Theme Parks. We entered into an equity transfer agreement on September 24, 2013 to purchase 100% of the equity interest in Dalian Haichang Discoveryland and an equity transfer agreement on September 23, 2013 to purchase 100% of the equity interest in Chongqing Haichang Caribbean. We expect both Acquisitions to be completed by the end of 2014, subject to certain conditions precedent set out in the relevant equity transfer agreements.

The completion of the Acquisitions is, however, subject to various factors that may be beyond our control, such as refusal by the PRC government authorities to approve and/or register the equity transfers. As of the Latest Practicable Date, our PRC legal advisor was not aware of any circumstances which would result in any legal obstacle to obtain relevant approval or registration from relevant PRC authority in connection with the completion of these Acquisitions. However, there is no assurance that legal or other obstacles will not arise in the future. Assuming the Acquisitions had occurred on the first day of the relevant period, the pro forma revenue of the Enlarged Group would have been RMB1,112.9 million for the year ended December 31, 2012, an increase of 25.2% over the revenue of our Group in 2012; and RMB1,015.6 million for the nine months ended September 30, 2013, an increase of 30.3% over the revenue of our Group for the same period. In the event that the Acquisitions are not completed within the timeframe as currently expected or at all, our business, results of operations and financial condition could be materially and adversely affected. In addition, if we cannot complete the Acquisitions, our Controlling Shareholders will continue operating the Additional Theme Parks and may compete with us in the theme park industry, which may have an adverse impact on our results of operations and financial condition.

Our business, operational performance and financial condition may be adversely affected if we fail to obtain, or if there is any material delay in obtaining, any of the relevant PRC governmental approvals for the construction of our theme parks or commercial property development projects.

In developing and completing a theme park or a commercial property project, we are required to obtain various permits, licenses, certificates and other approvals including, but not limited to, project approval, the State-owned Land Use Rights Certificate (國有土地使用權證), Planning Permit for Construction Land (建設用地規劃許可證), Planning Permit for Construction Works (建設工程規劃許可證), Permit for Commencement of Construction Works (建築工程施工許可證), and project completion and acceptance forms from the relevant PRC government authorities at various development and construction stages of the project. In particular, under the PRC laws, a project is not allowed to commence its operation before it has obtained the project completion and acceptance form from the relevant administrative authorities. Our projects in Yantai, Qingdao, Tianjin and Dalian commenced their operation before the project completion and acceptance forms were obtained. Except for a small portion of the commercial properties in Yantai and the properties in Tianjin, with respect to which we are still applying for the form, all these projects have eventually passed the completion and acceptance inspection and obtained the required forms. In addition, as detailed in "Business – Legal Proceedings and Regulatory Compliances," there were other instances during the Track Record Period where we failed to obtain certain permits or licenses or were otherwise in violation of certain PRC rules or regulations. We cannot assure you that we will obtain all necessary approvals certificates and permits for existing or any future theme park or ancillary commercial projects in a timely manner, or at all. If we fail to obtain or experience significant delays in obtaining the requisite governmental approvals, penalties could be imposed on us and our theme park or ancillary commercial property development could be delayed. This could materially and adversely affect our business, financial condition and operational performance.

We may not be able to complete or deliver our theme park and property development projects on time, within budget or at all.

Theme park and property development projects require substantial capital expenditures prior to and during the construction period. If our internally generated cash flows are insufficient to pay the development costs, we cannot assure you that we will be able to obtain the required funding in time, on favorable terms and conditions, or at all, or that we will not experience delays or incur additional costs for the development of the relevant projects as a result.

The progress and costs for a development project can be adversely affected by many factors such as delays in obtaining the required government approvals or licenses, resettlement operations of the land involved, shortage of key supplies for the construction works or natural disasters, some of which are beyond our control. If we experience any significant delays or material increases in costs in the completion or delivery of our projects or fail to complete the construction of our projects, our business, results of operations and financial condition may be materially adversely affected.

We have high leverage ratio and this may adversely affect our cash flows and ability to raise new financing.

Our net debt to equity ratio (calculated by dividing our net debt by total equity) as of December 31, 2010, 2011 and 2012 and September 30, 2013 was 95.5%, 261.1%, 154.1% and 160.8%, respectively. Net debt is calculated by adding interest-bearing bank and other borrowings and amounts due to related companies, subtracting the sum of cash and cash equivalents and amounts due from related companies. In addition, our finance costs charged to our combined statements of profit or loss for the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013 were RMB52.2 million, RMB142.2 million, RMB301.3 million and RMB282.1 million, respectively.

Our high degree of leverage could result in significant risks, including the following: (i) a substantial portion of our cash flow from operations is dedicated to the payment of principal and interest on indebtedness, thereby reducing the funds available for operations, future business opportunities and capital expenditures; (ii) our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate purposes in the future may be limited; (iii) certain of the borrowings are at variable rates of interest, which will increase our vulnerability to increases in interest rates; (iv) we are at a competitive disadvantage to less leveraged competitors; (v) we may be unable to adjust rapidly to changing market conditions; and (vi) we may be vulnerable in a downturn in general economic conditions or in our business and we may be unable to carry out activities that are important to our growth.

Our ability to make scheduled payments of the principal of, or to pay interest on, or to refinance, indebtedness depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond our control, including the availability of financing in the international and PRC banking and capital markets. If we are unable to generate sufficient cash flow to service our debt or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt, which could cause us to default on our obligations and impair our liquidity. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations. We from time to time may increase the amount of our indebtedness, modify the terms of our financing arrangements, issue dividends, make capital expenditures and take other actions that may substantially increase our leverage.

We may experience a material adverse change in our financial results for the six months ending June 30, 2014 as a result of the listing expenses incurred in relation to the Global Offering and the seasonal fluctuations of our operations.

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, of which an estimated amount of approximately RMB30.7 million is to be recognized as our administrative expenses and an estimated amount of RMB69.3 million is expected to be offset against the share premium upon the Listing. Of the amount to be charged to our combined statements of profit or loss as administrative expenses, an amount of approximately RMB15.2 million and RMB19.9 million is expected to be charged for the year ended December 31, 2013 and the six months ending June 30, 2014, respectively. These amounts are current estimates for reference only, and the actual amounts are subject to adjustments based on audit and changes in variables and assumptions. In addition, our theme park operations are seasonal in nature while a significant portion of the expenses relating to our park operations and our administrative, financial and other costs are fixed. Further, revenue from our property sales may vary significantly from period to period depending on, among others, the timing of the pre-sale and sale of properties. Primarily due to the seasonal fluctuations and the fact that most of the revenue from property sales in 2013 was recognized in the second half of 2013, we recorded a loss before tax for the six months ended June 30, 2013. We expect revenue from our park operations during the six months ending June 30, 2014 to be lower than that in the second half of 2014 given that May to October are our peak seasons. As a result, we expect such seasonality, coupled with the significant non-recurring item of listing expenses incurred in relation to the Global Offering, as well as our relatively fixed operating expenses to have a material adverse effect on our results of operations and financial condition for the six months ending June 30, 2014. Our interim results for such period may not proportionally reflect our annual results.

If we lose key personnel, our business may be adversely affected.

Our success depends in part upon a number of key employees, including members of our senior management team who have extensive experience in the industry. For example, our joint president, Mr. Zhao Wenjing, is a special member of the European Union of Aquarium Curators (歐盟水族館館長聯盟), advisor to the Japanese Aquatic Wildlife Society (日本水棲野生生物協會), co-founder and vice president of the Aquarium Special Committee of Chinese Association of Natural Science Museums (中國自然科學博物館協會水族館專業委員會). Our technical director, Mr. Tan Guangyuan, is a special member of the European Union of Aquarium Curators (歐盟水族館館長聯盟), advisor to the Japanese Cetaceans Center (日本海豚中心) and vice president of the National Aquatic Wildlife Conservation Association (全國水生野生動物保護分會). Both of them, as well as many of our other management members, with their marine wildlife knowledge and relationships within the industry, have been instrumental in our expansion in the marine theme park industry in the past decade. The loss of the services of our key employees could have a material adverse effect on our business.

Increased labor costs may adversely affect our results of operations.

When taking into account the Additional Theme Parks, we had approximately 2,300 full-time employees and approximately 400 temporary workers as of December 31, 2013. Labor is a primary component in the cost of operating our business. In recent years, labor costs in China, including in the regions where we operate, have seen significant increases. Further increase in labor costs due to competition, shortage in supply of qualified candidates, increased mandatory minimum wage or social welfare contributions or otherwise would adversely impact our operating expenses, reduce our net income and adversely affect our cash flows.

Our business depends on our ability to meet our workforce needs. Failure to recruit and maintain a sufficient, qualified workforce may adversely affect our operations.

Our success depends on our ability to attract, train, motivate and retain qualified employees to keep pace with our needs, including employees with certain specialized skills in the field of animal training and care. We also rely on part-time employees to meet our workforce demand during the peak season in some of our theme parks, whom we recruit mainly through internship programs in cooperation with local technical colleges and universities. We must compete with other local competitors operating theme parks or other local employers with similar peak season workforce demands for the limited pool of qualified candidates. If we are unable to recruit and maintain our employees as expected, our business, financial condition or results of operations may be adversely affected.

Adverse administrative decisions or litigation judgments or settlements resulting from legal proceedings in which we may be involved in the normal course of our business could reduce our profits or limit our ability to operate our business.

We are subject to allegations, claims and legal actions arising in the ordinary course of our business, which may include claims by third parties, such as visitors to our theme parks, our employees and contractual counterparties such as construction or material suppliers, as well as investigations and administrative proceedings by regulators. Such legal proceedings may include lawsuits brought by various parties involved in our project development process and business operations. The outcome of many of these proceedings cannot be predicted. For example, one of our subsidiaries in Qingdao was fined RMB180,000 by the local government authority in 2012 for violating certain PRC competition law due to a rebate arrangement included in its agreement with certain travel agencies. The relevant local government authority subsequently confirmed in writing in July 2013 that the relevant Qingdao subsidiary had not committed any material violation of applicable economic laws or regulations since its inception. We have removed such clauses from the relevant subsidiary's existing agreements with travel agencies. However, there is no assurance that we will not be subject to similar administrative proceedings or even legal actions in the future in respect of our operations of the theme parks or their ancillary commercial properties. If any of these proceedings were to be determined in a manner adverse to us, a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or an injunctive relief were to be issued against us, our business, financial condition and results of operations could be materially adversely affected.

Our insurance coverage may not be adequate to cover all possible losses that we could suffer and our insurance costs may increase.

We seek to maintain comprehensive insurance coverage at commercially reasonable rates. Although we maintain various safety and emergency response programs and carry property and casualty insurance to cover certain risks, our insurance policies do not cover all types of losses and liabilities. There can be no assurance that our insurance will be sufficient to cover the full extent of all losses or liabilities for which we are insured, and we cannot guarantee that we will be able to renew our current insurance policies on favorable terms, or at all. In addition, if we sustain significant losses or make significant insurance claims, our ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected.

Potential liability for environmental problems could result in substantial costs for us, delays in the development of our new projects or otherwise adversely affect our new projects or existing operations.

We are subject to a variety of environmental laws and regulations during the construction and operation of our theme park and ancillary commercial property projects. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, its environmental condition, its present and former uses as well as the uses of the its adjoining properties. Environmental laws and conditions may result in project delay and/or substantial compliance and other costs and can prohibit or severely restrict project development activity in environmentally sensitive regions or areas. Our theme park operations may also be disrupted if we are required to rectify environmental problems through suspending a portion or all of the operations of a theme park.

In addition, we cannot predict the impact that unforeseeable environmental contingencies or new or changed laws or regulations may have on us or our projects. As required by PRC law, we are required to submit an environmental impact report, analysis or registration form before commencing the construction of any project. Although the environmental investigations conducted to date have not revealed any environmental liability that would be expected to have a material adverse effect on our business, financial condition or results of operations, it is possible that these investigations did not reveal all environmental liabilities or their extent, and there may be material environmental liabilities of which we are unaware. For further information, see "Business – Environmental Matters."

We may be affected by the performance of third party construction contractors.

We employ third party contractors to carry out various works in constructing our theme parks and ancillary commercial properties, including design, construction, equipment installation, interior decoration, landscaping, electromechanical engineering, pipeline engineering and elevator installation. We select third-party contractors mainly through a tender or a privately negotiated selection process. We may not be able to engage sufficient quality third-party contractors in the cities into which we plan to expand. Moreover, completion of our property developments may be delayed and we may incur additional costs due to a contractor's financial or operational difficulties. The contractors may undertake projects from other developers; engage in risky undertakings or otherwise encounter financial or other difficulties, which may cause delay in the completion of our property projects or increase our project development costs. The services rendered by any of these contractors may not always be satisfactory or meet our quality standards. Any of these factors could have a negative impact on our reputation, business, results of operations and financial condition.

We use various adjustments and assumptions in deriving some non-IFRS financial measures set out in this prospectus, which may be calculated differently by investors and other market participants based on adjustments and assumptions different from ours.

Some of the financial data included in this prospectus is not measures of financial performance recognized by IFRS. These non-IFRS financial measures include adjusted EBITDA of our two main business segments and the Additional Theme Parks and adjusted net profit of the two segments. Our management uses these non-IFRS financial measures in its analysis of our and the Additional Theme Parks' performance. We have defined these terms, and the way that we use them, when the relevant non-IFRS data is set out elsewhere in this prospectus. See "Summary – Summary of Combined Financial Information of Our Group – Certain Operational and Financial Data" and "Financial Information – Financial Information of Our Group – Certain Non-IFRS Data." Although we believe these non-IFRS financial measures provide a greater understanding of our operating performance, these measures are not necessarily comparable to similar measures that may be presented by other companies. Therefore, comparison with our competitors or other companies may not be meaningful. Further, because it involves various subjective adjustments and assumptions in deriving segmental data of adjusted EBITDA and adjusted net profit, such non-IFRS data 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 entity. Also, such segmental non-IFRS data may be calculated by investors and other market participants based on adjustments and assumptions that are different from the ones we use to calculate such data. Investors should not consider them as alternatives to any measures determined in accordance with IFRS or as being indicative of funds available to fund our cash needs, including our ability to make distribution to our Shareholders.

The unaudited pro forma combined financial statements may not necessarily reflect our future financial condition and results of operations.

We have prepared certain 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. For example, giving pro forma effect to the Acquisitions, our revenue would have been RMB1,112.9 million for 2012, an increase of 25.2% over the revenue of our Group for the same year and RMB1,015.6 million for the nine months ended September 30, 2013, an increase of 30.3% over the revenue of our Group for the same period, had the Acquisitions occurred on the first day of the relevant period. Our net assets would have been RMB1,928.6 million as of September 30, 2013, an increase of 62.4% over the net assets of our Group as of that date, had the Acquisitions occurred on January 1, 2013. See "Appendix IIA – Unaudited Pro Forma Financial Information of the Enlarged Group."

However, our pro forma combined financial statements are not necessarily representative of our financial condition, results of operations and changes in liquidity and capital resources, as they would have appeared in our financial statements had the Acquisitions occurred. In addition, 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 the years following the completion of the Acquisitions. Investors should not place undue reliance on the pro forma financial information.

Our Controlling Shareholders have substantial influence over our Company and their interests may not be aligned with the interests of our other Shareholders.

Prior to and immediately following the Global Offering, our Controlling Shareholders will remain our Controlling Shareholders. Accordingly, subject to our memorandum and articles of association and the Cayman Companies Law, Qu Naijie, by virtue of his controlling beneficial ownership of our share capital as well as his position as the chairman of our Board, will be able to exercise substantial influence over our business or otherwise by voting, at the general meetings of Shareholders or at the Board meetings, on matters of significance to us and our other Shareholders such as election of our directors, amount and timing of dividend payments and other distribution, the acquisition of another entity and overall strategic and investment decisions.

The interests of our Controlling Shareholders may differ from the interests of our other Shareholders and they are free to exercise their votes according to their interests. Our Controlling Shareholders will have the power to prevent or cause a change in control of us. Without the consent of our Controlling Shareholders, we may be prevented from entering into transactions that could be beneficial to us and our other Shareholders.

Our transfer of funds into China to finance our development projects is subject to approval by the PRC government and, as a result, our use of proceeds as disclosed in this prospectus may be subject to delay.

In recent years, in an effort to cool down its economy, the PRC government has introduced a series of rules and measures, including those aimed at controlling the inflow of foreign funds into the property development industry or for speculative property activities. The transfer of our net proceeds from the Global Offering into China will be subject to such PRC governmental approval process.

In particular, on May 23, 2007, the Ministry of Commerce and SAFE issued the *Notice on Further Strengthening and Standardizing the Approval and Administration of Foreign Direct Investments in Real Estate Enterprise* (《商務部國家外匯管理局關於進一步加強規範外商直接投資房地產業審批與監管的通知》), also known as "Notice No. 50." According to Notice No. 50, the local governments/authorities that approve new FIREE establishments are now required to file such approvals with the Ministry of Commerce, and the practice of allowing foreign investors taking over local project companies by way of round trip investment is strictly controlled. On July 10, 2007, SAFE issued the Notice of the General Department of the State Administration of Foreign Exchange on Issuing the List of the First Batch of Foreign-invested Real Estate Projects Having Passed the Procedures for Filing with the Ministry of Commerce (《關於下發第一批通過商務部備案的外商投資房地產項目名單的通知》), also known as "Notice No. 130," together with a list of FIREEs that had effected their filings with the Ministry of Commerce. According to Notice No. 130, SAFE no longer processes foreign debt registrations or applications by FIREEs for permission to purchase foreign exchange to service their foreign debt if such FIREEs have not obtained their approval certificates from the relevant PRC government authorities before June 1, 2007. As a result of Notice No. 130, unless the latest approval certificate of an FIREE as of May 31, 2007 contained an aggregate investment amount sufficient to permit additional foreign funds to be injected into its operations in China in the form of borrowing, such FIREE effectively will no longer be able to borrow foreign debt, including shareholder loans and overseas commercial loans, to finance its operations in China. It may only use its capital contributions instead, subject, however, to the relevant capital contribution regulations. SAFE further informed in Notice No. 130 that it will not process any foreign exchange registration (or change of such registration) or application for settlement in foreign currency under the capital account by any FIREE if it has obtained only the relevant local approval certificates on or after June 1, 2007 but has not completed its filing with the Ministry of Commerce. Notice No. 130 was repealed by the Notice of the State Administration of Foreign Exchange on the Promulgation of the Regulations on the Administration of Foreign Exchange in Domestic Foreign Direct Investment by Foreign Investors and the Related Documents (《國家外匯管理局關於印發《外國投資者境內直接投資外匯管理規定》及配套文件的通知》) issued by SAFE on May 10, 2013, but the prohibition on incurring foreign debt by FIREEs remains in place through the Notice of the State Administration of Foreign Exchange on the Promulgation of Administrative Measures on Foreign Debt Registration (《國家外匯管理局關於發佈《外債登記管理辦法》的通知》) issued by SAFE on April 28, 2013.

In June 2008, the Ministry of Commerce issued the Notice on Completing the Registration of Foreign Investment in the Real Estate Sector (《關於做好外商投資房地產業備案工作的通知》), also known as "Notice No. 23." According to Notice No. 23, the Ministry of Commerce entrusts the Ministry of Commerce departments at provincial level to verify the filing materials of FIREEs. Notice No. 23 requires that the establishment (including the increase of registered capital) of a FIREE shall comply with the principle that each project company will engage in, or each increase of registered capital will be used for, the development of a single approved real estate project.

As advised by our PRC legal advisor, our existing project companies are classified as companies directly or indirectly reinvested by foreign-invested companies and therefore are not subject to the above restrictions applicable to FIREEs. However, the use of the proceeds from the Global Offering to fund new project companies established as FIREEs to undertake our new projects may be subject to the aforesaid restrictions applicable to FIREEs, which include, without limitation, the approval by the relevant local counterparts of the Ministry of Commerce of the establishment of a new FIREE and filing with the Ministry of Commerce pursuant to Notice No. 23. However, as Qu Naijie, as our controlling Shareholder and a PRC resident, has completed the relevant foreign exchange registration, our investment in new FIREEs may be deemed investment in project companies by way of round-trip investment and thus these new FIREEs may face difficulties in successfully completing the FIREE filing with the Ministry of Commerce. Accordingly, these new FIREEs may not be able to conduct foreign exchange registration nor can they convert their registered capital into RMB funds. As a result, we may not be able to use capital contribution, shareholder loans or other offshore commercial loans to fund the project companies established as FIREEs, which would not only reduce our financial flexibility in terms of the manner of funding we could utilize, but also increase the difficulty for us to extract funds from the project companies to the offshore holding company level for purposes such as dividend distribution.

We have pledged certain of our real properties to secure our borrowings and our inability to service our debt may result in foreclosure of the pledged properties and materially disrupt our operations.

We have pledged certain of our properties to secure some of our banking and other facilities and loans granted to us. Other than the breach of the financial covenant under the Wuhan Credit Facility as described under "Financial Information – Indebtedness and Contractual Obligations – Interest-bearing Bank and Other Borrowings," we did not experience any default on our borrowings secured by pledges over properties during the Track Record Period. If we are unable to service our debt in a timely manner and the secured lenders choose to initiate foreclosure proceedings against such properties, our operations may be significantly disrupted.

China's intellectual property rights protection is still problematic and we may not generate revenues as expected in our investment in proprietary consumer and cultural products.

We currently own a number of intellectual property rights such as trademarks and copyrights. We intend to develop more proprietary consumer and cultural products to diversify our revenue streams in the future. However, the level of protection for intellectual property rights and the enforcement of the relevant laws and regulations provided under PRC law is relatively inadequate compared to those available under the legal regimes in more developed economies. In particular, piracy and other forms of infringement of intellectual property rights remain a serious problem in China. We may also face economic and legal difficulties in making claims against anyone infringing our intellectual property rights. As such, we may not be able to generate revenues as expected from our investment in developing proprietary consumer and cultural products and to that extent, our results of operations and financial condition may be materially and adversely affected.

Natural disasters or other catastrophic events in the PRC may severely disrupt our business and operations and may have a material adverse effect on our financial condition and results of operations.

Our business operations may be disrupted due to the occurrence of typhoons, earthquakes, floods, fire, acts of terror, epidemics or other natural disasters or similar events. For example, in May 2008, a major earthquake registering 8.0 on the Richter scale struck Sichuan Province and certain other parts of the PRC, devastating much of the affected areas and causing tens of thousands of deaths and widespread injuries. Since then, Sichuan Province has also experienced a series of earthquakes of smaller scale. Although our theme park and ancillary commercial property operations in China, including those in Chengdu, Sichuan's capital city, were not materially adversely affected by earthquakes or other natural disasters or catastrophic events during the Track Record Period, we are unable to predict the effect, if any, that any future natural disasters or catastrophic events may have on our business. Any future natural disasters or other catastrophic events may, among other things, significantly disrupt our ability to maintain our normal operations and services. Furthermore, such events may severely restrict the level of economic activity in affected areas, in particular the volume of tourist traffic to the areas in which our theme parks operate, which may in turn materially and adversely affect our business and prospects.

We may not be able to register our trademarks in Hong Kong.

We will use certain trademarks including the logos “,” “” and “海昌” for our future business operations. As at the Latest Practicable Date, we have applied for the trademark registration of the portfolio of trademarks set out in the paragraph headed “Statutory and General Information – Intellectual Property Rights of the Group – Trademarks” in Appendix VI to this prospectus. However, there is no assurance that these applications for trademark registration in Hong Kong would eventually be approved or that we would be granted with exclusive rights to use these marks as registered trademarks in Hong Kong. If the trademarks including the logos “,” “” and “海昌” could not be registered or if the registration process is delayed, our trademarks may be infringed, and our business may be adversely affected.

RISKS PRIMARILY RELATING TO OUR THEME PARK BUSINESS

We could be adversely affected by a decline in discretionary consumer spending or consumer confidence.

Our theme park business depends to a significant extent on discretionary consumer spending, which is heavily influenced by general economic conditions and the availability of discretionary income. An economic downturn in China could have an adverse effect on consumers’ discretionary income and consumer confidence. Difficult economic conditions and recessionary periods may adversely impact attendance figures, the frequency with which guests choose to visit our theme parks and guest spending patterns at our theme parks and relevant ancillary commercial properties.

Both attendance and the level of per capita spending at our theme parks are key drivers of revenue and profitability, and reductions in either can materially adversely affect our theme park business, its financial condition and results of operations. In addition, our ability to derive rental income from the ancillary commercial properties depends on our ability to continue attracting a growing number of visitors to our theme parks so that we can retain our existing tenants or attract new tenants and maintain our advantage in negotiating the rents for our leased properties.

Animals in our care are important to our theme parks, and they could be exposed to various diseases, in particular infectious diseases.

Many of our theme parks are distinguished from those of our competitors in that we offer our guests experiences with marine and polar animals. Such animals could be exposed to various types of diseases, in particular infectious diseases. While we have never had any such experiences, where a particular marine or polar animal of a theme park is widely popular and is a key driver of attendance for the park, the loss of, or our inability to exhibit for a prolonged period of time, that particular animal because of a particular disease may significantly reduce the revenue of that park and thereby materially affect our results of operation and financial condition. In addition, while we have never had any such experiences, an outbreak of an infectious disease among any animals in our theme parks or the public’s perception that a certain disease could be harmful to human health may materially adversely affect our animal collection and attendance at our theme parks, which in turn may have a material adverse effect on our business, financial condition and results of operations.

Development of Sanya Haitang Bay Dream World and Shanghai Haichang Polar Ocean World is subject to uncertainties.

Our pipeline projects to be developed include Sanya Haitang Bay Dream World and Shanghai Haichang Polar Ocean World. We have entered into a cooperation agreement with the local government authority in Sanya in respect of the development of the Sanya Haitang Bay Dream World, and an investment agreement with Shanghai Harbor City Development (Group) Co., Ltd., a Shanghai government-owned enterprise responsible for primary land development, in respect of the development of Shanghai Haichang Polar Ocean World. Under the agreements, we plan to acquire property development sites of approximately 980,000 sq.m. and 500,000 sq.m., respectively, for the development and construction of the two new projects. We expect to acquire the land use rights for both projects through tender, auction and listing-for-sale procedures as required under the relevant PRC laws or for the land in respect of the tourism-related portion of the Sanya project, enter into a land lease contract for the land. As further disclosed in the section titled "Business – Theme Parks to be Developed," we have experienced delays in obtaining the land use rights and entering into the land lease contract for the project land. Based on our discussion with relevant local government authorities, the relevant land tender, auction or listing-for-sale procedures are expected to be carried out in 2014 in phases. We entered into the land lease contract for the tourism-related portion of the Sanya project on January 16, 2014, following which we have started developing the tourism-related portion of the Sanya project. If we can obtain the relevant land use rights through such procedures, the construction of the Shanghai project or the ancillary commercial property of the Sanya project is expected to commence in 2014.

The availability and price of the land use rights to be acquired through tender, auction and listing-for-sale procedures depend on factors including government land policies and competition. There is no assurance that we will be able to acquire the land use rights at acceptable terms or at all. Notwithstanding our agreements with the local government or the state-owned enterprise in respect of the two new projects, we may not succeed in the tender, auction or listings-for-sale procedures for the parcels of lands comprising the two projects' sites (other than the leased portion of the land for Sanya project). In addition, development of the two new projects may face challenges or fail to achieve the results we expect due to various reasons, such as failure to obtain the necessary approvals for either of the projects, changes in market conditions or relevant governmental policies, incorrect estimates by us of market demand or prices, or other uncertainties. For instance, based on our interviews with the competent local government authorities and as advised by our PRC legal advisor, the development of the proposed theme parks in Shanghai and Sanya is subject to approval by local branches of NDRC in Shanghai and Hainan Province, respectively, pursuant to the applicable PRC laws and regulations. Based on our interviews with the local government authorities in Sanya and the advice of our PRC legal advisor, given that our Sanya project is not planned to be a park operated in an enclosed manner, it should not be deemed as a Theme Park Under 2013 Opinion and therefore should not be subject to the Theme Park Opinions. As of the Latest Practicable Date, the local government has not issued any planning document in respect of the Dishui Lake area in which our Shanghai project will be located. If our Shanghai project is deemed by Shanghai government authority as a Theme Park Under 2013 Opinions in the future, it is expected to fall within the "small to medium theme parks" category given its planned size which is subject to the approval of the Shanghai branch of NDRC. There is no assurance that the interpretation or implementation of these laws and regulation will not change or that we will not encounter delays in obtaining relevant approvals, or experience other adverse events, including those mentioned above, which may lead to delays or increased costs in developing or operating these projects. As a result, our plan with respect to the development of Shanghai Haichang Polar Ocean World and Sanya Haitang Bay Dream World may require further adjustment or changes, which may materially and adversely affect our future revenue, profit and financial condition.

As we operate in a highly competitive industry, our revenue, profit or market share could be harmed if we are unable to compete effectively.

The entertainment industry, and the theme park industry in particular, in China are highly competitive. Our theme parks compete with other theme, water and amusement parks and with other types of recreational facilities and forms of entertainment, including movies, home entertainment options, sports attractions, restaurants and vacation travel.

Principal direct national competitors of our theme parks include theme parks operated by the Overseas China Town Group (which has operations in Tianjin, Wuhan, Chengdu directly competing with us) and the Fantawild Holdings Inc. (which has operations in Qingdao and Chongqing directly competing with us), as well as new local theme parks that may be developed by international theme park operators such as Disneyland. We also face competition from local operators in the regions of our operations such as Dalian Sunasia in Dalian and Qingdao Underwater World in Qingdao. The principal competitive factors of a theme park include location, price, originality and perceived quality of the attractions, the atmosphere and cleanliness of the theme park, the quality of its food and entertainment as well as the recreational offerings provided on the adjacent commercial properties such as restaurants and shopping venues, weather conditions, ease of travel to the theme park, and availability and cost of transportation to a theme park. Certain of our direct competitors have substantially greater financial resources than we do, and they may be able to adapt more quickly to changes in consumer preferences or devote greater resources to promotion of their offerings and attractions than us. Our competitors may be able to attract visitors to their theme parks in lieu of ours through the development or acquisition of new attractions or shows that are perceived by visitors to be of a higher quality and entertainment value. As a result, we may not be able to compete successfully against such competitors.

Various factors beyond our control could adversely affect attendance and guest spending patterns at our theme parks.

Various factors beyond our control could adversely affect attendance and guest spending patterns at our theme parks. Such factors include:

- war, terrorist activities or threats, public security threats and heightened travel security measures instituted in response to these events;

- outbreaks of pandemic or contagious diseases or consumers' concerns relating to potential exposure to contagious diseases;

- natural disasters, such as hurricanes, fires, earthquakes, tsunamis, tornados, floods and volcanic eruptions and man-made disasters such as oil spills or explosions, which may deter travelers from scheduling vacations or cause them to cancel travel or vacation plans;

- bad weather and even forecasts of bad weather, including abnormally hot, cold and/or wet weather, particularly during weekends, holidays or other peak periods;

- changes in the desirability of particular locations or travel patterns of our guests;

- low consumer confidence; and

- oil prices, travel costs and the financial condition of the airline, railway, automotive and other transportation-related industries, any travel-related disruptions or incidents and their impact on travel.

Any one or more of these factors could adversely affect attendance and total spending at our theme parks.

A significant portion of our revenue from the operation of our theme parks in Dalian and Qingdao. Any risks affecting either of these theme parks may materially adversely affect our business, financial condition and results of operations.

In 2012 and the nine months ended September 30, 2013, revenue attributable to Dalian Laohutan Ocean Park and Qingdao Polar Ocean World together accounted for 56.2% and 59.2%, respectively, of the total revenue from our park operations for the relevant periods. Such concentration of revenue exposes us to risks affecting the tourism and theme park markets in Dalian and Qingdao, such as natural disasters, public safety concerns or travel-related disruptions or incidents. If the markets in Dalian and Qingdao experience any risks that significantly affect the attendance at either of the two theme parks, our business, financial condition and results of operations may be materially and adversely affected.

Our theme park operations depend on the proper performance of the local public infrastructure and may be adversely affected if there is any material disruption to the infrastructure.

Our theme park operations rely on the proper performance of a variety of public infrastructure such as transportation, water and electricity supply. If the traffic flow near our theme parks is affected by the lack of or availability of transportation infrastructure, attendance may decrease, reducing our revenue from theme parks. For instance, attendance at our theme park in Tianjin decreased in 2011 as a result of the operation of a draw-bridge near the park. This theme park had higher attendance during the nine months ended September 30, 2013 after the local government adjusted the operation schedule of the draw-bridge leading to improved access to the park. In addition, if we experience shortage in the supply of electricity and water, we may have to close our theme parks for a certain period of time and lose visitors accordingly. If any of these risks materializes, our business, results of operations and financial condition may be materially and adversely affected.

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 ticket price and revenue from Dalian Laohutan Ocean Park are subject to the annual ticketing cooperation agreements that we have entered into with Hutan Park since 2008. Under the agreements, Hutan Park is responsible for the sale of a single admission ticket for admission to Dalian Laohutan Park where our Dalian Laohutan Ocean Park and other attractions operated by Hutan Park are located. The agreements also provide a revenue split mechanism in respect of the amount of revenue we receive from ticket sales. The actual amount we receive at the end of each year is subject to adjustment agreed by us and Hutan Park based upon the actual attendance and performance for the relevant year. See “Business – Marine Theme Parks – Dalian Laohutan Ocean Park.” Historically, revenue from ticket sales of Dalian Laohutan Ocean Park accounted for a significant portion of our total revenue. Our revenue from Dalian Laohutan Ocean Park may be materially and adversely affected if we are not paid the agreed amount for any reason. The revenue split mechanism provided under the annual agreements is subject to our commercial negotiation with Hutan Park which takes place typically in the beginning of each year, taking into account various factors, such as the historical operating results, the then current ticket price and expected pricing adjustment for the next year, the in-park spending of visitors, the estimated attendance and revenue generated from ticket sales. Although we negotiate with Hutan Park for an adjustment based on actual attendance and operating performance at the end of each year, the actual amount of revenue we receive from ticket sales at the park may not increase at the same rate as the increase in attendance or may decrease at a greater rate than the decrease in attendance when attendance declines. In addition, if we are unable to continue our cooperation with Hutan Park and have to charge the visitors separately for admission into our attractions, our revenue may decline because a substantial number of the park visitors may choose not to enter our attractions after being admitted into the Dalian Laohutan Park. If any of the above risks materializes, our business, results of operation and financial condition may be materially and adversely affected.

The fixed cost structure of theme park operations can result in significantly lower margins if our revenue declines.

A large portion of our expenses are relatively fixed as the costs for depreciation, full-time employees, maintenance, animal care, utilities, advertising and insurance do not vary significantly with attendance. These costs may increase at a greater rate than our revenue and may not be reduced at the same rate as declining revenues. If cost-cutting efforts are insufficient to offset declines in revenue or are impracticable, we could experience a material decline in margins and profitability and reduced or negative cash flows. Such effects can be especially pronounced during periods of economic contraction or slow economic growth.

Changes in consumer tastes and preferences for entertainment and consumer products could reduce demand for our entertainment offerings and products and adversely affect the profitability of our business.

The success of our business depends on our ability to provide, maintain and expand theme park attractions as well as create and distribute brand-name merchandise that meet changing consumer preferences. If our entertainment offerings and products do not achieve sufficient consumer acceptance, if consumer preferences change and we do not respond efficiently and effectively, or if our new attractions fail to attract visitors as projected or our existing theme parks fail to retain or increase their attendance, our results of operations and financial condition may be adversely affected, including due to loss of revenue from decline in the admissions to and the consumption in our theme parks. In addition, such situations may also result in the loss of tenants who rely on visitor traffic to our theme parks for their businesses operated on our ancillary commercial properties or losses from our own business operations on the ancillary commercial properties.

Incidents or adverse publicity concerning our theme parks or the theme park industry generally could harm our brands or reputation as well as negatively impact our revenues and profitability.

Our ability to attract and retain customers depends, in part, upon the external perception of our group, the quality of our theme parks and services and our corporate and management integrity. The operation of theme parks involves the risk of accidents, illnesses, environmental incidents and other incidents which may negatively affect the perception of guest and employee safety, health, security and guest satisfaction and which could negatively impact our brands or reputation and our business and results of operations.

The considerable expansion in the use of social media over recent years in China has compounded the impact of negative publicity. An accident or an injury at any of our theme parks or at theme parks operated by our competitors, particularly an accident or an injury involving the safety of guests and employees, that receives media attention or is the subject of public discussions, may harm our brands or reputation, cause a loss of consumer confidence in us, reduce attendance at our theme parks and negatively impact our results of operations.

Our theme park operations and operating results are subject to seasonality.

We have historically experienced, and expect to continue to experience, seasonal fluctuations in our theme park attendance and revenue, which are typically higher from May to October. For instance, revenue from our park operations for the nine months ended September 30, 2012 accounted for 80.9% of revenue from our park operations for the full year of 2012. In addition, public holidays, school vacations and weather conditions also cause fluctuations in our theme park attendance and revenue. Therefore, our profitability fluctuates during the year and our interim results may not necessarily reflect our annual results.

We may be unable to purchase or contract with third-party suppliers for animals needed in our theme park operations and for our theme park attractions.

We may be unable to acquire the animals needed in our theme park operations or contract with third parties to manufacture, service and maintain high quality attractions at competitive prices, or to provide the replacement parts needed to maintain the operation of such attractions. Our acquisition of rare species of marine and polar animals, which may be key to the attractiveness of some of our theme parks, is subject to the limited availability of animals at our international animal suppliers and the evolving regulatory environment. In addition, if our third-party suppliers' financial condition deteriorates or they go out of business, we may not be able to obtain the full benefit of supplier warranties typically contained in our supply contracts or may need to incur greater costs for the maintenance, repair, replacement or insurance of these assets.

Our reputation and results of operations may be materially and adversely affected if we fail or are deemed to fail to comply with standards related to animal welfare.

We rely heavily on our large animal collection for our theme park, in particular our marine theme park, operations. If we are unable to comply with, or deemed to be in violation of, existing or future standards that are accepted domestically or internationally for animal welfare, our reputation may be damaged as a result, which may lead to loss of visitors to our theme parks and have a material adverse effect on our results of operations and financial conditions.

We may not succeed in obtaining the membership of, or may fail in maintaining our current memberships in, certain international animal organizations.

As disclosed in "Business – Awards and Memberships – Memberships," we are the members of several international marine and aquatic animal organizations such as IMATA, IAAAM, ABMA and E.A.A.M. We cannot assure you that our memberships in such organizations will be successfully maintained in the future or the loss of our memberships in such organizations will not have an adverse impact on our operations.

In addition, as disclosed in "Business – Our Animals – Husbandry, Care and Research," we intend to, and are also assessing the possibility to, join other international animal organizations such as WAZA. We cannot assure you that we will succeed in any of our membership applications or such failure will not adversely affect our operations.

RISKS PRIMARILY RELATING TO OUR ANCILLARY COMMERCIAL PROPERTY BUSINESS

Our property development and holding segment depends on the performance of the real estate market in China, in particular in the cities and regions in which we develop, sell, lease or manage our ancillary commercial property projects.

Our property development and holding segment and its prospects depend in part on the performance of the PRC property market, in particular the markets for commercial properties and, more specifically, tourism-related commercial properties. Any property market downturn in China generally or in the cities and regions in which we have property projects could adversely affect our business, results of operations and financial condition. Such downturn may take place due to a variety of factors such as a general economic downturn, government policies aimed at restricting the development of certain types of properties, limited availability of financing from PRC financial institutions for the purchasers of our commercial properties or deteriorating business sentiment among potential purchasers or lessees interested in buying or leasing our commercial properties. Any regional or national downturn in the real estate market may result in a decline in property sales or property prices regionally and/or nationally, which would have a material adverse effect on our business, results of operations and financial condition. In particular, our ancillary commercial property businesses are very much exposed to the health of the business environment of the cities and regions in which we have operations in comparison to the residential property market as most of our customers are purchasing or leasing our properties to conduct profit-oriented businesses. Any significant deterioration in the business sentiment of the PRC in general or in the regions in which we operate may have a material adverse effect on the sales and leasing of our ancillary commercial properties, and thereby our results of operations and financial condition.

The results of operations of our property development and holding segment may vary significantly from period to period.

Revenue from our property development and holding segment consists primarily of revenue from property sales. The results of operations of our property development may vary significantly from period to period, due to a number of factors, including the timetables of our property development projects, the timing of the sale of properties that we have developed, and any volatility in expenses such as raw material or labor costs. The overall schedules of our property development and the number of properties that we can develop or complete during any particular period are limited as a result of the substantial capital required for the acquisition of land, demolition and resettlement and construction. Further, the construction timetable of our ancillary commercial properties is subject to the development schedule of theme parks near the properties. The sale of properties we develop is subject to general market or economic conditions in the areas where we conduct our business and the level of acceptance of our properties by prospective customers. According to our accounting policy, we recognize revenue upon the completion and delivery of the properties to purchasers, which may generally take one to two years after the commencement of pre-sales. Therefore, in periods in which we pre-sell a large aggregate GFA, we may not generate a correspondingly high level of revenue if the properties pre-sold are not delivered within the same period. We will continue to experience significant fluctuations in revenue and profit from period to period in connection with our property development business.

Our results of operations may be materially and adversely affected if our property sales decrease in the future.

During the Track Record Period, a significant portion of our revenue was contributed by the property development and holding segment, of which the property sales revenue constitutes a majority. The revenue from our property development and holding segment contributed 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. If our property sales decrease in the future, our results of operations and financial conditions may be materially and adversely affected.

The appraised value of our properties and the properties of Chongqing Caribbean Water Park may be different from their actual realizable value and is subject to change.

The appraised value of our properties and the properties of Chongqing Caribbean Water Park as contained in the property valuation reports included in Appendix IVA and Appendix IVB, respectively, to this prospectus is based on multiple assumptions that include elements of subjectivity and uncertainty, and may be subject to substantial fluctuations. Therefore, the appraised value of these properties should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development and operation of our theme park and ancillary commercial property projects as well as national and local economic conditions may affect the value of our property holdings. In particular, the fair value of our investment properties could decrease in the event that the market for comparable properties in the PRC experiences a downturn as a result of, among other factors, the PRC government policies aimed at cooling-off the PRC property market, the continued effect of the recent global economic downturn, or the gradual slowdown of China's economic growth.

The appraised value of our properties and our land reserves is based on many assumptions, including that:

- we will complete the relevant development projects on time;
- we have obtained or will obtain, on a timely basis, all approvals from regulators necessary for the development of the projects; and
- we have paid all the land grant premium and obtained all land use rights certificates and transferable land use rights.

If any of these assumptions proves to be incorrect and/or the actual realizable value of any of our properties is significantly lower than its appraised value, our business, results of operations and financial condition may be materially adversely affected.

Our LAT provisions may not be sufficient to meet our LAT obligations.

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (《中華人民共和國土地增值税暫行條例》) and the related implementation rules, all entities and individuals that receive income from the sale or transfer of land use rights, buildings and ancillary facilities are subject to LAT at progressive rates ranging from 30% to 60% of the appreciated value of such properties, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of total deductible expense items allowed under the relevant regulations. The exemption is not applicable to the sales of our ancillary commercial properties, which are not ordinary residential properties.

We have estimated and made the tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities at a later stage of our project development process and may exceed the LAT provisions we have made in respect of a particular project. To the extent that the tax authorities seek to collect the excess amount from us, our cash flow, results of operations and financial condition may be materially and adversely affected.

Our results of operations included unrealized revaluation adjustments on investment properties, which may fluctuate significantly over financial periods and may materially and adversely affect our business, financial condition and operating results.

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 addition, 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 revaluation gains upon reclassification from completed properties held for sale of RMB8.9 million. The aggregate amount of such fair value gains/(losses) and revaluation gains for 2010, 2011 and 2012 and the nine months ended September 30, 2013 accounted for 18.3%, 91.6%, 78.4% and 37.0% of our profit before tax during the same periods, respectively.

Upward revaluation adjustments, which reflected unrealized capital gains on our investment properties during the relevant periods, were not profit generated from the sales or leasing of our investment properties, and did not generate any actual cash inflow to us. Unless such investment properties are disposed of at similarly revalued amounts, we will not realize actual cash flow for purposes such as dividend distribution to our Shareholders. The amount of revaluation adjustments have been, and will continue to be, significantly affected by additions of new investment properties and the prevailing property markets and will be subject to market fluctuations. We cannot guarantee that changes in market conditions will continue to create fair value gains on our investment properties at the historical levels or at all, that the fair value of our investment properties will not decrease in the future or that the portfolio of our investment properties will increase at the historical levels or at all. A downward change in market rental rates or an upward change in capitalization rates, both being key assumptions in the valuation of our investment properties, will have an adverse effect on the market value of our investment properties. In addition, the fair value of our investment properties may materially differ from the amount we will receive in actual sales of the investment properties. In the event that there is material downward adjustment in the revaluation amount of our investment properties in the future or our investment properties are disposed of at significantly lower prices than their valuation, our business, results of operations and financial condition may be materially and adversely affected.

The PRC government may impose fines or other penalties on us or even reclaim our land if we fail to comply with the terms of our land grant contracts.

Under PRC laws and regulations, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land grant premium, demolition and resettlement costs and other fees, scope of usage of the land and the time for commencement and completion of the property development, the PRC government may issue a warning, impose fines or other penalties. In particular, if we fail to commence development for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land resources bureau may serve a warning notice on us and impose a land idle fee on the land of up to

20% of the land grant premium. If we fail to commence development for more than two years, the land is subject to reclamation by the PRC government unless the delay in development is caused by government actions or force majeure. Moreover, notwithstanding that the commencement of the land development is in line with the land grant contract, if the development of the land has been suspended for over one year without government approval and (i) the developed site area of the land is less than one-third of the total site area of the project scheduled to have been developed or (ii) the total capital expenditure is less than one-fourth of the total investment of the project, the land will be treated as idle land. We have experienced such delays in the development process in the past, however we had not been subject to the idle land fee or reclamation of the idle land by the local government authority as of the Latest Practicable Date. See "Business – Properties – Idle Land." We cannot assure you that we will not be subject to penalties in relation to past delays or circumstances leading to imposition of idle land fees or reclamation or significant delays in development schedule will not arise in the future. If our land is subject to reclamation, we will not only lose the opportunity to develop theme parks or ancillary commercial properties on such land, but may also lose all our past investments in the land, including land grant premium paid and development costs incurred.

We face risks related to the pre-sale of properties from any potential limitation and restriction imposed by the PRC government as to such activities and claims from customers in the event the pre-sold properties are not delivered on time or at all.

PRC law allows property developers to pre-sell properties prior to their completion upon satisfaction of certain requirements. Under the PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sale of properties and may use pre-sale proceeds only to finance the development project where the pre-sold properties are located. There is no guarantee that the PRC national or local government will not adopt any additional limitation or restriction on, or abolish, the pre-sale practice in the commercial property industry. Any such measure may materially and adversely affect our cash flow position and requires us to seek alternative sources of funding for much of our property development business.

In addition, the pre-sale of our properties carries certain risks. For example, we may fail to complete a fully or partially pre-sold property development, in which case we will be required to return the deposits to purchasers and will be liable to purchasers for any losses suffered by them. Furthermore, if a pre-sold property development is not delivered on time, the purchaser will be entitled to damages.

We may be subject to fines due to the lack of registration of our leases.

Pursuant to the Administration of the Measures for Commodity House Leasing in Urban Areas (商品房屋租賃管理辦法) promulgated on December 1, 2010 and taking effect on February 1, 2011, both landlords and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. During the Track Record Period, we rented out certain of our properties to third parties but had not filed for registration or obtained property leasing certificates for the relevant leases. See "Business – Legal Proceedings and Regulatory Compliances." We may be required by relevant government authorities to file the lease agreements for registration and may be subject to a fine for non-registration, which may range from RMB1,000 to RMB10,000 per lease agreement. The registration of these lease agreements requires additional steps to be taken by the respective lessees which are beyond our control. We cannot assure you that the lessees will be cooperative and we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future.

The illiquidity of property investments and the lack of alternative uses for investment properties could limit our ability to respond to adverse changes in the performance of our properties.

As part of our business strategy, we hold a significant amount of properties developed by us as investment properties to support our theme park business and we may continue adding to our investment property portfolio.

Real estate investment is by nature largely illiquid and, as a result, our ability to sell our investment properties in response to changing economic, financial and investment conditions is limited. We also cannot predict the length of time needed to find purchasers for such investment properties. In addition, we may need to incur capital expenditure to manage and maintain our properties, or to correct defects or make improvements to these properties before selling them. We cannot assure you that financings for such expenditures would be available when needed, at terms acceptable to us, or at all.

Furthermore, aging of investment properties, changes in economic and financial condition or changes in the competitive landscape in the property market in the PRC may adversely affect the amount of rentals and revenue we generate from, as well as the fair value of, our investment properties. Our ability to convert any of our investment properties to alternative uses is limited as such conversion requires extensive governmental approvals in the PRC and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. We cannot assure that such approvals and financing can be obtained when needed. These and other factors that impact our ability to respond to adverse changes in the performance of our investment in properties may materially and adversely affect our business, financial condition and results of operations.

We provide guarantees for mortgage loans of our customers and may become liable to mortgagee banks if customers default on their mortgage loans.

We derive a significant portion of our revenue from sales of our ancillary commercial properties and certain of our purchasers apply for bank borrowings and mortgages to fund their purchases. Therefore, the lack of availability of mortgages to our prospective purchasers would significantly affect our results of operations and financial conditions.

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, upon which we are entitled to take over the legal title of the related properties. If we fail to make the repayment, the mortgage banks are entitled to auction off the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds.

These guarantees are contingent liabilities not reflected on our combined statements of financial position. As of December 31, 2010, 2011 and 2012 and September 30, 2013, our outstanding guarantees for mortgage loans of our customers were approximately 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. However, should any material default occur and if we were called upon to honor our guarantees, our financial condition and results of operations could be materially and adversely affected.

Our profitability and results of operations are impacted by the development and profitability of our commercial property leasing segment.

As part of our business, we lease out certain of our ancillary commercial properties. Our total rental income was approximately RMB15.2 million, RMB13.9 million, RMB19.8 million and RMB21.5 million for 2010, 2011, 2012 and the nine months ended September 30, 2013, accounting for 1.9%, 2.0%, 2.2% and 2.8% of our total revenue, respectively. We expect to continue expanding our commercial leasing business as we further develop our ancillary commercial property business. If there is a significant downturn in the commercial property leasing markets in the cities and regions where we have investment properties, we may not be able to maintain our current levels of rental income, enter into new leases or renew leases with our tenants upon the expiration of the existing terms on terms acceptable to us, or at all.

As we seek to expand our portfolio of commercial investment properties, rental income is expected to become an increasingly significant contributor to our revenue going forward. We may not, however, be able to identify or secure suitable tenants for our commercial properties. Our inability to expand our portfolio of commercial properties for lease and operations, secure suitable tenants or otherwise to enhance the profitability of our leasing segment could have an adverse effect on our business, results of operations and financial position.

RISKS RELATING TO DOING BUSINESS IN CHINA

Our business operation and future growth rely on the GDP and consumption growth in the PRC market and may be adversely affected by changes in the economic, political and social conditions, globally and in China.

All of our revenues during the Track Record Period were derived from our operations in China. We anticipate that China will remain our primary market in the foreseeable future. One of our strategies is to expand our operations in China. Accordingly, our business, financial condition, results of operations and prospects are, to a significant degree, subject to economic development in China. Should there be any adverse change in the GDP and/or consumer spending growth in China, our results of operations, financial condition and growth prospects may be materially and adversely affected.

In the past twenty years, China has been one of the world's fastest growing economies measured in terms of GDP. However, from time to time and in recent years in particular, the PRC government has taken measures to attempt to slow economic growth to a more manageable level, especially with respect to the rate of growth in industrial production, bank credit, fixed investment and monetary supply. Furthermore, a slowdown in the economies of the United States, the European Union and certain Asian countries may significantly and adversely affect economic growth in China.

Since early 2008, concerns over inflation or deflation, energy costs, geopolitical issues, the availability and cost of credit, have contributed to unprecedented levels of market volatility and diminished expectations for the global economy and the markets in the future. These factors, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have precipitated an economic slowdown and a possible prolonged recession on a global basis. These events have led the PRC economy to experience a slowdown. We cannot predict the extent to which the changing global economic conditions will affect GDP and consumer spending in China. In addition, consumer spending can be affected by factors such as changes or developments in economic and financial condition, and social and political stability in China, and other factors which are beyond our control. Any changes in any of these conditions, or any changes in the PRC laws, rules and regulations or other policies in reaction to the changing economic conditions that are relevant to us and our operations could materially and adversely affect our results of operation and financial condition.

Any adverse change in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.

All our operations are conducted in the PRC and all our revenues are sourced from the PRC. Accordingly, our results of operations, financial condition and prospects are subject to a significant degree to the economic, political and legal developments of the PRC. The PRC economy differs from the more developed economies of the world in many respects, including:

- its socialist market economic structure;
- the level of governmental involvement;
- the level of development;
- growth rate;
- the control of foreign exchange; and
- the allocation of resources.

As a result of these differences, our business may not develop in the same way or at the same rate as might be expected if the PRC economy were similar to those of the more developed countries. The PRC economy has been transitioning from a planned economy to a more market-oriented economy. The PRC government has implemented economic reform measures emphasizing utilization of market forces in the development of the PRC economy but continues to play a significant role in regulating industries by imposing industrial policies. We cannot predict whether changes in the political, economic and social conditions and policies in the PRC, or in the relevant laws, rules and regulations, will materialize or be effected or have any material and adverse effect on our current or future business, financial condition and results of operations.

There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.

All of our operations are conducted in the PRC. The PRC legal system is based on written statutes and prior court decisions are not binding. Since 1979, the PRC government has been developing a comprehensive system of laws, rules and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, due to the fact that these laws, rules and regulations have not been fully developed, and because of the limited volume of published cases and their non-binding nature, the interpretation and enforcement of these laws, rules and regulations involve some degree of uncertainty with respect to the outcome of any legal action in which we may be involved in the PRC.

Changes in laws, rules, regulations or enforcement policies of the PRC government could have a material adverse effect on our business, financial condition and results of operations.

The laws, rules and regulations, as well as enforcement policies, of the PRC government, including those regulating our industry and business, are evolving and subject to change. Changes in laws, rules, regulations or administrative interpretations, or stricter enforcement policies by the PRC government, could impose more stringent requirements on us, including significant fines or other penalties for violations or non-compliance. Changes in applicable laws, rules and regulations may also cause disruption to our operation or increase our operating costs. In addition, compliance with such requirements could impose substantial additional costs or otherwise have a material adverse effect on our business, financial condition and results of operations. Furthermore, regulatory agencies in China may periodically, and sometimes abruptly, change their enforcement practices. As a result, prior enforcement activity, or lack of enforcement activity, is not necessarily predictive of future actions. Any enforcement actions against us could severely harm our results of operation and financial condition. In addition, any litigation or governmental investigation or enforcement proceedings in China may be protracted and may result in substantial cost and diversion of resources and management attention, negative publicity and damage to our reputation.

There are significant uncertainties under the EIT Law relating to our PRC enterprise income tax liabilities.

Under the EIT Law, the profits of a foreign invested enterprise generated from January 1, 2008 and onwards, which are distributed to its immediate holding company outside the PRC, are subject to a withholding tax rate of 10%. Pursuant to a special arrangement between Hong Kong and the PRC, such rate will be lowered to 5% if a Hong Kong resident enterprise owns over 25% of the PRC company. However, according to the Circular of State Administration of Taxation on Printing and Issuing the Administrative Measures for Non-residents to Enjoy the Treatment Under Taxation Treaties (Tentative) (《國家稅務總局關於印發<非居民享受稅收協定待遇管理辦法(試行)>的通知》), which became effective on October 1, 2009, the 5% tax rate does not automatically apply. Approvals from competent local tax authorities are required before an enterprise can enjoy the relevant tax treatments relating to dividends under relevant taxation treaties. However, according to a tax circular issued by the State Administration of Taxation in February 2009 (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), if the main purpose of an offshore arrangement is to obtain a preferential tax treatment, PRC tax authorities have the discretion to adjust the tax rate enjoyed by the relevant offshore entity. We cannot assure you that the PRC tax authorities will determine that the 5% tax rate applies to dividends received by our subsidiary in Hong Kong from our PRC subsidiaries, nor that the PRC tax authorities will not levy a higher withholding tax rate on such dividends in the future.

Under the EIT Law, we may be classified as a "resident enterprise" of the PRC. Such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the EIT Law, an enterprise established outside the PRC with "de facto management bodies" within the PRC is considered a "resident enterprise," meaning that it can be treated in a manner similar to a PRC enterprise for enterprise income tax purposes. The implementation rules of the EIT Law define "de facto management" as "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. As no official interpretation or application of this new "resident enterprise" classification is currently available, the status and tax treatment of an enterprise registered outside the PRC in accordance with foreign laws and with a PRC individual as a controlling shareholder are unclear.

If the PRC tax authorities determine that our Company is a "resident enterprise" for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. We may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. In our case, this would mean that any income sourced by us from outside the PRC such as interest on offering proceeds would be subject to PRC enterprise income tax at a rate of 25%. By comparison, there is no taxation on such income in the Cayman Islands. In addition, if the Company is treated as PRC "resident enterprise" under the PRC law, it may be required to withhold PRC income tax on capital gains realized from sales of our shares and dividends paid to non-PRC residents with respect to our shares under the EIT Law as such income may be regarded as income from "sources within the PRC." In such case, our foreign corporate shareholders may be subject to a 10% withholding income tax under the EIT Law, unless any such foreign corporate shareholder is qualified for a preferential withholding rate under a tax treaty.

It may be difficult to effect service of process upon some of our directors and executive officers who live in the PRC or to enforce against them in the PRC any judgments obtained from non-PRC courts.

Most of our assets and our principal business operations are in the PRC. All our executive directors and all members of our senior management team are residing in the PRC with no permanent addresses outside the PRC. Therefore, it may not be possible for investors to effect service of process upon such persons in the PRC or to enforce against our Company or such persons in the PRC any judgments obtained from non-PRC courts. The PRC does not have treaties or arrangements providing for the recognition and enforcement of civil judgments of the courts of most other jurisdictions including the United States. Therefore, recognition and enforcement in the PRC of judgments obtained in such jurisdictions may not be possible. On July 14, 2006, the PRC and Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). However, investors are reminded that only an enforceable final judgment requiring payment of money arising out of a commercial contract with an exclusive jurisdiction clause and granted by Hong Kong courts may be recognized by the PRC courts, subject to the requirements and restrictions set forth in the arrangement.

Furthermore, an original action may be brought in China against us or our Directors or officers only if the actions are not required to be arbitrated by the PRC law and upon satisfaction of the conditions for institution of a cause of action pursuant to the PRC Civil Procedure Law (《中華人民共和國民事訴訟法》). As a result of the conditions set forth in the PRC Civil Procedure Law, and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, there remains uncertainty on whether an investor like you will be able to bring an original action in China in this fashion.

Any outbreak of severe communicable diseases in the PRC may cause suspension of our operations and affect the economic conditions of the PRC, which may, in turn, affect our business and operations.

The outbreak of any severe communicable disease in the PRC could have a material adverse effect on the domestic consumption and, possibly, the overall GDP growth of the PRC. As all of our revenue is currently derived from our PRC operations, any contraction or slowdown in the growth of domestic consumption or slowdown in the GDP growth of the PRC may materially and adversely affect our business, prospects, financial condition and results of operations. In addition, if our employees are affected by any severe communicable disease, we may be required to close our theme parks or take other measures to prevent the spread of disease, which may materially and adversely affect or disrupt our operation. The spread of any severe communicable disease in the PRC and elsewhere may also affect the economic sentiment and in turn have a material adverse effect on our results of operation and financial condition.

RISKS RELATING TO OUR GLOBAL OFFERING

There has been no prior public market for our shares and an active trading market for our shares may not develop.

Prior to the Global Offering, there has been no public market for our shares. We have applied to the Stock Exchange for the listing of, and permission to deal in, our shares. However, there is no assurance that the Listing will result in the development of an active and liquid public trading market for our shares following the Global Offering or in the future, and the failure of developing or sustaining such market could have a material adverse effect on the market and liquidity of our shares.

The Offer Price for our shares will be the result of negotiations among the Joint Global Coordinators (on behalf of themselves and the other Underwriters of the Global Offering) and us and may differ from the market prices for our shares after the Listing. An investor who purchases shares in the Global Offering may not be able to resell such shares at or above the Offer Price and, as a result, may lose all or part of the investment in such shares. In addition, the initial trading price of our shares could be lower than the Offer Price due to a variety of reasons including material negative events affecting us.

The liquidity, trading volume and trading price of our shares may be volatile, which could result in substantial losses to our shareholders.

Immediately following the Global Offering, the liquidity, trading volume and trading price of our shares will be determined by the marketplace and may be volatile and may be influenced by many factors, some of which are beyond our control, including:

- fluctuations in our interim or annual results of operations;
- changes in financial performance estimates by securities analysts;
- investor perceptions of us and the investment environment in Asia, including Hong Kong and the PRC;
- changes in policies and developments relating to the theme park, commercial property and entertainment industry;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;
- changes in pricing policies adopted by us or our competitors;
- depth and liquidity of the market for our shares;
- demand for and supply of our shares;
- general economic factors; and
- other factors, such as those described in the other risk factors set forth in this prospectus.

Moreover, stock markets and shares of listed companies in general have experienced increased price and volume fluctuations in recent years. These broad market and industry fluctuations may adversely affect the market price of our shares regardless of our operating performance or prospects.

Purchasers of the Offer Shares in the Global Offering will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price of the Offer Shares is higher than the net tangible assets per Share immediately before the Global Offering. Therefore, purchasers of the Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible assets per Share. Purchasers of the Shares may experience dilution in the net tangible assets per Share if we issue additional Shares in the future at a price which is lower than the net tangible assets per Share.

There may be a dilutive effect on the earnings per Share associated with the Share Option Scheme.

We have conditionally adopted the Share Option Scheme pursuant to which options may be granted after the Listing Date, subject to the provisions of the Share Option Scheme and the Listing Rules. See "Statutory and General Information – Share Option Scheme" in Appendix VI to this prospectus for details on the Share Option Scheme. Any exercise of the options granted under the Share Option Scheme will result in an increase in the number of Shares in issue, and may result in the dilution in the percentage of ownership of the Shareholders, the earnings per Share and net asset value per Share.

There can be no assurance on the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry consultant report, contained in this prospectus.

Certain facts, forecasts and other statistics relating to China and other countries and regions and the tourism and theme park markets as well as the commercial real estate industry in China contained in this prospectus have been derived from various government publications, market data providers and other independent third-party sources, including Euromonitor, an independent industry consultant, and generally are believed to be reliable. However, we cannot guarantee the accuracy and completeness of such information. These facts, forecasts and other statistics have not been independently verified by us, the Joint Sponsors, the Underwriters, their respective directors and advisors or any other parties involved in the Global Offering and none of them makes any representation as to the accuracy or completeness of such information. Furthermore, such facts, forecasts and other statistics may not be prepared on a comparable basis or may not be consistent with other information compiled within or outside China. For these reasons, you should not place undue reliance on such information as a basis for making your investment in our Shares.

This prospectus contains certain forward-looking statements and information relating to the Group that are based on the current beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to the Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing the Group which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

In this prospectus, statements of or references to our intentions or those of the Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. The business operations of the Group are located in China. Due to the business requirements of our Group, none of the executive Directors has been, is or will be based in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and us:

(a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Wang Xuguang, our Executive Director and Yu Leung Fai, our company secretary. The authorized representatives have provided their usual contact details to the Stock Exchange and will be readily contactable by telephone, facsimile and email by the Stock Exchange, if necessary, to deal with inquiries from the Stock Exchange from time to time;

(b) each of the authorized representatives has the means to contact all the Directors (including the independent non-executive Directors) promptly at all times, as and when the Stock Exchange wishes to contact the Directors on any matters;

(c) all the Directors who are not ordinarily resident in Hong Kong have valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice;

(d) our compliance advisor will act as an additional channel of communication with the Stock Exchange and will provide professional advice on continuing compliance with the Listing Rules;

(e) we will retain a Hong Kong legal advisor to advise us on the application of the Listing Rules and other applicable Hong Kong laws and regulations relating to securities after the Listing; and

(f) each Director has provided their respective mobile phone numbers, office phone numbers, e-mail addresses and fax numbers to the Stock Exchange.

CONTINUING CONNECTED TRANSACTIONS

A subsidiary of our Group has entered into transactions which would constitute continuing connected transactions of our Company under the Listing Rules upon Listing. We have received from the Stock Exchange a waiver from strict compliance with the announcement requirement as set out in Chapter 14A of the Listing Rules for such continuing connected transactions. See "Connected Transactions."

WAIVER FROM STRICT COMPLIANCE WITH RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM PARAGRAPHS 27 AND 31 OF THE THIRD SCHEDULE TO THE COMPANIES ORDINANCE

According to Rule 4.04(1) of the Listing Rules, the Accountants' Report contained in this prospectus must include, inter alia, the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

According to paragraph 27 of Part I of the Third Schedule to the Companies Ordinance, our Group is required to include in this prospectus a statement as to the gross trading income or sales turnover (as the case may be) of our Group during each of the three financial years immediately preceding the issue of this prospectus as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies Ordinance, our Group is required to include in this prospectus a report by our auditor with respect to the financial results of our Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

Section 342(1) of the Companies Ordinance requires all prospectuses to include an accountants' report which contains the matters specified in the Third Schedule to the Companies Ordinance.

The Accountant's Report for each of the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013 has been prepared and is set out in Appendix IA to this prospectus.

An application was made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver was granted by the Stock Exchange on the conditions that:

(i) our Group lists on the Stock Exchange by March 31, 2014;

(ii) our Group obtains a certificate of exemption from the SFC on compliance with the requirements of section 342(1), paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies Ordinance;

(iii) a profit estimate for the latest financial year (which must comply with Rules 11.17 to 11.19 of the Listing Rules) must be included in the prospectus or our Group must provide justification why a profit estimate cannot be included in the prospectus; and

(iv) there must be a directors' statement in the prospectus that there is no material adverse change to its financial and trading positions or prospect with specific reference to the trading results from the end of the stub period to the latest financial year end.

An application has also been made to the SFC for a certificate of exemption from strict compliance with section 342(1), paragraphs 27 of Part I and 31 of Part II of the Third Schedule to the Companies Ordinance in relation to the inclusion of the Accountant's Report for the three full years ended December 31, 2013 in this prospectus on the grounds that it would be unduly burdensome and there would not be sufficient time for our Group and the reporting accountant to complete the work on the financial statements for the full financial year ended December 31, 2013 for inclusion in the prospectus. A certificate of exemption has been granted by the SFC under section 342A of the Companies Ordinance.

Our Directors and the Joint Sponsors confirmed that adequate and reasonably up-to-date information that is necessary for the potential investors to form a view on the track record and earnings trend of our Group has been included in this prospectus, as such the waiver granted by the Stock Exchange and the exemption granted by the SFC from strict compliance with Rule 4.04(1) of the Listing Rules and paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies Ordinance will not prejudice the interests of the investing public.

Our Directors and the Joint Sponsors confirmed that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial and trading positions 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.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Wang Xuguang (王旭光)	1-4-1, No.10, Zhonglin Garden, Zhongnan Street, Zhongshan District, Dalian, Liaoning Province	Chinese
Zhao Wenjing (趙文敬)	2-4-1, No.107, Nanshan Road, Dalian, Liaoning Province	Chinese
Qu Naiqiang (曲乃強)	1-2-1, No.63, Xiangyang Street, Zhongshan District, Dalian, Liaoning Province	Chinese
Non-Executive Directors		
Qu Naijie (曲乃杰)	4-3, No. 18, Xilin Street, Shahekou District, Dalian, Liaoning Province	Chinese
Makoto Inoue (井上亮)	5-8-7-405, Shiroganedai, Minato-ku, Tokyo	Japanese
Yuan Bing (袁兵)	Flat A, 35/F, Tower 7, Island Harbourview, Tai Kok Tsui, Kowloon	Chinese
Independent Non-Executive Directors		
Fang Hongxing (方紅星)	4-2#, No. 73-2 Lianhe Road, Shahekou District, Dalian, Liaoning Province	Chinese
Wei Xiaoan (魏小安)	Room 101, Unit 5, 3rd Floor, Building No. 2, Overseas Chinese Town, Chaoyang District, Beijing	Chinese
Sun Jianyi (孫建一)	D101 Moliyuan, Wanke City Garden, Shenzhen, Guangdong Province	Chinese

Further information is disclosed in the section headed "Directors, Senior Management and Employees" of this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**BNP Paribas Securities (Asia) Limited** 59/F-63/F, Two International Finance Centre 8 Finance Street Central, Hong Kong
	Merrill Lynch Far East Limited 15/F, Citibank Tower 3 Garden Road Central, Hong Kong
Joint Global Coordinators	**BNP Paribas Securities (Asia) Limited** 59/F-63/F, Two International Finance Centre 8 Finance Street Central, Hong Kong
	Merrill Lynch International 2 King Edward Street London EC1A 1HQ United Kingdom
Joint Bookrunners	**BNP Paribas Securities (Asia) Limited** 59/F-63/F, Two International Finance Centre 8 Finance Street Central, Hong Kong
	Merrill Lynch International 2 King Edward Street London EC1A 1HQ United Kingdom
	CCB International Capital Limited 12th Floor, CCB Tower 3 Connaught Road Central, Central Hong Kong
	China Merchants Securities (HK) Co., Limited 48/F, One Exchange Square Central, Hong Kong
	Essence International Securities (Hong Kong) Limited 39/F, One Exchange Square Central, Hong Kong
	ICBC International Capital Limited 37th Floor, ICBC Tower 3 Garden Road Hong Kong

Joint Lead Managers	**BNP Paribas Securities (Asia) Limited** 59/F-63/F, Two International Finance Centre 8 Finance Street Central, Hong Kong
	Merrill Lynch Far East Limited (for the Hong Kong Public Offering) 15/F, Citibank Tower 3 Garden Road Central, Hong Kong
	Merrill Lynch International (for the International Offering) 2 King Edward Street London EC1A 1HQ United Kingdom
	CCB International Capital Limited 12th Floor, CCB Tower 3 Connaught Road Central, Central Hong Kong
	China Merchants Securities (HK) Co., Limited 48/F, One Exchange Square Central Hong Kong
	Essence International Securities (Hong Kong) Limited 39/F, One Exchange Square Central, Hong Kong
	ICBC International Securities Limited 37th Floor, ICBC Tower 3 Garden Road Hong Kong

Legal Advisors to Our Company

As to Hong Kong and U.S. laws:

Milbank, Tweed, Hadley & McCloy
30/F, Alexandra House
18 Chater Road
Central, Hong Kong

As to U.S. laws:

Akin Gump Strauss Hauer & Feld LLP
Suite 01-06, EF Floor
Twin Towers (East)
B12 Jianguomenwai Avenue
Beijing, PRC

As to PRC laws:

Jun He Law Offices
25/F, Tower 3
Jing An Kerry Centre
1228 Middle Yan'an Road
Shanghai, PRC

As to Cayman Islands laws:

Maples and Calder
53rd Floor, The Center
99 Queen's Road Central
Hong Kong

Legal advisors to the Joint Sponsors and the Underwriters

As to Hong Kong and U.S. laws:

Clifford Chance
28th Floor, Jardine House
One Connaught Place
Central, Hong Kong

As to PRC law:

Fangda Partners
32nd Floor, Plaza 66 Tower 1
1266 Nan Jing West Road
Shanghai, PRC

Auditor and Reporting Accountant	**Ernst & Young** *Certified Public Accountants* 22nd Floor, CITIC Tower 1 Tim Mei Avenue Central, Hong Kong
Receiving Banks	**Industrial and Commercial Bank of China (Asia) Limited** 33/F, ICBC Tower 3 Garden Road Central Hong Kong **China Construction Bank (Asia) Corporation Limited** 22/F, CCB Center 18 Wang Chiu Road Kowloon Bay Hong Kong **Standard Chartered Bank (Hong Kong) Limited** 15th Floor, Standard Chartered Tower 388 Kwun Tong Road Kwun Tong Hong Kong

CORPORATE INFORMATION

Principal Place of Business and Head Office in the PRC	No.1, Lianjing Garden, Huale Street, Zhongshan District, Dalian, Liaoning Province, PRC
Registered Office	PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
Place of business in Hong Kong registered under Part XI of the Hong Kong Companies Ordinance	2404, 24th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong
Company's Website	**www.haichangholdings.com** *(The information on the website does not form part of this prospectus)*
Company Secretary	Yu Leung Fai *(HKICPA, AICPA)*
Authorized Representatives	Wang Xuguang 1-4-1, No. 10, Zhonglin Garden, Zhonglian Street, Zhongshan District, Dalian, Liaoning Province, PRC Yu Leung Fai 3/F., Block 30, Baguio Villa, 550 Victoria Road, Pokfulam, Hong Kong
Audit Committee	Fang Hongxing *(Chairman)* Wei Xiaoan Sun Jianyi
Remuneration Committee	Sun Jianyi *(Chairman)* Wang Xuguang Fang Hongxing
Nomination Committee	Qu Naijie *(Chairman)* Wei Xiaoan Sun Jianyi
Risk Management and Corporate Governance Committee	Yuan Bing *(Chairman)* Fang Hongxing Wei Xiaoan
Independent Board Committee	Sun Jianyi *(Chairman)* Fang Hongxing Wei Xiaoan

Cayman Islands Share Registrar

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

Hong Kong Share Registrar

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Compliance Advisor

Guotai Junan Capital Limited
27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Principal Banks

BNP Paribas, Hong Kong Branch
59/F-63/F, Two International Finance Centre
8 Finance Street
Central, Hong Kong

China Construction Bank, Dalian Branch
No. 1 Jiefang Street
Zhongshan District
Dalian, Liaoning Province
PRC

Bank of Dalian, Zhongshan Branch
No. 81 Jiqing Street
Zhongshan District
Dalian, Liaoning Province
PRC

Industrial and Commercial Bank of China, Dalian Economic and Technological Development Zone Branch
No. 133 Jinma Road
Economic and Technological
Development Zone
Dalian, Liaoning Province
PRC

Industrial and Commercial Bank of China, Qingdao South 4th Branch
No. 16, Donghai Road East
Shinan District
Qingdao, Shandong Province
PRC

Huaxia Bank, Dalian Branch
No. 25 Tongxing Street
Zhongshan District
Dalian, Liaoning Province
PRC

This section contains information and statistics relating to the economy of China and the industry in which we operate. Unless otherwise indicated, the information and statistics presented in this section are derived from various official government publications and other publications and from a market research report prepared by Euromonitor based on those official sources and trade opinion surveys to build estimates of market conditions, which was commissioned by us. Research by Euromonitor should not be considered as the opinion of Euromonitor as to the value of any security or the advisability of investing, or not investing, in our Company. Neither we nor Euromonitor makes any representation as to the correctness or accuracy of government or official information contained in this section.

We believe that the sources of such information are appropriate and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, nor any of their or our directors, affiliates, advisors or any other parties involved in the Global Offering and no representation is given as to its accuracy.

SOURCES OF INFORMATION

In connection with the Global Offering, we have engaged Euromonitor, an independent third party, to conduct a research report on China's theme park and marine theme park markets. Founded in 1972, Euromonitor is a research institute focused on strategy research for consumer markets. We have included certain information from the Euromonitor report in this prospectus because we believe such information facilitates an understanding of the industry. The Euromonitor report was prepared based on (i) publicly available background information, (ii) annual reports and financial statements published by leading operators or other peer companies, and (iii) in-depth interviews with leading industry participants and industry experts. We have agreed to pay a total of RMB320,000 in fees for the preparation of the report. As of the Latest Practicable Date, our Directors confirmed, after taking reasonable care, that there had been no adverse change in the market information set forth herein, since the date on which Euromonitor issued its report.

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. Theme parks used in this section are defined from the perspectives of their business operations and the existing or expected public perception of them as amusement or entertainment parks offering a variety of entertainment attractions, rides, shows and other events. Theme parks so defined from a business point of view may not constitute Theme Parks Under 2013 Opinions. See "Definitions" and "Glossary of Technical Terms."

OVERVIEW OF THE GLOBAL THEME PARK MARKET

357.8 million people visited the top ten theme parks in the world in 2012, representing an increase of 6.4% from 2011. The table below sets forth the top ten theme parks worldwide by the number of visitors in 2012:

	Visitors in 2012	Visitors in 2011	Growth Rate in 2012
	('000)	('000)	(%)
Walt Disney Attractions	126,479	121,821	4.7
Merlin Entertainments Group	54,000	46,400	16.4
Universal Studios Recreation Group	34,515	31,990	7.9
Parques Reunidos	27,130	26,220	3.5
Six Flags Inc.	25,750	24,300	6.0
Seaworld Parks & Entertainment	24,310	23,600	3.0
Cedar Fair Entertainment Company	23,600	23,400	0.9
OCT Parks China	23,359	21,731	7.5
The Enlarged Group*	9,400	7,550	24.5
Compagnie Des Alpes	9,300	9,300	1.0

Source: AECOM 2012 Theme Index Global Attractions Attendance Report

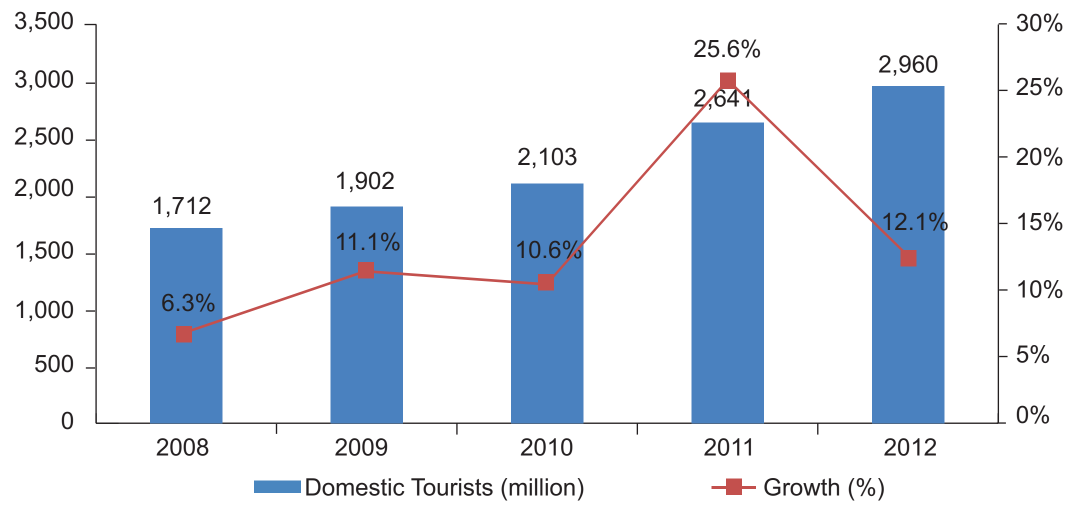
* taking into account the Additional Theme Parks and based on the admission attendance of the Enlarged Group

The theme park market in North America has been driven by reinvestments in parks run by major operators. In Asia, extensive investments in new attractions, significant marketing efforts and a substantial growth in tourism have contributed to strong attendance figures. European theme park market, on the other hand, continues to be affected by the region's stagnant economy.

OVERVIEW OF PRC DOMESTIC TOURISM MARKET

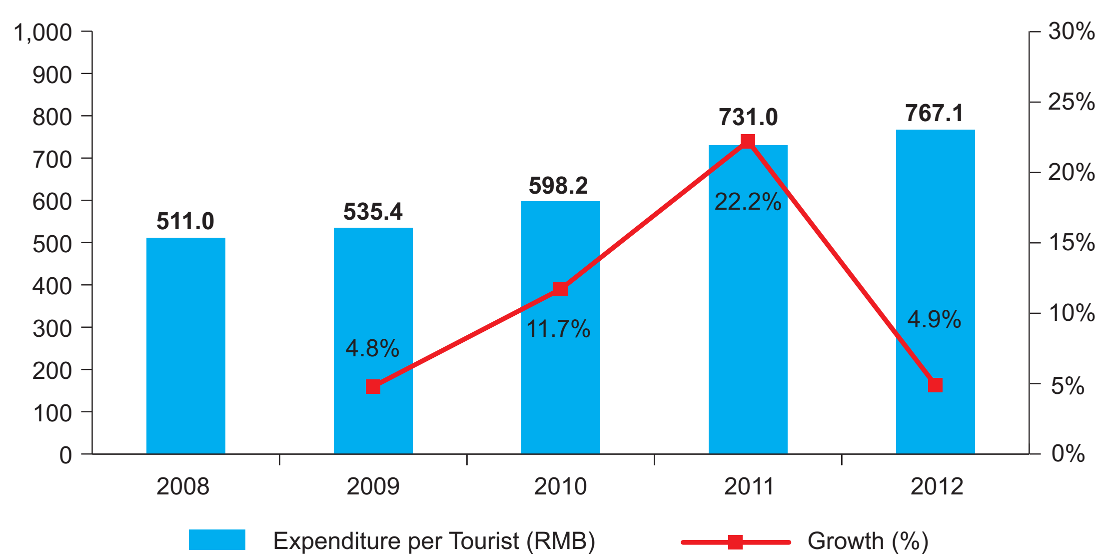
The PRC domestic tourism market has expanded significantly over the last five years due to the economic development, infrastructure improvement, improved income growth, a higher standard of living and the change in holiday policies. Many Chinese have adopted travel as part of their lifestyle and, with more developed transportation infrastructure, traveling within China has become much more convenient than before. Since 2008, the number of domestic tourists has increased at a CAGR of 14.7%. In 2011, the number of domestic tourists increased by 25.6% year-on-year to 2,641.0 million. Despite the economic slowdown, the total number of domestic tourists still increased by 12.1% to 2,960.0 million in 2012.

The table below sets out the number of domestic tourists in China for the years indicated:



Source: National Bureau of Statistics of China

The table below set out the expenditure per tourist for the years indicated:



Source: National Bureau of Statistics of China

Historically, the traveling pattern has been correlated with domestic economic growth: sightseeing (when GDP per capita reaches USD1,000), leisure travel (when GDP per capita reaches USD2,000), and vacation travel (when GDP per capita reaches USD3,000). China's GDP per capita exceeded USD3,000 in 2008 and continued to grow thereafter. Increasingly, more people travel during their holidays and the traveling pattern is expected to shift from sightseeing and leisure travel to vacation travel.

According to the National Bureau of Statistics of China, domestic tourist visits increased from 1,712 million in 2008 to 2,960 million in 2012 and the total national tourism receipts increased from RMB874.9 billion in 2008 to RMB2,270.6 billion in 2012. Despite rapid growth in recent years, China's per capita spending on travel is still significantly lower than developed countries. In 2012, the annual per capita spending on travel was RMB767.1 in China, representing approximately 2% of China's GDP per capita, as compared with USD1,685 and USD831 in the United States and France in 2003, respectively (both exceeding 5% of its GDP per capita at the same year). The relatively low per capita spending creates a significant room for growth in the PRC tourism industry.

The table below sets out selected information on China's tourism industry for the years indicated:

	2008	2009	2010	2011	2012
Nominal GDP (RMB in billions)	31,404.5	34,090.3	40,151.3	47,310.4	51,932.2
National Tourism Receipts (RMB in billions)	874.9	1,018.4	1,258.0	1,930.5	2,270.6
Growth Rate (%)	12.6%	16.4%	23.5%	53.5%	17.6%
Tourism Earnings as of GDP (%)	2.8%	3.0%	3.1%	4.1%	4.4%

Source: National Bureau of Statistics of China

OVERVIEW OF PRC THEME PARK MARKET

Although theme parks in China were not established until 1979, China's theme park industry has grown significantly in the past three decades. In the 1980s, theme parks associated with TV shows or movies and amusement parks featuring thrill-oriented rides and attractions started to emerge. In the early 1990s, the number of theme parks increased dramatically and the industry was characterized by extensive investment, increased market awareness but high risks. During the late 1990s, the theme park industry experienced a steady pace of development.

As the construction of more theme parks is underway, the competition is expected to further intensify. However, it is likely that the theme park industry as a whole is expected to continue to develop which, in turn, will boost the annual attendance. Industry data showed that the total attendance of theme parks increased 5.8% from 2011 to 109 million in 2012, and is expected to rise at a CAGR of approximately 6.7% to 132 million by 2015.

The table below sets forth the number of China's theme park visitors for the years indicated:

	2010	2011	2012	CAGR% 10-12	2013 E	2014 E	2015 E	CAGR% 13-15 E
Theme Park Visitors (million)	96.3	103.0	109.0	6.4%	115.9	123.4	132.0	6.7%
Growth Rate (%)	–	7.0%	5.8%	–	6.3%	6.5%	7.0%	–

Source: Euromonitor estimates from trade interview and desk research

Major Types of PRC Theme Parks

Theme Parks for Amusement

This kind of theme parks offers a group of entertainment attractions and thrill rides for the enjoyment of visitors, such as the Suzhou Amusement Land, Happy Valley parks throughout China and Jinjiang Action Park in Shanghai. Amusement parks usually target younger customers and enjoy a relatively higher rate of repeated visits.

Theme Parks for Artificial Scene

Theme parks featuring an actual movie studio or TV show fall under this category, such as the Three Kingdoms and Outlaws of the Marsh Town in Wuxi and Hengdian World Studios in Zhejiang. Theme parks of this type mainly offer attractions for sightseeing and experiencing as well as themed performances, targeting visitors of all age groups.

Theme Parks for Sightseeing

Theme parks mainly for sightseeing purposes in China comprise replicas of many world-renowned sites and attractions for the viewing of visitors, such as Jinxiuzhonghua and the Window of the World parks in Shenzhen as well as folk culture villages in other places. The idea is to concentrate sceneries of other countries and nationalities in a single location to give visitors a taste and experience of different cultures. Visitors to this type of park value the cultural side of their tours and appreciate cultural elements and foreign customs they experience from such tours.

Theme Parks with Specific Themes

Examples include the Group's marine theme parks across China. Theme parks of this type feature the exhibition of aquatic animals and plants as well as interactive performances and shows. In addition, they also function as public education centers and scientific research institutions. They cater to a wider range of customers of age groups.

Types of PRC Theme Park Operators

Theme parks in China can be classified into four groups depending on the type of investor. There are state-owned, joint venture, domestically private-invested and foreign-invested theme parks. One of the largest theme park operators in China, the OCT Group, is a large state-owned corporation controlled by the PRC central government. Examples of joint ventures in the theme park industry include Fantawild Adventure of Shenzhen Huaqiang Group and Dalian Sunasia Tourism Holding's multiple marine theme parks. In addition, many private companies have ventured into this field, such as Longmenzhen Theme Park in Chongqing and Guangdong Chimelong Group's waterpark and amusement park. The anticipated opening of Disneyland in Shanghai marks the entry of foreign-invested theme parks into China.

Different types of parks help create a healthy marketplace, where parks with different themes and focuses can learn from each other. Healthy competition in the market continues to push players to innovate and improve services, which contribute to the overall growth of the industry.

Competition in PRC Theme Park Industry

While the number of theme parks has increased quickly in China, there are no comprehensive official statistics about the total number of theme parks in China. Based on trade sources, the number of theme parks in China may have exceeded 2,500 by the end of 2012. The theme park industry is fragmented with a number of different operators operating in different regions across China.

Public companies including OCT Group, Song Cheng Ltd., Qujiang Culture Tourism, Dalian Sunasia and Straco are regarded as some of the leading players in the PRC theme park industry. According to information collated through Euromonitor's research and industry interviews, in 2012, OCT Group hosted approximately 23.4 million visitors (source from 2012 Theme Index-Global Attractions Attendance Report), Song Cheng Ltd. hosted approximately 8.1 million visitors, Dalian Sunasia hosted approximately 2.7 million visitors, Straco hosted approximately 2.7 million visitors and the Enlarged Group hosted approximately 9.4 million visitors.

Key Growth Drivers of PRC Theme Park Industry

Economic growth

China's economy has experienced significant growth over the past 30 years. Despite the global financial crisis and resulting economic recession in 2008, China's real GDP continued to grow at an annual average rate of 9.3%. In 2010, China became the world's second largest economy.

The market expects China's economy to grow in coming years and rise to the level of the developed countries in terms of average per capita income. With a positive economic prospect, China's theme park industry is expected to grow in the next decade.

The table below sets out selected economic statistics for China for the years indicated:

	2008	2009	2010	2011	2012
Nominal GDP (RMB in billions)	31,404.5	34,090.3	40,151.3	47,310.4	51,932.2
Real GDP Growth Rate (%)	9.6%	9.2%	10.4%	9.3%	7.8%
Per capita GDP (RMB)	23,707.7	25,607.5	30,015.0	35,181.2	38,353.5

Source: National Bureau of Statistics of China

Increase in per capita income

In line with economic growth, disposal income per capita has increased dramatically in China. According to the National Bureau of Statistics of China, the per capita disposable income of urban Chinese households increased by 9.6% from RMB21,810 in 2011 to RMB24,565 in 2012, while the per capita net income of Chinese rural households rose by 10.7% from RMB6,977 in 2011 to RMB7,917 in 2012. Rising disposable incomes tend to drive Chinese people to spend more on travel.

The table below sets out selected economic statistics for annual disposable and net income of urban and rural households in China for the years indicated:

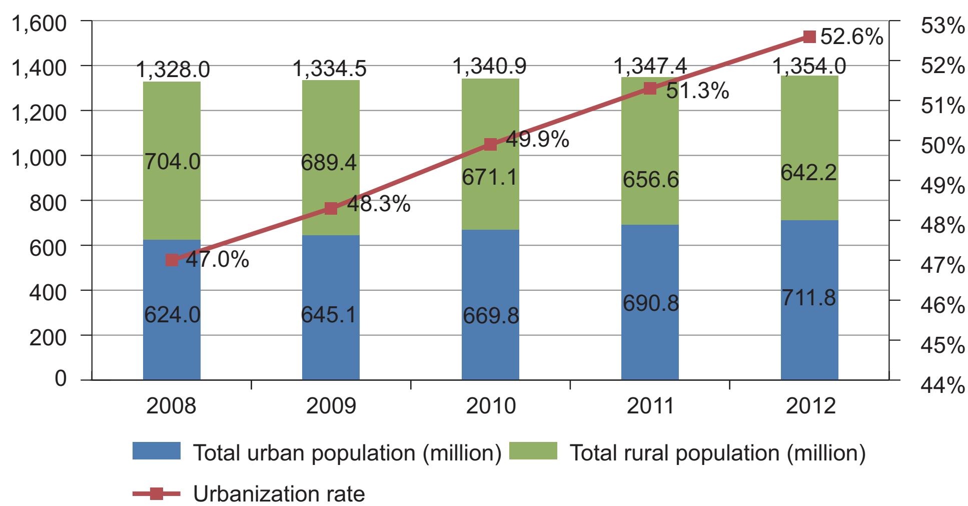
	2008	2009	2010	2011	2012
Per Capita Annual Disposable Income of Urban Households (RMB)	15,781	17,175	19,109	21,810	24,565
Real Growth (%)	8.4%	9.8%	7.8%	8.4%	9.6%
Per Capita Annual Net Income of Rural Households (RMB)	4,761	5,153	5,919	6,977	7,917
Real Growth (%)	8.0%	8.5%	10.9%	11.4%	10.7%

Source: National Bureau of Statistics of China

Rising urbanization rate

Urbanization is a key driver of the theme park industry growth as urban residents have significantly higher per capita disposal income than rural residents. From 2008 to 2012, China's urbanization rate increased from 47.0% to 52.6%. As an increasing number of people migrate from rural to urban areas, the consumption pattern of these migrants is expected to change.

The table below sets out selected population and urbanization statistics of China for the years indicated:



Source: National Bureau of Statistics of China

Regulatory and Governmental Support

The PRC government attaches great importance to the tourism industry. The tourism industry is considered a pillar of the economy's service sectors linking a spectrum of educational, cultural, social and ecological segments. In addition, the PRC government has enacted a series of policies, laws and regulations such as the National Travel Leisure Outline (2013-2020) (《國民旅遊休閒綱要(2013-2020年)》) and the Tourism Law of the PRC (《中華人民共和國旅遊法》) issued on April 25, 2013 and effective as of October 1, 2013 to promote the domestic tourism, to improve transportation and ancillary infrastructure, and to provide financial support to tourism enterprises. The continued growth of China's domestic tourism industry is expected to fuel the growth of the theme park industry.

Local governments in China encourage the development and expansion of theme parks, and some of them have offered attractive incentives and preferential policies to attract international and large domestic players. Meanwhile, as both state-owned and private companies have shown increasing interest in the tourism industry, the government has a strong incentive to continually support the industry.

Improving infrastructure

A good transportation system has a positive impact on attendance in theme parks. China has built a greater number of roads and railways and developed better airline and railway connectivity in recent years. Improved transportation infrastructure enhances accessibility to tourism destinations.

Outlook for PRC Theme Park Industry

China's theme park industry is expected to continue its stable growth and annual attendance is projected to increase as well. Industry data showed that the theme park sector's total attendance increased 5.8% from 2011 to approximately 109 million in 2012. With the growth of domestic tourism, the PRC theme park industry is expected to have its annual attendance grow to approximately 132 million by 2015.

The PRC theme park industry is expected to integrate with other related service industries such as retailing, movie and TV show production, sport and high-tech in the future to achieve economies of conglomeration and increase marginal returns.

Leading brands' nationwide expansion: large theme park operators in China are expected to continue to invest in brand building and marketing. To create and establish their brands and have a nationwide presence will become a critical move for most theme park operators, after which the industry is expected to enter the mature phase.

Market consolidation: future investment in theme parks will diversify as state-owned, joint ventures, private and foreign companies compete for market shares. More theme parks are expected to be built in major provincial capital cities and key inland markets in the future.

Theme diversification: future theme parks are expected to explore and innovate in positioning and themes to cater to diverse demands. Deep exploration of a particular theme or creation of new, innovative themes could be the objectives of many theme parks. A diverse range of themes, along with the adoption of advanced technology, will better satisfy the ever-changing needs of tourists.

Scale diversification: currently, most PRC theme parks are small, regional parks, and the number of large theme parks is still relatively small. The industry is expected to see a combination of both large-scale, comprehensive, multifunctional parks and small-budgeted ventures and a trend of diversification in size and scale.

OVERVIEW OF PRC MARINE THEME PARK MARKET

Public aquariums, or marine theme parks, are an important subcategory of theme parks. A large public aquarium can serve as a sightseeing spot for tourists, as well as a recreational facility for local residents.

Compared with other theme parks, especially amusement parks, marine theme parks cater to a wider customer base. While amusement parks mainly target young consumers aged between 15 and 35 years, marine theme parks attract visitors of different age groups. In addition, as revealed by Euromonitor's interviews with industry players, the repeat visitor rate of marine theme parks is higher than other theme parks.

Furthermore marine theme parks have a distinct educational function and, accordingly, accommodate a large number of students in tour groups or families, while other theme parks such as amusement parks are more likely to accommodate individual visitors.

According to the industry data, approximately 46.2 million people visited marine theme parks in China in 2012, an increase of 5.8% over the number of visitors in 2011. The attendance is expected to continue to grow at a CAGR of 6.7% from 2013 to 2015.

The table below sets forth the number of marine theme park visitors in China for the years indicated:

	2010	2011	2012	CAGR% 10-12	2013E	2014E	2015E	CAGR% 13-15E
Marine Theme Park Visitors (million)	41.1	43.7	46.2	6.0%	49.0	52.1	55.7	6.7%
Growth Rate (%)	–	6.2%	5.8%	–	5.9%	6.4%	7.0%	–

Source: Euromonitor estimates from trade interview and desk research

The marine theme park industry is a capital-intensive business that demands tremendous technological input and operating skills. There are significant entry barriers to the marine theme park business because the operation of an aquarium requires highly skilled personnel and an official operating permit. Furthermore, a company's eligibility to import and cultivate marine animals could affect its business. As an aquarium has a variety of animals, significant efforts are required to maintain and breed species properly. In addition, a successful marine theme park operator should have strong operational and design capabilities.

Competition in the Marine Theme Park Industry

China's marine theme parks have developed from venues displaying marine animals and plants to multi-purpose, modern tourist facilities that host a variety of performances featuring marine animals and other interactive activities. The marine theme park industry in China is characterized by a large number of players, but very few are large-scale players. In terms of admission attendance in 2012, we are the largest marine theme park operator, hosting approximately 15% of the total visitors to marine theme parks in China, followed by Dalian Sunasia, whose two parks in Dalian and Harbin hosted 2.73 million visitors in 2012.

The table below sets forth the top five marine theme park operators in China by attendance in 2012:

	Visitors in 2012	Market Share*
	('000)	
The Group[(1)]	7,240	15.7%
Dalian Sunasia	2,730	5.9%
Singapore Straco Group	2,650	5.7%
Zhejiang Aquarium Investment	2,160	4.7%
Qingdao Underwater World[(2)]	2,100	4.5%

Source: Euromonitor estimates from trade interview and desk research

* The market share data reported above has been determined by Euromonitor via a fieldwork program consisting of desk research and trade interviews. While audited data was available for some of the data set out in the table, no breakdown of the revenue numbers into the relevant categories which were covered in this study was available. For these companies as well as those companies that are included in the table but are not publicly listed, Euromonitor has estimated the market shares based on estimates provided by various trade sources (including those companies themselves in some cases) and after seeking a consensus on these estimates as much as possible.

(1) Excluding the Additional Theme Parks

(2) Qingdao Underwater World is operated by Qingdao Aquarium and Shandong Luxin Investment Group

OVERVIEW OF TOURISM, THEME PARK AND PROPERTY MARKETS OF SELECTED KEY CITIES

Dalian

As a coastal city located at the tip of the Liaodong peninsula and seaport in the south of Liaoning Province, Dalian attracts a stream of inbound tourists. The local tourism industry has grown on a relatively fast pace in recent years due to well-established lodging facilities and tourist infrastructure. Moreover, the city hosts a beer festival and a fashion festival every year. The number of domestic tourists increased by 12.9% year-on-year to 48.1 million in 2012. Total domestic tourist receipts grew by 18.5% to RMB71.1 billion from 2011 to 2012. Well-known theme parks and marine theme parks located in Dalian include Dalian Discoveryland (大連發現王國主題公園), Dalian Laohutan Polar Aquarium (大連老虎灘極地海洋動物館) and Sunasia Ocean World (大連聖亞海洋世界).

The table below sets forth key statistics related to the tourism market in Dalian for the years indicated:

	2008	2009	2010	2011	2012
Domestic Tourists ('000)	30,000	34,120	37,771	42,606	48,145
Growth Rate (%)	–	13.7%	10.7%	12.8%	13.0%
Domestic Tourism Receipts (RMB in billions)	35.5	43.1	50.0	60.0	71.1
Growth Rate (%)	–	21.4%	16.0%	20.0%	18.5%

Source: Statistics Bureau of Dalian

The table below sets forth key statistics related to the commercial property market in Dalian for the periods indicated:

	2008	2009	2010	2011	2012
Investment (RMB in millions)	5,169.8	4,567.7	9,434.8	13,012.0	16,490.0
GFA sold ('000 sq.m.)	355.4	419.8	506.5	477.4	588.7
Average selling price (RMB per sq.m.)	9,460.0	8,527.0	9,960.1	11,041.0	12,656.7

Source: CEIC; Statistics Bureau of Dalian

Qingdao

As a coastal city in eastern Shandong Province, Qingdao is known for its tourist attractions. The number of tourist attractions in Qingdao with an A-level rating from NTAQRAC increased from 47 in 2008 to 76 in 2012. In 2012, Qingdao's total domestic tourism receipts amounted to RMB75.6 billion, accounting for 10.4% of its nominal GDP. Moreover, Qingdao has a well-developed transportation system that fosters the tourism industry. The image of Qingdao as a tourist destination and its many attractions have been well received by domestic tourists. Qingdao is home to popular theme parks and marine theme parks such as Qingdao Polar Ocean World (青島極地海洋世界) and Qingdao Fantawild Dreamland (青島方特夢幻王國).

The table below sets forth key statistics related to the tourism market in Qingdao for the years indicated:

	2008	2009	2010	2011	2012
Domestic Tourists ('000)	33,895	39,034	43,967	49,561	55,905
Growth Rate (%)	–	15.2%	12.6%	12.7%	12.8%
Domestic Tourism Receipts (RMB in billions)	38.6	45.1	54.0	63.7	75.6
Growth Rate (%)	–	16.8%	19.6%	18.0%	18.5%

Source: Statistics Bureau of Qingdao

The table below sets forth key statistics related to the commercial property market in Qingdao for the periods indicated:

	2008	2009	2010	2011	2012
Investment (RMB in millions)	4,400.0	7,161.0	7,343.7	10,101.3	14,023.9
GFA sold ('000 sq.m.)	419.3	605.5	895.6	676.0	505.6
Average selling price (RMB per sq.m.)	8,680.0	8,161.0	9,191.2	11,842.5	14,189.2

Source: CEIC; Statistics Bureau of Qingdao

Tianjin

Situated in northern China, Tianjin is one of the four municipalities under the direct administration of the PRC central government. Tianjin is not only a historical and cultural city but also a modern international harbor, known for abundant tourism resources. Local tourism has grown rapidly in the past few years. The number of scenic areas in Tianjin with an A-level rating from NTAQRAC rose from 56 in 2010 to 85 at the end of 2012. In 2012, the domestic tourists were 120 million. Meanwhile, Tianjin has built a number of new tourist attractions to boost local tourism in recent years, including an artificial beach in Dongjiang, Tianjin Polar Ocean World and Victory Kingdom Theme Park. Popular theme parks and marine theme parks include Happy Valley Tianjin (歡樂谷主題公園), Tianjin Binhai Aircraft Theme Park (天津濱海航母主題公園) and Tianjin Polar Ocean World (天津極地海洋世界).

The table below sets forth key statistics related to the tourism market in Tianjin for the years indicated:

	2008	2009	2010	2011	2012
Domestic Tourists ('000)	70,041	80,196	92,065	106,000	120,000
Growth Rate (%)	–	14.5%	14.8%	15.1%	13.2%
Domestic Tourism Receipts (RMB in billions)	–	95.0	115.2	138.5	166.0
Growth Rate (%)	–	–	21.2%	20.2%	19.9%

Source: Statistics Bureau of Tianjin

The table below sets forth key statistics related to the commercial property market in Tianjin for the periods indicated:

	2008	2009	2010	2011	2012
Investment (RMB in millions)	7,987.1	9,732.2	12,735.4	17,679.0	15,530.6
GFA sold ('000 sq.m.)	748.9	608.5	1,036.5	1,045.0	721.7
Average selling price (RMB per sq.m.)	10,338.0	8,955.0	10,546.3	11,222.0	13,007.5

Source: CEIC

Wuhan

Wuhan is the capital of Hubei Province in Central China. It has abundant tourism resources due to its unique geographical location at the confluence of the Yangtze and one of its major tributaries. The city also comprises one lake cluster and three mountain ranges as well as multiple national relics. Wuhan has recorded impressive growth in tourism in recent years in terms of both tourist arrivals and tourism receipts. Total domestic tourists almost tripled from 46.1 million in 2008 to 140.7 million in 2012, with the total domestic tourism receipts rising from RMB35.6 billion to RMB134.2 billion during the same period. At the end of 2012, the city had one 5A-rated, 16 4A-rated and six 3A-rated tourist areas. Popular theme parks and marine theme parks situated in Wuhan include Wuhan Polar Ocean World (武漢極地海洋世界), Playa Maya Waterpark (瑪雅海灘水公園) and Wuhan Happy Valley (武漢歡樂谷).

The table below sets forth key statistics related to the tourism market in Wuhan for the years indicated:

	2008	2009	2010	2011	2012
Domestic Tourists ('000)	46,128	63,600	88,500	116,361	140,677
Growth Rate (%)	–	37.9%	39.2%	31.5%	20.9%
Domestic Tourism Receipts (RMB in billions)	35.6	48.6	72.0	101.5	134.2
Growth Rate (%)	–	36.6%	48.1%	40.9%	32.3%

Source: Statistics Bureau of Wuhan

The table below sets out key statistics related to the commercial property market in Wuhan for the periods indicated:

	2008	2009	2010	2011	2012
Investment (RMB in millions)	3,105.7	7,700.6	10,245.8	16,666.2	20,153.0
GFA sold ('000 sq.m.)	206.9	255.7	505.7	864.5	738.0
Average selling price (RMB per sq.m.)	8,099.0	11,161.0	11,575.9	14,116.0	13,155.5

Source: CEIC; Statistics Bureau of Wuhan

Chengdu

Chengdu is the capital of Sichuan Province in west China, which has numerous historical and cultural sites such as the Dujiangyan Irrigation System and several ancient towns. Known for its leisurely lifestyle, Chengdu attracts many tourists from China and abroad. The city's tourism industry has developed on a fast pace in recent years. The total tourist arrivals in 2012 were 122.5 million, including 1.6 million foreign tourists. Chengdu aims to enhance its image as a major tourist destination and make tourism a pillar of the local economy by making full use of its existing resources and adding cultural elements. Chengdu is home to popular theme parks and marine theme parks such as Chengdu Happy Valley (成都歡樂谷主題公園), Chengdu Polar Ocean World (成都極地海洋世界) and Chengdu Floraland (成都國色天香遊樂園一期/二期).

The table below sets forth key statistics related to the tourism market in Chengdu for the years indicated:

	2008	2009	2010	2011	2012
Domestic Tourists ('000)	41,054	55,060	67,383	95,527	122,465
Growth Rate (%)	–	34.1%	22.4%	41.8%	28.2%
Domestic Tourism Receipts (RMB in billions)	36.4	48.5	58.5	77.6	101.1
Growth Rate (%)	–	33.2%	20.0%	32.6%	30.3%

Source: Statistics Bureau of Chengdu

The table below sets forth key statistics related to the commercial property market in Chengdu for the periods indicated:

	2008	2009	2010	2011	2012
Investment (RMB in millions)	6,184.5	6,964.7	10,035.3	17,815.6	24,641.6
GFA sold ('000 sq.m.)	383.6	532.3	717.7	1,615.0	1,728.2
Average selling price (RMB per sq.m.)	6,562.0	8,760.0	9,293.5	12,434.0	16,283.5

Source: CEIC

Chongqing

As China's only inland municipality under the direct administration of the PRC central government, Chongqing has achieved considerable economic growth in recent years. In the last few years, Chongqing leveraged its proximity to the Three Gorges Dam and prioritized the use of its hot spring resources in the development of tourism. In addition, the city has invested heavily on infrastructure and focused on offering tourists better travel experience. The municipality continues to invest on, promote and market its tourism, and improve the quality of services. Popular theme parks and marine theme parks in Chongqing include Chongqing Caribbean Water Park (重慶加勒比海水世界), Fantawild Adventure Park (金源方特科幻公園) and Longmenzhen Magic Mountain Theme Park (重慶龍門陣魔幻山主題樂園).

The table below sets forth key statistics related to the tourism market in Chongqing for the years indicated:

	2008	2009	2010	2011	2012
Domestic Tourists ('000)	100,012	122,000	160,000	220,000	288,000
Growth Rate (%)	–	22.0%	31.1%	37.5%	30.9%
Domestic Tourism Receipts (RMB in billions)	53.0	66.6	86.8	120.3	157.7
Growth Rate (%)	–	25.7%	30.3%	38.6%	31.1%

Source: Statistics Bureau of Chongqing

The table below sets forth key statistics related to the commercial property market in Chongqing for the periods indicated:

	2008	2009	2010	2011	2012
Investment (RMB in millions)	8,043.5	11,675.6	13,440.4	21,802.8	30,749.7
GFA sold ('000 sq.m.)	1,265.3	1,571.5	1,942.5	2,663.2	2,218.9
Average selling price (RMB per sq.m.)	5,432.0	7,145.0	8,003.2	8,132.3	9,575.6

Source: CEIC

Yantai

Yantai is located on the southern coast of the Bohai Sea and the eastern coast of the Laizhou Bay. It is endowed with coastal and hilly sceneries. Furthermore, its cultural and historical aspects and folk customs are attractive to tourists. Due to its favorable natural environment and rapid economic growth in recent years, the city's tourism industry has boomed and become a pillar of the local economy. In 2012, Yantai's total domestic tourism receipts amounted to RMB44.5 billion, accounting for 9% of its nominal GDP. Yantai has well-known theme parks and marine theme parks such as Yantai Whale Shark Aquarium (煙台鯨鯊館) and Penglai Polar Ocean World (蓬萊海洋極地世界).

The table below sets forth key statistics related to the commercial property market in Yantai for the periods indicated:

	2008	2009	2010	2011	2012
Investment (RMB in millions)	4,032.4	5,451.0	5860.2	7,648.6	6,429.0
GFA sold ('000 sq.m.)	–	504.4	1,014.5	826.0	507.2

Source: Statistics Bureau of Yantai

REGULATIONS

Project Approval Regime

The State Council promulgated the Decision of the State Council on Reform of the Investment System ("Decision") (國務院關於投資體制改革的決定) in June 2004, pursuant to which, the systems of "Project Approval" and "Filing" will be used for those non-government funded projects.

(1) Project Approval from NDRC System (applicable to both domestically-invested and foreign-invested projects)

Under the overall "project approval" system, for those important and restricted investment projects relating to public or social interest as specified in the Catalog of Investment Projects Authorized by the Government (《政府核准的投資項目目錄》) which was first promulgated in June 2004 as an attachment to the Decision and further amended in December 2013. These projects must obtain a prior project approval ("NDRC Project Approval") from the State Council, the central NDRC, the local government or the competent local counterparts of NDRC, depending on the industry, the size of the proposed investment and funding resources of the projects. Besides, to the extent permitted by the PRC regulations, local governments or the local counterparts of NDRC at the provincial level may grant their project approval authority and powers to local counterparts of NDRC at the lower levels by means of local regulations and rules.

The NDRC Project Approvals for the projects in the restricted industries are generally required to be approved by the project approval authorities of higher levels than those for the projects under the encouraged or permitted industries with the same investment volume.

According to the Decision, "large theme parks" fall into the scope of projects requiring NDRC Project Approval from the State Council. In addition, pursuant to the Catalog of Fixed Asset Investment Projects to be Verified by National Development and Reform Commission and Reported to the State Council for Verification or Examination and Approval (Trial Implementation) (《國家發展改革委核報國務院核准或審批的固定資產投資項目目錄(試行)》) promulgated by the NDRC in September 2004, projects of "large theme parks" shall be verified by the NDRC and reported to the State Council for verification or examination and approval.

In terms of domestically-invested projects, whether the project approval authority for a specific project is the State Council, central NDRC or local counterparts of NDRC depends on whether the Decision and the Catalog of Investment Projects Authorized by the Government expressly require a project to obtain NDRC Project Approval from the State Council or central NDRC, while other projects shall be approved by local counterparts (as opposed to central) of NDRC according to the Decision and the relevant local regulations.

In terms of foreign-invested projects, the NDRC Project Approval system is also based on the Catalog of Guidance on Industries for Foreign Investment (《外商投資產業指導目錄》, the "Catalog") which was jointly promulgated by the Ministry of Commerce and the NDRC in November 2004, and amended and restated in October 2007 and December 2011, respectively, and the Interim Provisions on Approving Foreign Investment Projects (《外商投資項目核准暫行管理辦法》).

The Catalog is the principal guide to foreign investors' investment activities in the PRC. The Catalog classifies all foreign-invested projects into four categories: "encouraged industries," "permitted industries," "restricted industries" and "prohibited industries." The "encouraged industries," "restricted industries" and "prohibited industries" are expressly listed by category in the Catalog. Except for banning foreign investments in prohibited industries, one primary legal implication of classifying foreign investment industries into four categories is to determinate the level of government authority required for the approval of an investment.

Summarized below is a general introduction regarding the applicable NDRC Project Approval issuance authorities for various types of foreign-invested projects subject to "NDRC Project Approval" system with different total investment amounts:

The State Council

(i) projects in restricted industries with a total investment amount of US$100 million or more, or

(ii) projects in encouraged or permitted industries with a total investment amount of US$500 million or more.

NDRC

(i) projects in restricted industries (excluding real property projects) with a total investment amount of US$50 million or more, or

(ii) projects in encouraged or permitted industries with a total investment amount of US$300 million or more, provided that the projects are required to be controlled (including relatively controlled) by a Chinese party according to the Catalog.

Local counterparts of NDRC (as opposed to the central NDRC)

(i) real estate property projects in restricted industries and other projects in restricted industries with a total investment amount less than US$50 million are subject to the approval of provincial counterparts of NDRC, or

(ii) projects in encouraged or permitted industries with a total investment amount less than US$300 million are subject to the approval of local counterparts of NDRC at provincial or lower levels, provided that the projects are required to be controlled (including relatively controlled) by a Chinese party according to the Catalog.

Under the Catalog, only the development and construction of large theme parks fall into the restricted industries, whilst development and construction of a non-large theme park is subject to approval requirements applicable to permitted industries under the Catalog, which shall be approved by the local counterparts of NDRC if its total investment amount is less than US$300 million.

(2) Project Approval from MOFCOM System (only applicable to foreign-invested projects)

According to the Decision and Catalog, for foreign-invested projects, in addition to the NDRC Project Approvals, they are also subject to approval by MOFCOM or the relevant local counterparts of MOFCOM ("MOFCOM Approval").

Summarized below is a general introduction regarding the applicable MOFCOM Approval issuance authorities for various types of foreign-invested projects with different total investment amounts:

MOFCOM

(i) projects in restricted industries with a total investment amount of US$50 million or more, or

(ii) projects in encouraged or permitted industries with a total investment amount of US$300 million or more.

Local counterparts of MOFCOM

(i) projects in restricted industries with a total investment amount less than US$50 million, or

(ii) projects in encouraged or permitted industries with a total investment less than US$300 million.

Under the Catalog, only the development and construction of "large theme parks" falls into the restricted industries while non-large theme park projects fall into the categories of permitted industries and therefore any non-large foreign-invested theme park with an investment less than US$300 million only require MOFCOM Approval from local counterparts of MOFCOM.

(3) NDRC Project Approval Requirements Applicable to Theme Parks

In addition to the general requirements under the project approval regime as introduced above, in certain industries, like theme parks, the relevant authorities may have further specific regulations in respect of the NDRC Project Approval requirements.

Under the Decision and the Catalog, only large theme parks fall into the restricted industries category. Therefore, a foreign invested large theme park will be subject to approval requirements applicable to restricted industries under the Catalog, pursuant to which it shall be approved by the applicable provincial counterpart of NDRC (in case its total investment amount is less than US$50 million), NDRC (in case its total investment amount is between US$50 million and US$100 million), or State Council (in case its total investment is US$100 million or more). However, a foreign-invested non-large theme park falls into permitted industries and is subject to approval requirements applicable to permitted industries under the Catalog, which shall be approved by the applicable local counterpart of NDRC if its total investment amount is less than US$300 million.

However, NDRC promulgated the Notice on Suspending New Theme Park Construction Projects (《關於暫停新開工建設主題公園項目的通知》) in August 2011, stipulating that beginning from the date of promulgation, relevant local government authorities shall not approve any new theme park construction project until detailed policies on standardizing the development of theme parks are promulgated. Any project already approved but not yet started shall not be started. Relevant local planning and land resources authorities shall suspend all procedures of planning and land resources for theme park construction projects. This notice also sets forth a two-pronged description of the theme park construction projects which shall be restricted and reported to relevant departments under the State Council: (i) artificial landscapes or amusement facilities constructed in the modern times attracting tourists for the purpose of profit-making through admission fees; and (ii) with the planning (or actual) total area of no less than 300 mu, or with the planning (or actual) total investment of no less than RMB500,000,000. However, such description is not a definition of "large theme park," even though it might provide some clues for reference.

In March 2013, the NDRC and certain other relevant authorities jointly promulgated the Certain Opinions on Regulating the Development of Theme Park (《關於規範主題公園發展的若干意見》) (the "Theme Park Opinions"), theme parks are for the first time defined as "parks constructed for the purpose of profit-making, the land area and investment amount of which reach a certain scale and which are operated in an enclosed manner with one or more specific cultural and tourist themes and provide visitors with paid leisure experience and culture and entertainment products or services."

While the Theme Park Opinions do not specify what constitutes "operation in an enclosed manner," after consultation with our PRC legal advisor, we are of the view that a park operated in an enclosed manner means a park surrounded with walls or barriers with a limited number of entrances for admission into the entire park area upon presentation of tickets by visitors. Theme Parks Under 2013 Opinions as described in the Theme Park Opinions are different from theme parks as defined in the section entitled "Glossary of Technical Terms" and used throughout this prospectus. Our six theme parks, the Additional Theme Parks and our new projects in Shanghai and Sanya are theme parks from the perspectives of their business operations and the existing or expected public perception of them as amusement or entertainment parks offering a variety of entertainment attractions, rides, shows and other events. However, 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 as themed entertainment park area, as opposed to an enclosed park with a specific theme. See "Business – Theme Parks To Be Developed – Sanya Haitang Bay Dream World." The opinions classify Theme Parks Under 2013 Opinions into three categories according to the area and investment scale of the parks:

Theme park	Area and investment scale	Approval authority
Extra Large	the planning (or actual) area ≥ 2,000 mu; or the planning (or actual) investment ≥ RMB5 billion	the State Council

Theme park	Area and investment scale	Approval authority
Large	600 mu ≤ the planning (or actual) area < 2,000 mu; or RMB1.5 billion ≤ the planning (or actual) investment < RMB5 billion	NDRC
Small and Medium Size	200 mu ≤ the planning (or actual) area < 600 mu; or RMB0.2 billion ≤ the planning (or actual) investment < RMB1.5 billion	Provincial counterparts of NDRC

The State Council promulgated the amended Catalog of Investment Projects Authorized by the Government (2013 version) in December 2013. The provisions with respect to the NDRC Project Approvals for the theme parks are consistent with those stipulated in the Theme Park Opinions.

Environmental Impact Assessment

The MEP promulgated the Catalog of Construction Projects with their EIA Documents Subject to the Direct Examination and Approval by the MEP (《環境保護部直接審批環境影響評價文件的建設項目目錄》) in March 2009, pursuant to which, construction projects of large theme parks are still subject to the direct examination and approval by the MEP.

Wild Animals Protection

Import and Export of Wild Animals

According to the Law of People's Republic of China on the Protection of Wild Animals (《中華人民共和國野生動物保護法》, the "PRC Wild Animals Protection Law") promulgated by the SCNPC in November 1988 and taking effect in March 1989, as amended in August 2004 and in August 2009, (i) the export of wild animals under special state protection or the relevant animal products, and (ii) the import or export of wild animals or the relevant animal products whose import or export is restricted by international conventions to which China is a party, are subject to the approval of the department of wildlife administration under the State Council or by the State Council itself, and an import or export permit must be obtained from the state administrative authority in charge of the import and export of the endangered species. The customs shall grant the customs clearance after examining the import or export permit.

Pursuant to the Regulation on the Administration of the Import and Export of Endangered Wild Fauna and Flora (《瀕危野生動植物進出口管理條例》) promulgated by the State Council in April 2006 and taking effect in September 2006, (i) the import or export of endangered species of wild fauna and flora as well as the products thereof whose import and export is restricted by the Convention on the International Trade of Endangered Species of Wild Fauna and Flora (《瀕危野生動植物國際貿易公約》), and (ii) the export of endangered species of wild fauna and flora as well as the products thereof that has been restricted by the State Council or the competent department under the State Council, shall be subject to the approval of the administrative department of endangered species of wild fauna and flora under the State Council.

Pursuant to the Regulation for the Implementation of the People's Republic of China on the Protection of Aquatic Wild Animals (《水生野生動物保護實施條例》) promulgated by the Ministry of Agriculture (農業部) and taking effect in October 1993, as amended in January 2011, for the export of aquatic wild animals under special protection of the State or the products thereof, and the import or export of aquatic wild animals or the relevant animal products which are restricted by international conventions to which China is a party, (i) an application shall be submitted to the administration in charge of fisheries at the provincial level; (ii) such application shall be approved by the competent department under the State Council in charge of fisheries; and (iii) an import or export permit shall be obtained from the State administrative authority in charge of the import and export of endangered species. The import or export of the wild animals described in this paragraph by any zoo for the purpose of exchange of animals shall be examined and approved by the competent department under the State Council in charge of construction before the application thereof is submitted for approval by the competent department under the State Council in charge of fisheries.

According to the Special Permission Measures for Utilization of Aquatic Wild Animals (《水生野生動物利用特許辦法》) promulgated by the Ministry of Agriculture in June 1999 and taking effect in September 1999, as amended in July 2004 and in November 2010, the export of aquatic wild animals or the relevant animal products involving domestic transportation, carrying or mailing is subject to, in addition to the abovementioned approval for export, the transportation license issued by the administration in charge of fisheries at the provincial level of the place of departure of such export or its authorized agencies. Similarly, the import of aquatic wild animals or the relevant animal products involving domestic transportation, carrying or mailing is subject to, in addition to the abovementioned approval for import, the transportation license issued by the administration in charge of fisheries at the provincial level of the place of the port of entry or its authorized agencies.

Entry and Exit Quarantine Inspection of Wild Animals

According to the Law of the People's Republic of China on the Entry and Exit Quarantine of Animals and Plants (《中華人民共和國進出境動植物檢疫法》) promulgated by the SCNPC in October 1991 and taking effect in April 1992, as amended in August 2009, and the Regulations for the Implementation of the Law of the People's Republic of China on the Entry and Exit Quarantine of Animals and Plants (《中華人民共和國進出境動植物檢疫法實施條例》) promulgated by the State Council in December 1996 and taking effect in January 1997, animals or relevant animal products entering into or exiting from or transiting the PRC territory are subject to quarantine inspections.

Pursuant to the Measures on the Administration of Examination, Quarantine and Approval of the Entry of Animals and Plants (《進境動植物檢疫審批管理辦法》) promulgated by the SAQSIQ in August 2002 and taking effect in September 2002, the examination, quarantine and approval of the entry of animals are under the supervision of the SAQSIQ. Local branches of SAQSIQ are responsible for the preliminary review of the application for the examination, quarantine and approval of the entry of animals within the area under their respective jurisdiction. If the entering animals or the relevant animal products are under the Catalog of Entry Animals, Plants, and Their Products Which Need to Be Under Quarantine, Examination and Approval (《需要檢疫審批的進境動植物及其產品名錄》), applications to the SAQSIQ for the quarantine permits shall be made prior to the conclusion of the relevant trade contracts or agreements.

Domestication and Breeding of Wild Animals

According to the PRC Wild Animals Protection Law, anyone who intends to domesticate and breed wild animals under special protection of the State shall obtain a license in advance.

Under the Regulation for the Implementation of the People's Republic of China on the Protection of Terrestrial Wild Animals (《陸生野生動物保護實施條例》) promulgated by the Ministry of Forestry and taking effect in March 1992, a domestication and breeding license is required for the domestication and breeding of wild animals under special protection of the State. The precious and endangered species of wild animals imported from abroad may, after the examination and identification by the competent department under the State Council in charge of forestry, be deemed as the species of wild animals under special protection of the State.

Pursuant to the Regulation for the Implementation of the People's Republic of China on the Protection of Aquatic Wild Animals (《水生野生動物保護實施條例》) promulgated by the Ministry of Agriculture and taking effect in October 1993, as amended in January 2011, for the domestication and breeding of aquatic wild animals under the first degree special protection of the State, a domestication and breeding license issued by the competent department under the State Council in charge of fisheries is required. For the domestication and breeding of aquatic wild animals under the second degree special protection of the State, a domestication and breeding license issued by the administration in charge of fisheries at the provincial level is required.

Commercial Operation and Utilization of Wild Animals

According to the PRC Wild Animals Protection Law, anyone engaged in the utilization of wild animals or the products thereof shall pay a fee for the protection and administration of wild animal resources.

Under the Regulation for the Implementation of the People's Republic of China on the Protection of Terrestrial Wild Animals (《陸生野生動物保護實施條例》) promulgated by the Ministry of Forestry and taking effect in March 1992, anyone engaged in the commercial operation or utilization of terrestrial wild animals which are not under special protection of the State or the relevant animal products thereof shall apply to the SAIC for recordation and registration. Legal entities or individuals approved and registered to be engaged in the commercial operation or utilization of wild animals which are not under special protection of the State or the products thereof shall engage in the commercial operation or utilization thereof within the limitation of the annual quota approved by the competent department of forestry administration under the people's government of the relevant province, autonomous region or municipality directly under the State or by a department authorized thereby.

Pursuant to the Regulation for the Implementation of the People's Republic of China on the Protection of Aquatic Wild Animals (《水生野生動物保護實施條例》) promulgated by the Ministry of Agriculture and taking effect in October 1993, as amended in January 2011, for the sale, purchase and use of aquatic wild animals under first degree special protection of the State, a commercial operation and utilization license issued by the department under the State Council in charge of fisheries is required. For the sale, purchase and use of aquatic wild animals under second degree special protection of the State, a commercial operation and utilization license issued by the administration in charge of fisheries at the provincial level is required.

Transportation of Wild Animals

According to the PRC Wild Animals Protection Law, the transportation or carrying of wild animals under special state protection or the relevant animal products out of any county must be approved by the department of wild animals administration of the people's government of the relevant province, autonomous region or municipality directly under the State, or by agencies authorized by the same department.

Under the Regulation for the Implementation of the People's Republic of China on the Protection of Terrestrial Wild Animals (《陸生野生動物保護實施條例》) promulgated by the Ministry of Forestry and taking effect in March 1992, for the transportation or carrying of terrestrial wild animals under special protection of the State or the relevant animal products to be made out of a county, an application on top of the obtained special hunting and catching license and domestication and breeding license shall be made to the competent authority in charge of terrestrial wild animals administration at the county level. The application shall be submitted to and approved by the competent authority in charge of forestry administration of the people's government of the relevant province, autonomous region or municipality directly under the State or by a department authorized thereby. If the transportation of terrestrial wild animals under special protection of the State is necessary for the reproduction of terrestrial wild animals among different zoos, the application for the transportation shall be approved by the competent department of construction administration of the people's government of the relevant province, autonomous region or municipality directly under the State authorized by the competent authority in charge of forestry administration at the same level.

Pursuant to the Regulation for the Implementation of the People's Republic of China on the Protection of Aquatic Wild Animals (《水生野生動物保護實施條例》) promulgated by the Ministry of Agriculture and taking effect in October 1993, as amended in January 2011, for the transportation or carrying of aquatic wild animals under special protection of the State or the relevant animal products to be made out of a county, an application attached with the special hunting and catching license and the domestication and breeding license shall be made to the competent authority in charge of aquatic wild animals administration of the people's government at the county level. The application shall be submitted to and approved by the competent authority in charge of fisheries administration of the people's government of the relevant province, autonomous region or municipality directly under the State or by a department authorized thereby. If the transportation of aquatic wild animals under special protection of the State is necessary for the reproduction of wild animals among different zoos, the application for the transportation shall be approved by the competent authority in charge of construction administration of the people's government of the relevant province, autonomous region or municipality directly under the State authorized by the competent authority in charge of fisheries administration at the same level.

According to the Special Permission Measures for Utilization of Aquatic Wild Animals (《水生野生動物利用特許辦法》) promulgated by the Ministry of Agriculture in June 1999 and taking effect in September 1999, as amended in July 2004 and in November 2010, with respect to the transportation of aquatic animals or the relevant animal products between different provinces for purpose of exhibition or performance, a departure transportation license shall be obtained from the administration in charge of fisheries at the provincial level of the place of departure, on top of the exhibition or performance acceptance certificate obtained from the administration in charge of fisheries at the provincial level where the exhibition or performance is organized. After the exhibition or performance, a return transportation license shall be obtained from the administration in charge of fisheries at the provincial level where the exhibition or performance is organized, on top of the obtained exhibition or performance acceptance certificate and departure transportation license.

Management of Aquariums

According to the Notification on Strengthening Management of Aquariums, Exhibition, Performance, Domestication and Breeding, and Scientific Study and Utilization of Aquatic Wild Animals (《關於加強水族館和展覽、表演、馴養繁殖、科研利用水生野生動物管理有關問題的通知》) promulgated by the Ministry of Agriculture and taking effect in January 1996, aquariums that utilize, exhibit or perform aquatic wild animals shall obtain domestication and breeding license from the department of fisheries administration at the provincial level where the exhibition or performance is organized, and submit reports on hunting, purchasing and utilization of aquatic animals, in addition to obtaining the domestication and breeding license. Aquariums without domestication and breeding license shall not be approved to hunt, purchase or utilize aquatic wild animals.

Pursuant to the Notification on Strengthening Management of Domestication and Performance of Aquatic Wild Animals in Sea-aquariums and Aquariums (《關於加強海洋館和水族館等場館水生野生動物馴養展演活動管理的通知》) promulgated by the Ministry of Agriculture and taking effect in September 2010, for the newly constructed aquariums which mainly serve the objectives of domestication, exhibition and performance, construction plans and relevant feasibility study reports shall be submitted to the department in charge of fisheries at the national or provincial level. Such aquariums shall not be allowed to engage in domestication, exhibition and performance of aquatic wild animals or other activities requiring special permission without passing the expert evaluation of endangered animals and plants science committee of the Ministry of Agriculture.

Sale and Purchase of Wild Animals

According to the PRC Wild Animals Protection Law, sales or purchases of wild animals under the special protection of the State or the relevant animal products shall be prohibited. Where the sale, purchase or utilization of wild animals under the first degree protection of the State or the relevant animal products is necessary for scientific research, domestication and breeding, exhibition or other special purposes, the entity involved shall apply for approval by the department of the State Council in charge of wild animal administration or by an entity authorized by such department. Where the sale, purchase or utilization of wild animals under the second degree special protection of the State or the relevant animal products is necessary, the entity involved shall apply for approval by the authority in charge of wild animal administration at the provincial level or by an entity authorized by such authority. Entities and individuals that domesticate and breed wild animals under special protection of the State may, by presenting their domestication and breeding licenses, sell wild animals under special protection of the State or the relevant animal products, in accordance with relevant regulations, to purchasing entities designated by the government.

Establishment of a Real Property Development Enterprise

General Requirements of Real Property Development Enterprises

A "real property developer" is defined as an enterprise that engages in the development and operation of real property for profit whose establishment is subject to a series of requirements set forth in the relevant PRC laws and regulations. Such PRC laws and regulations mainly include the PRC Law on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》, the "PRC Urban Real Estate Administration Law") promulgated by the SCNPC and taking effect in January 1995, as amended in August 2007, the Regulations on Administration of Development of Urban Real Estate (《城市房地產開發經營管理條例》) promulgated by the State Council in July 1998, and the Notice on Relevant Issues Concerning Carrying out the Circular on Standardizing the Admittance and Administration of Foreign Capital in the Real Estate Market (《關於貫徹落實<關於規範房地產市場外資准入和管理的意見>有關問題的通知》) promulgated by the Ministry of Commerce in August 2006.

Accordingly, a real property developer shall register with the SAIC and report to the relevant real property administration authority within 30 days upon its establishment with the minimum registered capital of RMB1 million, at least four full-time real property or construction professionals and at least two full-time accounting officers, each of whom must have the relevant professional qualification or certificate.

Specific Requirements of Foreign-invested Real Property Development Enterprises

In the case that a real property developer is foreign-invested, the establishment of such a FIREE is subject to additional regulatory requirements in terms of both procedure and substance.

In terms of the procedure, the initial establishment and any subsequent major changes (including the capital increase and change of business scope) of a FIREE shall comply with the PRC regulations on foreign investment in general and is subject to the prior approval of the Ministry of Commerce or its local counterparts and prior approval from or subsequent registration with other relevant authorities in charge of commercial, corporate and foreign exchange matters. Such PRC regulations on foreign investment in general include the Company Law (《公司法》), the Law of the People's Republic of China on Equity Joint Ventures Using Chinese and Foreign Investment (《中華人民共和國中外合資經營企業法) and its implementing regulations, and the Law of the PRC on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》) and its implementing rules.

In terms of the substance, (i) when the total investment of a FIREE exceeds US$3 million, the registered capital of such FIREE shall be no less than 50% of its total investment amount; and when the total investment of a FIREE is less than or equal to US$3 million, the registered capital of such FIREE shall be no less than 70% of its total investment amount, provided that in either case, the registered capital of a FIREE shall be no less than RMB1 million; and (ii) a FIREE shall have at least four full-time real property or construction professionals and at least two full-time accounting officers, each of whom must have the relevant professional qualification or certificate.

On top of the above-mentioned laws and regulations setting up the regulatory framework, the relevant authorities also issued certain rules emphasizing, specifying or supplementing the above requirements of the FIREEs. According to the Opinion on Standardizing the Access and Administration of Foreign Investment in the Real Estate Market (《關於規範房地產外資準入和管理的意見》, the "Opinion 171") jointly promulgated by the Ministry of Construction (建設部), the Ministry of Commerce, NDRC, PBOC, SAIC and SAFE in July 2006 and the Notice in Respect of Foreign Exchange Issues in the Real Estate Market (《關於規範房地產市場外匯管理有關問題的通知》, the "Notice 47") promulgated by SAFE and the Ministry of Construction in September 2006, an overseas entity or individual investing in real property in China which are not for its own use shall apply for the establishment of a FIREE and may only conduct relevant business activities within the authorized business scope. The Opinion 171 intends to impose additional restrictions on the establishment and operation of a FIREE by requiring the amount of registered capital to reach certain percentage of the total investment, limiting the tenure of approval certificates and business licenses to one-year period, restricting the transfer of equity interests in a FIREE or its projects, and prohibiting the borrowing of money from domestic or foreign lenders where a FIREE's registered capital is not paid up or the land use right ownership certificate has not been duly obtained.

On May 23, 2007, the Ministry of Commerce and the SAFE issued the Notice on *Further Strengthening and Standardizing the Approval and Administration of Foreign Direct Investments in Real Estate Enterprise* (《商務部國家外匯管理局關於進一步加強規範外商直接投資房地產業審批與監管的通知》, the "Notice No. 50"). Some of the key developments in this area are as follows:

- the local governments/authorities that approve FIREE establishments are now required to file such approvals with the Ministry of Commerce;

- prior to establishing a FIREE, foreign investors are required to obtain land use rights or the ownership of a real estate project, or the investor should have entered into an indicative land grant contract or indicative project purchase agreement with the land administrative department, developer of the land or owner of the property;

- the practice of allowing foreign investors taking over local project companies by way of round trip investment is strictly controlled; and

- foreign invested enterprise that intends to engage in real estate development, or an existing FIREE which intends to undertake a new real estate development project, must first apply to the relevant authorities for such business scope and scale expansion in accordance with laws and regulations on foreign investments.

On July 10, 2007, the SAFE promulgated the *Notice on Publicity of the List of the 1st Group of Foreign Invested Real Estate Projects Filed with the Ministry of Commerce* (《國家外匯管理局綜合司關於下發第一批通過商務部備案的外商投資房地產項目名單的通知》, the "Notice No. 130"), which is a strict embodiment and application of Notice No. 50, under which some notices will have a significant impact on offshore financings of FIREEs. Some of the key developments in this area are as follows:

- an FIREE which has obtained an Foreign Invested Enterprise Approval Certificate ("FIEAC") (including new establishment and registered capital increase) and filed with the Ministry of Commerce after June 1, 2007 may not incur foreign debt or convert loans in foreign currency into RMB; and

- an FIREE which obtains an FIEAC after June 1, 2007 but fails to file with the Ministry of Commerce after June 1, 2007 may not conduct a foreign exchange registration nor a foreign exchange conversion of its registered capital.

Under the *Circular on Properly Conducting Filing for the Record for Foreign Investment in the Real Property Sector* (《商務部關於做好外商投資房地產業備案工作的通知》, the "Notice No. 23"), promulgated by the Ministry of Commerce on June 18, 2008 and effective as of July 1, 2008, the Ministry of Commerce delegated to its provincial branches the review of filing records in relation to FIREE's establishment, capital increase, equity transfer, merger and acquisition, etc. Under Notice No. 23, the local branches of the Ministry of Commerce submit all the application documents that were previously required to be filed with the Ministry of Commerce to the aforesaid provincial branches of the Ministry of Commerce for review. Within five days of receipt of the Ministry of Commerce's request, the provincial branches of the Ministry of Commerce that have reviewed such filings must submit all of the aforementioned materials to the Ministry of Commerce.

Notwithstanding the above, Notice No. 23 does not de-regulate the Chinese real estate market. The previous material requirements for granting approval under Opinion 171 and Notice No. 50 still apply.

Under the *Notice on Strengthening Administration of the Approval and Registration of Foreign Investment into Real Estate Industry* (《商務部辦公廳關於加強外商投資房地產業審批備案管理的通知》), promulgated by the Ministry of Commerce on November 22, 2010, among other things, if a real estate enterprise is established in China with overseas capital, the enterprise is prohibited from purchasing and/or selling real estate properties completed or under construction for arbitrage purposes. The local counterparts of the Ministry of Commerce are not permitted to approve investment companies to engage in the real estate development and management.

Qualifications of a Real Property Development Enterprise

According to the Provisions on Administration of Qualifications of Real Property Development Enterprises (《房地產開發企業資質管理規定》, the "Provisions on Administration of Qualifications"), a real property developer shall obtain the certificate of qualification for real property development. Under the Provisions on Administration of Qualifications, real property developers are categorized into four classes as follows:

Classification	Competent approval authority	Eligibility
Class I	(i) preliminary examination by the construction authorities at the provincial level and final approval of the Ministry of Construction	(i) undertaking projects of any scale and in any location in China
Class II, III, or IV	(i) construction authorities at the provincial level	(i) undertaking projects with a GFA less than 250,000 sq.m (ii) subject to confirmation by the construction authorities at the provincial level

When reviewing the applications for qualification certificates, the construction authorities will examine the qualifications of professionals employed by the applicant real property developer and its financial condition and operating outcome. A real property developer that passes the qualification examination will be issued with a qualification certificate of the corresponding class. A real property developer may only engage in real property development and sales business within the scope permitted for its class. The qualification of a developer is subject to annual inspection conducted by the construction authority, the failure of which may lead to degradation or revocation of the qualification of the developer.

For a newly established real property developer that has not yet been ready to apply for the classification of its qualification or the qualification certificate of the corresponding class, the construction authority will typically issue a provisional qualification certificate within 30 days upon the receipt of the developer's application for recordation of its establishment. The provisional qualification certificate will be effective for one year from its date of issuance and may be extended for no more than two additional years with the approval of the construction authority. A newly established real property enterprise holding a provisional qualification certificate shall apply to the construction authority for the classification of qualification within one month prior to the expiry of its provisional qualification certificate.

Development of a Real Property Project

According to the amended and restated Catalog jointly promulgated by the Ministry of Commerce and the NDRC in December 2011:

- the mass development of land lots (土地成片開發) falls within the scope of "restricted industries for foreign investment" (the "Restricted Category") and is accessible for foreign-invested enterprises in the form of Sino-foreign joint ventures only;
- the construction and operation of villas by foreign investors is prohibited;
- the construction and operation by foreign investors of high-end hotels, premium office buildings and international conference centers falls within the scope of the Restricted Category; and
- foreign investment is generally permitted in all other real property development.

To the extent permitted under the Catalog, a foreign real property developer may establish joint ventures or wholly foreign owned enterprises in accordance with PRC laws and administrative regulations governing foreign-invested enterprises.

According to the Interim Provisions on Approving Foreign Investment Projects (《外商投資項目項目核準暫行管理辦法》) promulgated by the NDRC in October 2004 and the Notice on Delegation of Power of Approval for Foreign Investment Projects (《關於做好外商投資項目下放核準許可權工作的通知》), NDRC approval is required for foreign investment projects as below:

Approval level	Foreign investment projects
NDRC	(i) Projects in Restricted Category with a total investment of at least US$50 million, or (ii) Projects in encouraged or permitted industries for foreign investment (the "Encouraged Category" or "Permitted Category") with a total investment of at least US$300 million.
The State Council	(i) Projects in Restricted Category with a total investment of at least US$100 million, or (ii) Projects in Encouraged Category or Permitted Category with a total investment of at least US$500 million.
NDRC local counterparts	(i) Projects in Restricted Category with a total investment less than US$50 million, or (ii) Projects in Encouraged Category or Permitted Category with a total investment less than US$300 million, except for those are subject to the approval of the relevant departments of the State Council as prescribed in the Catalog of Investment Projects Authorized by the Government (《政府核准的投資項目目錄》).

According to the Measures for Control and Administration of Grant and Assignment of Right to Use Urban State-owned Land (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by the Ministry of Construction in December 1992, as amended in January 2011, the Notice on Strengthening the Planning Administration of Granting and Transferring Right to Use State-owned Land (《建設部關於加強國有土地使用權出讓規劃管理工作的通知》) promulgated by the Ministry of Construction in December 2002 and the Law of the PRC on Urban and Rural Planning (《中華人民共和國城鄉規劃法》, the "PRC Urban and Rural Planning Law") promulgated by the National People's Congress (全國人民代表大會, the "NPC") in October 2007 and taking effect in January 2008, after concluding a land use right grant contract, a real property developer must apply for a construction land planning permit and a construction works planning permit from the relevant municipal planning authority.

When the land has been properly prepared and the developer is ready to commence the construction, except for limited exceptions expressly stipulated by the law, a construction permit issued by the construction authorities at or above the county level shall be obtained, according to the Measures for Administration of Granting Permission for Commencement of Construction Works (《建築工程施工許可管理辦法》) promulgated by the Ministry of Construction in October 1999, as amended in July 2001. According to the Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects (《國務院辦公廳關於加強和規範新開工項目管理的通知》) promulgated by the General Office of the State Council in November 2007, before commencement of construction, all projects must fulfill certain conditions, including, among others, compliance with national industrial policy, the relevant development plan, land supply policy and market access standards, completion of all approval or registration procedures, compliance with the relevant zoning plan, completion of proper land use procedures and obtaining proper environmental protection approvals and construction permits or commencement reports.

The development of a real property project must comply with various laws and legal requirements of construction quality, safety standards and technical guidance on architecture, design and construction work, as well as provisions of the relevant contracts. The Regulations on the Quality Management of Construction Projects (《建設工程質量管理條例》) promulgated and implemented by the State Council in January 2000 sets out respective quality responsibilities and liabilities for construction companies, reconnaissance companies, design companies, construction contractors, and construction supervision companies. According to the Regulations on Energy Efficiency for Civil Buildings (《民用建築節能條例》) promulgated by the State Council in August 2008, civil buildings shall seek to reduce the energy consumption of buildings and make energy utilization more efficient.

After a building is completed, a real property developer shall organize an examination of completion by the relevant government authorities and experts, according to the Interim Provisions on Inspection Upon Completion of Buildings and Municipal Infrastructure (《房屋建築工程和市政基礎設施工程竣工驗收備案管理暫行辦法》) promulgated by the Ministry of Construction in June 2000, as amended in October 2009. A developer shall file certain documents with the relevant local construction authority at or above the county level within 15 days after the construction is qualified for the acceptance examination. A real property development project may not be delivered until and unless it has satisfactorily passed the necessary acceptance examination. Where a real property project is developed in phases, an acceptance examination may be carried out upon completion of each phase.

Land for Real Property Development

According to the Circular on the Distribution of the Catalog for Restricted Land Use Projects (2012 Edition) and the Catalog for Prohibited Land Use Projects (2012 Edition) (《關於印發<限制用地項目目錄(2012年本)>和<禁止用地項目目錄(2012年本)>的通知》) promulgated by MLR in May 2012, the transferred area of the residential housing projects shall not exceed: seven hectares for small cities and towns, 14 hectares for medium-sized cities and 20 hectares for large cities, and the plot ratio which is not more than 1.0.

According to the Regulations on the Grant of State-owned Construction Land Use Right Through Public Tender, Auction and Listing-for-Sale (《招標拍賣掛牌出讓國有建設用地使用權規定》, the "Regulations on Grant of State-owned Land Use Right") promulgated by the MLR in May 2002, amended in September 2007 and taking effect in November 2007 and the Urgent Notice for Further Strengthening the Administration of the Land (《關於當前進一步從嚴土地管理的緊急通知》, the "Urgent Notice on Land Administration") promulgated by the MLR in May 2006, land use right for real property development must be granted through public tender, auction or listing-for-sale. According to these regulations, the relevant land administration authority at the city or county level, or the grantor, is responsible for preparing the public tender or auction documents and must make an announcement 20 days prior to the day of public tender or auction with respect to the particulars of the land and the time and venue of the public tender or auction. The grantor must also verify the qualification of the bidding and auction applicants, accept an open public auction to identify the winning tender or hold an auction to identify a winning bidder. The grantor and the winning tender or bidder will then enter into a land use right grant contract in the forms of the Model Template of the State-owned Land Use Right Granting Contract (《國有土地使用權出讓合同示範文本》) and the Model Template of the Supplementary Agreement to State-owned Land Use Right Granting Contract (for trial implementation) (《國有土地使用權出讓合同補充協議示範文本(試行)》) according to the Urgent Notice on Land Administration.

According to the PRC Property Rights Law (《中華人民共和國物權法》, the "Property Rights Law") promulgated by the NPC in March 2007 and taking effect in October 2007, when the term of the land use right for residential construction (but not other) purposes expires, it will be renewed automatically. Unless it is otherwise prescribed by any law, the owner of such land use right has the right to transfer, exchange, and use these rights as equity contributions or collateral for financing. If the State appropriates the premises owned by entities or individuals, it must compensate the properties owners and protect their rights and interests.

According to the Notice on Strengthening the Disposing of Idle Land (《關於加大閒置土地處置力度的通知》) promulgated by the MLR in September 2007 and the Rules on Land Registration (《土地登記辦法》) promulgated by the MLR in December 2007 and taking effect in February 2008, the land use right ownership certificate must not be issued before full payment of the land grant consideration.

According to the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (《關於進一步加強土地出讓收支管理的通知》) jointly promulgated by the MOF, the MLR, the PBOC, the PRC Ministry of Supervision (監察部) and the PRC National Audit Office (審計署) in November 2009, the Notice on Issues Related to Strengthening Real Estate Supply and Supervision (《關於加強房地產用地供應和監管有關問題的通知》) promulgated by the MLR in March 2010 and the Urgent Notice on Further Tightening Management on Use of Land for Real Estate and Stabilizing the achievements of Macro-control on Real Estate Market (《關於進一步嚴格房地產用地管理鞏固房地產市場調控成果的緊急通知》) jointly promulgated by the MOHURD and the MLR in July 2012, the deposit for bidding land use right shall not be less than 20% of the base prices. The real property developers are required to execute the land use right grant contract within 10 working days upon the successful bidding and make the first payment of at least 50% of the total land grant consideration within one month with the remaining balance to be paid within one year upon the execution of the land use right grant contract. Local government authorities are required to strictly enforce the penalties on real property developers that have delayed payment for land grant consideration or the construction due to their fault and breach of the restrictions on them from acquiring new land.

According to the Measures on Disposal of Idle Land (《閒置土地處置辦法》) promulgated by the MLR in April 1999, as amended in May 2012 and taking effect in July 2012, an idle land penalty may be imposed on the owner of land use right of the land that has not been developed within one year from the commencement date set out in the relevant land use right grant contract. Land use right may be forfeited without compensation, if the land has not been developed within two years from the commencement date set out in the relevant contract.

According to the Notice on Further Strengthening Control and Regulation of Land and Construction of Property Development (《關於進一步加強房地產用地和建設管理調控的通知》) jointly promulgated by the MLR and the MOHURD in September 2010, the Notice on Strict Implementation of Policies Regarding Regulation and Control of Real Property Land and Promotion of the Healthy Development of Land Markets (《關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知》) promulgated by the MLR in December 2010 and the Urgent Notice on Further Tightening Management on Use of Land for Real Estate and Stabilizing the Achievements of Macro-control on Real Estate Market (《關於進一步嚴格房地產用地管理鞏固房地產市場調控成果的緊急通知》): (i) lands sold through auction at prices exceeding 50% of the base prices or the total prices or unit prices hit the record high shall be promptly reported to the MLR and the provincial offices of the MLR with the Schedule of Abnormal Land Transactions (《房地產用地交易異常情況一覽表》) within two working days upon the signing of the written confirmation for deal or notice for successful bidding and (ii) if any land which has been designated for affordable housing, is used for property development against relevant policies, the illegal income will be confiscated and the relevant land use right will be forfeited. In addition, changing the plot ratio without approval is strictly prohibited.

According to the Notice on Further Strengthening Control and Regulation of Land and Construction of Property Development (《關於進一步加強房地產和建設管理調控的通知》) promulgated by the MLR and the MOHURD in September 2010, the real property developers and their controlling shareholders who hold idle land for more than one year due to their own fault are prohibited from participating in land bidding process until such fault have been rectified.

According to the Notice on Further Regulating the Real Estate Market (《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》) promulgated by the General Office of State Council in January 2011, if a real property developer fails to obtain the construction permits or commence the construction within two years from the date specified in the land use right grant contract, the relevant granted land use right will be forfeited and an idle land penalty will be imposed. Further, a real property developer is not allowed to transfer its land or real property development projects if its investment in the projects (excluding the land grant consideration) is less than 25% of the total investment amount.

According to the Notice on Strictly Implementing the Land Use Standards and Vigorously Promoting the Saving and Intensification of Use of Land (《關於嚴格執行土地使用標準大力促進節約集約用地的通知》) promulgated by the MLR in September 2012, developers are restricted from obtaining approvals for the use of the parcels of land that: (i) fall under the Catalog for Prohibited

Land Use Projects; (ii) do not comply with the conditions set out in the Catalog for Restricted Land Use Projects; (iii) do not meet the requirements with respect to the investment intensity, plot ratio, building coefficient, proportion of administrative, office and living service facilities and rate of green space set out in the Industrial Project Control Indicators; (iv) total area of the land or that of several function zones exceeds the land use indicators; and (v) the land area and plot ratio do not comply with the land supply conditions. For the land which exceeds the land use indicators but has passed the evaluation and obtained approvals from the local government, all relevant documents including land supply plans, allocation decisions, land use right grant contracts, expert assessment opinions as well as official governmental approvals shall be filed with the relevant land authorities at the provincial level through the land market dynamics monitoring system.

Pre-sale

According to the Measures for Administration of Pre-sale of Commodity Buildings in Urban Area (《城市商品房預售管理辦法》) promulgated by the Ministry of Construction in November 1994, as amended in August 2001 and July 2004, a commodity building may be sold before completion only if all of the following requirements are satisfied: (i) the land grant premium has been paid in full and a land use right ownership certificate has been obtained; (ii) both the Planning Permit for Construction Works (建設工程規劃許可證) and Permit for Commencement of Construction Works (建築工程施工許可證) have been obtained; (iii) funds invested in the development of the commodity buildings for pre-sale represent 25% or more of the total investment in the project and the construction progress as well as the completion and delivery dates have been ascertained; and (iv) the pre-sale permit has been obtained.

According to the Measures for Administration of Pre-sale of Commodity Buildings in Urban Area (《城市商品房預售管理辦法》) and the Notice on Further Enhancing the Supervision of the Real Estate Market and Perfecting the Pre-sale System of Commodity Houses (《關於進一步加強房地產市場監管完善商品房預售制度有關問題的通知》) promulgated by the MOHURD in April 2010, without the pre-sale approval, commodity properties are not permitted to be pre-sold, the real property developer is not allowed to charge the buyer any deposit, pre-payment or other payments, and the real property developer shall not participate in any exhibition or sales activities.

According to the Measures for Administration of Pre-sale of Commodity Buildings in Urban Area (《城市商品房預售管理辦法》), pre-sale incomes must only be used for the corresponding project.

Sale and Transfer

According to the Measures for Administration of Sale of Commodity Houses (《商品房銷售管理辦法》) promulgated by the Ministry of Construction in April 2001, the conditions for a post-completion sale are that: (i) the developer has obtained its own business license and the real estate development qualification certificate; (ii) the developer has obtained the land use right ownership certificate or other documents evidencing the legal grant of land use right; (iii) the developer has obtained the construction works planning permit and construction permit; (iv) the commodity properties have passed the final examination and acceptance of completion; (v) the relocation of the original residents (if any) has been completed; (vi) the ancillary infrastructure facilities for supplying water, electricity, heating, gas, communication, etc. and other public facilities have been arranged and are ready for use and hand over; and (vii) the property management proposal has been concluded.

According to the Regulation on Clear Pricing of Commercial Property (《商品房銷售明碼標價規定》) promulgated by the NDRC in March 2011 and taking effect in May 2011, real property developers shall clearly mark the sales prices of houses.

According to the PRC laws and the Provisions on Administration of Transfer of Urban Real Estate (《城市房地產轉讓管理規定》) promulgated by the Ministry of Construction in August 1995, as amended in August 2001, a real estate owner may sell, gift or otherwise legally transfer the property to another individual or legal entity. When transferring a building, the ownership of the building and the underlying land use right are transferred together. The parties to a transfer must enter into a written real property transfer contract and register the transfer with the relevant real estate authority within 90 days upon the execution.

When the land use right is obtained through land granting, the real property may only be transferred on the condition that: (i) the land grant consideration has been paid in full and a land use right ownership certificate has been properly obtained; and (ii) in the case of a project under development, development representing more than 25% of the total investment has been completed; or (iii) in case of a whole land lot development project, construction works have been carried out as planned, the civil infrastructure and public facilities have been made available, and the land has been leveled and is ready for industrial or other construction purposes.

Lease

According to the Measures for the Administration of Commodity House Leasing (《商品房屋租賃管理辦法》) promulgated by MOHURD in December 2010 and taking effect in February 2011, the parties to a leasehold arrangement of a property must enter into a written lease contract. When a lease contract is signed, amended or terminated, the parties must register the details with the construction (real estate) administrative department of the people's government of the municipality directly under the State, city or county at the place where the leased house is located within 30 days after the execution for the purpose of protecting the tenant's interest, failing which the parties will be ordered to rectify and be subject to fines.

Mortgage

According to the Procedures for Property Registration (《房屋登記辦法》) promulgated by the Ministry of Construction in February 2008 and taking effect in July 2008, a registered owner of housing property rights must also own the underlying land use right.

According to the PRC Property Rights Law, the PRC Urban Real Estate Administration Law, the PRC Security Law (《中華人民共和國擔保法》) promulgated by the NPC in June 1995, and the Measures for Administration of Mortgages of Urban Real Estate (《城市房地產抵押管理辦法》) promulgated by the Ministry of Construction in May 1997, as amended in August 2001, when a mortgage is created over a building, it must be simultaneously created over the underlying land use right. The mortgage contract must be in writing. After the contract has been signed, the parties must register the mortgage with the relevant real estate authority. A mortgage contract becomes effective on its date of registration.

Project Financing

On August 12, 2003, the State Council published the Notice by the State Council on Facilitating Sustained and Healthy Development of the Real Estate Market (《國務院關於促進房地產市場持續健康發展的通知》), which provides a series of measures to control the real estate market, including but not limited to strengthening the supervision of real estate loans, improving the system on the registration of real estate mortgage. The purpose of the notice is to create a positive influence on the long-term development of the real estate market in China.

On August 30, 2004, the CBRC issued a Guideline for Commercial Banks on Risks of Real Estate Loans (《商業銀行房地產貸款風險管理指引》). According to the guideline, no loans shall be granted in relation to projects which have not obtained requisite land use right certificates, construction land planning permits, construction works planning permits and construction work commencement permits. The guideline also stipulates that not less than 35% of the investment in a property development project must be funded by the real property developer's own capital for the project in order for banks to extend loans to the real property developer. In addition, the guideline notes that commercial banks should set up strict approval systems on granting loans.

On April 27, 2006, the PBOC promulgated a Notice on Adjusted the RMB Loan Interest Rates of Financial Institutions (《關於調整金融機構人民幣貸款利率的通知》). The notice provides that, from April 28, 2006, the benchmark loan interest rates of financial institutions will be increased. The benchmark one year bank lending rate was increased from 5.58% to 5.85%.

On May 25, 2009, the State Council issued the Notice on Adjusting the Proportion of Capital in Fixed Asset Investment Projects (《國務院關於調整固定資產投資項目資本金比例的通知》). The notice provides that the minimum capital requirement for affordable housing and ordinary commodity apartments is 20%, and the minimum capital requirement for other real estate development projects is 30%. These regulations apply to both domestic and foreign investment projects.

On September 27, 2007, the PBOC and the CBRC jointly promulgated the Circular on Strengthening the Management of Commercial Real-estate Credit Loans (《關於加強商業性房地產信貸管理的通知》). Under this circular, the PRC authorities have tightened control over commercial banks' loans to property developers in order to prevent these banks from excessive credit granting. The circular emphasizes that commercial banks must not offer loans to property developers who have been found by State land and resource and construction authorities as hoarding land and buildings. Commercial banks are also prohibited from accepting commercial properties that have been vacant for more than three years as guaranties for loans.

On July 29, 2008, the PBOC and the CBRC issued the Notice on Financially Promoting the Saving and Intensification of Use of Land (《關於金融促進節約集約用地的通知》), which among other things:

- restrict PRC commercial banks from granting loans to property developers for the purpose of paying land premiums;
- regulate the secured loans for land reserve in various respects including to obtain land use certificate, to secure up to 70% value of security's appraised valuation, and to limit the length of maturity in no more than two years;
- prudently grant or extend loans to the property developer who (i) delay the commencement of development date specified in the land transfer agreement more than one year, (ii) has not finished one-third of the intended project, or (iii) has not invested the quarter of the intended total project investment;
- restrict granting loans to the property developer, the land of which is idle for two years; and
- restrict taking idle land as a security for loans.

On January 7, 2010, the General Office of the State Council issued the Circular on Facilitating the Stable and Healthy Development of Property Market (《關於促進房地產市場平穩健康發展的通知》). The circular, among other things, provides that banks are restricted from offering loans to a property development project or property developer which is not in compliance with credit loan regulations or policies.

In accordance with a series of updating notices of PBOC on adjusting the deposit reserve ratio, adjustments of the deposit reserve ratio from January 2010 to the present are extracted as follows:

		Large-scale Financial Institutions			Small-scale Financial Institutions		
Date of Issue	Date of Effectiveness	Before Adjustment	After Adjustment	Range of Adjustment	Before Adjustment	After Adjustment	Range of Adjustment
May 12,2012	May 18, 2012	20.50%	20.00%	-0.50%	17.00%	16.50%	-0.50%
Feb 18, 2012	Feb 24, 2012	21.00%	20.50%	-0.50%	17.50%	17.00%	-0.50%
Nov 30, 2011	Oct 5, 2011	21.50%	21.00%	-0.50%	18.00%	17.50%	-0.50%
Jun 14, 2011	Jun 20, 2011	21.00%	21.50%	0.50%	17.50%	18.00%	0.50%
May 12, 2011	May 18, 2011	20.50%	21.00%	0.50%	17.00%	17.50%	0.50%
Apr 17, 2011	Apr 21, 2011	20.00%	20.50%	0.50%	16.50%	17.00%	0.50%
Mar 18, 2011	Mar 25, 2011	19.50%	20.00%	0.50%	16.00%	16.50%	0.50%
Feb 18, 2011	Feb 24, 2011	19.00%	19.50%	0.50%	15.50%	16.00%	0.50%
Jan 14, 2011	Jan 20, 2011	18.50%	19.00%	0.50%	15.00%	15.50%	0.50%
Oct 10, 2010	Oct 20, 2010	18.00%	18.50%	0.50%	14.50%	15.00%	0.50%
Nov 19, 2010	Nov 29, 2010	17.50%	18.00%	0.50%	14.00%	14.50%	0.50%
Nov 9, 2010	Nov 16, 2010	17.00%	17.50%	0.50%	13.50%	14.00%	0.50%
May 2, 2010	May 10, 2010	16.50%	17.00%	0.50%	13.50%	13.50%	0.00%
Feb 12, 2010	Feb 25, 2010	16.00%	16.50%	0.50%	13.50%	13.50%	0.00%
Jan 12, 2010	Jan 18, 2010	15.50%	16.00%	0.50%	13.50%	13.50%	0.00%

The adjustment of the deposit reserve ratio is intended to slow the growth of money supply, which may adversely affect demand for property in China.

Pursuant to the Adjustment List of RMB Benchmark Interest Rates for Loans of Financial Institutions published by the PBOC on July 6, 2012, from 2010 to the present, RMB benchmark interest rates for loans of financial institutions are adjusted as follows:

	Benchmark Interest Rates for Loans at Different Levels				
Adjustment Date	≤ 6 Months	6 Months to 1 Year	1 Year to 3 Years	3 Years to 5 Years	5 Years
October 20, 2010	5.10	5.56	5.60	5.96	6.14
December 26, 2010	5.35	5.81	5.85	6.22	6.40
February 9, 2011	5.60	6.06	6.10	6.45	6.60
April 6, 2011	5.85	6.31	6.40	6.65	6.80
July 7, 2011	6.10	6.56	6.65	6.90	7.05
June 8, 2012	5.85	6.31	6.40	6.65	6.80
July 6, 2012	5.60	6.00	6.15	6.40	6.55

On July 19, 2013, the PBOC issued the Notice of the People's Bank of China on Further Promoting the Market-Oriented Interest Rate Reform (《中國人民銀行關於進一步推進利率市場化改革的通知》), which removes the lower limit on lending rate for financial institutions (equal to 70% of the benchmark lending rate).

On September 29, 2010, the PBOC and the CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》), which restricts the grant of new project bank loans or extension of credit facilities to all property companies with non-compliance records regarding, among other things, holding idle land, changing the land use to that outside the scope of the designated purpose, postponing construction commencement or completion, or hoarding properties.

Property Management

According to the Regulation on Property Management (《物業管理條例》) promulgated by the State Council in June 2003 and taking effect in September 2003, and as amended in August 2007, the government implements a qualification scheme system in monitoring the property service providers.

According to the Measures for the Administration of Qualifications of Property Management Enterprises (《物業管理企業資質管理辦法》) promulgated by the Ministry of Construction in March 2004, as amended in November 2007, a property service provider must apply for an assessment of its qualification by the relevant qualification approval authority. A service provider that passes such a qualification assessment will typically be issued a qualification certificate. No enterprise may engage in the provision of property management services without completing a qualification assessment conducted by the relevant authority.

According to the Catalog, foreign investors are allowed to incorporate property management enterprises in the nature of equity joint ventures, contractual joint ventures or wholly foreign owned enterprises. Before the registration with the relevant SAIC, the foreign-invested property management enterprises must obtain the certificate of approval issued by relevant branches of the Ministry of Commerce.

Special Equipment

The production, business operation, use, inspection and testing of special equipment, as well as the supervision and administration over the safety of special equipment are subject to the Law of the People's Republic of China on the Safety of Special Equipment (《中華人民共和國特種設備安全法》, the "Special Equipment Safety Law") promulgated by the SCNPC on June 29, 2013 and will be effective from January 1, 2014. According to the Special Equipment Safety Law, any entity using special equipment shall, 30 days before or after a piece of special equipment is put into use, go through use registration with the relevant department in charge of the safety supervision and administration of special equipment, and obtain the use registration certificate. An entity using special equipment shall, in accordance with safety technical specifications, apply for regular inspection to the relevant special equipment inspection agency one month prior to the expiry of the inspection validity period of the special equipment.

Pursuant to the Special Equipment Safety Law, entities engaging in the business operation and use of elevators, passenger cableways, large-scale amusement facilities and other special equipment that serves the public shall be responsible for the safe use of the special equipment, and set up special equipment safety management departments or appoint full-time special equipment safety management personnel. Before passenger cableways and large-scale amusement facilities are put into daily use, the entities engaging in the business operation and use thereof shall carry out trial run and routine safety inspection, and check safety accessories and safety protection devices for confirmation, and put the safe use instructions, safety precautions and warning signs of the elevators, passenger cableways and large-scale amusement facilities in eye-catching places easy to draw the attention of passengers.

Insurance

There is no mandatory provision under the PRC laws, regulations and government rules which require a real property developer to take out insurance policies for its real property developments. According to the common practice of the real property industry in China, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies must pay for the insurance premium at their own costs and take out insurance to cover the risk of their liabilities, such as the third-party liability risk, employer's liability risk, risk of non-performance of contract in the course of construction and other risks associated with the construction and installation work throughout the construction period. The insurance coverage for all these risks typically ceases immediately after the completion and acceptance upon inspection of construction.

Environmental Protection

The laws and regulations governing environmental protection with respect to real property development in China include the PRC Environmental Protection Law (《中華人民共和國環境保護法》), the PRC Prevention and Control of Noise Pollution Law (《中華人民共和國環境噪聲污染防治法》), the PRC Environmental Impact Assessment Law (《中華人民共和國環境影響評價法》) and the PRC Administrative Regulations on Environmental Protection for Development Projects (《中華人民共和國建設項目環境保護管理條例》). According to these laws and regulations, depending on the impact on the environment made by the project, an environmental impact report, an environmental impact analysis table or an environmental impact registration form must be submitted by the developer before the relevant authorities grant approval for the commencement of construction. In addition, upon completion of the real property development, the relevant environmental authorities will inspect the properties to ensure the compliance with the applicable environmental protection standards and regulations before the properties can be delivered to the purchasers.

Regulations Relating to Internet Information Services and Content of Internet Information

On September 25, 2000, the State Council issued the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the "Internet Measures"), to regulate the provision of information services to internet users. According to the Internet Measures, internet information services are divided into two categories: services of an operative nature and services of a non-operative nature. Companies providing services of an operative nature (such as online sales) are required to obtain an internet content provider ("ICP") license, while those providing services of a non-operative nature (such as introduction, display and promotion) are only required to complete an ICP filing.

The Internet Measures further specify that the internet information services regarding, among others, news, publication, education, medical and health care, pharmacy and medical appliances are required to be examined, approved and regulated by the relevant authorities. ICPs are prohibited from providing services beyond scope of their business licenses or other required licenses or permits. Furthermore, the Internet Measures clearly specify a list of prohibited content. ICPs must monitor and control the information posted on their websites. If any prohibited content is found, they must remove the offending content immediately, keep a record and report to the relevant authorities.

PRC Taxation

Because we are not incorporated in the PRC, your investment in our shares is largely exempt from PRC tax laws. However, because we carry out our PRC business operations through operating subsidiaries and joint ventures organized under the PRC law, our PRC operations and our operating subsidiaries and joint ventures in mainland China are subject to PRC tax laws and regulations, which indirectly affect your investment in our shares.

Dividends from Our PRC Operations

According to the PRC tax laws effective prior to January 1, 2008, dividends paid by our PRC subsidiaries or joint ventures to us were exempted from PRC income tax. However, according to the EIT Law and its implementation rules that became effective on January 1, 2008, dividends payable by foreign invested enterprises, such as subsidiaries and joint ventures in the PRC, to their foreign investors are subject to a withholding tax at a rate of 10% unless any lower treaty rate is applicable.

According to the EIT Law and its implementation rules that became effective on January 1, 2008, enterprises established under the laws of foreign jurisdictions with "de facto management body" located in the PRC are treated as "resident enterprises" for PRC tax purposes, and are subject to PRC income tax on their worldwide income. For such PRC tax purposes, dividends from PRC subsidiaries to their foreign shareholders are excluded from such taxable worldwide income. According to the implementation rules of the new EIT Law, "de facto management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. As this EIT Law is new and its implementation rules are newly promulgated, there is uncertainty as to how this new law and its implementation rules will be interpreted or implemented by relevant tax bureaus.

Our Operations in the PRC

Our subsidiaries through which we conduct our business operations in the PRC are subject to PRC tax laws and regulations.

Deed Tax

According to the PRC Interim Regulation on Deed Tax (《中華人民共和國契稅暫行條例》), a deed tax is chargeable to transferees of land use right and/or ownership in real property within the PRC. These taxable transfers include: (i) grant of land use right; (ii) sale, gift and exchange of land use right, other than transfer of right to manage "rural collective land" (i.e. the land located in rural area and collectively owned by farmers); and (iii) sale, gift and exchange of real property.

The deed tax rate is between 3% and 5% and is subject to determination by local governments at the provincial level in light of local conditions.

Corporate Income Tax

According to the EIT Law implemented in January 2008, a unified enterprise income tax rate is set at 25% for both domestic enterprises and foreign-invested enterprises.

In addition, according to the EIT Law, enterprises established under the laws of jurisdictions outside China with their "de facto management bodies" located within mainland China may be considered as PRC resident enterprises and therefore subject to PRC enterprises income tax at the rate of 25% on their worldwide income. The EIT Law and its implementation rules provide that "de facto management body" of an enterprise is the organization that exercises substantial and overall management and control over the production, employees, and books of accounts and properties of the enterprise.

According to the Notice of the SAT on the Prepayment of Enterprise Income Tax of the Real Estate Development Enterprises (《關於房地產開發企業所得稅預繳問題的通知》) promulgated by the SAT in April 2008 and taking effect on January 1, 2008, where a real property development enterprise prepays the corporate income tax by quarter (or month) according to the current actual profit, for the incomes generated from the advance sale prior to the completion of such development projects as the dwelling houses, commercial houses and other buildings, fixtures, supporting establishments etc., which are developed and built by the real property development enterprise, the tax prepayment thereof shall be estimated profit and shall be adjusted according to the actual profit after the development projects are completed and the tax costs are settled.

The Notice on the Measure Dealing with Income Tax of Enterprise Engaged in Real Estate Development (《房地產開發經營業務企業所得税處理辦法》) promulgated by the SAT promulgated in March 2009 and retroactively taking effect in January 2008 specifically stipulates the rules regarding tax treatment of income, cost deduction, verification of tax cost and certain item with respect to the real property development enterprise according to the EIT Law and its implementation rules.

According to the Notice Regarding the Publishing of the Administrative Measures for Non-residents to Enjoy the Treatment Under Taxation Treaties (Trial) (《關於印發非居民享受税收協定待遇管理辦法(試行)的通知》) promulgated by the SAT in August 2009 and taking effect in October 2009, and its supplemental regulation promulgated and taking effect in June 2010, prior approvals from the relevant tax authorities are required before a non-resident taxpayer may enjoy benefits under the relevant taxation treaties.

According to the Notice on the Confirmation of Completion Conditions for Development of Products by Property Development Enterprises (《關於房地產開發企業開發產品完工條件確認問題的通知》) promulgated by SAT in May 2010, a property will be deemed as completed where its delivery procedure (including move-in procedures) have commenced or when the property is in fact put into use. Property developers must conduct the settlement of cost in time and calculate the amount of corporate income tax for the current year.

Business Tax

According to the PRC Interim Regulation on Business Tax (《中華人民共和國營業税暫行條例》) of 1994, as amended in November 2008 and implemented on January 1, 2009 and the Detailed Rules for the Implementation of the Interim Regulation of the People's Republic of China on Business Tax (《中華人民共和國營業税暫行條例實施細則》) promulgated by the MOF and SAT in December 2008 and taking effect in January 2009, services in the PRC are subject to business tax. Taxable services include the sale of real property in the PRC. The business tax rate is between 3% and 20%, depending on the type of services provided. Generally, the sale of real property and other improvements on the land is subject to a business tax at the rate of 5% of the turnover of the selling enterprise payable to the relevant tax authorities.

LAT

According to the PRC Interim Regulation on LAT (《中華人民共和國土地增值税暫行條例》) implemented in January 1994 and its implementation rules of 1995, the LAT applies to both domestic and foreign investors in real property in the PRC. The tax is payable by a taxpayer on the capital gains from the transfer of land use right, buildings or other facilities on such land, after deducting "deductible items" that include the following:

- payments made to acquire land use right;
- costs and charges incurred in connection with land development;

- construction costs and charges in the case of newly constructed buildings and facilities;
- assessed value in the case of old buildings and facilities;
- taxes paid or payable in connection with the transfer of the land use right, buildings or other facilities on such land; and
- other items allowed by the MOF.

Where the taxpayer is developing a project, the applicable tax is payable at the end of the project either when the whole project is sold or when all the land use right is sold.

The tax rate is progressive and ranges from 30% to 60% of the gain, as follows:

Appreciation Value	Tax Rate
Portion not exceeding 50% of deductible items	30%
Portion over 50% but not more than 100% of deductible items	40%
Portion over 100% but not more than 200% of deductible items	50%
Portion over 200% of deductible items	60%

An exemption from LAT is available in the following cases:

- taxpayers constructing ordinary residential properties for sale (i.e. the residences built in accordance with the local standard for residential properties used by the general population, excluding deluxe apartments, villas, resorts and other high-end premises), where the appreciation amount does not exceed 20% of the sum of deductible items;
- real property taken over and repossessed according to laws due to the construction requirements of the State; and
- due to redeployment of work or improvement of living standards, transfers by individuals of residential properties for their own use, with a residency period for their own use of five years or longer and with tax authorities' approval.

According to a notice promulgated by the MOF in January 1995, the LAT regulation does not apply to the following transfers of land use right:

- real property transfer contracts executed before January 1, 1994; and
- first time transfers of land use right and/or premises and buildings during the five years commencing on January 1, 1994 if the land grant contracts were executed or the development projects were approved before January 1, 1994 and the capital has been injected for the development in compliance with the relevant regulations.

After the enactment of the LAT regulations and the implementation rules in 1994 and 1995, respectively, due to the long period typically required for real property construction and transfers, many jurisdictions, while implementing these regulations and rules, did not require real property development enterprises to declare and pay the LAT. Therefore, in order to assist the local tax authorities in the collection of LAT, the MOF, the SAT, the Ministry of Construction and the State Land Administration Bureau issued several notices to reiterate that, after the assignments are signed, taxpayers must declare the tax to the relevant local tax authorities and pay the LAT as calculated by these authorities and within the prescribed time period required. The real property administration authority will not process title change procedures and will not issue the property ownership certificates to parties unable to provide evidence of paying LAT or an exemption from LAT.

According to the Notice regarding the Serious Handling of Administration Work in relation to the Collection of Land Value-added Tax (《關於認真做好土地增值稅徵收管理工作的通知》) promulgated by the SAT in July 2002, the preferential policy of LAT exemption has expired and, accordingly, such tax will be levied on the initial transfer of properties under property development contracts signed before January 1, 1994, or project proposals that have been approved where capital was injected for development.

The Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises (《關於房地產開發企業土地增值稅清算管理有關問題的通知》) promulgated by the SAT in December 2006 and taking effect in February 2007 requires settlement of LAT liabilities by real property developers. Provincial tax authorities are authorized to formulate their implementation rules according to the notice and their local circumstances.

To further strengthen LAT collection, based on the Rules on the Administration of the Settlement of Land Appreciation Tax (《土地增值稅清算管理規程》) promulgated by the SAT in May 2009 and taking effect in June 2009, the SAT issued the Notice on Issues Regarding Land Appreciation Tax Settlement (《關於土地增值稅清算有關問題的通知》) in May 2010 to provide further clarifications and guidelines on LAT settlement, revenue recognition, deductible expenses, timing of assessment and other related issues.

According to the Notice on Strengthening the Collection Land Appreciation Tax (《關於加強土地增值稅徵管工作的通知》) promulgated by the SAT in May 2010, it provides for a minimum LAT prepayment rate at 2% for provinces in eastern China region, 1.5% for provinces in the central and northeastern China regions, and 1% for provinces in the western China regions.

Urban Land Use Tax

According to the PRC Interim Regulations on Land Use Tax in respect of Urban Land (《中華人民共和國城鎮土地使用稅暫行條例》) promulgated by the State Council in September 1988 and amended by the State Council in January 2007, the land use tax in respect of urban land is levied according to the area of relevant land. The annual tax on urban land was between RMB0.2 and RMB10 per sq.m. An amendment by the State Council in December 2006 changed the annual tax rate to between RMB0.6 and RMB30 per square meter of urban land.

Buildings Tax

According to the PRC Interim Regulations on Buildings Tax (《中華人民共和國房產稅暫行條例》) promulgated by the State Council in September 1986, a building tax is applicable to domestic enterprises at a rate of 1.2% if it is calculated on the basis of the residual value of a building and 12% on the basis of the rent. The following categories of buildings are exempt from the building tax:

- buildings owned by governmental agencies, people's organizations and the armed forces for their own use;

- buildings of institutions funded by State finance departments, for an institution's own use;

- religious temples, shrines' parks and places of historic and scenic beauty;
- buildings owned by individuals for non-business use; and
- other buildings allowed by the MOF.

According to the Notice on Issues Relating to Assessment of Buildings Tax against Foreign-invested Enterprises and Foreign Individuals (《關於對外資企業及外籍個人徵收房產稅有關問題的通知》) promulgated by the MOF and the SAT in January 2009, the building tax on foreign-invested enterprises, foreign enterprises and foreign individuals at the same rate as for domestic enterprise.

Stamp Duty

According to the PRC Interim Regulations on Stamp Duty (《中華人民共和國印花稅暫行條例》) promulgated by the State Council in August 1988 and amended by the State Council in January 2011, property transfer instruments, including those in respect of property ownership transfers, are subject to stamp duty at a rate of 0.05% of the amount stated therein.

Municipal Maintenance Tax

According to the PRC Interim Regulations on Municipal Maintenance Tax (《中華人民共和國城市維護建設稅暫行條例》) promulgated by the State Council in 1985, a taxpayer of product tax, value-added tax or business tax is required to pay a municipal maintenance tax calculated on the basis of product tax, value-added tax and business tax. The tax rate is 7% for a taxpayer in an urban area, 5% in a county or a town, and 1% for a taxpayer not in any urban county or town.

According to the Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises promulgated by the MOF and the SAT (《財政部、國家稅務總局關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知》) promulgated by the MOF and the SAT in November 2010 and taking effect in December 2010, foreign-invested enterprises must pay municipal maintenance tax on any value-added tax, consumption tax and business tax incurred on or after December 1, 2010. However, foreign-invested enterprises will be exempted from municipal maintenance tax on any value-added tax, consumption tax and business tax incurred before December 1, 2010.

Education Surcharge

According to the Interim Provisions on Imposition of Education Surcharge (《徵收教育費附加的暫行規定》) promulgated by the State Council in April 1986 and amended in 1990, in August 2005, and in January 2011, any taxpayer of value-added tax, business tax or consumption tax is liable for an education surcharge, unless such taxpayer is required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas (《國務院關於籌措農村學校辦學經費的通知》). The Education Surcharge rate is 3% calculated on the basis of consumption tax, value-added tax and business tax. According to the Supplementary Circular Concerning Imposition of Education Surcharge promulgated by the State Council (《國務院關於教育費附加徵收問題的補充通知》) in October 1994, the education surcharge is currently not applicable to foreign-invested enterprises.

According to the Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises (《關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知》), foreign-invested enterprises must pay an education surcharge on any value-added tax, consumption tax and business tax incurred on or after December 1, 2010. However, foreign-invested enterprises are exempted from paying an education surcharge on any value-added tax, consumption tax or business tax incurred before December 1, 2010.

Surplus Reserve

Our PRC subsidiaries are subject to different requirements regarding the allocation of funds to surplus reserve in accordance with the Company Law (《公司法》), the Law of the People's Republic of China on Equity Joint Ventures Using Chinese and Foreign Investment (《中華人民共和國中外合資經營企業法》) and its implementing regulations, the Law of the People's Republic of China on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》) and its implementing regulations, and their respective articles of association of our PRC subsidiaries. Such requirements vary in accordance with the form of establishment of such subsidiaries.

Income Tax Related to Reorganization

On December 10, 2009, SAT promulgated the Circular of the SAT on Strengthening the Administration of Enterprise Income Tax on Incomes from Equity Transfers of Non-Resident Enterprises (《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) ("Circular 698") to regulate the administration of enterprise income tax on equity transfer from non-resident enterprise, with retroactive effect from 1 January 2008. Under Circular 698, if a foreign investor transfers its indirect equity interest in a PRC resident enterprise by means of disposal of its equity interests in an overseas holding company (the "Indirect Transfer") and the overseas holding company is located in a tax jurisdiction which levies tax at an effective tax rate of less than 12.5% or does not levy tax, the foreign investor shall report the Indirect Transfer to the competent tax authorities and provide required materials within 30 days after signing of the equity transfer agreement. The competent taxation authorities may ignore the existence of the overseas holding company, if the foreign investor conducts Indirect Transfer without reasonable commercial purpose and establishes the overseas holding company for tax avoidance purposes. As a result, gains derived from the Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10% and the foreign investor may be subject to penalty for any late tax payment.

Seeking to clarify lingering issues related to the tax treatment of corporate restructurings under the EIT Law, the MOF and the SAT jointly promulgated the Circular on Certain Issues Concerning Enterprise Income Tax Treatment for Corporate Restructuring (《關於企業重組業務企業所得稅處理若干問題的通知》, the "Circular 59") on April 30, 2009 and taking effect retroactively as of January 1, 2008, and the SAT issued further guidance, the Measures for the Administration of Enterprise Income Tax for Corporate Restructuring (《企業重組業務企業所得稅管理辦法》, the "Notice 4") on July 26, 2010. The two regulations provide investors with a tax framework for structuring acquisitions and divestments or for undergoing internal reorganizations under the EIT Law and the filing and documentation requirements. The Corporate Restructuring Circular 59 introduces the concepts of "general tax treatment" (一般性稅務處理, "GTT") and "special tax treatment" (特殊性稅務處理, "STT") for certain corporate restructuring transactions, with guidelines on qualification and procedures for obtaining STT status. Further, Notice 4 provides detailed guidance on documentation and procedural requirements for all types of corporate restructuring covered under Circular 59.

Forms of Restructuring Covered

Circular 59 defines and discusses the following forms of restructurings that are subject to tax treatments discussed in the circular:

- *Equity Acquisition:* A company acquires the shares of another company by giving up equity, non-equity considerations, or a combination of both for the purpose of controlling the second company.

- *Asset Acquisition:* A company acquires all or part of the business assets of another company by giving equity, non-equity considerations, or a combination of both.

- *Merger:* One or more companies transfer all of its or their assets and liabilities to another existing or newly established company (the "Surviving Company") in exchange for shares of the Surviving Company and/or non-equity considerations.

- *Split:* A company transfers all or part of its assets and liabilities to two or more existing or newly established companies (the "Split-off Companies") in exchange for shares of the Split-Off Companies and/or non-equity considerations.

- *Change of Legal Form:* A company changes its registered name, address, or entity type.

- *Debt Restructuring:* An arrangement between a debtor and its creditors relating to debts as a result of financial difficulties of the debtor.

Notice 4 further clarifies the restructuring date of the forms of restructurings that are subject to tax treatments discussed in the circular described above:

- *Equity Acquisition:* the date when the equity transfer agreement becomes effective and the equity transfer change formalities are completed.

- *Asset Acquisition:* the date when the asset transfer agreement becomes effective and the assets actual closing are completed.

- *Merger:* the date when the Surviving Company obtains the ownership of the assets of the absorbed company and the change formalities with the SAIC and its local counterparts are completed.

- *Split:* the date when the Split-off Company obtains the ownership of the assets of the divided company and the change formalities with the SAIC and its local counterparts are completed.

- *Debt Restructuring:* the date when the debt restructuring agreement becomes effective.

General Tax Treatment

Under Circular 59, GTT is the norm for companies that do not obtain STT status. The general principle for GTT is that enterprises undergoing corporate restructuring should recognize gains or losses from the transfer of relevant assets and/or equity at fair market value when the transaction takes place, and the tax basis of relevant assets in the hands of the transferee should be revised according to transaction prices. Circular 59 also discusses detailed tax treatments for each of the above forms of restructuring.

Special Tax Treatment

Circular 59 also allows parties involved in a restructuring to select STT, the essence of which is deferral of taxes if certain conditions are satisfied. In contrast to GTT, the general principle of STT is that the recognition of gain or loss by the transferor on the transfer of assets or equity (shares) may be deferred with respect to the portion that is equity payment; and the transferee shall take over the transferor's tax basis on the transferred assets or equity (shares). The deferral of tax means the enterprise income tax is exempted on the gain or loss of the transferred assets or equity share upon the demerger if the demerger has been approved by the relevant tax authority to enjoy the STT.

STT Qualifications and Conditions

For both domestic and foreign investors, five general conditions must be met in order for a transaction to qualify for STT:

- *Reasonable business purposes:* The transaction must have a reasonable business purpose – the primary purpose of the transaction must not be to reduce, avoid, or defer tax payments. No further guidance is provided under Circular 59 about what a "reasonable business purpose" is or how to determine whether this requirement has been satisfied. The issue was further clarified in Notice 4.

- *Prescribed ratios on amount of assets or equity transferred:* In equity deals, at least 75 percent of the total equity of the target company should be transferred if it is an equity acquisition. In asset deals, at least 75 percent of the total assets of the transferor should be transferred in an asset acquisition.

- *Continuity of business operations:* There must be no change in the operating activities of the target company for 12 months after the restructuring.

- *Prescribed ratio on amount of equity payments required:* At least 85 percent of the total consideration received by the transferor must consist of equity of the acquirer. For satisfying this condition, the acquiring companies need to consider the impact of share dilution when formulating the terms of the transaction.

- *Continuity of ownership:* The major transferor must not transfer the acquired equity for 12 months after the acquisition.

Filing Procedures

For enterprises that satisfy the above conditions and intend to apply for STT, the involved parties should submit written documentation (details of which are clarified in Notice 4) to the competent tax authority to prove that they comply with the conditions stipulated at the time of completion of the annual declaration of enterprise income tax for the current fiscal year in connection with the restructuring. If the enterprise fails to make a written filing, STT will not be granted.

Notice 4 provides the timeline for restructuring parties to choose STT and seek confirmation from tax authorities (i.e. before completion of the annual declaration of enterprise income tax of the current fiscal year in connection with the restructuring). It also provides detailed guidance on follow-up reporting and review procedures after STT has been elected.

If the STT conditions listed above are violated within the prescribed period after completion of the restructuring (for example, if the company fails to meet the requirement for a 12-or 36-month holding period), the restructuring parties must make tax adjustments within 60 days of the breach. More importantly, they must (i) re-calculate the gain or loss from the restructuring based on the fair market value at the time of the original restructuring, and (ii) adjust their Enterprise Income Tax returns for the year in which the original restructuring took place. Notice 4 does not mention whether there would be a penalty or surcharge if the parties involved make tax adjustments within the prescribed timeframe.

OUR HISTORY

History of Our Business

Our Company was incorporated in the Cayman Islands on November 21, 2011 and as a result of the Reorganization set out below, it became the ultimate holding company of our Group with the business conducted through our PRC incorporated operating subsidiaries held through Haichang China. Our Group was founded by our founder, Controlling Shareholder and non-executive Director, Qu Naijie. Qu Naijie entered into the theme park business in the PRC in 2001, funded mainly by his personal capital and subsequently opened our first theme park, Dalian Laohutan Ocean Park (大連老虎灘海洋公園), in Dalian, in 2002.

Qu Naijie developed the Dalian Laohutan Ocean Park in Dalian, which since June 2007 has been recognized as a 5A-rated tourist attraction by CNTA and had driven the development of the tourist attractions development industry in Dalian. Following the success of the Dalian Laohutan Ocean Park, he further developed seven different types of theme parks across the PRC over the next decade.

History and Development

At the time of incorporation, Dalian Laohutan was held as to 41.7%, 43.1% and 15.2% by Hutan Park, Sea Rich Oil and Haichang Group Co respectively.

As of the Latest Practicable Date, we operated six theme parks and in the process of acquiring two more theme parks in the PRC. The following is a summary of our Group's key business development milestones:

Year	Event
2001	• Dalian Laohutan was incorporated and our business commenced.
2002	• Qingdao Polar was incorporated as our operating subsidiary for Qingdao Polar Ocean World (青島極地海洋世界) in Qingdao, Shandong Province.
	• Dalian Laohutan Ocean Park (大連老虎灘海洋公園) opened for business.
2003	• Chengdu Polar was incorporated as our operating subsidiary for Chengdu Polar Ocean World (成都極地海洋世界) in Chengdu, Sichuan Province.
2004	• Wuhan Polar was incorporated as our operating subsidiary for Wuhan Polar Ocean World (武漢極地海洋世界) in Wuhan, Hubei Province.
2005	• Yantai Fishermen was incorporated as our operating subsidiary for Whale Shark Aquarium (煙台鯨鯊館) and Yantai Yudaishan Hot Spring Resort (煙台溫泉館) in Yantai, Shandong Province.
2006	• Qingdao Polar Ocean World (青島極地海洋世界) opened for business.

Year	Event
2007	• Tianjin Polar was incorporated as our operating subsidiary for Tianjin Polar Ocean World (天津極地海洋世界) in Tianjin.
2009	• Investment by ORIX China in Haichang Enterprise Development.
2010	• Chengdu Polar Ocean World (成都極地海洋世界) opened for business.
	• Tianjin Polar Ocean World (天津極地海洋世界) opened for business.
2011	• As part of the Reorganization, acquisitions of Yantai Fishermen, Tianjin Polar, Chengdu Polar and Wuhan Polar by Haichang Travel from Haichang Real Estate.
	• Yantai Whale Shark Aquarium (煙台鯨鯊館) opened for business.
	• Wuhan Polar Ocean World (武漢極地海洋世界) opened for business.
2012	• Pre-IPO investments by Oriental Camellia and Time Dynasty.
2013	• Entering into an equity transfer agreement for the acquisition of 100% equity interests of Dalian Haichang Discoveryland.
	• Entering into an equity transfer agreement for the acquisition of 100% equity interests of Chongqing Haichang Caribbean.
	• Sanya Haichang was incorporated as our operating subsidiary for Sanya Haitang Bay Dream World (三亞海棠灣夢幻不夜城) in Sanya.
2014	• Acquiring 100% equity interests of Shanghai Haichang.

Group Structure during Our Track Record Period up to the Reorganization

As of January 1, 2010, the start of our Track Record Period, we operated six theme parks, which were held by our subsidiaries.

We describe below the changes in the equity capital of our subsidiaries during the Track Record Period and up to the start of our Reorganization in 2011.

(1) Dalian Laohutan

Dalian Laohutan is our operating subsidiary for Dalian Laohutan Ocean Park (大連老虎灘海洋公園) in Dalian, Liaoning Province. Dalian Laohutan was established in February 2001 with an initial registered capital of US$29,000,000, held by Hutan Park, Sea Rich Oil and Haichang Group Co as to 41.7%, 43.1% and 15.2% respectively at the time of incorporation.

As of January 1, 2010, Dalian Laohutan was held by Hutan Park, Sea Rich Oil and Haichang Group Co as to 41.7%, 43.1% and 15.2% respectively.

In May 2010, Sea Rich Oil transferred its 43.1% equity interests in Dalian Laohutan to Haichang Travel for a consideration of US$12,500,000. In the same month, Haichang Group Co transferred its 15.2% equity interests in Dalian Laohutan to Haichang Travel for a consideration of US$4,400,000. Upon completion of the equity transfer, Dalian Laohutan was held by Hutan Park and Haichang Travel as to 41.7% and 58.3% respectively.

The consideration of each of the transfers above was based on the then registered capital of Dalian Laohutan.

As of the Latest Practicable Date, the registered capital of Dalian Laohutan was fully paid up.

(2) Dalian Friday Avenue

Dalian Friday Avenue was established in May 2003 with an initial registered capital of RMB30,000,000, held by Qu Naijie and Li Degui (李德貴), who is an employee of Haichang Group Co, in the proportion of 80% and 20% respectively. Li Degui held such shares as the nominee for Qu Naijie until July 7, 2008.

As of January 1, 2010, Dalian Friday Avenue was 100% held by Haichang Group Co.

In June 2010, Haichang Group Co transferred its entire equity interests in Dalian Friday Avenue to Haichang Travel for a consideration of RMB30,000,000, which was based on the then registered capital of Dalian Friday Avenue. Upon completion of the equity transfer, Dalian Friday Avenue was 100% held by Haichang Travel.

As of the Latest Practicable Date, the registered capital of Dalian Friday Avenue was fully paid up.

(3) Qingdao Polar

Qingdao Polar is our operating subsidiary for Qingdao Polar Ocean World (青島極地海洋世界) in Qingdao, Shandong Province. Qingdao Polar was established in September 2002 with an initial registered capital of US$14,000,000, held by Haichang Group Co and Sea Rich Oil as to 28% and 72% respectively at the time of incorporation. Qingdao Polar increased its registered capital from US$14,000,000 to US$29,800,000 in July 2003.

As of January 1, 2010, Qingdao Polar was 100% held by Haichang Enterprise Development.

In July 2010, Haichang Enterprise Development transferred its entire equity interests in Qingdao Polar to Haichang Travel for a consideration of RMB246,148,000, which was based on the then registered capital of Qingdao Polar. Upon completion of the equity transfer, Qingdao Polar was 100% held by Haichang Travel.

As of the Latest Practicable Date, the registered capital of Qingdao Polar was fully paid up.

(4) Yantai Fishermen

Yantai Fishermen is our operating subsidiary for Yantai Whale Shark Aquarium (煙台鯨鯊館) and Yantai Yudaishan Hot Spring Resort (煙台溫泉館) in Yantai, Shandong Province. Yantai Fishermen was established in March 2005 with an initial registered capital of RMB10,000,000, held by Diao Xiuping (刁秀平) and Gong Lin (貢琳) as to 50% and 50% respectively at the time of incorporation. Gong Lin and Diao Xiuping are currently employees of Haichang Group Co. They held such shares as nominees for Qu Naijie until November 29, 2007. Yantai Fishermen increased its registered capital from RMB10,000,000 to RMB30,000,000 in April 2008.

As of January 1, 2010, Yantai Fishermen was 100% held by Haichang Real Estate.

In November 2011, Haichang Real Estate transferred its entire interests in Yantai Fisherman to Haichang Travel, which was part of Phase 1 of the Reorganization as set out in the paragraph headed "Our Reorganization – Phase 1 of the Reorganization" below.

As of the Latest Practicable Date, the registered capital of Yantai Fisherman was fully paid up.

(5) Tianjin Polar

Tianjin Polar is our operating subsidiary for Tianjin Polar Ocean World (天津極地海洋世界) in Tianjin. Tianjin Polar was established in September 2007 with an initial registered capital of US$29,800,000, held by Haichang Group Co and Haichang Pole Aquarium HK as to 50.1% and 49.9% respectively at the time of incorporation.

As of January 1, 2010, Tianjin Polar was held by Haichang Group Co and Haichang Land HK as to 64.53% and 35.47% respectively.

In June 2010, Haichang Land HK and Haichang Group Co transferred their entire interests in Tianjin Polar to Haichang Real Estate for considerations of US$10,570,000 and US$19,230,000 respectively, which were based on the then registered capital of Tianjin Polar. Upon completion of the equity transfer, Tianjin Polar was 100% held by Haichang Real Estate.

In February 2012, Haichang Real Estate transferred its entire interests in Tianjin Polar to Haichang Travel, which was part of Phase 1 of the Reorganization as set out in the paragraph headed "Our Reorganization – Phase 1 of the Reorganization" below.

As of the Latest Practicable Date, the registered capital of Tianjin Polar was fully paid up.

(6) Chengdu Polar

Chengdu Polar is our operating subsidiary for Chengdu Polar Ocean World (成都極地海洋世界) in Chengdu, Sichuan Province. Chengdu Polar was established in December 2003 with an initial registered capital of US$5,000,000, held by Haichang Housing and Sea Rich Oil as to 75% and 25% respectively at the time of incorporation. Chengdu Polar decreased its registered capital from US$5,000,000 to US$3,750,000 in June 2006.

As of January 1, 2010, Chengdu Polar was 100% held by Haichang Real Estate.

In November 2011, Haichang Real Estate transferred its entire interests in Chengdu Polar to Haichang Travel, which was part of Phase 1 of the Reorganization as set out in the paragraph headed "Our Reorganization – Phase 1 of the Reorganization" below.

As of the Latest Practicable Date, the registered capital of Chengdu Polar was fully paid up.

(7) Wuhan Polar

Wuhan Polar is our operating subsidiary for Wuhan Polar Ocean World (武漢極地海洋世界) in Wuhan, Hubei Province. Wuhan Polar was established in October 2004 with an initial registered capital of RMB10,000,000, held by Qu Naijie as to 60% and Qu Naiqiang as to 40% (who held such shares as the nominee for Qu Naijie) respectively at the time of incorporation. Wuhan Polar increased its registered capital from RMB10,000,000 to RMB60,000,000 in October 2006, which was held by Haichang Group Co., as to 83.33%, Qu Naijie as to 10%, Qu Naiqiang as to 4.67% (who held such shares as the nominee for Qu Naijie until November 6, 2007) and Wang Kejian (王克建) as to 2.0%.

As of January 1, 2010, Wuhan Polar was 100% held by Haichang Real Estate.

In October 2011, Haichang Real Estate transferred its entire interests in Wuhan Polar to Haichang Travel, which was part of Phase 1 of the Reorganization as set out in the paragraph headed "Our Reorganization – Phase 1 of the Reorganization" below.

In October 2013, Wuhan Polar further increased its registered capital from RMB60,000,000 to RMB460,000,000.

As of the Latest Practicable Date, the registered capital of Wuhan Polar was fully paid up.

(8) Haichang China

Haichang China was established in December 1996 under the name of Dalian Haichang Garden Co., Ltd. in the PRC with an initial registered capital of RMB95,000,000, held by Sea Rich Oil and Haichang Housing as to 60% and 40% respectively at the time of incorporation.

As of January 1, 2010, Haichang China was held by Sea Rich Oil and Haichang Housing as to 60% and 40% respectively.

In June 2012, Haichang Housing transferred its entire interests in Haichang China to Sea Rich Oil for a consideration of RMB38,000,000, which was based on the then registered capital of Haichang China. Upon completion of the equity transfer, Haichang China was 100% held by Sea Rich Oil. In July 2012, Haichang China increased its registered capital from RMB95,000,000 to RMB102,000,000. In the same month, Haichang China became wholly owned by Haichang Holdings HK, which was part of Phase 4 of the Reorganization as set out in the paragraph headed "Our Reorganization – Phase 4 of the Reorganization" below. Also in the same month, the directors of Haichang China passed a resolution to change the company name from "Dalian Haichang Garden Co., Ltd." to "Haichang (China) Co., Ltd."

In October 2012, Haichang China further increased its registered capital from RMB102,000,000 to RMB190,670,000.

As of the Latest Practicable Date, the registered capital of Haichang China was fully paid up.

(9) Haichang Travel

Haichang Travel was established in January 2010 under the name of Dalian Haichang Travel Development Co., Ltd. in the PRC with an initial registered capital of RMB10,000,000, held 100% by Haichang Enterprise Development at the time of incorporation.

As of January 1, 2010, Haichang Travel was held 100% by Haichang Enterprise Development.

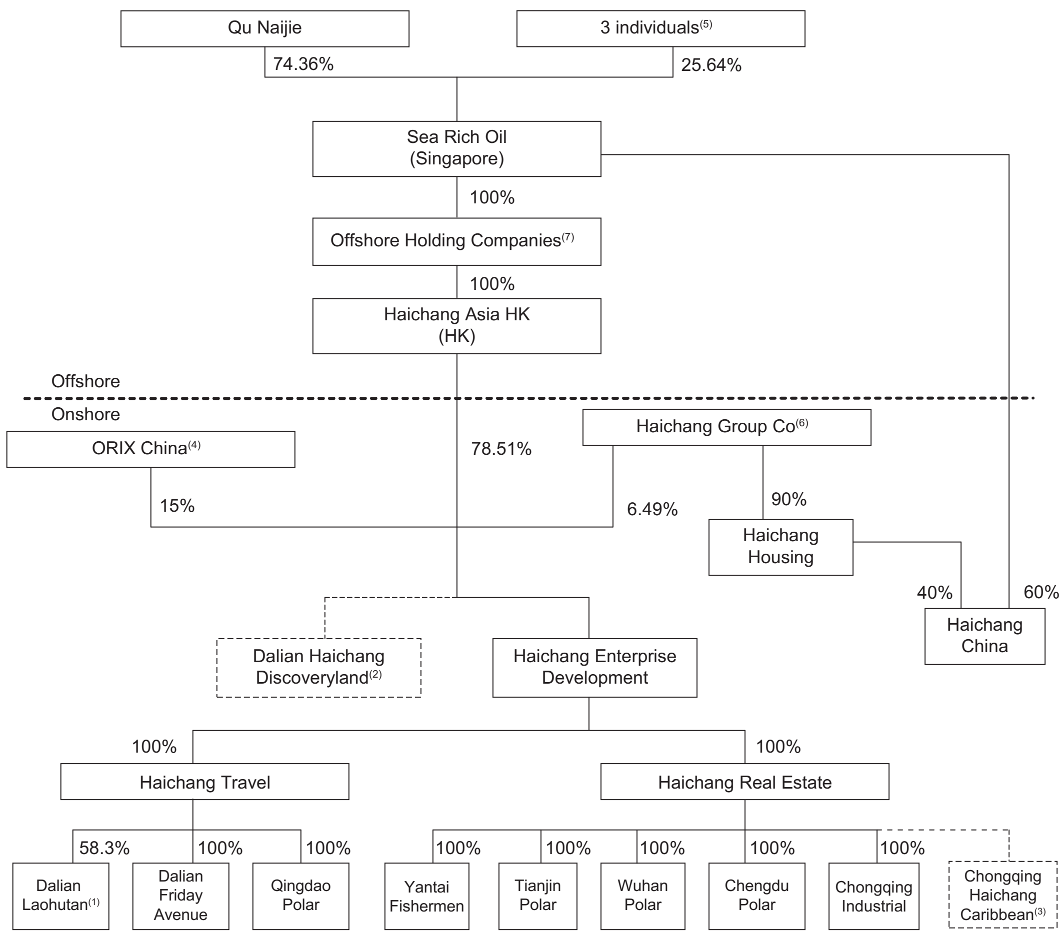
In August 2012, Haichang Travel became wholly owned by Haichang China, which was part of Phase 4 of the Reorganization as set out in the paragraph headed "Our Reorganization – Phase 4 of the Reorganization" below.

As of the Latest Practicable Date, the registered capital of Haichang Travel was fully paid up.

As advised by our PRC legal advisor, all necessary approvals in relation to each of the above mentioned changes in equity capital have been obtained.

OUR REORGANIZATION

The following chart sets forth our ownership structure immediately prior to the start of the Reorganization:



Notes:

(1) The remaining 41.7% in Dalian Laohutan is held by Hutan Park. Save and except for the interest it held in Dalian Laohutan, Hutan Park does not have any other shareholding in our Group.

(2) Before Reorganization, Dalian Discoveryland and Dalian Discoveryland Hotel were initially owned by Haichang Enterprise Development. In order to separate its theme park business from its real estate business, Haichang Enterprise Development started a demerger procedure and incorporated a new company, Dalian Haichang Discoveryland to hold its theme park assets and to develop and operate Dalian Discoveryland and Dalian Discoveryland Hotel. See "Our Reorganization – Phase 5 of the Reorganization."

(3) Before Reorganization, Chongqing Caribbean Water Park and its ancillary commercial properties was initially owned by Chongqing Industrial. In order to separate its theme park business from its real estate business, Chongqing Industrial started a demerger procedure and incorporated a new company, Chongqing Haichang Caribbean to hold its theme park business and to engage in the operation of the Chongqing Caribbean Water Park and its ancillary commercial properties. See "Our Reorganization – Phase 5 of the Reorganization."

(4) On December 21, 2009, ORIX China entered into the ORIX China 2009 SSA with Haichang Group Co, Haichang Asia HK and Haichang Enterprise Development, pursuant to which Haichang Enterprise Development issued to ORIX China 15% of the then issued share capital of Haichang Enterprise Development, for a consideration of US$87,881,185 (equivalent of RMB600,000,000). See "Pre-IPO Investments – Information regarding ORIX China, Oriental Camellia, Hony Capital and Time Dynasty."

(5) Sea Rich Oil was held by 3 individuals, namely Cheng Chunping (the wife of Qu Naijie), Zhang Tianchen and Li Jiehui as to 22.82%, 1.41% and 1.41%, respectively.

(6) Haichang Group Co was held by Qu Naijie and Cheng Chunping (the wife of Qu Naijie) as to 70% (10% held by Qu Naiqiang as nominee) and 30%, respectively.

(7) The offshore holding companies consist of Haichang International, Haichang Inc and Haichang Offshore, which are all wholly-owned by Sea Rich Oil.

In preparation for the Listing, our Group underwent a reorganization, steps of which are set out below. See "Relationship with our Controlling Shareholders" for details on excluded businesses and reasons for such exclusions.

Phase 1 of the Reorganization

Phase 1 of the Reorganization commenced in October 2011 and involved the consolidation of a number of operating subsidiaries under the ownership of Haichang Travel.

The following took place during Phase 1 of the Reorganization:

- ***Wuhan Polar became wholly-owned by Haichang Travel:*** In October 2011, Haichang Real Estate transferred its 100% equity interests in Wuhan Polar to Haichang Travel for a total consideration of RMB60,000,000, which was based on the then registered capital of Wuhan Polar, following which Haichang Travel owned 100% of Wuhan Polar.

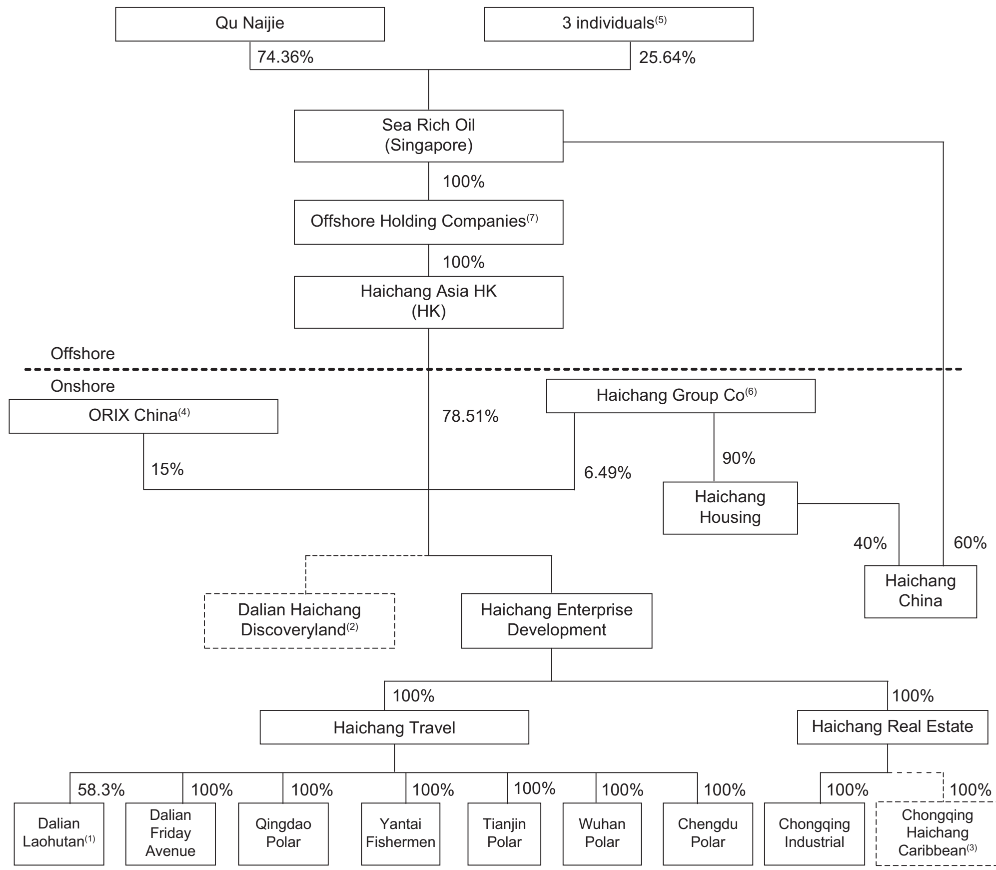
- ***Yantai Fishermen became wholly-owned by Haichang Travel:*** In November 2011, Haichang Real Estate transferred its 100% equity interests in Yantai Fishermen to Haichang Travel for a total consideration of RMB30,000,000, which was based on the then registered capital of Yantai Fishermen, following which Haichang Travel owned 100% of Yantai Fishermen.

- ***Chengdu Polar became wholly-owned by Haichang Travel:*** In November 2011, Haichang Real Estate transferred its 100% equity interests in Chengdu Polar to Haichang Travel for a total consideration of RMB30,305,000, which was based on the then registered capital of Chengdu Polar, following which Haichang Travel owned 100% of Chengdu Polar.

- ***Tianjin Polar became wholly-owned by Haichang Travel:*** In February 2012, Haichang Real Estate transferred its 100% equity interests in Tianjin Polar to Haichang Travel for a total consideration of RMB203,414,800, which was based on the then registered capital of Tianjin Polar, following which Haichang Travel owned 100% of Tianjin Polar.

As advised by our PRC legal advisor, all necessary approvals in relation to the abovementioned reorganization have been obtained.

The following chart sets forth our ownership structure immediately after Phase 1 of the Reorganization:



Notes:

(1) The remaining 41.7% in Dalian Laohutan is held by Hutan Park. Save and except for the interest it held in Dalian Laohutan, Hutan Park does not have any other shareholding in our Group.

(2) Before Reorganization, Dalian Discoveryland and Dalian Discoveryland Hotel were initially owned by Haichang Enterprise Development. In order to separate its theme park business from its real estate business, Haichang Enterprise Development started a demerger procedure and incorporated a new company, Dalian Haichang Discoveryland to hold its theme park assets and to develop and operate Dalian Discoveryland and Dalian Discoveryland Hotel. See "Our Reorganization – Phase 5 of the Reorganization."

(3) Before Reorganization, Chongqing Caribbean Water Park and its ancillary commercial properties were initially owned by Chongqing Industrial. In order to separate its theme park business from its real estate business, Chongqing Industrial started a demerger procedure and incorporated a new company, Chongqing Haichang Caribbean to hold its theme park business and to engage in the operation of the Chongqing Caribbean Water Park and its ancillary commercial properties. See "Our Reorganization – Phase 5 of the Reorganization."

(4) On December 21, 2009, ORIX China entered into the ORIX China 2009 SSA with Haichang Group Co, Haichang Asia HK and Haichang Enterprise Development, pursuant to which Haichang Enterprise Development issued to ORIX China 15% of the then issued share capital of Haichang Enterprise Development, for a consideration of US$87,881,185 (equivalent of RMB600,000,000). See "Pre-IPO Investments – Information regarding ORIX China, Oriental Camellia, Hony Capital and Time Dynasty."

(5) Sea Rich Oil was held by 3 individuals, namely Cheng Chunping (the wife of Qu Naijie), Zhang Tianchen and Li Jiehui as to 22.82%, 1.41% and 1.41%, respectively.

(6) Haichang Group Co was held by Qu Naijie and Cheng Chunping (the wife of Qu Naijie) as to 70% (10% held by Qu Naiqiang as nominee) and 30%, respectively.

(7) The offshore holding companies consist of Haichang International, Haichang Inc and Haichang Offshore, which are all wholly-owned by Sea Rich Oil.

Phase 2 of the Reorganization

In Phase 2 of the Reorganization, Qu Naijie established an offshore holding structure as follows:

Incorporation of Haichang BVI

On November 18, 2011, Haichang BVI was incorporated in the British Virgin Islands. Upon its incorporation, Haichang BVI allotted and issued one share to Qu Naijie, which represented the entire issued share capital of Haichang BVI for a consideration of US$1. Qu Naijie became the sole shareholder of Haichang BVI.

Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company on November 21, 2011 and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on September 18, 2013. The initial share capital of our Company was US$50,000 divided into 50,000 shares of US$1.00 each. Upon its incorporation, one share was allotted and issued to Mapcal Limited as the initial subscriber, which was then transferred to Haichang BVI on the same day.

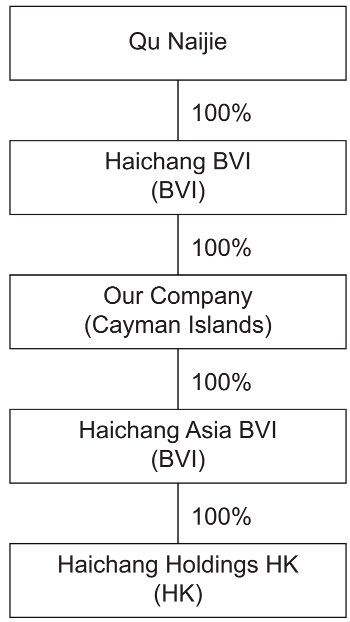
Incorporation of Haichang Asia BVI as our intermediate holding company

On November 22, 2011, Haichang Asia BVI was incorporated in the British Virgin Islands to act as our intermediate holding company. Upon its incorporation, Haichang Asia BVI allotted and issued one share to our Company, which represented the entire issued share capital of Haichang Asia BVI, for a consideration of US$1. Our Company became the sole shareholder of Haichang Asia BVI.

Incorporation of Haichang Holdings HK

On December 5, 2011, Haichang Holdings HK was incorporated in Hong Kong. Upon its incorporation, Haichang Holdings HK allotted and issued one share to Haichang Asia BVI, which represented the entire issued share capital of Haichang Holdings HK, for a consideration of HK$1. Haichang Asia BVI became the sole shareholder of Haichang Holdings HK.

The following chart sets forth the offshore holding structure as a result of Phase 2 of the Reorganization:



Phase 3 of the Reorganization

In Phase 3 of the Reorganization, Oriental Camellia and Time Dynasty made share subscriptions in our Company, following which Oriental Camellia and Time Dynasty owned 12.58% and 13.11% of our Company, respectively.

On May 23, 2012, our Company subdivided its 50,000 issued and unissued shares with a par value of US$1.00 each into 500,000,000 Shares with a par value of US$0.0001 each. Upon completion of the sub-division of shares, Haichang BVI held 10,000 Shares, representing 100% of our then-issued share capital.

On July 19, 2012, our Company issued and allotted 84,990,000 Shares to Haichang BVI for a consideration of US$8,499. Upon completion of the allotment of Shares, Haichang BVI held 85,000,000 Shares of our Company.

Share Subscription Agreements

On May 24, 2012, our Company, Haichang BVI, Qu Naijie and Time Dynasty entered into the Time Dynasty SSA. On July 13, 2012, our Company, ORIX China and Oriental Camellia entered into the Oriental Camellia SSA. The Share Subscription Agreements set out the key steps of the Reorganization. They also set out a framework for the rights of Oriental Camellia and Time Dynasty, which are described in further details in the paragraph headed "Pre-IPO Investments" below.

Investment by ORIX China

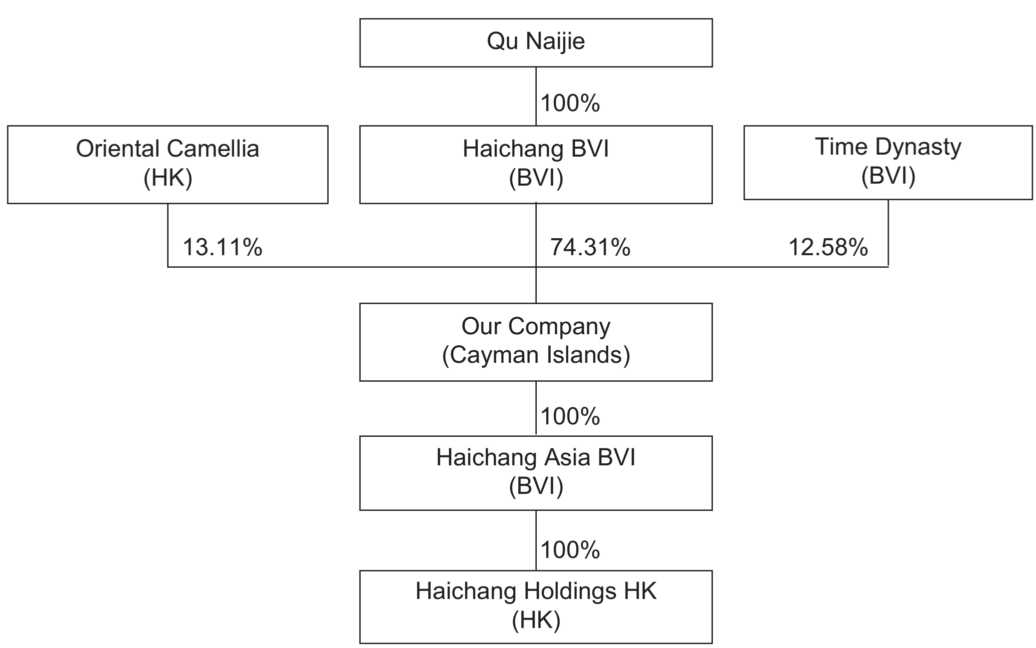
On July 13, 2012, our Company entered into the Oriental Camellia SSA with, among others, Oriental Camellia, a wholly-owned subsidiary of ORIX China, pursuant to which our Company issued to Oriental Camellia 15,000,000 Shares, representing approximately 15.0% of the then issued share capital of our Company (upon completion of Time Dynasty SSA on August 24, 2012, Oriental Camellia's interest was diluted to 13.11%). The consideration for the subscription comprised of (a) US$1,500 and (b) the amount equals to the payment to be received by Oriental Camellia and ORIX China (together with their affiliates) in the amount of US dollar equivalent of RMB62,493,213.12 (subject to adjustment at the completion of the sale of Dalian Haichang Discoveryland) as consideration for their equity interests in Dalian Haichang Discoveryland (through their investment in Haichang Enterprise Development in 2009 and pursuant to the demerger of Haichang Enterprise Development in 2012 as part of the Part 5 of the Reorganization as detailed below) in connection with the sale of Dalian Haichang Discoveryland to Haichang Holdings HK and net of any taxes paid or payable by ORIX China or its affiliates. For the sale of Dalian Haichang Discoveryland to Haichang Holdings HK, see "Our Reorganization – Phase 5 of the Reorganization."

Investment by Hony Capital

On May 24, 2012, our Company entered into the Time Dynasty SSA with, among others, Time Dynasty, a special purpose vehicle of Hony Capital, pursuant to which our Company issued to Time Dynasty Limited 14,391,996 Shares, representing approximately 12.58% of the then issued share capital of our Company for a consideration of US$80,500,000.

The valuation of the consideration for the above subscriptions by ORIX China and Hony Capital is based on the valuation of six theme parks and the Additional Theme Parks to be acquired pursuant to the Reorganization as contemplated in the Oriental Camellia SSA and Time Dynasty SSA.

The following chart sets forth the offshore holding structure as a result of Phase 3 of the Reorganization:



Phase 4 of the Reorganization

The principal purpose of Phase 4 of the Reorganization was to transfer the ownership of our operating subsidiaries to the offshore structure owned by Qu Naijie. The following took place during Phase 4 of the Reorganization:

Haichang China became wholly owned by Haichang Holdings HK

On June 11, 2012, Haichang Housing transferred its 40% equity interests in Haichang China to Sea Rich Oil for a total consideration of RMB38,000,000. Upon completion of the equity transfer, Haichang China was 100% held by Sea Rich Oil.

On July 18, 2012, the registered capital of Haichang China was increased from RMB95,000,000 to RMB102,000,000, the increased portion of which was paid by Sea Rich Oil out of the undistributed profit.

On July 30, 2012, Sea Rich Oil transferred its 100% equity interests in Haichang China to Haichang Holdings HK for a total consideration of RMB102,000,000, which was based on the then registered capital of Haichang China. Upon completion of the equity transfer, Haichang China was 100% held by Haichang Holdings HK. On the same date, the name of Haichang China was changed from Dalian Haichang Garden Co., Ltd. to Haichang China Co., Ltd. with the issuance of a new business license under this name.

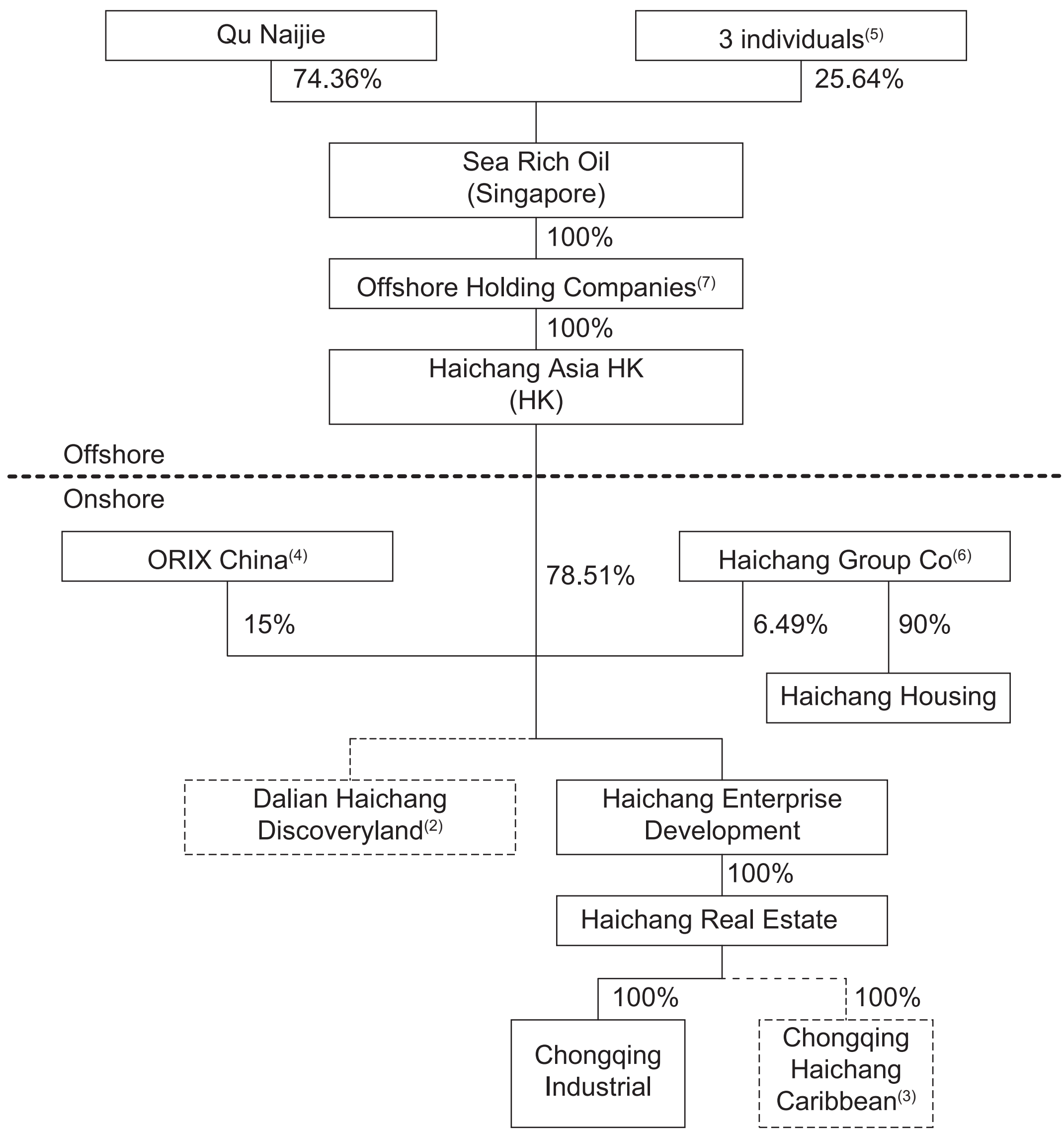
On October 16, 2012, the registered capital of Haichang China was increased from RMB102,000,000 to RMB190,670,000, the increased portion of which was paid by Haichang Holdings HK.

Haichang Travel became wholly owned by Haichang China

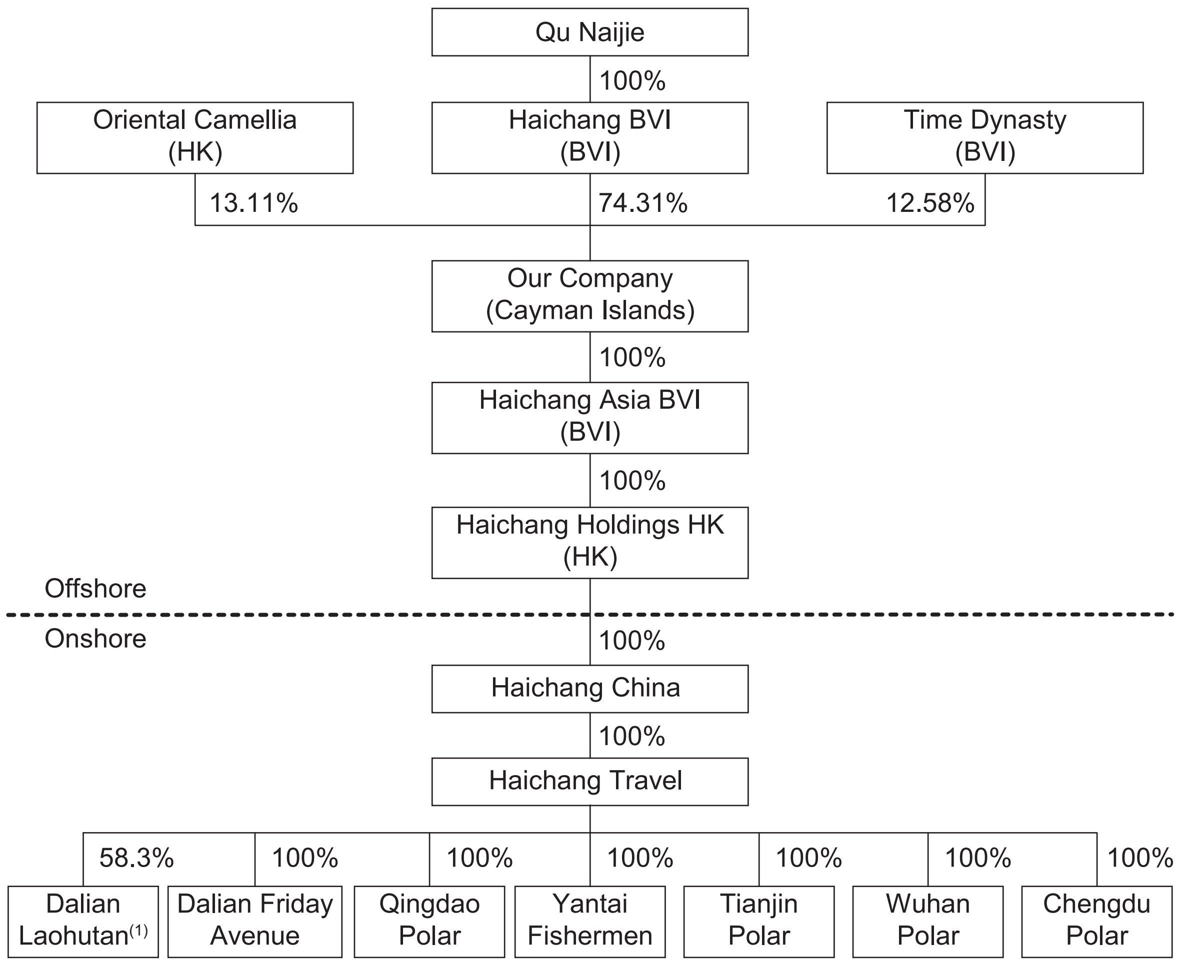
On August 22, 2012, Haichang Enterprise Development transferred its 100% equity interests in Haichang Travel to Haichang China for a total consideration of RMB10,000,000, which was based on the then registered capital of Haichang Travel. Upon completion of the equity transfer, Haichang Travel was 100% held by Haichang China.

All of the considerations of the above steps in Phase 4 of the Reorganization were determined with reference to, among others, the registered capital of the relevant companies at the time of the transaction. As advised by the PRC legal advisor of our Group, all necessary approvals in relation to the abovementioned reorganization have been obtained.

The following charts set forth the ownership structure as a result of Phase 4 of the Reorganization:



(continued)


Qu Naijie
100%
Oriental Camellia (HK)
Haichang BVI (BVI)
Time Dynasty (BVI)
13.11%
74.31%
12.58%
Our Company (Cayman Islands)
100%
Haichang Asia BVI (BVI)
100%
Haichang Holdings HK (HK)
Offshore
Onshore
100%
Haichang China
100%
Haichang Travel
58.3%
100%
100%
100%
100%
100%
100%
Dalian Laohutan(1)
Dalian Friday Avenue
Qingdao Polar
Yantai Fishermen
Tianjin Polar
Wuhan Polar
Chengdu Polar

Notes:

(1) The remaining 41.7% in Dalian Laohutan is held by Hutan Park. Save and except for the interest it held in Dalian Laohutan, Hutan Park does not have any other shareholding in our Group.

(2) Before Reorganization, Dalian Discoveryland and Dalian Discoveryland Hotel were initially owned by Haichang Enterprise Development. In order to separate its theme park business from its real estate business, Haichang Enterprise Development started a demerger procedure and incorporated a new company, Dalian Haichang Discoveryland to hold its theme park assets and to develop and operate Dalian Discoveryland and Dalian Discoveryland Hotel. See "Our Reorganization – Phase 5 of the Reorganization."

(3) Before Reorganization, Chongqing Caribbean Water Park and its ancillary commercial properties were initially owned by Chongqing Industrial. In order to separate its theme park business from its real estate business, Chongqing Industrial started a demerger procedure and incorporated a new company, Chongqing Haichang Caribbean to hold its theme park business and to engage in the operation of the Chongqing Caribbean Water Park and its ancillary commercial properties. See "Our Reorganization – Phase 5 of the Reorganization."

(4) On December 21, 2009, ORIX China entered into ORIX China 2009 SSA with Haichang Group Co, Haichang Asia HK and Haichang Enterprise Development, pursuant to which Haichang Enterprise Development issued to ORIX China 15% of the then issued share capital of Haichang Enterprise Development, for a consideration of US$87,881,185 (equivalent of RMB600,000,000). See "Pre-IPO Investments – Information regarding ORIX China, Oriental Camellia, Hony Capital and Time Dynasty."

(5) Sea Rich Oil was held by 3 individuals, namely Cheng Chunping (the wife of Qu Naijie), Zhang Tianchen and Li Jiehui as to 22.82%, 1.41% and 1.41%, respectively.

(6) Haichang Group Co was held by Qu Naijie and Cheng Chunping (the wife of Qu Naijie) as to 70% (10% held by Qu Naiqiang as nominee) and 30%, respectively.

(7) The offshore holding companies consist of Haichang International, Haichang Inc and Haichang Offshore, which are all wholly-owned by Sea Rich Oil.

Phase 5 of the Reorganization

Dalian Haichang Discoveryland is engaged in the development and operation of Dalian Discoveryland and Dalian Discoveryland Hotel. Chongqing Haichang Caribbean is engaged in the development and operation of Chongqing Caribbean Water Park and its ancillary commercial properties. Qu Naijie is indirectly interested in both the Dalian Haichang Discoveryland and Chongqing Haichang Caribbean.

Pursuant to the the Oriental Camellia SSA and Time Dynasty SSA, our Company, Haichang BVI and Qu Naijie, have agreed that they will take all necessary actions to cause to complete the acquisitions of Dalian Haichang Discoveryland and Chongqing Haichang Caribbean by our Group. It is expected that the Acquisitions will be completed after the Listing.

Set out below is the background of the establishments of Dalian Haichang Discoveryland and Chongqing Haichang Caribbean.

Acquisition of Dalian Haichang Discoveryland

Dalian Discoveryland and Dalian Discoveryland Hotel were initially owned by Haichang Enterprise Development, which was originally a company engaged in both theme park business and real estate development. It was held by ORIX China, Haichang Asia HK and Haichang Group Co as to 15%, 78.51% and 6.49% respectively. In order to separate its theme park business from its real estate business, Haichang Enterprise Development started a demerger procedure on August 9, 2011 and incorporated a new company, Dalian Haichang Discoveryland on May 28, 2012 to hold its theme park assets and to develop and operate Dalian Discoveryland and Dalian Discoveryland Hotel. Dalian Haichang Discoveryland is established with an initial registered capital of US$58,235,294 and is held by ORIX China, Haichang Asia HK and Haichang Group Co as to 15%, 78.51% and 6.49%, respectively. After the demerger, it has become the entity that holds Dalian Discoveryland and Dalian Discoveryland Hotel. Haichang Enterprise Development continues to hold its existing real estate business.

In order to complete the acquisition of Dalian Haichang Discoveryland as contemplated in the Share Subscription Agreements, ORIX China, Haichang Asia HK, Haichang Group Co and Haichang Holdings HK entered into an equity transfer agreement on September 24, 2013, pursuant to which, after the expiry of a one-year period from the completion of the transfer ("Benchmark Date") of the relevant theme park business and assets to Dalian Haichang Discoveryland, Haichang Holdings HK will acquire 100% equity interests in Dalian Haichang Discoveryland from ORIX China, Haichang Asia HK and Haichang Group Co for a total consideration of US dollar equivalent of RMB416,621,420.83, which was calculated based on the net asset value of Dalian Haichang Discoveryland as of August 31, 2013 ("2013 NAV"), subject to the price adjustment mechanism. If the final valuation of the net asset value of Dalian Haichang Discoveryland as of the Benchmark Date ("Completion Valuation") is higher or lower than the 2013 NAV by 5% or more, the final consideration will be adjusted to the Completion Valuation. Any such adjustment will not affect ORIX China, Oriental Camellia or any of their affiliates' shareholding in our Company as any payment received by ORIX China as consideration for its indirect equity interests in Dalian Haichang Discoveryland in connection with the sale net of any tax payable will be fully paid by ORIX China, Oriental Camellia and/or their affiliate to our Company pursuant to the Oriental Camellia SSA. In addition, pursuant to the Share Subscription Agreements, Qu Naijie and/or his affiliates shall promptly repay to our Company such amount that equals to the cash payment received by them in connection with the sale of Dalian Haichang Discoveryland as consideration for their equity interests therein, as deferred payment of the initial subscription premium of our Shares, which will be used as capital for the Group to continue developing its theme park and ancillary property development business. Completion of the transfer of the relevant theme park business and assets by Haichang Enterprise Development into Dalian Haichang Discoveryland ("Transfer of the Theme Park Assets to Dalian Haichang Discoveryland") took place in August 2013 and it is expected that the acquisition of Dalian Haichang Discoveryland by Haichang Holdings HK will be completed no later than December 31, 2014. The extended completion date allows our Group to ensure that the Transfer of the Theme Park Assets to Dalian Haichang Discoveryland is complete before the acquisition of Dalian Haichang Discoveryland. Further, pursuant to Circular 59, Haichang Enterprise Development and its foreign shareholder, who are liable for payment of enterprise income tax for the Transfer of Theme Park Assets to Dalian Haichang Discoveryland, may be entitled to the special tax treatment under Circular 59 for an exemption of the said enterprise income tax. Pursuant to Circular 59, in order to be eligible for the special tax treatment, the relevant transaction must have a reasonable commercial purpose and that the shareholders must not transfer the relevant equity interests within 12 months from the completion of the demerger procedures. Haichang Enterprise Development and its shareholders consider that the demerger and separation of theme park business from real estate business and the subsequent transfer of

Dalian Haichang Discoveryland to the Group for the Reorganization and future development are for the best commercial interest for both Haichang Enterprise Development and the Group. As of the Latest Practicable Date, our PRC legal advisor was not aware of any circumstances which will result in any legal obstacle to obtain relevant approval or registration from relevant PRC authority in connection with the closing of the acquisition.

Acquisition of Chongqing Haichang Caribbean

Chongqing Caribbean Water Park and its ancillary commercial properties were initially owned by Chongqing Industrial, which was originally a company engaged in both the theme park business and real estate development. It was wholly-owned by Haichang Real Estate. In order to separate its theme park business from its real estate business, Chongqing Industrial started a demerger procedure on July 20, 2011 and incorporated a new company, Chongqing Haichang Caribbean on January 18, 2012, to hold its theme park business and to engage in the operation of the Chongqing Caribbean Water Park and its ancillary commercial properties. Chongqing Haichang Caribbean is established with an initial registered capital of RMB10,000,000 and is wholly-owned by Haichang Real Estate. After the demerger, it has become the entity that holds the Chongqing Caribbean Water Park and its ancillary commercial properties. Chongqing Industrial continues to hold its existing real estate business.

In order to complete the acquisition of Chongqing Haichang Caribbean as contemplated in the Share Subscription Agreements, Haichang Real Estate and Haichang Travel entered into an equity transfer agreement on September 23, 2013, pursuant to which, after the expiry of a one-year period from the completion of the transfer ("Benchmark Date") of the relevant theme park business and assets to Chongqing Haichang Caribbean, Haichang Travel will acquire 100% equity interests in Chongqing Haichang Caribbean from Haichang Real Estate for a total consideration of RMB10,210,831.35, which was calculated based on the net asset value of Chongqing Haichang Caribbean as of August 31, 2013 ("2013 NAV"), subject to the price adjustment mechanism. If the final valuation of the net asset value of Chongqing Haichang Caribbean as of the Benchmark Date ("Completion Valuation") is higher or lower than 2013 NAV by 5% or more, the final consideration will be adjusted to the Completion Valuation. Completion of the transfer of the relevant theme park business and assets by Haichang Real Estate into Chongqing Haichang Caribbean ("Transfer of the Theme Park Assets to Chongqing Haichang Caribbean") took place in November 2013 and it is expected that the acquisition of Chongqing Haichang Caribbean by Haichang Travel will be completed no later than December 31, 2014. The extended completion date allows our Group to ensure that the Transfer of the Theme Park Assets to Chongqing Haichang Caribbean is complete before the acquisition of Chongqing Haichang Caribbean. Further, pursuant to Circular 59, Chongqing Industrial who is liable for payment of enterprise income tax for the Transfer of Theme Park Assets to Chongqing Haichang Caribbean, may be entitled to the special tax treatment under Circular 59 for an exemption of the said enterprise income tax. Pursuant to Circular 59, in order to be eligible for the special tax treatment, the relevant transaction must have a reasonable commercial purpose and that the shareholders must not transfer the relevant equity interests within 12 months from the completion of the demerger procedures. Chongqing Industrial and its shareholders consider that the demerger and separation of theme park business from real estate business and the subsequent transfer of Chongqing Haichang Caribbean to the Group for the Reorganization and future development are for the best commercial interest for both Chongqing Industrial and the Group. Pursuant to the Share Subscription Agreements, Qu Naijie and/or his affiliates shall promptly repay to our Company such amount that equals to the cash payment received by them in connection with the sale of Chongqing Haichang Caribbean as consideration for their equity interests therein, as deferred payment of the initial subscription premium of our Shares, which will be used as capital to the Group to continue developing its theme park and ancillary properties development business. As of the Latest Practicable Date, our PRC legal advisor was not aware of any circumstances which would result in any legal obstacle to obtain relevant approval or registration from relevant PRC authority in connection with the closing of the acquisition.

Acquisition of 49% interests in Dalian 4D-Cinema Co

Dalian 4D-Cinema Co was established in May 2001 with an initial registered capital of RMB20,000,000, held by Haichang Group Co and Dalian Zhongshan Hutan Production Services Company* (大連市中山區虎灘生產服務公司), an Independent Third Party other than its interests in Dalian 4D-Cinema Co, as to 60% and 40% respectively at the time of incorporation. Its scope of business includes, among other, the operation of cinema.

As of January 1, 2010, Dalian 4D-Cinema Co was held by Haichang Group Co and Dalian Lianyun as to 60% and 40% respectively.

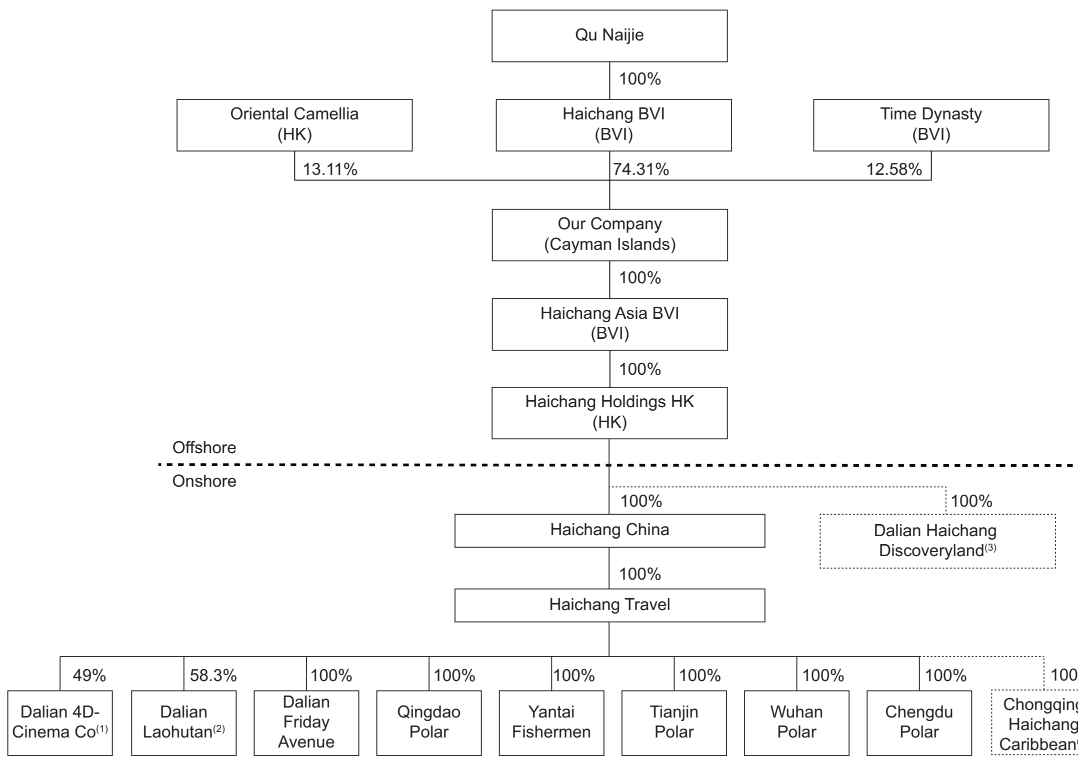
Pursuant to two share transfer agreements dated September 12, 2013, Haichang Group Co and Dalian Lianyun agreed to transfer 9% and 40% of the equity interests in Dalian 4D-Cinema Co to Haichang Travel for a total consideration of RMB1,800,000 and RMB8,000,000 respectively, which were based on the then registered capital of Dalian 4D-Cinema Co. As a result of such transfers, Dalian 4D-Cinema Co was held by Haichang Group Co and Haichang Travel as to 49% and 51% respectively. As advised by our PRC legal advisor, all necessary approvals in relation to each of the abovementioned transfers have been obtained.

Acquisition of Dalian Laohutan Fishermen's Wharf

Dalian Laohutan Fishermen's Wharf is a commercial area in Dalian close to Dalian Laohutan Ocean Park. It adds to the competitive strengths of Dalian Laohutan Ocean Park in providing visitors with more complete and diversified entertainment and leisure offerings. As part of our Reorganization, we entered into a series of purchase agreements between Haichang China and Shibo Real Estate to purchase the commercial properties in Dalian Laohutan Fishermen's Wharf (大連老虎灘漁人碼頭). The acquisition was completed in January 2014.

Corporate structure immediately after the Reorganization

The following chart sets forth our corporate structure immediately after Phase 5 of the Reorganization:



Notes:

(1) The remaining 51% in Dalian 4D-Cinema Co is held by Haichang Group Co.

(2) The remaining 41.7% in Dalian Laohutan is held by Hutan Park. Save and except for the interest it held in Dalian Laohutan, Hutan Park does not have any other shareholding in our Group.

(3) Completion of the Acquisitions will take place after the Listing. See "Our Reorganization – Phase 5 of the Reorganization."

Phase 6 of the Reorganization

In Phase 6 of the Reorganization, the Group established a project company for the development of Sanya Haitang Bay Dream World. The Group has also acquired a project company from Haichang Group Co to be responsible for the development of Shanghai Haichang Polar Ocean World.

Incorporation of Sanya Haichang

Sanya Haichang was set up for the development of Sanya Haitang Bay Dream World in Sanya, Hainan province. Sanya Haichang was established in December 2013 with an initial registered capital of RMB10,000,000, held by Haichang Travel as to 100%.

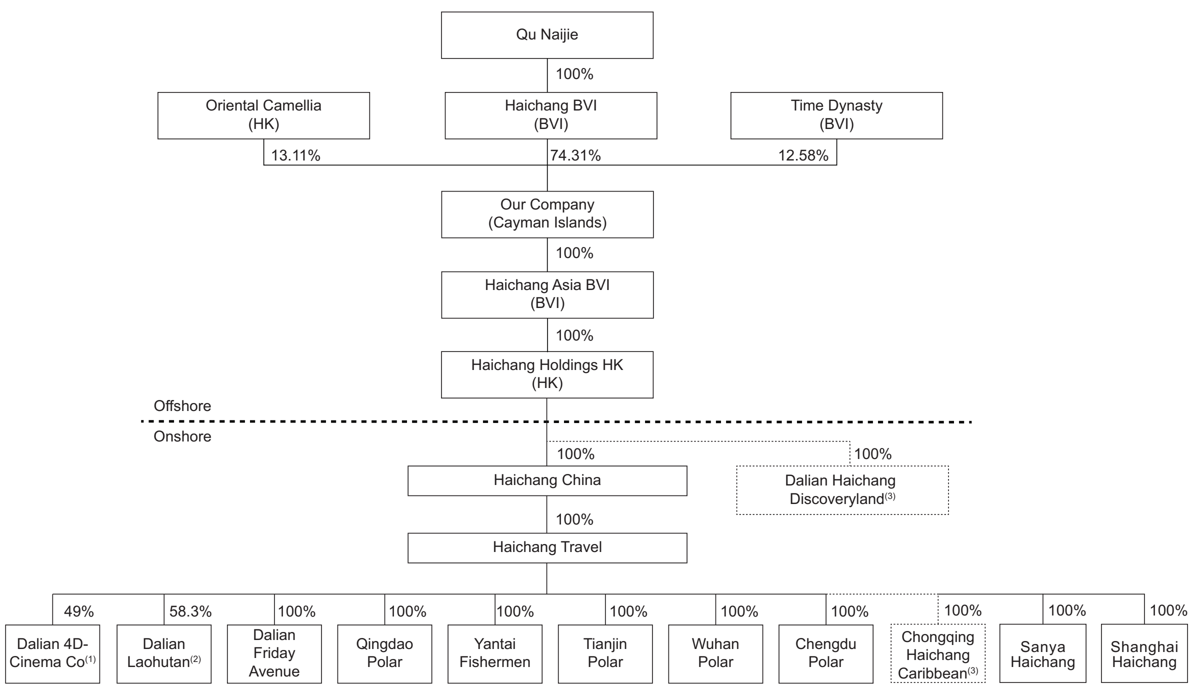
Acquisition of Shanghai Haichang

Shanghai Haichang was established in July 2011 with an initial registered capital of RMB10,000,000, wholly-owned by Haichang Group Co at the time of incorporation.

Pursuant to a share transfer agreement dated December 13, 2013, Haichang Group Co agreed to transfer its entire equity interests in Shanghai Haichang to Haichang Travel for a total consideration of RMB10,000,000, which was based on the then registered capital of Shanghai Haichang. Shanghai Haichang was acquired for the development of Shanghai Haichang Polar Ocean World. The acquisition was completed in January 2014, following which Shanghai Haichang was 100% held by Haichang Travel. As advised by our PRC legal advisor, all necessary approvals in relation to the above mentioned transfer have been obtained.

Corporate structure immediately after the Reorganization

The following chart sets forth our corporate structure immediately after the Reorganization:



Notes:

(1) The remaining 51% in Dalian 4D-Cinema Co is held by Haichang Group Co.

(2) The remaining 41.7% in Dalian Laohutan is held by Hutan Park. Save and except for the interest it held in Dalian Laohutan, Hutan Park does not have any other shareholding in our Group.

(3) Completion of the Acquisitions will take place after the Listing. See "Our Reorganization – Phase 5 of the Reorganization."

PRE-IPO INVESTMENTS

Investment by ORIX China

On December 21, 2009, ORIX China entered into ORIX China 2009 SSA with Haichang Group Co, Haichang Asia HK and Haichang Enterprise Development to acquire a 15% of the then issued share capital of Haichang Development Enterprise, for a consideration of US$87,881,185 (equivalent of RMB600,000,000).

On July 13, 2012, our Company entered into the Oriental Camellia SSA with, among others, Oriental Camellia, a wholly owned subsidiary of ORIX China, pursuant to which our Company issued to Oriental Camellia 15,000,000 Shares, representing approximately 15.0% of the then issued share capital of our Company (upon completion of Time Dynasty SSA on August 24, 2012, Oriental Camellia's interest was diluted to 13.11%). The consideration for the subscription comprised of (a) US$1,500 and (b) the amount equals to the payment to be received by Oriental Camellia and ORIX China (together with their affiliates) in the amount of US dollars equivalent of RMB62,493,213.12 (subject to adjustment at the completion of the sale of Dalian Haichang Discoveryland, see "Our Reorganization – Phase 5 of the Reorganization") as consideration for their equity interests in Dalian Haichang Discoveryland (through their investment in Haichang Enterprise Development in 2009 and pursuant to the demerger of Haichang Enterprise Development in 2012 as part of the Part 5 Reorganization) in connection with the sale of Dalian Haichang Discoveryland to Haichang Holdings HK and net of any taxes paid or payable by ORIX China or its affiliates. See "Our Reorganization – Phase 5 of the Reorganization" for details on the Sale of Dalian Haichang Discoveryland to Haichang Holdings HK.

Investment by Hony Capital

On May 24, 2012, the Company entered into the Time Dynasty SSA with, among others, Time Dynasty, a special purpose vehicle of Hony Capital, pursuant to which the Company issued to Time Dynasty 14,391,996 Shares, representing 12.58% of the then issued share capital of our Company, for a consideration of US$80,500,000.

The valuation of the consideration for the above subscriptions by ORIX China and Hony Capital is based on the valuation of six theme parks and the Additional Theme Parks to be acquired pursuant to the Reorganization as contemplated in the Oriental Camellia SSA and Time Dynasty SSA.

Key Terms of the Share Subscription Agreements

Set forth below are the key terms of the Share Subscription Agreements:

Number of Shares Issued:	(1) Oriental Camellia: 15,000,000 (2) Time Dynasty: 14,391,996
Date of Investment:	(1) Oriental Camellia: July 13, 2012 (2) Time Dynasty: May 24, 2012

Amount of Consideration Paid:	(1)	Oriental Camellia: (i) US$1,500 and (ii) Oriental Camellia shall, and ORIX China shall cause Oriental Camellia to, pay to the Company, directly or through any of its affiliate, such amount that equals to the payment received by Oriental Camellia and ORIX China (together with their affiliates) as consideration for their equity interests in Dalian Haichang Discoveryland in connection with the sale of Dalian Haichang Discoveryland to Haichang Holdings HK and net of any taxes paid or payable by ORIX China or its affiliates in connection with Oriental Camellia's acquisition of 15% equity interest in Dalian Haichang Discoveryland and/or the sale of Dalian Haichang Discoveryland to Haichang Holdings HK[(1)]
	(2)	Time Dynasty: US$80,500,000
Covenants in relation to restructuring plan:	(1)	As soon as practicable after the respective completion of acquisition of Dalian Haichang Discoveryland by Haichang Holdings HK and acquisition of Chongqing Haichang Caribbean by Haichang Travel as contemplated in the Share Subscription Agreements, Qu Naijie and/or his affiliates shall promptly repay to our Company such amount that equals to the cash payment received by them in connection with the respective sale of Dalian Haichang Discoveryland and Chongqing Haichang Caribbean as consideration for their equity interests therein, as deferred payment of the initial subscription premium of Qu Naijie (through Haichang BVI)'s Shares.
Payment Date of the Consideration:	(1)	Oriental Camellia: July 19, 2012
	(2)	Time Dynasty: August 24, 2012
Cost per Share Paid:	(1)	Oriental Camellia: US$0.1363[(2)]
	(2)	Time Dynasty: US$0.2133

Notes:

(1) ORIX China's investment in the Group should be dated back to December 2009 when it entered into the ORIX China 2009 SSA with Haichang Group Co, Haichang Asia HK and Haichang Development Enterprises to acquire a 15% interest in the Group's six theme parks, the Additional Theme Parks, their ancillary commercial properties, and certain other real estate projects retained by the Remaining Group through Haichang Development Enterprise for a consideration of US$87,881,185 (equivalent of RMB600,000,000), which was irrevocably settled in full in January 2010. On July 13, 2012, our Company entered into the Oriental Camellia SSA with, among others, Oriental Camellia, a wholly-owned subsidiary of ORIX China, pursuant to which our Company issued to Oriental Camellia 15,000,000 Shares, representing 15% of the then issued share capital of our Company. The consideration for the subscription comprised of (a) US$1,500 and (b) the amount equals to the payment to be received by Oriental Camellia and ORIX China (together with their affiliates) in the amount of US dollar equivalent of RMB62,493,213.12 (subject to adjustment at the completion of the sale of Dalian Haichang Discoveryland) as consideration for their equity interests in Dalian Haichang Discoveryland in connection with the sale of Dalian Haichang Discoveryland to Haichang Holdings HK and net of any taxes paid or payable by ORIX China or its affiliates.

(2) The total cost paid consists of (i) US$53,607,533 (equivalent to 61% of the consideration of US$87,881,185 pursuant to the ORIX China 2009 SSA, which according to the Company's valuation is attributable to ORIX China's interest in the Group's six theme parks, the Additional Theme Parks and their ancillary commercial properties); and (ii) US$1,500 (pursuant to Oriental Camellia SSA).

Discount to the IPO Price:	(1)	Oriental Camellia: Approximately 56.2% to the Offer Price assuming the Offer Price is HK$2.43 per Share, being the mid-point of the Offer Price range.
	(2)	Time Dynasty: Approximately 31.5% to the Offer Price assuming the Offer Price is HK$2.43 per Share, being the mid-point of the Offer Price range.
Use of Proceeds:	(1)	Payment of land use rights and development and construction of theme parks and ancillary commercial real estate projects;
	(2)	Working capital for general corporate purpose of our Group;
	(3)	Any purpose specified in the restructuring plan under the Share Subscription Agreement;
	(4)	Payment of future acquisitions approved by the board of directors of the Company; and
	(5)	subject to prior written consent of Time Dynasty and Oriental Camellia, for any purpose other than those specified above.
Strategic Benefits to the Company	(1)	Oriental Camellia: attesting to international recognition of the business model of the Company by experienced peers.
	(2)	Time Dynasty: providing managerial consultancy services to the Company in respect of development strategy, internal control, structuring of our management system, senior management recruitment, brand building, marketing design and employee incentive programs, all of which have helped to enhance the corporate governance of the Group.
Shareholding in the Company (without taking into account the Shares to be issued pursuant to the Listing, the Share Option Scheme and the Over-allotment Option):	(1)	Oriental Camellia: 13.11%
	(2)	Time Dynasty: 12.58%

Special Rights of Time Dynasty and Oriental Camellia

In conjunction with the Share Subscription Agreements, our Company, Qu Naijie, Haichang BVI, Oriental Camellia and Time Dynasty entered into the Pre-IPO Shareholders' Agreement, pursuant to which Oriental Camellia and Time Dynasty were granted a number of special rights in relation to our Company. Set forth below is a summary of the principal special rights granted to Time Dynasty and Oriental Camellia under the Pre-IPO Shareholders' Agreement , all of which will be terminated upon the Listing:

Board of Directors	The board shall have six directors. So long as Oriental Camellia or Time Dynasty holds any Shares in our Company, each of them shall be entitled to nominate at least one director (the "Non-Controlling Shareholder Director") and the actual number of the Non-Controlling Shareholder Director shall be comparable to the largest extent possible to the proportion of the Shares held by each of Time Dynasty or Oriental Camellia against the issued and outstanding share capital of the Company on the fully diluted basis.
Right of Participation	Each of Oriental Camellia or Time Dynasty shall have a right of first refusal to purchase its pro rata Share of an new issue of securities by our Company.
Right of First Refusal	If any Shareholder proposes to transfer any of its Shares, each of Oriental Camellia or Time Dynasty shall have a right of first refusal to purchase its pro rata Share of such sale at the same price and subject to the same material terms and conditions as a proposed sales of Shares to a third party purchaser.
Right of Co-Sale	Each of Oriental Camellia or Time Dynasty which does not exercise its right of first refusal as mentioned above shall have the right to participate in the sale of Shares to the transferee upon the same terms and conditions as offered by the selling shareholder, in proportion to the total number of Shares held by Oriental Camellia or Time Dynasty.
Pre-Listing Lock-Up Rights	Qu Naijie and Haichang BVI shall not, directly or indirectly, transfer any of their Shares, prior to the fourth anniversary of the date of the shareholders' agreement between our Company, Qu Naijie, Haichang BVI, Oriental Camellia and Time Dynasty (i.e. August 24, 2012) without the prior written consent of Oriental Camellia and Time Dynasty except for the transfer of its Shares pursuant to the employee incentive plan under the Pre-IPO Shareholders' Agreement.

Issuance of securities by Haichang BVI	Haichang BVI shall not, and Qu Naijie shall ensure that Haichang BVI shall not, grant or issue any shares, securities or other interests in the shares of Haichang BVI to any person (i) without the prior written consent of Oriental Camellia and Time Dynasty, and (ii) unless such person shall execute a deed of adherence to the Pre-IPO Shareholders' Agreement.
Information and Inspection Rights	Prior to the Listing, Time Dynasty and Oriental Camellia are entitled to receive from our Company periodic financial information. Time Dynasty and Oriental Camellia also have the right to reasonably visit and inspect any of the properties of our Group, including its books of account and other records, to discuss its affairs, finances and accounts with the officers and independent public accountants, and to conduct an audit of the books and records of our Company and/or its Subsidiaries.

All of the above special rights will be terminated upon the Listing. The Company and the Joint Sponsors are of the view that the pre-IPO investments by Time Dynasty and Oriental Camellia are in compliance with the Interim Guidance (i.e. Guidance Letter HKEx-GL29-12), Guidance Letter HKEx-GL43-12 and HKEx-GL44-12.

Lock up of Oriental Camellia and Time Dynasty

Each of Oriental Camellia and Time Dynasty has agreed to a lock-up period of one year from the Listing Date pursuant to the Pre-IPO Shareholders' Agreement.

Information regarding ORIX China, Oriental Camellia, Hony Capital and Time Dynasty

ORIX China and Oriental Camellia

Oriental Camellia, a limited liability company incorporated under the laws of Hong Kong, is a wholly owned subsidiary of ORIX China.

On December 21, 2009, ORIX China entered into the ORIX China 2009 SSA with Haichang Group Co, Haichang Asia HK and Haichang Enterprise Development, pursuant to which Haichang Enterprise Development issued to ORIX China 15% of the then issued share capital of Haichang Enterprise Development, for a consideration of US$87,881,185 (equivalent of RMB600,000,000). As of the Latest Practicable Date, Haichang Enterprise Development was held by ORIX China as to 15%.

On July 13, 2012, our Company entered into the Oriental Camellia SSA with, among others, Oriental Camellia, a wholly-owned subsidiary of ORIX China, pursuant to which our Company issued to Oriental Camellia 15,000,000 Shares, representing approximately 15.0% of the then issued share capital of our Company (upon completion of Time Dynasty SSA on August 24, 2012, Oriental Camellia's interest was diluted to 13.11%).

As Oriental Camellia will hold 9.83% of the share capital of Our Company upon the Listing (on a fully diluted basis assuming no exercise of the Over-allotment Option and no Shares will be granted under the Share Option Scheme), it is not a connected person of our Company under the Listing Rules, the Shares held by Oriental Camellia will be counted towards the public float after the Listing.

Hony Capital and Time Dynasty

Time Dynasty, a limited liability company incorporated under the laws of the British Virgin Islands, is a special purpose vehicle wholly-owned by Hony Capital.

As Time Dynasty will hold 9.44% of the share capital of our Company upon the Listing (on a fully diluted basis assuming no exercise of the Over-allotment Option and no Shares will be granted under the Share Option Scheme), it is not a connected person of our Company under the Listing Rules, the Shares held by Time Dynasty will be counted towards the public float after the Listing.

PRC REGULATORY REQUIREMENTS

Our PRC legal advisor has confirmed that all required consents, approvals, authorizations or orders of, notices or filings with any PRC government authorities have been made or obtained for our Group's onshore Reorganization (except for the two acquisitions during Phase 5 of the Reorganization to be completed after the Listing which they have given a view that there should not be any legal obstacles to complete under the existing PRC Laws) and the completion of such onshore Reorganization does not contravene any provisions of PRC Laws.

M&A Rules

Under the M&A Rules, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity interests of a domestic enterprise or subscribes for the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise ("FIE"); or (ii) establishes an FIE through which it purchases the assets of a domestic enterprise and operates these assets or purchases the assets of a domestic enterprise and invests such assets to establish an FIE (the "Regulated Activities"). In addition, the M&A Rules include, among other things, provisions that purport to require that an offshore special purpose vehicle formed for the purpose of an overseas listing of securities in a domestic enterprise ("SPV") shall obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange.

According to the Manual of Guidance on Administration for Foreign Investment (2008 Edition) promulgated by the Ministry of Commerce in December 2008, the M&A Rules only apply to the acquisition of equity interests in a purely domestic company conducted by a foreign investor. In other words, the M&A Rules do not apply to the situation where a PRC shareholder transfers the equity interests in an FIE to a foreign investor, as long as such FIE was established prior to the effectiveness of the M&A Rules.

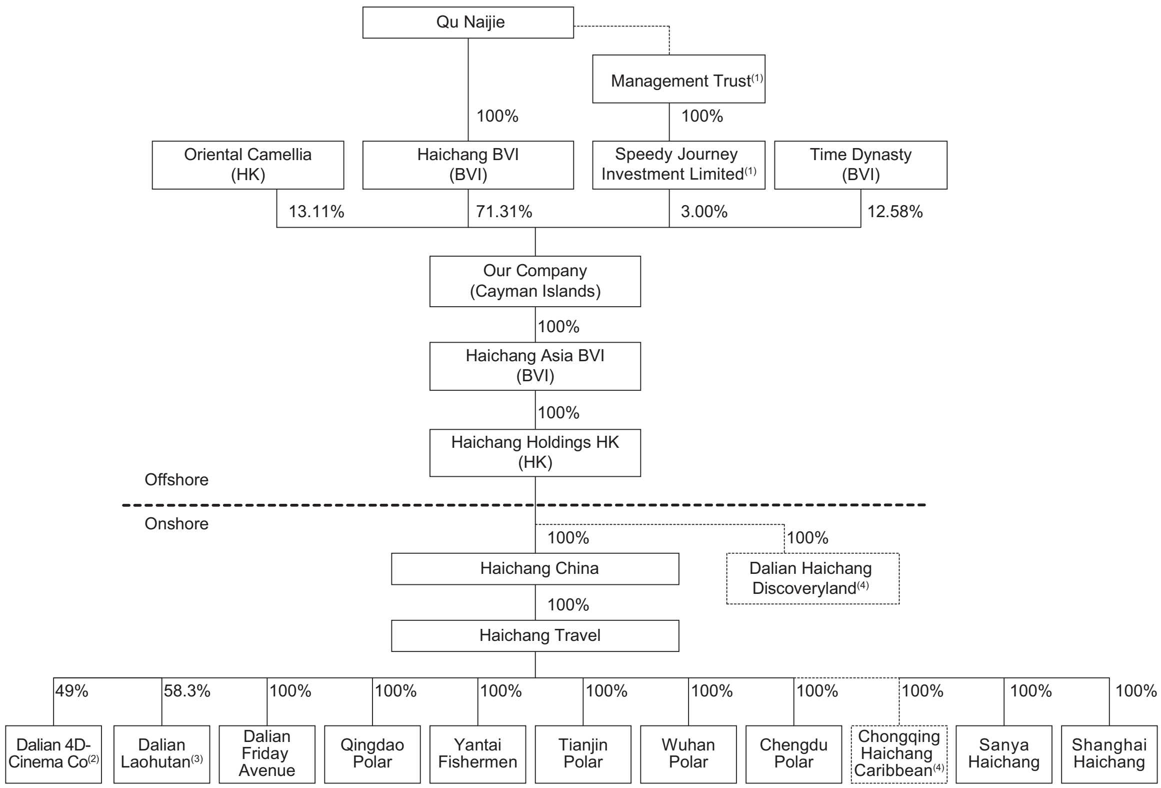
Based on its understanding of current PRC laws, regulations and rules, and the official opinion issued by the Dalian Foreign Trade and Economic Cooperation Bureau* (大連市對外貿易經濟合作局) on August 7, 2012, our PRC legal advisor has advised that our Reorganization and the Listing are not subject to the requirements under the M&A Rules and do not require any approval from the CSRC or the head office of the Ministry of Commerce because (i) Haichang China, holding all the existing projects through Haichang Travel, was established as an FIE prior to the effectiveness of M&A Rules. Therefore, our Reorganization in respect of the acquisition of Haichang China should be governed by the Several Provisions for the Alteration of Investors' Equities in Foreign Investment Enterprises (《外商投資企 業投資者股權變更的若干規定》) rather than the M&A Rules; and (ii) Haichang Enterprise Development transferred its 100% equity interests in Haichang Travel to Haichang China, as a result of which Haichang Travel became a wholly-owned subsidiary of Haichang China. Such equity transfer was governed by the Interim Provisions on the Domestic Investment of Foreign-funded Enterprises (《關於外商投資企業境內投資的暫行規定》) rather than the M&A Rules.

SAFE Regulations

SAFE promulgated the Notice on the Relevant issues Concerning Foreign Exchange Administration of Financing and Return Investment Undertaken by Domestic Residents Through Overseas Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》, "Notice 75") on October 21, 2005, which became effective on November 1, 2005. SAFE later issued a series of subsequent rules, including the Notice of SAFE on Printing and Distributing the Implementing Rules for the Administration of Foreign Exchange in Fund-Raising and Round-Trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (《境內居民通過境外特殊目的公司融資及返程投資外匯管理操作規程》), which became effective on July 1, 2011. Notice 75 and these implementing rules require PRC domestic residents and PRC corporate entities to register or file with relevant PRC government authorities in connection with their direct or indirect offshore investment activities, the round trip investment by such offshore entities into the PRC, as well as subsequent changes in share capital. Qu Naijie falls within this definition of domestic resident natural person and therefore the aforesaid regulations apply to him. Qu Naijie has obtained requisite registrations from the Dalian branch of SAFE in accordance with the requirements set forth under Notice 75 and the relevant implementing rules on August 14, 2012.

CORPORATE STRUCTURE

The following chart sets forth our corporate structure immediately after the Reorganization and prior to the completion of the Listing:



Notes:

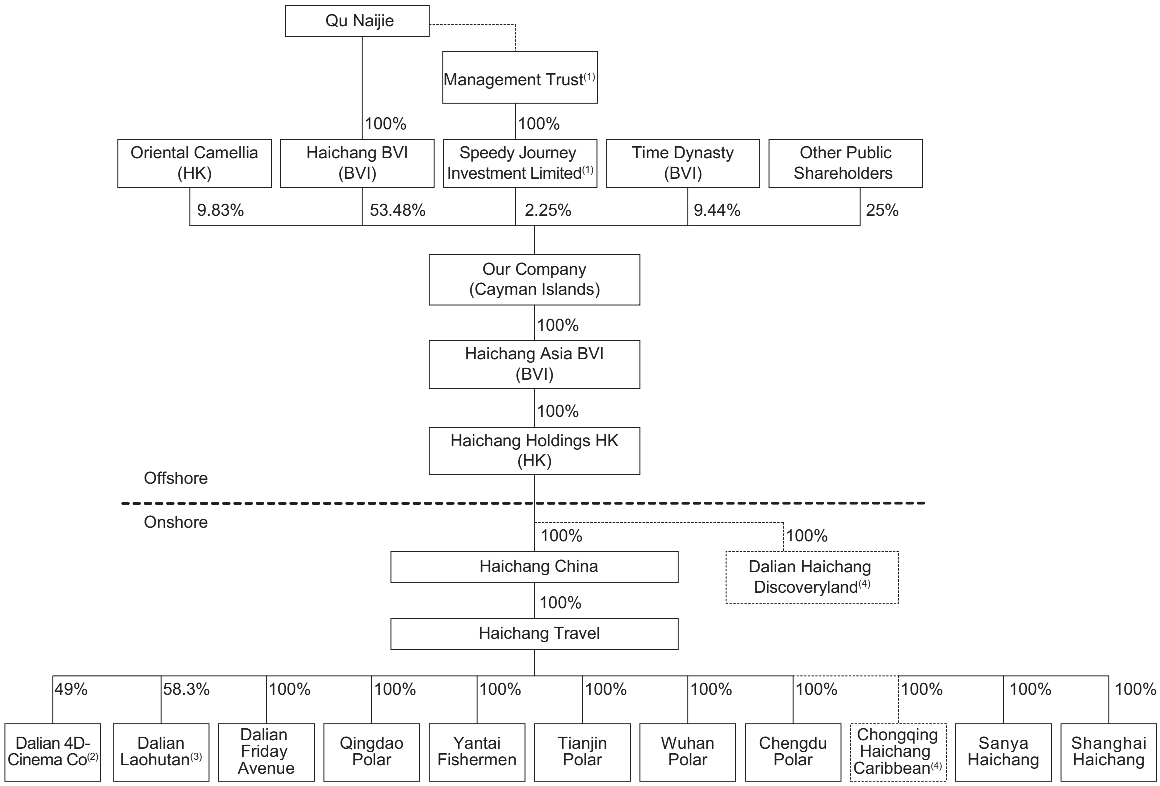
(1) The Management Trust is a revocable discretionary trust settled by Qu Naijie as settlor with Cantrust (Far East) Limited as trustee for the purposes of recognizing and rewarding the contributions of certain eligible persons ("Beneficiaries"). On January 22, 2014, Haichang BVI, which is wholly-owned by Qu Naijie, transferred 3,431,760 Shares in our Company, representing approximately 3% of the then issued share capital of our Company, to Speedy Journey Investment Limited to hold the said Shares as nominee for Cantrust (Far East) Limited as trustee of the Management Trust. Speedy Journey Investment Limited is 100% owned by Cantrust (Far East) Limited as trustee of the Management Trust. It is the intention of Qu Naijie and the trustee that the Beneficiaries of the Management Trust include Qu Naijie himself and a group of eligible persons who had contributed or will contribute to the development and operations of our Group. The group of eligible persons comprises persons who are currently employees of our Group and any such persons who have contributed or will contribute to the operations and development of our Group, and these Beneficiaries may hold up to approximately 2.25% of the share capital of our Company after the Listing (on a fully diluted basis assuming no exercise of the Over-allotment Option and no Shares will be granted under the Share Option Scheme). Cantrust (Far East) Limited as trustee has the discretionary powers to, among others, allocate all or a portion of the trust fund of the Management Trust (including the Shares held by Speedy Journey Investment Limited), but Qu Naijie, as settlor of the Management Trust, may request Cantrust (Far East) Limited as trustee to make distributions of such Shares to one or more Beneficiaries, including himself. As of the Latest Practicable Date, no decision had been made by Qu Naijie or the trustee with respect to any such distribution.

(2) The remaining 51% in Dalian 4D-Cinema Co is held by Haichang Group Co.

(3) The remaining 41.7% in Dalian Laohutan is held by Hutan Park. Save and except for the interest it held in Dalian Laohutan, Hutan Park does not have any other shareholding in our Group.

(4) Completion of the Acquisitions will take place after the Listing.

The following chart sets forth our corporate structure immediately following the completion of the Listing, assuming the Over-allocation Option is not exercised:



Notes:

(1) The Management Trust is a revocable discretionary trust settled by Qu Naijie as settlor with Cantrust (Far East) Limited as trustee for the purposes of recognizing and rewarding the contributions of certain eligible persons ("Beneficiaries"). On January 22, 2014, Haichang BVI, which is wholly-owned by Qu Naijie, transferred 3,431,760 Shares in our Company, representing approximately 3% of the then issued share capital of our Company, to Speedy Journey Investment Limited to hold the said Shares as nominee for Cantrust (Far East) Limited as trustee of the Management Trust. Speedy Journey Investment Limited is 100% owned by Cantrust (Far East) Limited as trustee of the Management Trust. It is the intention of Qu Naijie and the trustee that the Beneficiaries of the Management Trust include Qu Naijie himself and a group of eligible persons who had contributed or will contribute to the development and operations of our Group. The group of eligible persons comprises persons who are currently employees of our Group and any such persons who have contributed or will contribute to the operations and development of our Group, and these Beneficiaries may hold up to approximately 2.25% of the share capital of our Company after the Listing (on a fully diluted basis assuming no exercise of the Over-allotment Option and no Shares will be granted under the Share Option Scheme). Cantrust (Far East) Limited as trustee has the discretionary powers to, among others, allocate all or a portion of the trust fund of the Management Trust (including the Shares held by Speedy Journey Investment Limited), but Qu Naijie, as settlor of the Management Trust, may request Cantrust (Far East) Limited as trustee to make distributions of such Shares to one or more Beneficiaries, including himself. As of the Latest Practicable Date, no decision had been made by Qu Naijie or the trustee with respect to any such distribution.

(2) The remaining 51% in Dalian 4D-Cinema Co is held by Haichang Group Co.

(3) The remaining 41.7% in Dalian Laohutan is held by Hutan Park. Save and except for the interest it held in Dalian Laohutan, Hutan Park does not have any other shareholding in our Group.

(4) Completion of the Acquisitions will take place after the Listing.

OVERVIEW

We are a leading developer and operator of theme parks and ancillary commercial properties in China. Our theme parks provide a comprehensive marine 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 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.

In line with the practice of international theme park operators, our ancillary commercial property business is an integral part of our project development process. It is usually the same project company that acquires the land for both our theme park and its ancillary commercial properties pursuant to a comprehensive project design developed by us in consultation with the relevant local government authorities. The project design usually envisages that the theme park plays a key role in attracting visitor traffic and promoting the general development of the area, while the ancillary commercial properties support and complement the theme park operations.

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 and RMB1,015.6 million for 2012 and 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. See "Definitions" and "Glossary of Technical Terms."

OUR STRENGTHS

Largest Marine Theme Park Operator in China

We have successfully launched and are currently operating six marine theme parks. In addition, we have entered into equity transfer agreements to acquire the Additional Theme Parks from our Controlling Shareholders as part of the Reorganization, which we expect to complete by the end of 2014. According to Euromonitor, we are the largest marine theme park operator in China with 7.2 million visitors in 2012, more than twice the number of visitors hosted by our closest competitor. In addition, the Additional Theme Parks attracted approximately 2.2 million visitors in the same year. Our marine theme parks currently hold approximately 100,000 cubic meters of water in aggregate, making us the largest among China's marine theme park operators in terms of of volume according to the CNAW article. In addition, according to the CNAW article, we have the largest water tank among marine theme park operators in China, holding 7,000 cubic meters of water. According to Euromonitor, when taking into account the Additional Theme Parks, we would have been ranked as the second largest theme park operator in China and one of the top ten theme park operators worldwide based on visitor attendance in 2012. In a survey conducted by the China Tourism Research Institute (中國旅遊研究院) and the China Tourism Association (中國旅遊協會), when taking into account the Additional Theme Parks, we were recognized as one of the top 20 PRC tourism businesses in 2012 based on revenue and were one of the only two theme park operators making the prestigious list.

Our theme parks and the Additional Theme Parks are strategically located in major metropolises in the economically developed Bohai Sea Economic Rim, central China and the Chengdu-Chongqing Economic Rim and provide versatile themed offerings that attract both regional and destination visitors. Such diversification in terms of location and offerings not only helps mitigate our exposure to the adverse impact of regional incidents or inclement local weather conditions, but also increases the individualized appeal of each of our theme parks to the visitors. All the theme parks have achieved high levels of brand name recognition in the markets they serve and are regarded as key destinations for the tourists visiting the cities where they are situated, with each receiving awards from local and regional media recognizing their popularity.

Largest Marine Animal Collection in China with Industry Leading Animal Care Expertise

We believe we are attractively positioned in our industry with our extensive animal collection and our ability to design differentiated and interactive attractions showcasing our animals. The marine wildlife and polar animals under our care are numerous in quantity and diverse in species, including the emperor penguin, beluga whale, walrus, Steller sea lion, pacific white side dolphin, spotted dolphin, bearded seal, baikal seal, gray seal and whale shark. We were one of the first theme park operators to introduce these animals to China for public display. 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. Our marine and polar animal collection included more than 170 penguins of six species, more than 90 seals of four species, more than 120 sea lions of four species, more than 60 dolphins of three species, more than 30 beluga whales, eight false killer whales, 21 walruses and 13 polar bears. We have also established and maintained stable relationships with top international animal suppliers. In particular, our relationships with suppliers of rare polar animals have been instrumental in the successful expansion of our animal collection and our ability to meet evolving consumer demand.

Our successful and innovative breeding programs have produced, in less than a decade, more than 150 marine animals and large-size sharks including black-tip sharks and white-tip sharks. We have the world's largest numbers of human-bred emperor penguins and polar bears, being 16 and seven, respectively and our collection of 75 South American sea lions also established us as one of the leading organizations in breeding the species, according to the CNAW article. We have also successfully bred the first rock-hopper penguin in China and the first false killer whale in the world according to the CNAW article. We strive to provide our animals with as natural an environment as possible by installing suitable life support system. In addition, we have completed the challenging transportation of more than 100 marine animals and implemented an advanced system of husbandry for our animals. We have approximately 600 zoological staff, a majority of whom have industry experience of more than five years. We have made continuous investments in animal husbandry and research through both internal research activities and cooperation with reputable and expert scientific research institutions.

Our Industry Leading Operational Capabilities

With over a decade of experience in developing and operating marine theme parks, we have accumulated extensive knowledge and execution capabilities in the marine theme park industry and trained and developed a team of highly qualified staff, solidifying our first-mover advantage in the industry. Our six marine theme parks and the Additional Theme Parks have received numerous awards and recognition, including two 5A ratings and five 4A ratings – the highest and 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.

We have extensive experience in project site selection, planning and designing, development and operation of theme parks and have developed a rigorous cost control system. We have also been selected by CNTA as one of a few tourism enterprises to participate in the industry standardization pilot programs for the management of tourism businesses, the results of which may be used to formulate quality standards in the PRC tourism industry. In addition, since 2005, we have been invited to participate in preparing various industry standards for the husbandry of aquatic animals for implementation throughout China's aquarium industry.

In recognition of our operational capabilities, a number of domestic and international peers and scientific research institutions have established cooperative arrangements with us on husbandry and breeding of marine and polar animals. These include our strategic cooperation agreements with renowned international theme park, zoo and aquarium operators such as the Parques Reunidos (西班牙團圓娛樂公園集團), Berlin Zoological Garden (德國柏林動物園), Hong Kong Ocean Park (香港海洋公園) and Hualien Farglory Ocean Park of Taiwan (台灣花蓮遠雄海洋公園), as well as our continually expanding relationship of mutual assistance and support with Chinese Academy of Sciences (中國科學院) and other scientific research institutions.

We are committed to raising public awareness of the environmental and social issues surrounding the marine and polar habitats. For instance, we sponsored exploratory scientific work carried out by China's Arctic and Antarctic research institutions. In 2012, we partnered with Xinhua News Agency to launch a nation-wide public interest campaign named "The Touched Penguin: 2012 Zero Distance Antarctic Environmental Initiative." The campaign attracted a wide media following and was named the "Annual Best Public Interest Communication Award (年度最佳公益傳播獎)" and the "Annual Public Interest Program Award (年度公益項目獎)" in the 2012 Public Interest Ceremony of China (2012年中國公益節).

Strong Position to Capitalize on Significant Growth Potential of China's Tourism and Theme Park Markets

We operate in a tourism market with significant growth potential. China's growing urban population, with increasing discretionary spending power, is expected to further boost the number of domestic tourists and overall domestic tourism expenditure. According to Euromonitor, China's urban population increased from 47.0% in 2008 to 52.6% in 2012 as a proportion of its total population and the per capita annual disposable income of urban households in China experienced a CAGR of 11.7% from 2008 to 2012. Over the same period, China's tourism market experienced a CAGR of 14.7% in the number of domestic tourists.

In addition, the PRC government has enacted a series of policies, laws and regulations such as the National Travel Leisure Outline (《國民旅遊休閒綱要》) and the Tourism Law (《旅遊法》) to promote the domestic tourism, culture and popular science education industries. According to Euromonitor, the PRC government has been gradually positioning the PRC tourism industry as a pillar of the nation's service sector, expecting it to grow into a cross-industry business spanning the political, cultural, social and ecological sectors. The PRC government has also laid out a variety of support measures such as improving transportation and ancillary infrastructure for tourist destinations and encouraging allocation of financial resources to tourism businesses. In parallel with the policies of the PRC government, local government authorities have also implemented measures to promote tourism development projects, such as implementing preferential tax policies and providing financial support through grants and loans with subsidized interest from which we have been able to benefit.

We believe we are well positioned to take full advantage of the potential growth in the PRC tourism and theme park markets through our established national network of theme parks in major metropolises that diversifies our geographical risk, extensive and diverse animal collection, well-recognized brands and continuous efforts to broaden our appeal to visitors with different profiles.

Synergy between Theme Parks and Ancillary Commercial Properties

We focus on providing our visitors with an integrated travel experience by combining a memorable theme park visit with other travel-related services supplied by businesses on the ancillary commercial properties adjacent to our theme parks. To offer our park visitors a fullsome, integrated experience and enhance the appeal of our total portfolio of offerings, as an integral part of our project development process, we develop, sell and selectively hold commercial properties adjacent to our theme parks. These properties provide amenities and more consumption options such as lodging, dining and shopping venues, which also tend to increase the length of stay, the likelihood of revisits and other spending of our visitors.

The established brand names of our theme parks attract a sizable and stable pedestrian traffic to the diverse businesses operating on the adjacent commercial properties, enhancing the economic value of the ancillary commercial properties. We also derive additional sources of funding through property sales and rental income to further develop and upgrade our theme parks. When choosing a project site within a city, we typically select up-and-coming residential and commercial districts with significant growth potential so that our theme park projects may contribute to, and benefit from, the increasing affluence of these areas.

We believe the synergy between our theme parks and their ancillary commercial properties resulting from our integrated development approach provides us with higher growth prospects in the long run when compared to business models focusing solely on developing and operating theme parks. In addition, our business model enables us to control the overall positioning of the theme park and its adjacent areas. As a result, we may adjust the businesses operating on the ancillary commercial properties held by us in line with our innovation of offerings in the theme parks, which provides us with an opportunity to maximize the benefit of any such innovation.

Our Experienced Management and Technical Teams

Throughout the development of our theme park business for more than a decade, we have maintained a strong core management team while continuing to attract new talent. The team we have assembled consists of some of the most experienced technical experts and managers specialized in marine theme park development and operation in China. Members of our senior management were among the pioneers in our industry in setting our strategic direction and possess abundant knowledge and experience in marine and polar animals. For example, our joint president, Mr. Zhao Wenjing, is a special member of the European Union of Aquarium Curators (歐盟水族館館長聯盟), advisor to the Japanese Aquatic Wildlife Society (日本水棲野生生物協會), co-founder and vice president of the Aquarium Special Committee of Chinese Association of Natural Science Museums (中國自然科學博物館協會水族館專業委員會), vice president of China Association of Amusement Parks and Attractions (中國遊藝機遊樂園協會) and vice president of China Tourist Attractions Association (中國旅遊景區協會). Our technical director, Mr. Tan Guangyuan, is a special member of the European Union of Aquarium Curators (歐盟水族館館長聯盟), advisor to the Japanese Cetaceans Center (日本海豚中心) and vice president of the National Aquatic Wildlife Conservation Association (全國水生野生動物保護分會). Our operation director, Mr. Wang Wei, is a member of the Chinese Association of Natural Science Museums (中國自然科學博物館協會) and a member of the Ornamental Fish Sub-committee of the China Society of Fisheries (中國水產學會觀賞魚分委員會). Our marketing director, Ms. Zheng Fang, is a standing committee member of the Liaoning Wildlife Conservation Association (遼寧野生動物保護協會). Our senior management team has proven execution capability in marine theme park operations with an average industry experience of over ten years.

Our experienced management team is also supported by a strong team of zoological staff with rich know-how in marine and polar animal husbandry and research, many of whom have been invited to be members of major international marine animal associations such as the International Marine Animal Trainer's Association (國際海洋動物訓練員協會), the International Association for Aquatic Animal Medicine (國際水生動物醫學協會), European Association of Aquatic Mammals (歐洲水生哺乳動物協會) and Animal Behavior Management Association (動物行為管理聯盟). We believe in the benefits of improving the skills and knowledge of our management team and employees and regularly provide them with opportunities to attend both in-house and external management and professional training programs.

Strategic Investors with Strong Commitment to Our Business Model

Our strategic shareholders have provided us with strong support and are committed to our business model and prospects. Our largest strategic investor in terms of equity interest, ORIX, is a Japanese conglomerate listed on the New York Stock Exchange and the Tokyo Stock Exchange with businesses ranging from corporate financial services, leasing and investment to real estate development. ORIX's investment portfolio includes three aquariums and a number of resort hotels across Japan, in particular the Enoshima Aquarium in Japan. ORIX has supported us through various programs including sharing their expertise in the development and operation of aquariums, theme parks and amusement facilities. As an experienced conglomerate with its own long-term aquarium holdings, ORIX's strategic investment in us attests to the international recognition of our business model.

Our second largest strategic investor, Hony Capital, is a leader and pioneer in China's private equity industry and has been consistently supporting us in respect of development strategy, internal control, structuring of our management system, senior management recruitment, brand building, marketing design and employee incentive programs, all of which have helped us enhance the corporate governance and operational capability of our Group.

OUR STRATEGIES

We plan to continue growing our portfolio of theme parks as a leading integrated theme park developer and operator in China focusing on marine theme parks. Our strategies include the following components:

Continue to Promote Our National Theme Park Brand

Keenly aware of the benefits of owning a nationwide, unified brand, we have recently developed a new branding system in 2013. Our focus is to establish the *Haichang China* brand as a leading PRC provider of leisure tourism products with a portfolio comprising primarily marine theme parks. We aim to achieve our goal in stages through a variety of channels, such as:

- unifying our theme parks under the *Haichang China* brand, during which we will leverage the strong regional recognition of the brands of our individual parks to establish a nationally recognized brand commensurate with our national network of theme park offerings;

- intensively enhancing our marketing efforts by coordinating the resources of both the group company and our project companies and evaluating and utilizing both traditional and new media, including emerging innovative advertising channels such as social media;

- developing merchandise carrying our *Haichang China* brand and proprietary signature characters including a series of proprietary-themed products and cartoon series focusing upon marine and polar animals and characters;

- seeking to establish partnerships with additional internationally renowned industry leaders; and

- exploring corporate sponsorship opportunities with leading enterprises from other industries based on our recent trials with China Southern Airlines, Xinhua News Agency and Sina.com.

Continue to Increase the Profits of Our Existing Theme Parks

Leveraging our experience in the theme park industry, we aim to continue to improve the variety of our offerings to provide our visitors with more diversified entertainment experiences to drive attendance, lengthen visitors' stays, increase in-park spending and the likelihood of re-visits. Such measures include increasing the frequency and variety of our performances, offering more interactive opportunities with our animals and upgrading our products through advanced technology. In addition, we plan to strengthen our family and teenager customer base through setting up more science-themed educational programs and interactive experiences for children such as "Touch Pools" and science-themed exploration centers.

We will continue our efforts to improve the appeal and convenience of our in-park services such as dining and shopping venues to offer a better consumption experience to our visitors. Moreover, we plan to develop more proprietary-themed consumer products to offer our visitors more unique and value-added shopping options. We intend to gradually take over the operation of high-margin products and services such as ice cream and beverage outlets from third-party operators currently leasing venues in our theme parks. In 2012, revenue from the sale of food, beverage and merchandise of our theme parks accounted for 8.8% of revenue of our park operations. We aim to increase the proportion of the sale of food, beverage and merchandise to total revenue from our park operations to approximately 40% achieved by leading international industry peers.

In addition, to attract more visitors during off seasons, we plan to adopt a dynamic pricing model and a series of seasonal promotions. To the extent permitted by the natural conditions at our theme parks, we plan to offer more attractions during the winter season (such as interactive attractions on artificial snow) and promote our theme parks as the choice facilities for film and television program production.

We also expect to gain from our new branding campaign and continued marketing efforts as well as expansion of our ticket sale and travel agency networks to reach a wider spectrum of potential visitors, in particular in markets where we determine that we have not achieved the desired market penetration levels. In addition, we are consolidating the existing online sales platforms of the individual theme parks to establish a multi-channel and multi-platform e-commerce system and capture direct sales opportunities through innovative online marketing. We will fully utilize new media to expand our sales channels and increase our innovative service contents, such as smart phone applications, "WeChat" and online sales.

In the meantime, we will continue to contain and decrease our operating costs through leveraging our theme park operational experience and innovative technological means so as to further improve our profit margins.

Continue to Expand Our Portfolio and Offerings

We will continue our efforts in exploring new theme park projects in strategically located cities across China to expand our investment portfolio and increase our revenue. We intend to develop the planned Shanghai Haichang Polar Ocean World into our flagship marine theme park and one of Shanghai's tourism landmarks with a focus on the display and performance of marine and polar animals, integrating the popular features of our existing theme parks and bolstering our national brand name *Haichang China* as the innovator and leader in the marine theme park industry. We also intend to develop the Sanya Haitang Bay Dream World into a marine-themed destination resort in Sanya to capitalize on the growing number of tourists expected in the Haitang Bay area.

In addition, we will continue to proactively identify and assess other project opportunities in China to further diversify our portfolio of theme parks with appropriate localization in other regions with high economic growth potential and strong consumer demand. We are currently assessing investment opportunities in mature markets of first-tier cities in China and are also exploring the prospects of replicating our project development model in the western region and second-tier cities in China.

We will continue to evaluate opportunities to leverage our core expertise into other related fields to generate additional sources of revenue and higher profits. We have begun and will continue to provide consultancy and operational management services for small-scale aquatic displays in shopping malls and office buildings. We may also consider the feasibility and compatibility of serving as an advisor on project design and cost estimation or as an operational manager for other marine theme park projects if the benefits derived from such cooperation exceed the potential competitive risks.

We intend to further leverage our marine animal expertise and brands into new cultural, media and consumer products to extend our value chain. Capitalizing on our experience of cooperation with international entertainment enterprises, we plan to cooperate with renowned professional media companies to jointly produce proprietary cartoon series focusing on marine and polar animals and proprietary characters and, based on that, to produce special effects films for 3D/4D spherical screens. We also plan to cooperate actively with children's programs of both national and local television channels to promote awareness of marine life and habitats among children and teenagers. Moreover, we plan to develop internet-based virtual theme parks and games to complement our projects to keep our existing visitors engaged, attract new visitors and serve as the basis for developing new proprietary-themed merchandise that may become a key driver for our future revenue growth.

Continue to Further Strengthen Ancillary Commercial Property Development

As an integral part of our project development process, we will continue to develop ancillary commercial properties adjacent to our existing and planned theme parks to generate an optimal mix of income from selling, leasing and operating the properties that best suits our overall branding and development strategy. Our business strategy has always been, and is expected to continue to be, developing ancillary commercial properties together with theme parks as integrated tourism and leisure projects. We have cooperated with leading retail property management organizations in conducting the research, design, operation and management of the ancillary commercial properties of our theme parks. We plan to develop the ancillary commercial properties now completed in Chongqing and Chengdu, under construction in Tianjin and Wuhan as well as those to be developed in Shanghai and Sanya into multi-purpose and multi-functional projects. We aim to offer a range of experiential products and services including marine themed dining, leisure shopping, themed resort hotel and serviced apartments for vacation-oriented living. We aim to take full advantage of the potential appreciation in value of the properties adjacent to our theme parks, promote the synergy between the values of our theme parks and their ancillary commercial properties and maximize our unique competitive strength from their complementary functions. Through the ancillary commercial properties, we may also offer the local neighborhoods high quality and convenient commercial services and weekend leisure experiences.

Continue to Support Species Preservation, Sustainability and Animal Welfare

Our corporate mission is to promote a friendly and harmonious relationship with nature through our support of animal-related environmental initiatives and our own principled animal-friendly practices. Not only will we continue to adhere to our mission in our daily operations from animal collection, transportation to husbandry and breeding, we will also actively participate in organized animal rescue efforts by sharing our expertise and resources. We also intend to continue our investments in marine and polar animals including the establishment of specialized research institutions.

Our zoological staff are trained to uphold these principles in their day-to-day contact with animals under our care. In addition, we plan to continue our support for marine and polar life research and species preservation efforts nationwide by, for instance, sponsoring National Aquatic Wildlife Conservation Association's nationwide "Aquatic Wildlife Conservation Haichang Award," which aims to promote the protection of aquatic wildlife and aquatic ecological system through publicizing and rewarding exemplary individuals and promoting events in aquatic wildlife conservation efforts. We believe our unwavering focus on animal welfare and preservation will continue to benefit the maintenance and protection of one of our key assets – our animals. It will also further our goal to enhance the public's understanding of animals and nature and awareness of related environmental and social issues, strengthening our brand name at the same time. These efforts are the core of our corporate culture and identity and leave a lasting impression with our customers.

OUR BUSINESS MODEL

We are a leading developer and operator of theme parks and their ancillary commercial properties in China. According to Euromonitor, we are the largest marine theme park operator in China in terms of visitor attendance in 2012. When taking into account the Additional Theme Parks, we have established a national footprint with eight theme parks located across China in major populous coastal and inland tourist cities, including Dalian, Qingdao, Tianjin, Wuhan, Chengdu, Chongqing and Yantai.

We are focused on developing large-scale marine theme parks and, as of December 31, 2013, had a diverse marine and polar animal collection with more than 500 marine and polar animals of approximately 30 species and more than 40,000 animals such as fish, coral and jellyfish. We strive to establish our competitive strength through our marine and polar animal expertise in breeding, husbandry and display, providing visitors with an integrated travel experience and creating profits from ticket sales and in-park consumption. We have established a highly efficient operational system in theme park management which enables us to replicate our development model in new locations. We also have a diversified theme park portfolio, such as the Additional Theme Parks to be acquired by us as part of the Reorganization, which broaden and diversify our product offerings. Our leading market position as a developer and operator of theme parks in China is based on the business scale, attendance, brand name, operational capabilities and other business features of our theme parks and the Additional Theme Parks. Theme parks as defined in the section entitled "Glossary of Technical Terms" and used throughout this prospectus are however different from Theme Park Under 2013 Opinions as defined under the relevant PRC regulations. 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 as a themed entertainment park area, as opposed to an enclosed park with a specific theme. See "Business – Theme Parks To Be Developed – Sanya Haitang Bay Dream World" and "Regulatory Overview – Regulations – Theme Parks – Project Approval."

In line with the practice of international theme park operators, we develop our ancillary commercial properties as an integral part of the project development process with a view to achieving synergy between our theme parks and their ancillary commercial properties. We develop our project design on the basis that a theme park and its ancillary commercial properties constitute an integrated project with complementary functions to serve, and benefit from the prosperity and business opportunities brought by the increase in, visitors attracted to the theme park area. It is usually the same project company to acquire and develop different parcels of land for the development of both the theme park and ancillary commercial properties according to the same project design. Through such integrated development approach, we are able to provide visitors with amenities and more consumption options such as lodging, dining and shopping venues. These properties typically increase the length of stay, likelihood of re-visit and other spending by our visitors who may enjoy the "one-stop shop" travel and leisure experience through a variety of leisure and travel offerings provided by us. They also provide us with stable rental income and sizable revenue from property sales. In addition, through our development, sale and selective holding of the ancillary commercial properties, we are able to enjoy the benefit from potential appreciation on the value of the properties and derive cash flows from property sales to further support the upgrading and development of theme parks.

In addition, our business model is also in accord with the policy direction of the PRC government in promoting the development of the tourism and culture industries. Such policies provide us with the opportunities of obtaining policy, tax or financial support from the PRC government at various levels and permit us to fully capitalize on the expected significant growth in the number of Chinese tourists and theme park visitors.

OVERVIEW OF OUR THEME PARKS AND ANCILLARY COMMERCIAL PROPERTIES

We currently own and operate six marine theme parks and expect to acquire the Additional Theme Parks by the end of 2014 as part of the Reorganization. These theme parks offer visitors a variety of exhilarating and educational experiences, including animal encounters and displays that invite exploration and appreciation of the natural world, thrilling rides, water slides and spectacular shows. Of the eight theme parks, two are rated 5A by the NTAQRAC, the highest rating that can be assigned to China's tourist destinations, and five are rated 4A, the second highest rating that can be assigned. In addition to our core marine animal centered offerings, we also provide a multitude of consumption options within our theme parks to drive in-park spending of our visitors. These in-park consumption options mainly include themed restaurants featuring the characteristics of a particular theme park and retail stores selling a variety of proprietary-themed consumer products from clothing, toys and souvenirs to specialty snacks. In 2012, our theme parks and the Additional Theme Parks attracted more than 9.4 million visitors in terms of admission attendance, including approximately 7.2 million visitors in terms of admission attendance of our six marine theme parks.[(1)]

We also develop our ancillary commercial properties with a view to both supplementing the offerings of our theme parks and deriving additional revenue from property sales and rental income of our investment properties. As an integral part of our project development process, our ancillary commercial properties are typically situated near our theme parks and developed when we have substantially completed the construction of the theme parks. We develop the ancillary commercial properties by taking into account both our overall positioning strategy and the demand of the local markets. To provide the "one-stop shop" travel and leisure experiences, our ancillary commercial properties include a variety of products such as commercial streets providing dining, shopping and entertainment experiences, themed hotels, serviced apartments and customized offerings for specific locations such as a hot spring resort and clubhouses.

Note:

(1) 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 in 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.

The table below sets forth details about our theme parks, the Additional Theme Parks and their respective ancillary commercial properties.

	Year Opened	Site Area of the Occupied Land of Theme Park (sq.m.)[1]	GFA of Theme Park (sq.m.)[2]	Exhibition Tanks and Amusement Facilities	Types of Performances[4]	Shopping and dining venues	NTAQRAC Rating	Operating Season	Use or Planned Use Ancillary Commercial Properties[8]	GFA of Completed Properties Held for Investment or for Sale (sq.m.)[8]	GFA of Properties Under Development (sq.m.)[8]	GFA of Properties Held for Future Development[8]
Our Theme Parks												
Dalian Laohutan Ocean Park	2002	20,353	38,151	29	3	28	5A	Year-round	Commercial street[9]	12,671[9]	Nil	Nil
Qingdao Polar Ocean World	2006	117,675	45,357	44	4	27	4A	Year-round	Commercial street	16,735	Nil	Nil
Chengdu Polar Ocean World	2010	240,048	48,600	16	4	17	4A	Year-round	Commercial street, club house, office and hotel	44,087	46,126[11]	Nil
Tianjin Polar Ocean World	2010	30,495	49,289	60	11	24	4A	Year-round	Commercial street[10] and serviced apartments	44,291	59,006[12]	120,749[13]
Yantai Whale Shark Aquarium and Yantai Yudaishan Hot Spring Resort	2011	156,604	31,886	29	3	10	4A[5]	Year-round	Commercial street	10,649	Nil	Nil
Wuhan Polar Ocean World	2011	279,476	42,788	32	2	27	4A	Year-round	Commercial street and serviced apartments	45,929	Nil	250,542[14]
Additional Theme Parks												
Dalian Discoveryland	2006	466,896	70,756	37	6	61	5A[6]	March-November[7]	Nil	Nil	Nil	Nil
Chongqing Caribbean Water Park	2009	65,130	nil[3]	12	6	27	4A	April-October[7]	Commercial street	46,191	Nil	54,095[15]

Notes:

1 As the land use rights in respect of certain theme parks and their ancillary commercial properties are recorded in one or more land use right certificates without allocation of the land between theme parks and their ancillary commercial properties, the site area shown in this column may also cover land used for ancillary commercial properties.

2 The GFA shown in this column is based on our internal records regarding the buildings that form theme parks.

3 Because Chongqing Caribbean Water Park is a water park without above-the-ground buildings, the total GFA of the park is nil.

4 Performances include animal shows, parades and other entertainment shows.

5 This rating is pending and an application has been filed.

6 The 5A rating was assigned to the Dalian Jinshitan National Tourist Resort Area, of which Dalian Discoveryland is a key component in providing entertainment experience to the visitors of this area.

7 The actual operating season of the Additional Theme Parks in any given year is subject to weather conditions.

8 The statistics set out below in respect of the ancillary commercial properties of the relevant theme park are based on information of the relevant properties as of December 31, 2013 included in the property valuation reports set out as Appendix IVA and Appendix IVB of this prospectus.

9 See "History, Reorganization and Corporate Structure – Our Reorganization – Phase 5 of the Reorganization" for details on the acquisition of the ancillary commercial properties of Dalian Laohutan Ocean Park. The acquisitions were completed in January 2014 and the total GFA included a GFA of 2,299 sq.m. that was acquired in January 2014.

10 The construction of some of the commercial streets was completed in October 2013. See "– Marine Theme Parks – Tianjin Polar Ocean World."

11 Including approximately 12,135 sq.m. of underground GFA.

12 Including approximately 12,118 sq.m. of underground GFA.

13 Including approximately 37,938 sq.m. of underground GFA.

14 Including approximately 58,190 sq.m. of underground GFA.

15 Including approximately 9,758 sq.m. of underground GFA.

MARINE THEME PARKS

Dalian Laohutan Ocean Park

Dalian Laohutan Ocean Park consists of Dalian Laohutan Polar Aquarium and other attractions operated by us, all located in the Dalian Laohutan Park. We opened Dalian Laohutan Polar Aquarium in 2002, which exhibits the landscapes of the north and south poles and polar animals, as our first foray into the marine theme park business. This park soon became a landmark tourist attraction of Dalian, a nationally popular tourist city in China. Its beluga whale, “Child of the Sea,” has been the designated tourism mascot for Dalian since 2002. The park introduced several polar animals such as the beluga whale, the walrus, the polar bear and the penguin to the Chinese audience for the first time and won the certificate of “Exhibitor of the Most Diversified and Numerous Polar Animals in China” from the China Records Headquarters (上海大世界基尼斯總部).

Apart from Dalian Laohutan Polar Aquarium, we have expanded our theme park operations in Dalian by adding five other venues, including the Happy Theater, the Sea Animal Aquarium (exhibiting seals, fur seals and sea lions), the Whale and Dolphin Interaction Plaza, the Zhongshan Station Penguin Reproduction Center (for internal research purposes) and a 4D cinema (admission to the cinema is separately charged).

We operate our theme park in Dalian through our project company, Dalian Laohutan, in which we own a 58.3% equity interest, with the remaining interest owned by Hutan Park. Since 2008, we have entered into ticketing cooperation agreements with Hutan Park which are renewed on an annual basis. Under such arrangement, Hutan Park is responsible for the sale of a single admission ticket to visitors for the entrance to the attractions located in Dalian Laohutan Park operated by us and Hutan Park itself at a price set out in the agreement. The agreements also provide a revenue split mechanism in respect of the amount of revenue received by us from the ticket sales in each year by taking into account various factors, such as the historical operating results of our theme park attractions and other attractions located within Dalian Laohutan Park, the applicable current ticket price and the expected pricing adjustment for the next year, the in-park spending of visitors, the estimated attendance and revenue generated from the ticket sales. The revenue we receive from the ticket sales is settled periodically (typically daily during the peak season and weekly to monthly during the non-peak season) during the year. After the end of each year, if the actual revenue received by us during that year is less than the agreed amount of revenue we are entitled to receive for that year, Hutan Park shall pay us the shortfall. In addition, the agreed amount of revenue we are entitled to receive may be adjusted upward based on our negotiation with Hutan Park at the end of each year based on factors such as the actual attendance to Dalian Laohutan Ocean Park. If the actual revenue received by us during the year exceeds the agreed amount of revenue, we are not required to return the excess to Hutan Park. Our ticketing cooperation agreement with Hutan Park for the year of 2013 further provides that a party may be excused from performing its obligations under the agreement if it is affected by certain force majeure events that are beyond its control without fault on its part. We expect to continue our ticketing cooperation arrangement with Hutan Park in the foreseeable future. See “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” for details on the risks of our ticketing cooperation arrangement.

In 2010, 2011 and 2012 and the nine months ended September 30, 2013, revenue from ticket sales of Dalian Laohutao Ocean Park (including ticket sales from the 4-D cinema in Dalian) amounted to RMB122.7 million, RMB128.4 million, RMB136.7 million and RMB123.2 million, respectively, accounting for 15.4%,18.8%, 15.4% and 15.8% of our total revenue in the respective period. The agreed portion of revenue from tickets sales of Dalian Laohutan Ocean Park only for the year of 2013 we are entitled to receive is RMB145.0 million.

As there was no land adjacent to Dalian Laohutan Park (within which we developed the attractions of Dalian Laohutan Ocean Park) that was available to us to develop ancillary commercial properties, our Dalian Laohutan Ocean Park was developed without the contemporaneous construction of the adjacent commercial properties typically seen in our other theme park projects. A Connected Person of ours, Shibo Real Estate, developed the Dalian Laohutan Fishermen's Wharf in the nearby tourist area as a commercial area mainly providing leisure shopping, dining and entertainment services. Due to its proximity to Dalian Laohutan Ocean Park and the leisure and travel experiences it offers, we believe Dalian Laohutan Fishermen's Wharf to be a good supplement to the theme park business at Dalian Laohutan Ocean Park. Consistent with our business model of integrating theme park operations with ancillary commercial property development, we have completed the acquisitions of the commercial properties of the Dalian Laohutan Fishermen's Wharf that have not been sold by Shibo Real Estate, which have a total GFA of 12,671 sq.m. The acquisitions were completed in January 2014. The existing tenants on these properties to be acquired by us mainly operate restaurants, clubs and a wedding photography business.

Qingdao Polar Ocean World

We opened Qingdao Polar Ocean World in 2006 in the Shilaoren national tourist resort area of Qingdao, an internationally known tourist destination in eastern China. Qingdao Polar Ocean World comprises a polar aquarium and a Happy Theater. Its polar bear "Guang Guang" has been the tourism mascot for Qingdao since 2006.

It has an indoor marine animal performance theater with a 3,600-person seating capacity. It also features an undersea tunnel six meters wide to give our visitors a special experience of the undersea world. In addition, it has display areas for beluga whales, sea lions and seals where our visitors may interact with these animals. Several television series and films have been produced utilizing the theme park's facilities and the park has become a popular choice with producers of marine-themed TV programs and films, which helps promote the popularity of the theme park among both the local population and visitors to Qingdao.

Our ancillary commercial properties adjacent to Qingdao Polar Ocean World are in the form of a tourism complex offering high-end dining and lodging as well as a variety of bay-themed leisure experiences. We have sold a portion of the properties and hold the remaining portion for leasing to tenants engaged in various businesses including fast food chains, other restaurants and business hotels. As of December 31, 2013, the total GFA of our investment properties in Qingdao was 16,735 sq.m. See "– Operation of Ancillary Commercial Properties."

Chengdu Polar Ocean World

We opened Chengdu Polar Ocean World in 2010 in Chengdu, the capital city of the populous Sichuan province and a popular tourist destination in western China. As our first marine theme park in western China, this large-scale park was an important step in establishing our national footprint.

Given the geographical location and climate and other conditions, we combined multiple aquariums and animal exhibition halls in an open park, which occupies an area of approximately 70,000 sq.m. Apart from exhibition halls for polar bears, walruses, sea lions, penguins and sharks and a dolphin and whale performance center, the park also has a man-made wave-making pool, a seal bay and several experiential offerings popular among children. To further enrich our offerings, we added a new 4D cinema in 2013, which offers our visitors an opportunity to appreciate the landscape of the polar world and the importance of protecting the polar environment.

Our ancillary commercial properties adjacent to Chengdu Polar Ocean World comprise a commercial street, a hotel and office complex and clubhouses for corporate use. We have completed the construction of the commercial street and clubhouses. We have sold a portion of the commercial street and leased the remaining portion to tenants engaged in a variety of businesses. We have sold a portion of the clubhouses and plan to sell the remaining portion. The hotel and office complex is currently under development. As of December 31, 2013, the total GFA of our investment properties in Chengdu was 20,545 sq.m. and the total GFA of our properties held for sale in Chengdu was 23,542 sq.m. The hotel and office complex under development is expected to have a total GFA of 46,126 sq.m. See "– Operation of Ancillary Commercial Properties."

Tianjin Polar Ocean World

Tianjin Polar Ocean World was opened in the coastal city of Tianjin in 2010 as part of our continuing expansion of theme park operations in northern China, in particular the strategic market surrounding Beijing, China's capital and Tianjin, one of the four municipalities in China under direct administration of the central government. The theme park is an approximately 49,000 sq.m., whale-shaped complex. The park's highlights include a "Waterless Ocean" exhibiting the wonders of the deep sea, an interactive science-themed experiential center for children, a "Mermaid Show" performed by our divers, a guided diving experience and an underwater show of beluga whales. The park has successfully bred five polar bears that attracted wide industry attention in China and internationally.

The ancillary commercial properties adjacent to the Tianjin Polar Ocean World comprise commercial streets, a portion of which is completed with the remaining portion to be developed, and serviced apartments, a portion of which is currently under development with the remaining portion to be developed. As of December 31, 2013, the completed commercial streets in Tianjin had a GFA of 24,959 sq.m. held for investment and a GFA of 19,332 sq.m. held for sale. The serviced apartments currently under development in Tianjin are expected to have a total GFA of 59,006 sq.m. In addition, a commercial street together with serviced apartments having a total planned GFA of 120,749 sq.m. are expected to be developed by us in Tianjin starting from 2015. See "– Operation of Ancillary Commercial Properties."

Yantai Whale Shark Aquarium

We opened Yantai Whale Shark Aquarium in 2011 as a unique offering in the theme park market in China focusing on whale sharks, the largest fish in the world. The park is one of the few aquariums with whale sharks in the world. The Yantai Whale Shark Aquarium is a nautilus-shaped building, the central component of which is a large acrylic whale shark display tank holding 3,000 cubic meters of water that provides the visitors with an exhilarating up-close view of our whale sharks. Our visitors may also dive into the water tank under supervision for closer encounters with the whale sharks. In addition, it has on display more than ten other species of large-size sharks and is among the few aquariums in China with the most numerous and diversified species of sharks on display. Our 360-degree, high-tech spherical screen cinema located within the park is the first in China of its kind focusing on marine culture and offers our visitors an exciting opportunity to "explore the deep sea."

In addition, we have a Yantai Yudaishan Hot Spring Resort located in the vicinity of the Yantai Whale Shark Aquarium that offers Japanese style super sento, hot stone bath and guest rooms to our visitors to enhance their leisure experience and provide hotel service.

Yantai Fishermen's Wharf is a commercial street we developed adjacent to the Yantai Whale Shark Aquarium. We have sold a portion of the property and hold the remaining portion for leasing to tenants engaged in various businesses such as restaurants and fitness services. As of December 31, 2013, the total GFA of our investment properties in Yantai was 10,649 sq.m. See "– Operation of Ancillary Commercial Properties."

Wuhan Polar Ocean World

Wuhan Polar Ocean World was opened in the hub city of Wuhan in central China in 2011 as our most recent effort to extend our national presence. The theme park is a beluga-shaped complex occupying more than 60,000 sq.m of land.The park combines a series of indoor and outdoor exhibition halls. In particular, its 270-degree undersea tunnel, the penguin exhibition hall and the exhibition hall with our human-reared polar bear twins are the most popular among our visitors. The park was designated in 2013 as the research center of Chinese Academy of Sciences (中國科學院) for black finless porpoises – one of the most treasured animals on the list of category one wildlives designated by the PRC government for preservation.

The ancillary commercial property adjacent to Wuhan Polar Ocean World comprise commercial streets, a portion of which has been completed with the remaining portion to be developed, and serviced apartments, which are to be developed. We plan to hold a majority of the completed commercial street for leasing to tenants engaged in the restaurant and other businesses. As of December 31, 2013, of the completed commercial street, the total GFA of our investment properties was 40,762 sq.m. and the total GFA of our properties held for sale was 5,167 sq.m. In addition, a commercial street (with a total planned GFA of 97,384 sq.m.) and serviced apartments (with a total planned GFA of 153,158 sq.m.) are expected to be developed in Wuhan starting from 2014. See "– Operation of Ancillary Commercial Properties."

NON-MARINE THEME PARKS

Dalian Discoveryland

In order to capitalize on the increasing tourist traffic in Dalian, Dalian Discoveryland, an adventure-themed amusement park, opened in 2006 as one of the largest amusement parks in northeastern China. The park, with its 37 large-scale discovery-themed amusement facilities, occupies approximately 470,000 sq.m. of the Dalian Jinshitan National Tourist Resort Area, a 5A-rated tourist destination.

The theme park comprises seven areas including the "Discovery Plaza," "Knight Castle," "Magical Forest," "Metal Factory," "Mysterious Desert," "Frenzied Town" and "American Streets." Our visitors can enjoy foreign culture and landscapes as they walk from medieval European castles to 19th century American streets, North African deserts and South American tropical forests. The theme park offers a variety of entertainment experiences including adventure rides, interactive games and memorable shows, such as a 57-meter high space shuttle, a kilometer-long boating canal, a variety of exciting parades and a 3,000 sq.m. water-borne theater. A western-style wedding hall is located within the park, hosting special events such as wedding ceremonies, banquets and press conferences. In addition, the park hosts seasonal events such as the "Comics and Animation Carnival" and "Cooler Birthday Parties," "Water Splashing Parade" and "Nightly Light and Shadow Parade" in the summer and "Happy Halloween" in the fall. Continuous investments have been made to upgrade the park to enhance its appeal and increase attendance, the latest addition being to construct a 4D "*Ice Age*" cinema that opened in 2012. Dalian Discoveryland is generally open from March to November each year.

As a complementary offering to the theme park, a resort hotel was opened in 2008 adjacent to the theme park. The resort hotel has 171 guest rooms and provides themed restaurants, a "Beer Garden" and a number of conference rooms for business meetings of different sizes. Having a resort hotel near to the theme park not only helps lengthen the stays of our park visitors and increase their in-park consumption, but also attracts hotel guests who may become interested in visiting the theme park.

Chongqing Caribbean Water Park

Chongqing Caribbean Water Park was opened in 2009 as an important addition to the Nanshan tourism area of Chongqing, a strategically located hub city in western China with a population of approximately 30 million people.

The water park occupies approximately 65,000 sq.m. of land and was designed by internationally renowned designers who had participated in the design of Disneyland. The park features a vast collection of both large-scale water-borne facilities for adventure seekers and family-oriented water-borne entertainment programs. Its Caribbean-themed facilities supported by high-tech equipment include a water slide of 135 meters, a wave pool capable of creating eight different types of artificial waves and a cinema featuring a curtain formed by water. The park also organizes Mayan-style folklore performances on its plaza and rock music band performances on its water-borne stage in the evening. Given its diverse collection of water-borne amusement facilities, the park co-hosted with Chongqing TV Station, a popular water-borne competition program in 2013 that once achieved top audience ratings among the programs broadcast at the same time on China's provincial satellite TV channels.

The ancillary commercial properties adjacent to the Chongqing Caribbean Water Park consist of two commercial streets. Chonqqing Haichang Caribbean has completed the construction of one and plans to develop the other. Chonqqing Haichang Caribbean plans to sell a portion of the completed commercial street while holding the remaining portion for leasing. As of December 31, 2013, the total GFA of the investment properties in Chongqing was 24,437 sq.m. and the total GFA of the properties held for sale was 21,754 sq.m. The commercial street to be developed by Chongqing Haichang Caribbean is expected to have a total planned GFA of 54,095 sq.m. and its construction is expected to start in 2015. See "– Operation of Ancillary Commercial Properties."

Pursuant to two equity transfer agreements we entered into in September 2013, we agreed to acquire 100% equity interests in Dalian Haichang Discoveryland for a total consideration of approximately RMB416,621,420.83, and 100% equity interests in Chongqing Haichang Caribbean for a total consideration of RMB10,210,831.35, both subject to the price adjustment mechanism stated therein. 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 the Group. See "History, Reorganization and Corporate Structure – Phase 5 of the Reorganization" and "History, Reorganization and Corporate Structure – Pre-IPO Investments."

THEME PARKS TO BE DEVELOPED

The two projects described in this section are still to be developed by us. The development of these two projects is subject to various risks and may not be completed as expected, or at all. See "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" for the associated risks.

Sanya Haitang Bay Dream World

Overview

Sanya Haitang Bay Dream World is planned to be an international tourist destination situated on the "national seashore" of the Sanya Haitang Bay that occupies land of approximately 980,000 sq.m. The tourism-related part of the project is expected to occupy approximately 650,000 sq.m. with the rest allocated to the ancillary commercial properties. The project is planned to capitalize on the strategic positioning of Hainan Island by the PRC government as an international tourist destination and the new development initiatives formulated for Sanya Haitang Bay to be developed into a "national travel resort areas." Focusing on the theme of "One Thousand and One Nights" and marine fantasy and adventure, the project is currently planned to feature 14 themed zones such as Dolphin Bay, Marine Circus, Waterfall Town and Wildland Camp. Such versatile themed offerings will be able to give visitors an array of different theme park experience, embodying the spirit of adventure and exploration, leisure entertainment and one-stop travel experience. We plan to build five functional areas aiming to bring realistic marine experiences, nightly carnivals and fantastic adventures to the visitors including: "Children's Dreamland," "Adventure Land," "Discovery Cove," "Haitang Feast" and "Arab Wonders." The project is expected to provide all-weather entertainment programs to its visitors and be positioned as a world-class, large-scale integrated project that blends theme park attractions, leisure, dining, shopping, culture and entertainment.

Status of Development

We entered into a cooperation agreement regarding Sanya Haitang Bay Dream World with the local government authority of Sanya Haitang Bay in October 2012. Pursuant to the cooperation agreement, the local government authority will liaise with other relevant government authorities in helping us set up the relevant project companies, obtain the land use rights or enter into land lease contracts for the project land and ensure that the supporting infrastructure will be in place when the land is delivered to us. Under the cooperation agreement, we may also obtain certain financial support in the form of government grants to defray part of our land acquisition costs. Under the cooperation agreement, the land use rights will be granted by the relevant government authorities via public listing-for-sale procedure. We also set out certain commitments and milestones in the cooperation agreement as to the total investment and construction schedule for the project's development.

According to the cooperation agreement, we expect to obtain two parcels of land with a site area of approximately 980,000 sq.m. We have also engaged international design firms and completed detailed conceptual planning and a product positioning strategy for the project. Due to delays in completing the procedures of changing the planned usage of and requisitioning the relevant project land, the local government authority has not held the relevant procedures for the disposition of the project land in accordance with the schedule set out in the cooperation agreement. We have been in discussions with the local government authority with regards to such delay. In respect of the project land for the tourism-related part of the 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. In respect of the project land for the ancillary commercial properties, we expect the local government authority to announce the land tender, auction or listing-for-sale procedures for a small portion of the relevant project land in early 2014 and for other portions in phases in 2014. If we can obtain the land use rights for the ancillary commercial properties as currently expected, we also expect to start the construction of the ancillary commercial properties in 2014.

Under the Theme Park Opinions, a Theme Park Under 2013 Opinions is defined as a park area with the following features: (i) constructed for the purpose of profit-making and with a certain scale of land area and investment; (ii) managed in an enclosed manner; (iii) having one or more specific cultural and tourist themes; (iv) providing visitors with paid leisure experience, cultural entertainment products or services.

Our Sanya project is planned to be a project that is operated in an open manner rather than an enclosed park with one specific theme, given that the project will be an open, public leisure entertainment park area in the Haitang Bay area without surrounding walls or ticketed entrances where visitors will be free to enter into and exit from without the need to purchase or present tickets for admission and which will be planned to feature 14 different themed zones. Given the scale of the project and the area of the park, the open manner operation model will give our visitors the flexibility to choose to buy tickets for particular themed zones and/or entertainment activities that they are most interested in without being subject to the restrictions of traditional theme parks operated in an enclosed manner, such as the requirement for purchasing an admission ticket before entering into the park area. According to the studies by international design firms engaged by us, our communications with the local government authority as well as our experience in developing our existing theme parks and other considerations, we expect such open manner operation and multi-purpose themed-zone park will potentially be able to attract a higher number of visitors of different ages and background to visit the park area of our Sanya project and the nearby ancillary commercial properties.

Based on our interviews with the relevant local government authorities in Sanya and the advice of our PRC legal advisor, our Sanya project should not be deemed as a Theme Park Under 2013 Opinions as it is not a project with enclosed management. See “Regulatory Overview – Regulations – Project Approval Regime” for details on the definition and classification of Theme Park Under 2013 Opinions under the relevant PRC regulations. In addition, we do not plan to build the Sanya project around a particular cultural or tourist theme and instead there will be multiple components on the site of the project as disclosed above which arguably make the project more akin to a multi-purpose complex than a traditional theme park operated in an enclosed manner. Notwithstanding the project’s classification under the Theme Park Opinions, we believe the project will be a themed entertainment park area and viewed as such by the public as it embodies all the essential features of a theme park, including various marine-related themed zones, with respect to which we can leverage our expertise in developing marine and other theme parks.

Should our Sanya project be deemed by the local government authority as a theme park in the future, our Sanya project will fall within the category of “large theme parks” under the Theme Park Opinions given its planned size and projected investment amount, whose construction will be subject to the approval by NDRC. As NDRC has not issued detailed rules on how “large theme parks” would be approved, our PRC legal advisor cannot opine on the criteria under which our Sanya project would be approved should it be deemed as a “large theme park.” See “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” for details on the regulatory uncertainties.

Shanghai Haichang Polar Ocean World

Overview

Shanghai Haichang Polar Ocean World is expected to be developed into our flagship marine theme park along the east side of Dishui Lake, Lingang New City of Shanghai and to occupy land of approximately 500,000 sq.m. We expect the park to occupy approximately 320,000 sq.m. and the ancillary commercial properties to take up the rest. We plan to develop this flagship project into a world-class marine theme park with interesting exhibitions, strong science-themed interaction between the exhibits and the audience, entertaining interactive activities and exciting performances. The marine theme park will showcase marine animals from the north and south poles, marine fish and marine wildlife together with large-scale amusement equipment, special effects films, animal performances and water-borne parades.

Status of Development

In early 2013, we entered into an investment agreement with Shanghai Harbor City Development (Group) Co., Ltd. (上海港城開發(集團)有限公司) ("**Harbor City**"), a Shanghai government-owned enterprise responsible for primary land development. Under the investment agreement, Harbor City is committed to assisting us in completing the project establishment approval and obtaining the relevant land use rights and ensure relevant infrastructure and transportation arrangements will be in place in accordance with the development schedule. However, we are required to obtain the land use rights through the relevant land disposition proceedings organized in accordance with local laws and regulations. Under the investment agreement, we have also set out certain commitments and milestones as to the total investment and construction schedule for the planned project.

According to the investment agreement, we expect to acquire two parcels of land with a site area of approximately 500,000 sq.m. We have engaged international design firms and completed a detailed product positioning strategy and commenced the conceptual planning. The relevant local government authorities have not completed the procedures required for the disposition of the project land for us to obtain the project land in accordance with the schedule originally anticipated under the investment agreement. We have been consulting with the relevant local government authorities and Harbor City with a view to resolving the delay and understand that the relevant land tender, auction or listing-for-sale procedures are expected to be carried out in 2014 in phases, with the procedures for the land to be used for the park portion expected to be announced in early 2014. If we can obtain the relevant land use rights in such procedures, the construction of the project is expected to commence in 2014. We also acquired a project company from Haichang Group Co to be responsible for the development and operations for the Shanghai project in January 2014.

As of the Latest Practicable Date, the relevant local government authorities have not issued any planning document in respect of the Dishui Lake area in which our Shanghai project will be located. The park-portion of our Shanghai project is projected to occupy a piece of land of approximately 320,000 sq.m. If our Shanghai project is deemed by the local government authority as a theme park after the relevant planning document is issued, our Shanghai project will fall within the category of "small to medium theme parks" under the Theme Park Opinions given its planned size and projected investment amount, whose construction will be subject to the approval by the Shanghai branch of NDRC, which shall file the approval with NDRC. As NDRC and Shanghai local government authorities have not released the detailed rules on how theme park projects would be approved, our PRC legal advisor cannot opine on the criteria under which our Shanghai project will be approved. However, based on the current PRC rules and regulations and advice of our PRC legal advisor, we are not aware of any substantial legal hurdle to the project approval for our Shanghai project. See "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" for details on the regulatory uncertainties.

OUR ANIMALS

Overview of Our Animal Collection

We are a leader in China in terms of our comprehensive capability in marine and polar animal husbandry, welfare and veterinary care. Our mission is to inspire our visitors to care for and protect marine and polar animals through educational and up-close experiences. 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. Our marine and polar animal collection included more than 170 penguins of six species, more than 90 seals of four species, more than 120 sea lions of four species, more than

60 dolphins of three species, more than 30 beluga whales, eight false killer whales, 21 walruses and 13 polar bears. Our marine theme parks currently hold approximately 100,000 cubic meters of water in aggregate, making us the largest among China's marine theme park operators in terms of water volume according to the CNAW article. In addition, according to the CNAW article, we have the largest water tank among marine theme park operators in China, holding 7,000 cubic meters of water.

Procurement of Animals

Our animal collection has been established and enlarged mainly through the following means: purchase from foreign animal suppliers, purchase or lease from domestic animal suppliers, additions through animal rescue efforts and our own breeding efforts. All these activities have been conducted by us in compliance with the applicable laws and regulations, including pursuant to applicable licenses and permits from the relevant PRC government authorities. We are also subject to inspections from the government authorities in our daily care of our animal collection in respect of various aspects of our operations such as whether the number, quarantine positions and actual places of our animals comply with the relevant licenses and permits.

In particular, purchases from foreign animal suppliers and our own breeding efforts contribute to a majority of our current animal collection. In purchasing animals from foreign animal suppliers, we need to obtain documents including import approvals, quarantine licenses, tax exemption certificates and customs clearance forms from the various government authorities involved in the administration and regulation of the animal importation. See "– Breeding" on our own breeding efforts.

Husbandry, Care and Research

We have set up a comprehensive system and work procedure for the husbandry of our animals. We establish individual profiles for our animals and analyze their data periodically to reveal trends and potential problems.

In establishing the system and work procedure for the husbandry and care of our animals, we have incorporated useful and appropriate elements from international and domestic aquarium administration standards (including those promulgated by organizations such as IMATA, IAAAM, ABMA and WAZA), and international quality assurance certification systems, such as standards, rules and procedures in respect of animal import and transportation, living environment monitoring, inspection and processing of feeds, disinfection and quarantine, medical care and training, animal file recordation and environment enrichment. For example, when we set up our standards and procedures relating to rearing environment and water disinfection in animal care, we considered international standards and regulations adopted by the United States Department of Agriculture (USDA) concerning requirements in the management of marine mammals, such as space, water quality, sterilization of marine mammal pool waters, as well as international practice described in the CRC handbook of Marine Mammal Medicine, an international publication devoted to marine mammal medicine and health. We also considered international standards adopted by USDA and described in the above handbook with respect to feed processing, nutrition and sterilization of animal feed. In addition, we have adopted domestic regulations and standards issued by the Ministry of Agriculture and other PRC government authorities relating to, for instance, aquatic mammals breeding facility, aquarium aquatic mammals domesticated technical classification, aquarium aquatic mammals feeding water, and aquatic mammals pedigree record specifications. We monitor the entire process of feeding from food acquisition, inspection, storage to processing and feeding. We have also established internal animal husbandry centers, formulated detailed disease prevention procedures for our animals and made constant investments to improve our veterinary capability including both the medical skills of our staff and the medical equipment we utilize. We successfully conducted a series of operations on our animals such as tooth extractions for Californian sea lions and walruses and midwifery for Stellar sea lions, which, according to the CNAW article, were internationally cutting edge and unprecedented in China. We were a pioneer in using traditional Chinese medicine to treat diseases of marine animals and have accumulated rich experience in this regard, with relevant research results published in academic conferences such as the Japanese Aquatic Wildlife Association and the Seventh World Aquarium Congress. Despite the technical difficulties in transporting marine animals, we have successfully completed the transportation of more than 100 marine animals of more than ten species.

The well-being of the animals in our care is our top priority. As of December 31, 2013, our zoological staff totaled more than 600, a majority of whom have more than five years experience in caring for animals. See "– Employees – Zoological Staff" for details on our zoological staff. Each of our theme parks has established an internal animal research center, equipped with a variety of research equipment and specialized research staff to focus on research in marine wildlife. We are supported by international veterinary advisors and partners (including internationally and domestically leading aquariums, theme parks and scientific research institutions) in terms of expert support, guidance and training. Our large-scale marine and polar animal husbandry and reproduction efforts have provided rich data for conducting scientific research on relevant animals. As of December 31, 2013, we had more than 50 publications in major domestic and international scientific journals and academic conferences, including "Pulse Decomposition and Feature Analysis of the Sonar Signals of Dolphins" in cooperation with the Acoustics Research Institute of the Chinese Academy of Sciences (中國科學院聲學所), "Research on the Release and Migration Route in Bohai Bay of Spotted Seals" in cooperation with the Korean Cetacean Conservation Research Institute and Liaoning Marine and Aquatic Life Research Institute (遼寧海洋水產研究院), "Application of Yunnan Bai Medicine on Marine Mammals" published in the Seventh World Aquarium Congress, "Application of Traditional Chinese Medicine and Herbal Medicine in Treating Diseases of Marine Mammals" published in the annual proceedings of the Japanese Aquatic Wildlife Association and a series of lectures published in the 40th Annual Meeting of the International Marine Animal Trainer's Association such as "Conducting Rearing Activities of Polar Bears under Human Feeding Conditions," "Consolidation of the Feeding and Training of Bottle-nosed Dolphins and Sickle Fin Dolphins" and "From Ugly Duckling to White Swan: the Story of the Emperor Penguin Penna."

In addition, as a result of our industry leading position, since 2005, we have been invited to participate in the drafting of more than ten industry standards for the husbandry of aquatic animals including "National Professional Standards for Aquatic Mammal Trainers," "Guidelines for Aquatic Mammal Trainers," "Standards for Medical Record Keeping for Aquatic Mammals of Aquariums," "Requirements on Feeding Facilities for Aquatic Mammals," "Water Quality for Feeding Aquatic Mammals of Aquariums," "Standards for Pedigree Record-keeping of Aquatic Mammals" and "Operational Standards for Transportation of Cetaceans." See also "– Awards and Memberships – Memberships" for details on our participation in national and international industry organizations.

Our research results and publications have resulted in us being recognized as a very influential enterprise in the marine theme park industry both domestically and internationally. We believe our innovative efforts in specialized areas such as marine animal husbandry, medical care and transportation also contributed to the development and improvement of the industry.

We also deploy quality life support systems at our theme parks to emulate the living conditions of the natural world for our animals, which is a key component of our animal care and reproduction efforts. We purchase such systems based on the principle of suitability and usually organize tenders for key equipment. We evaluate the bids from suppliers in terms of both technical specifications and commercial terms and make our decision by giving more weight to the technical specifications and the level of quality assurance of the equipment and its supplier.

Apart from caring for animals in our theme parks, we also actively participate in the conservation and rescue efforts across China. See "– Philanthropy and Community Engagement."

We have been actively assessing the opportunities of joining the membership of international industry organizations to improve our animal husbandry efforts in accordance with international standards. The decision to participate in a particular organization is usually made after we are fully informed of the practical benefits that can be derived from our membership in such organization and our own needs in a particular aspect of our husbandry efforts.

For example, as disclosed in "– Awards and Memberships – Memberships," we are a member of several international marine and aquatic animal organizations such as IMATA, IAAAM, ABMA and E.A.A.M.. Among them, IMATA, IAAAM and ABMA are internationally recognized organizations for marine animal training, medical care and behavior administration as well as environment enrichment and provide their members with the latest updates in advanced techniques and experience and regular publications sharing members' expertise. We intend to, and are currently also assessing the possibility to, join other international organizations such as WAZA. Going forward, we undertake to disclose our compliance with the relevant standards of the PRC or international animal organizations that are applicable to our acquisition and husbandry of animals in our annual reports after the Listing.

In addition to participation in international organizations, we have adopted international best practice in animal husbandry in a practical manner. For example, we have invited senior and experienced industry representatives from international organizations to our theme parks to share their experience from time to time. We have also organized training sessions, technical seminars and workshops whereby international marine animal experts are invited to our theme parks to provide training in respect of marine animal husbandry and medical care to our employees. We also send our employees to attend domestic and international industry meetings and seminars to keep abreast of the latest developments in the industry and provide short-term intensive training opportunities to our employees for them to visit and learn from reputational international aquariums.

Breeding

We have established reproduction centers for cetaceans (such as whales and dolphins), pinnipeds (such as sea lions and walruses) and penguins as well as human-controlled rearing centers for polar bears. We cooperated with leading scientific research institutions on specialized topics in animal reproduction, such as "A Survey of the Historical and Current Status of the Husbandry and Breeding of Cetaceans at China's Aquariums" conducted in cooperation with Aquatic Wildlife Research Institute of the Chinese Academy of Sciences (中國科學院水生動物研究所) and "Research on the Pedigree of Penguins" in cooperation with the Northeastern Forestry University of China (東北林業大學).

Our successful and innovative breeding programs have produced, in less than a decade, more than 150 marine animals (including the emperor penguin, the king penguin, the Gentoo penguin, the rock hopper penguin, the polar bear, the South American sea lion, the Californian sea lion, the South African/Australian fur seal lion, the spotted seal, the false killer whale and the bottle-nosed dolphin) and large-size sharks including black-tip sharks and white-tip sharks. We have the world's largest number of human-bred emperor penguins and polar bears, being 16 and seven, respectively. We are also recognized as one of the world's leading organizations in breeding the South American sea lions due to our collection of 75 South American sea lions, according to the CNAW article. We have also successfully bred the first rock-hopper penguin in China and the first false killer whale in the world according to the CNAW article.

With our vast collection of marine and polar animals and successful breeding programs, we have gradually reduced not only the risk of disruption to our business due to the loss of any single featured animal in our theme park, but also our need to source animals from external suppliers and the substantial costs incurred in connection with new purchases (notwithstanding our good relationships with such suppliers). The successful reproduction of these animals not only attests to our technical strength in marine animal reproduction, but also provides strong support to our theme parks' sustainable development in terms of animal supply.

Animal Welfare and Cooperation in Husbandry

Throughout our history we have been focused on research in improving animal welfare. To meet the physiological needs of our animals, we provide them with a suitable living environment, appropriate size and gender composition of animal pools and reasonable nutrition. We have created teams that work to enrich animal environments and focus on research in adjusting and managing animal emotions.

In the meantime, in order to benefit from the latest developments in animal husbandry and promote our branding, we have established animal husbandry partnerships with a number of renowned research institutions and industry peers. These include our strategic cooperation agreements with renowned international theme park, zoo and aquarium operators such as the Parques Reunidos (西班牙團圓娛樂公園集團), Berlin Zoological Garden (德國柏林動物園), Hong Kong Ocean Park (香港海洋公園) and Hualien Farglory Ocean Park of Taiwan (台灣花蓮遠雄海洋公園), as well as our continually expanding relationship of mutual assistance and support with Chinese Academy of Sciences (中國科學院) and other scientific research institutions. We also maintain close communications with foreign aquariums and marine theme parks including Seaworld of San Diego of the United States, Barcelona Aquarium of Spain, and Shirahama Adventure World of Japan. On October 28, 2011, we sent three human-bred spotted seals as gifts to Hong Kong Ocean Park on behalf of the Ministry of Agriculture. This was regarded as a milestone in aquatic wildlife conservation cooperation and exchange between the PRC and Hong Kong. It not only attests to our capability in marine animal breeding and transportation, but also actively promotes cooperation in marine animal husbandry work between the PRC and Hong Kong. We have also established animal exchange programs with a variety of domestic and international animal husbandry institutions to share our joint efforts in protecting gene diversity of marine animals and establishing a sound marine animal breeding system.

OPERATION OF THEME PARKS

We manage the operation of theme parks with the goal of providing high-quality services satisfactory to visitors.

Standardized Management System

To provide visitors with a satisfactory and consistent theme park experience, since 2011, we have been implementing a comprehensive set of approximately 300 standards to manage the various aspects of our theme park operations ranging from finance, human resources and marketing to safety and emergency response, equipment management and animal husbandry. The standards are the product of our participation in the tourism industry standardization pilot program organized by China's tourism administrator – CNTA in 2010, during which we leveraged our past experience in managing theme parks, further enhanced our operational system and designed more than 200 enterprise-level standards in addition to incorporating approximately 100 external standards. We passed the examination of CNTA and were named one of the first batch of tourism standardization model enterprises in China in 2011.

In addition to our involvement in the national-level standardization effort, we have participated in local standardization process by sharing our management experience, industry expertise and unique theme park offerings. For example, we drafted a technical standard on the performance of marine animals in 2012 which became the local standard in Dalian for the industry.

On-site Management and Staff Training

We implement our standardized management system through rigorous on-site management and regular staff training. The on-site management in our theme parks is based on detailed rules specifying the responsibilities of our staff at various levels coupled with proper authorization, effective supervision and appropriate incentives. Our management staff pay regular visits to the theme park facilities and make frequent examinations of the services. We have also established a performance assessment program pursuant to which we regularly assess the performance of our on-site staff. We also have dedicated staff to supervise outsourced work performed in our theme parks to make sure that such work complies with our quality standards.

We also require our staff to participate in both regular and special training sessions covering topics such as occupational safety, service skills and business management so that our staff has the necessary skill set to deliver the high-quality services to our visitors we expect.

Services

We set a capital investment budget annually for appropriate upgrading of our offerings and services as well as addition of new attractions. In addition, we seek to innovate new products and services and develop proprietary themed merchandise to promote in-park spending. We have also adopted flexible annual pass programs and marketing strategies customized for individual parks to increase revenue during the off season. We have been making continuous improvements to our theme park services based upon our surveys of the visitors, which collect information about their visiting experience and suggestions and comments on our services.

In addition, we have introduced, and will continue to evaluate, opportunities to introduce new interactive experiences to drive further in-park spending by our visitors, such as our recent introduction of stuffed toys that are handmade on site by our staff. We also have been considering the development of smart phone applications incorporating real-time suggestions for nearby restaurants and retail shops.

Sales

In order to drive attendance and the likelihood of revisits and reach potential visitors with varying levels of recognition of our brands, we have built a diversified portfolio of sales channels for our theme parks comprising:

- *Direct sales*: We target individual visitors at theme park entrances, for whom we will continuously improve the quality of our products and services and enhance the appeal of our branding, which helps to enhance recognition of our brand. In addition, we organize themed events and marketing campaigns in our parks to increase their loyalty to our brand.

- *Group sales*: We establish long-term cooperation relationships with partnered national and local travel agencies and other travel intermediaries that bring our group visitors, which are expected to increase concurrently with the development of the local tourism market and heightened recognition of our branding. In addition, we have developed a variety of group sales channels based on the source of our group visitors, such as primary and secondary school students, parent-kid tourists, university students, enterprises and institutional clients as well as cross-industry partners. We conduct different types of marketing campaigns and promotion policies and establish different sales channels based on the categorization of different markets.

- *Online sales*: Given the significant increase in visitors making online purchases in recent years, each of our theme parks started using online marketing and e-commerce services provided by reputable internet ticketing agents in 2013. With our improved online advertising efforts, online ticket sales in 2013 increased significantly. In light of these developments, we are actively consolidating the individual online platforms used by our theme parks and plan to set up a unified third-party national online ticketing platform in 2014 to be operated by a properly licensed third-party operator, open our virtual flagship shops on third party national business-to-customer websites and establish sales agency relationships with online travel agency websites so as to accommodate the online shopping trends observed among Chinese tourists. During the Track Record Period, we have not established our own online ticketing website and cooperated with third party online ticketing websites in selling admission tickets through the online channel.

In addition, we develop high-value membership sale opportunities based on our loyal visitors. Our theme parks have developed a variety of annual pass options (in terms of category, combination of benefits and pricing) to different visitors with different consumption demands. We have recognized the popularity of our annual passes, the purchasers of which are usually our loyal customers. We have been regularly organizing membership events to keep them engaged and increase their membership benefits. We are also planning to rollout a nationwide Haichang China membership club in 2014 with more benefits incorporated.

We constantly evaluate the efficiency and effectiveness of both traditional and emerging sales channels so that we can take advantage of the most cost-effective ways of reaching our potential visitors.

Marketing

We have dedicated marketing departments at the Group and project company levels staffed with approximately 150 experienced marketing specialists, who are supervised effectively through our communication channels between the headquarters and the project companies and supported by the coordination between our project companies and continuous and specialized training programs.

Our marketing efforts are focused on generating profitable attendance, increasing in-park per capita spending and building the value of our brands. We manage our marketing activities at two levels: national brand building at the Group level and regional and local brand building at the theme park operating company level. Our Group level efforts include large-scale advertising campaigns carried by national media such as cooperation through entertainment, education and children's television programs promoting our brand and characters, coordinated themed special events across all of our theme parks and support and sponsorship of online and off-line activities organized by reputable internet websites of nationwide influence. We also partner with national leaders in industries such as aviation to explore and exploit cross-marketing and resource-sharing opportunities.

Our theme park project companies make use of both traditional and new media to design and place regional advertisements, organize marketing events in their respective regions, maintain public relations, formulate sales plans, increase the influence of our brand in their respective regions and develop annual, holiday-specific, seasonal and serial advertising campaigns. The focus of their work has been on increasing the regional public's recognition of and willingness to engage with our theme parks, thereby driving attendance and in-park spending. They also conduct market research and analysis of operational data to continuously evaluate our market penetration rate, opportunities to further broaden our marketing channels, the impact of our marketing campaigns and our profitability.

Admission Ticket Pricing

We determine the price of our admission tickets through a two-level pricing management system. The project pricing administration – comprising our marketing, finance and operations departments and the project company's management members – evaluates the relevant pricing information and submits a pricing proposal to the pricing administration committee of the Group company. The pricing administration committee comprises our marketing, finance, operations, planning and legal department as well as senior management and is responsible for approving and monitoring the implementation of any pricing proposal. Our pricing decisions for individual theme parks are based on our evaluation of a set of factors including local and national laws on pricing, the local economic development, the prices charged by our local competitors for similarly positioned theme parks, the spending power of our target customers, our estimates of the potential volume of visitors in the coming years and the required level of price for us to achieve a reasonably quick recovery of our initial capital investments. The ticket pricing for our Dalian Laohutan Ocean Park is subject to annual cooperation agreements negotiated with Hutan Park. See "– 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."

We usually conduct extensive market research before determining the ticket price for a theme park and any subsequent price adjustment, including consulting relevant government agencies, industry associations and consumer representatives. When evaluating the opportunity to make any price adjustment, we take into account both the market demand for our theme park and moves in pricing made by our competitors and we usually combine price increases with the introduction of significant new attractions we add to our theme parks. As required by the relevant PRC laws, we need to consult with and obtain approval from local pricing regulators in respect of our proposal to increase the ticket price in certain cities such as Dalian and we have been in compliance with the relevant laws and regulations.

Apart from our standard prices, we also offer discount tickets to travel agencies and third-party websites, depending on our assessment of factors such as the conditions of the local tourism market, profitability of the cooperation, the consumption ability and potential of visitors. We also offer annual passes for both single adults and children and families to attract and reward loyal customers and stabilize revenues during the non-peak season. When we operate some of the ancillary commercial properties adjacent to our theme parks, we may also offer an "all-in" package to attract more visitors, such as the Yantai Whale Sharks Aquarium's "Buy One, Get One Free" admission ticket benefit given to our hotel guests at Yantai Yudaishan Hot Spring Resort.

OPERATION OF ANCILLARY COMMERCIAL PROPERTIES

Overview

Our ancillary commercial properties have been typically developed as an integral part of our theme park project development process, with the same project company responsible for implementing an integrated project design covering the theme park and its ancillary commercial properties. Based on such design, the project company typically acquires the project land with the understanding that both the theme park and its ancillary commercial properties will be constructed in stages to eventually form an integrated theme park project providing visitors with a "one-stop shop" travel and leisure experience and contributing to the general prosperity of the nearby region. In line with our overall positioning of these theme park projects, the businesses operating on the ancillary commercial properties mainly comprise providers of travel and leisure products such as restaurants from fast-food chains to high-end dining places and entertainment venues that both supplement our theme park visitors' overall travel experience and serve the local residents in the nearby region. Moreover, the serviced apartments developed by us could offer an alternative option to theme park visitors by providing accommodation even during peak seasons when the hotels are fully booked. On the other hand, as a marketing tool for the promotion of serviced apartments, we plan to offer reduced admission price or other discounts to the serviced apartment owners. In addition to selling or leasing out our ancillary commercial properties to third parties, we are also considering the development of proprietary businesses operated on these properties, such as children-oriented play programs and other entertainment programs further extending the value chain of our key offerings within the theme parks.

As of December 31, 2013, we had completed ancillary commercial property projects or project phases located in six cities, namely Tianjin, Qingdao, Chengdu, Wuhan, Dalian and Yantai, with an aggregate GFA of approximately 174,362 sq.m. (including 2,299 sq.m. in Dalian that was acquired in January 2014). As of December 31, 2013, we had property projects or project phases under development located in two cities, namely Chengdu and Tianjin, with an aggregate planned GFA (including underground GFA) of approximately 105,132 sq.m. We also held an aggregate planned GFA (including underground GFA) of approximately 371,291 sq.m. for future development in Wuhan and Tianjin. In addition, as of December 31, 2013, Chongqing Caribbean Water Park, which is one of the Additional Theme Parks to be acquired by us, had completed ancillary commercial properties with an aggregate GFA of approximately 46,191 sq.m. and had commercial properties held for future development with an aggregate planned GFA (including underground GFA) of approximately 54,095 sq.m. As of December 31, 2013, the total development costs estimated to be incurred by us and the Additional Theme Parks for the projects under development and the projects for future development were approximately RMB202.8 million and RMB1,608.5 million, respectively. We expect to incur development costs in an amount of RMB565.4 million in 2014 for projects owned by us and the Additional Theme Parks.

For 2010, 2011, 2012 and the nine months ended September 30, 2013, the property sales derived from our property development and holding segment amounted to RMB397.8 million, RMB133.0 million, RMB230.3 million and RMB125.5 million, respectively, and the rental income derived from our ancillary commercial properties within the segment amounted to RMB15.2 million, RMB13.9 million, RMB19.8 million and RMB21.5 million, respectively, during the same periods.

The table below set forth selected operational and financial data of the ancillary commercial property projects developed or acquired by us and the Additional Theme Parks as of December 31, 2013.

			Development Costs (RMB million)			Property Sales							
City-Phase (Usage)	Status	Actual or Planned Construction Period	Incurred	Estimated to be incurred	Total Actual or Planned GFA (underground GFA, if applicable)[1] (sq.m.)	Total GFA Sold Cumulatively (sq.m.)	GFA Sold During Track Record Period (sq.m.)[5]	Revenue from Property Sales During Track Record Period (RMB million)	Total Actual or Planned GFA Held for Sale (sq.m.)	Total Actual or Planned GFA Held for Investment (sq.m.)	Market Value (RMB million)	Interest attributable to the Group	Reference to Property Valuation Report (Property No.)
Qingdao (Commercial Street)	Completed	01/2005 – 07/2006	113	Nil	37,623	20,888	10,823	110.3	Nil	16,735	216.0	100%	No. 3 of Appendix IVA
Chengdu – Phase 1 (Commercial Street) . . .	Completed	09/2007 – 07/2011	405.8	Nil	46,400	15,740	24,990	376.5	10,897	20,545	352.0	100%	No. 5 and No. 8 of Appendix IVA
Chengdu – Phase 2 (Clubhouse)	Completed	03/2010 – 09/2011	192.3	Nil	22,554	16,517			12,645	Nil	194.0	100%	No. 9 of Appendix IVA
Chengdu – Phase 2 (Hotel and Office Complex) . . .	Under development	04/2013 – 01/2015	60.1	110.6	46,126 (12,135)	N/A	N/A	N/A	33,991	Nil	163.0	100%	No. 13 of Appendix IVA
Yantai (Commercial Street) .	Completed	04/2008 – 06/2012	262.5	Nil	41,273	30,624	41,434	378.3	Nil	10,649	138.0	100%	No. 2 of Appendix IVA
Wuhan – Phase 1 (Commercial Street) . . .	Completed	08/2011 – 03/2013	170.2	Nil	45,929	Nil	Nil	Nil	5,167	40,762	378.0	100%	No. 4 and No. 10 of Appendix IVA
Wuhan – Phase 2 (Commercial Street) . . .	For future development	06/2014 – 03/2016	52.6	374.3	97,384 (22,300)	N/A	N/A	N/A	N/A	N/A	153.0	100%	No. 15 of Appendix IVA
Wuhan – Phase 3 (Serviced Apartments)	For future development	06/2014 – 03/2016	37.2	499.0	153,158 (35,890)	N/A	N/A	N/A	N/A	N/A	182.0	100%	No. 16 of Appendix IVA
Tianjin – Block B (Commercial Street) . . .	Completed	06/2010 – 11/2013	298.0	17.6	33,415 (12,533)	N/A	N/A	N/A	Nil	24,959[2]	394.0	100%	No. 6 of Appendix IVA
Tianjin – Block D (Commercial Street) . . .	Completed	08/2010 – 11/2013	265.2	13.3	36,392 (10,148)	6,913	N/A	N/A	19,332	Nil	398.0	100%	No. 12 of Appendix IVA
Tianjin – Block E (Serviced Apartments)	Under development	09/2010 – (03/2014 – 03/2015)[3]	242.4	92.2	59,006 (12,118)	N/A	N/A	N/A	46,888	Nil	336.0	100%	No. 14 of Appendix IVA
Tianjin – Block A (Serviced Apartments and Commercial Street)	For future development	10/2015 – 10/2017	74.3	515.1	120,749 (37,938)	N/A	N/A	N/A	N/A	N/A	275.0	100%	No. 17 of Appendix IVA
Chongqing – Phase 1 (Commercial Street) . . .	Completed	04/2008 – 12/2011	300.0	Nil	46,191	Nil	Nil	Nil	21,754	24,437	335.0	100%[4]	No. 1 and No. 2 of Appendix IVB
Chongqing – Phase 2 (Commercial Street) . . .	For future development	09/2015 – 09/2016	119.4	220.1	54,095 (9,758)	N/A	N/A	N/A	N/A	N/A	109.0	100%[5]	No. 3 of Appendix IVB
Dalian (Commercial Street)[6] . . .	Completed	–	–	–	12,671[6]	–	–	–	12,671[6]	–	279.0	100%	No. 7 and No. 18 of Appendix IVA

Notes:

1 Property ownership certificate for underground GFA is usually not available in accordance with the practice of PRC land administrative authorities.

2 This includes 4,077 sq.m. of underground GFA for which property ownership certificate will be available according to the relevant property survey conducted by the land administrative authorities.

3 The development of Block E is expected to be completed in two stages with different construction completion dates.

4 Assuming the acquisition of Chongqing Haichang Caribbean had been completed as of the date of the relevant property valuation report.

5 The GFA shown in this column may include underground GFA (which is not recorded on property ownership certificates) associated with the sold properties.

6 The ancillary commercial properties in Dalian, namely Dalian Fishermen's Wharf, were not developed by us and were acquired by us recently. As of December 31, 2013, the total GFA of the properties that had been acquired by us was 10,371 sq.m. The acquisition of the remaining GFA of 2,299 sq.m. was completed in January 2014. Therefore, the information about its development is not relevant.

Management of Ancillary Commercial Properties

Our commercial property operation department is responsible for the management, sale and leasing of our ancillary commercial properties. We target our sales efforts at investors interested in stable returns and mid-and high-end leisure-vacation residents.

Sale and Lease Strategy

In the project design stage, we usually decide the scale based and planned usage of the ancillary commercial properties adjacent to a theme park based on various factors such as our overall development strategy, the planned usage of the property in light of our overall positioning of the area, our projected cash flow requirements, local demand for different types of commercial properties and the anticipated revenue and profits from alternative uses of the property. In addition, we usually identify the potential merchants for our ancillary commercial properties before commencing the construction so as to help us determine the space planning. We may adjust our sale and leasing strategy in respect of a particular piece of the ancillary commercial properties in light of the subsequent developments during the project development process and after the completion of the project's construction.

Currently, our typical sale and leasing strategies for each of the main types of ancillary commercial property are as follows:

- Properties for leisure shopping and themed dining: For properties developed for retail and dining purposes, we may decide to sell or lease the property to business operators interested in investing in the theme park area. We may also operate businesses on some of these properties if we determine that a particular business fits within our overall development strategy, is suitable for the nearby area and we have sufficient resources to manage such businesses.

- Serviced apartments: We sell substantially all of the serviced apartments we develop.

- Themed experiential hotels: We also operate hotels as a complementary service to our theme park business given the vast demand for lodging created by theme park visitors, especially destination visitors, such as the Dalian Discoveryland Hotel located in the vicinity of Dalian Discoveryland, one of the Additional Theme Parks.

Property Sales

Our commercial property operation department is primarily responsible for formulating marketing and sales strategies and managing the overall sales process for our ancillary commercial properties. Each of our project companies with properties for sale also has its own dedicated division and staff responsible for implementing the strategies formulated by the Group.

The marketing and sales strategy varies from project to project and depends on a wide range of factors, including our positioning of the ancillary commercial properties in the context of the nearby theme park, the market conditions, our cash position, the size, the phase and location of the project, timing for sales, targeted customer group and latest changes in the regulatory environment for commercial property market. Our marketing strategy is implemented through various components of our commercial property operations, such as the product positioning, pricing, advertisement placement and utilization of sales channels.

We start our marketing for the property with an analysis of potential purchasers and their returns from leasing out the properties and then propose our sale price based on the projected rentals and projected margins for investment return for potential purchasers. Our marketing strategy focuses on providing potential purchasers with fact-based promotional materials and reasonable pricing for the properties.

We may also undertake various promotional initiatives after taking into account factors such as the marketing and pricing campaigns launched by our competitors and the changes in our transaction volumes and contracted average selling prices. Our typical promotional initiatives include (i) discount to customers making full payment and existing customers purchasing new properties from us or referring new customers to us, (ii) seasonal discounts provided during weekends, holidays and special events and (iii) special discounts for units in projects where a substantial portion has been sold.

Our sales channels for ancillary commercial properties also vary from project to project after taking into account various factors such as the demand of the project companies, the features of the projects, the size of the project, the forecast sales progress and the available sales channels. Our sales strategies include establishing our own sales team, establishing exclusive sales agency relationship with certain agents or combining our own sales team with external sales agents.

We aim to deliver properties to our customers within the time frame prescribed in the sale and purchase contracts, including the pre-sale contracts. We are required to obtain the applicable construction completion and acceptance forms before we are able to deliver the properties to our purchasers. To ensure the properties are delivered in satisfactory conditions, we conduct our own inspections of the properties and also arrange for the purchasers to inspect their purchased properties prior to the expected delivery date.

Our commercial property operation department is also responsible for our after-sales customer services which includes assisting our customers in obtaining the individual property title certificates for the individual units , liaising with real estate agencies in the vicinity of the property to provide services at discounts and collecting information on customer complaints and suggestions from our dedicated customer service staff.

Commercial Leasing

In conducting our leasing business, we seek to maintain long-term relationships with our tenants and to maintain a balanced tenant composition. Our commercial property operation department is responsible for formulating the strategies for our rental properties, such as conducting research to enhance the tenant profile and trade mix. In particular, we seek tenants who may help us promote the branding and popularity of our theme parks.

Currently, our tenants mainly comprise businesses focusing on providing leisure experiences, such as restaurants, hotels and photo studios. The terms of our leases typically range from five years to 15 years. We typically base our rents on factors such as the market demand and the GFA of the leased property. We may also agree to turnover-based rent with certain tenants, pursuant to which we receive rents from the tenant as a proportion of their turnover for the relevant lease period. For lease agreements with a term of more than one year, we also typically include a rent-escalation clause under which the rent may be increased by a pre-agreed percentage during the term of the lease. We usually require the rent to be paid in advance, i.e., before the corresponding period starts. Consistent with the market practice, we may also grant a rent-free period to certain tenants for their decoration and initial set-up of the operation, during which they are only responsible for the utility charges.

The rental income from our commercial leasing operations was RMB15.2 million, RMB13.9 million, RMB19.8 million and RMB21.5 million for 2010, 2011, 2012 and the nine months ended September 30, 2013, respectively, accounting for 1.9%, 2.0%, 2.2% and 2.8% of our total revenue during the same periods. Set forth below is certain operational information about our commercial leasing operations and the Additional Theme Parks for the periods and as of the dates indicated (for the purposes of the remainder of this section "– Management of Ancillary Commercial Properties – Commercial Leasing," reference to us or we includes the Enlarged Group assuming the completion of the Acquisitions).

	As of and for the year ended December 31,												As of and for the nine months ended September 30,			
	2010				2011				2012				2013			
City of the Ancillary Commercial Properties	Leasable GFA[1]	Occupancy rate[2]	ARR[3]	WARR[4]	Leasable GFA[1]	Occupancy rate[2]	ARR[3]	WARR[4]	Leasable GFA[1]	Occupancy rate[2]	ARR[3]	WARR[4]	Leasable GFA[1]	Occupancy rate[2]	ARR[3]	WARR[4]
	(sq.m.)	(%)	(RMB/sq.m./day)		(sq.m.)	(%)	(RMB/sq.m./day)		(sq.m.)	(%)	(RMB/sq.m./day)		(sq.m.)	(%)	(RMB/sq.m./day)	
Chengdu . . .	15,159	99.1	0.81	1.19	15,159	99.1	0.52	1.35	15,159	24.7	1.02	1.26	20,050	100.0	2.31[5]	1.17
Yantai	10,649	Nil	Nil	Nil	10,649	64.4	0.56	1.69	10,649	76.0	1.38	1.69	10,649	76.0	1.59	1.69
Wuhan	–	–	–	–	–	–	–	–	40,761	1.5	2.18	1.58	40,761	1.5	2.07	1.58
Qingdao . . .	16,735	70.9	2.34	1.67	16,735	70.9	1.64	1.67	16,735	70.9	1.67	1.67	16,735	70.9	1.72	1.70
Chongqing . .	24,437	18.7	0.40	0.84	24,437	31.0	0.40	0.67	24,437	18.7	0.40	0.70	24,437	18.7	0.67	0.90

Notes:

1. Leasable GFA means, in respect of the ancillary commercial properties in the relevant city and as of a particular date, the total GFA of the properties held for investment by us.

2. Occupancy rate means, in respect of the ancillary commercial properties in the relevant city and as of the last day of the relevant period, the percentage derived by dividing the GFA of the properties held for investment that have been leased out by the leasable GFA.

3. ARR means average rental rate, which is, in respect of the ancillary commercial properties in the relevant city, the rental rate calculated using the following formula:

$$\text{ARR} = \frac{\text{Rental revenue of the project for the relevant period}}{\text{Leasable GFA x Occupancy rate x 360 (or 270 for the nine months ended September 30, 2013)}}$$

4. WARR means weighted average rental rate, which is, in respect of the ancillary commercial properties in the relevant city and as of a particular date, the rental rate derived by dividing (a) the aggregate of the rental rate specified to be applicable in each lease multiplied by the leased GFA specified in that lease by (b) the aggregate of the leased GFA specified in each lease.

5. For purposes of calculating the ARR for Chengdu for the nine months ended September 30, 2013, the occupancy rate for the ancillary commercial properties in Chengdu as of September 30, 2013 does not take into account the GFA of the properties with respect to which leases were entered into in September 2013 (which amounts to 16,305 sq.m.) because the contribution of these properties to the rental revenue for Chengdu for the nine months ended September 30, 2013 is insignificant and inclusion of them in the calculation of the occupancy rate would have significantly skewed the ARR calculated for the period. The rental revenue of the Chengdu project for the nine months ended September 30, 2013 used in calculating the ARR does not exclude the revenue contributed by the properties with respect to which leases were entered into in September 2013 because such revenue does not significantly impact the result of the ARR calculations.

Set forth below is a breakdown of the leases held by us in terms of leased GFA by the expiry terms as of September 30, 2013.

Expiry Term	10 years or more	5 years or more but less than 10 years	Less than 5 years
Leased GFA (sq.m.)	35,885	2,558	15,604

Continued Control of Properties

We set up functional departments at both the Group level and the project companies, which are responsible for overall control of the property management of our ancillary commercial property projects. We usually put in place a comprehensive property management plan to maintain the quality of the overall positioning and image of the ancillary commercial property project, which sets out detailed requirements on the security, cleaning, customer service and equipment maintenance as well as other aspects of the property management service. We outsource routine property management services such as security, cleaning and customer service to third-party professional service providers, which are selected through tender procedures and supervised by our property management teams to provide high-quality services in conjunction with the services we provide in-house.

We aim to provide the highest quality services to the property owners such as providing guidance on decoration, business operation and maintenance of market discipline and providing assistance in ensuring that the relevant laws and regulations, including the requirements on obtaining particular approvals, are fully complied with by the relevant owners or tenants.

To maintain the commercial value of our ancillary commercial properties, even after the delivery of the properties to the purchasers, we still maintain the overall management of the ancillary commercial properties in conjunction with our operation of the adjacent theme parks, which allows us to dynamically adjust the combination of businesses operating on the ancillary commercial properties. We believe that our continued operational control of the properties helps the appreciation in property value and increases the likelihood of repurchases by existing customers as well as the likelihood of customer referrals. To ensure the compatibility of the businesses operated on our ancillary commercial properties with our overall positioning of the project, we review the profiles of prospective tenants for properties held by us. For properties already sold by us, we maintain continuous communication with the purchasers of the properties about their selection of tenants, including making recommendations about potential candidates so as to achieve the planned positioning for the relevant project.

CUSTOMERS

Our major customers are theme park visitors who contribute to our revenue through purchasing admission tickets and in-park consumption. We also derive revenues from purchasers of commercial properties sold by us and other customers such as patrons of businesses on the ancillary commercial properties managed by us and tenants leasing ancillary commercial properties held by us. For the years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, our top customer accounted for approximately 4.7%, 4.8%, 3.3% and 4.1% of our total revenue, respectively, and our top five customers accounted for approximately 18.7%, 14.4%, 12.4% and 17.9% of our total revenue. Our Directors confirm that, as of the Latest Practicable Date, all of our major customers were Independent Third Parties and none of our Directors or their associates or our existing Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our top five customers.

Theme Park Visitors

We classify our theme park visitors into two groups: destination tourists from outside the region in which our theme park operates and regional visitors who reside in the nearby cities in the region in which our theme park operates. The former group of visitors usually come to our theme parks as part of tour groups organized by travel agencies with which we have cooperation arrangements and spend relatively less in our parks. The latter group of customers usually comes to our parks directly and we believe they generally produce a higher per capita in-park spending and have a greater chance of revisiting our park.

In addition, we observe that the proportion of destination tourists who make visits to our theme parks without joining tour groups organized by travel agencies has been steadily increasing due to the gradual national recognition of our brands, better transportation infrastructure and the growing individuality of Chinese tourists. This growing group of visitors typically spends more and is expected to become an increasingly significant contributor to our revenue.

Ancillary Commercial Property Customers

We conduct extensive research on the customers purchasing our commercial properties by integrating both qualitative and quantitative analysis in light of our positioning of a particular project. We also assess the demand and purchasing power of our potential customers by taking into account various factors such as the location, demand drivers (for investment or for self-occupation), age, personal profile and economic position. While the purchasers of our commercial properties are diverse in terms of location and socio-economic background, our purchasers are mainly investors interested in investments in the range of RMB2 million to RMB5 million and who are urban residents with at least middle-class income. These purchasers may operate businesses on the purchased properties or hold them for investment purposes.

See "– Operation of Ancillary Commercial Properties – Management of Ancillary Commercial Properties – Commercial Leasing" for details on our tenant customers.

PROJECT DEVELOPMENT PROCESS

Each of our theme park projects (including both the theme parks and their ancillary commercial properties) is developed based on a procedure that has been constantly updated to reflect our latest experience in expanding our business across China. We develop our projects through implementing the integrated development approach under which the theme park and its ancillary commercial properties are designed from the beginning as two complementary components of the same project. On that basis, our project company typically acquires the project land for both the theme park and the ancillary commercial properties as an integral part of the entire project development process and develops the theme park and its ancillary commercial properties in stages pursuant to the integrated project design.

While the development cycle, which spans from acquiring the project land, obtaining the NDRC approval, commencing the construction work to completing the construction and opening the theme park and/or its ancillary commercial properties for business, varies from project to project, the period of time required from acquiring the project land to opening of the theme park for business usually takes approximately two to four years and the majority of the construction work is typically completed within approximately two years.

Project Planning

We review cities and sites in China to identify potential development opportunities. We also regularly receive invitations from local government authorities to discuss potential theme park business opportunities. We involve a number of internal departments and management committees as well as external advisors to evaluate potential development opportunities. Our current projects are chosen after a thorough screening process comprising extensive discussion with local government authorities, numerous site visits and thorough market research and analysis.

Since our development of the Dalian Laohutan Ocean Park in 2002, we have developed and largely followed a tested set of guidelines for our city and site selection, under which we consider factors including the potential customers for our projects (including both local residents and destination tourists) and their consumption ability, whether the proposed project fits into our overall branding and development strategy, competition and local government support.

After completing the necessary project feasibility studies and determining the outline of the proposed project's specifications, we usually enter into a framework agreement or memorandum of understanding with the relevant local government authority. Afterwards, we engage third-party agencies to conduct a detailed project feasibility study, finalize the project's positioning and complete the project's conceptual plan, which we then present to and reach agreement on with the relevant local government authority.

Land Acquisition

Once we decide to undertake the development of a project, we will set up a project company to acquire the relevant land use rights from the local government authority. We usually enter into an investment agreement with the local government authority before the local government authority formally launches the procedures for the disposition of the relevant land use rights. Subject to the definitive terms and conditions of the relevant land use right grant contracts we enter into, the investment agreement usually specifies the terms and conditions of our investment such as the site area and estimated price of the land, the schedule for land acquisition, the development schedule of the project and our investment commitment.

We will bid for the land use rights in land disposition proceedings organized by the local government authority with our comprehensive development plan tailored to the needs and city planning requirements of the local government authority in respect of the area and are usually able to obtain the land use rights for both the theme park and its adjacent commercial properties at competitive prices. While the Theme Park Opinions require the land parcels used for theme parks be supplied by the government authorities separately from those used for other purposes and prohibit land parcels granted for theme park development from being used for hotels or other non-park development projects, we believe our integrated model of developing theme parks and their ancillary commercial properties pursuant to comprehensive design plans is sustainable and will not be materially affected by the Theme Park Opinions because the Theme Park Opinions do not prohibit a comprehensive development design integrating theme parks and their ancillary commercial properties from being developed and we have been and expect to continue using land parcels granted for theme parks only for the development of theme parks and not for other purposes. In addition, we believe our integrated development approach will give us a competitive edge in the public tender, auction or listing-for-sale procedures for the land to be used for ancillary commercial properties even though we are required to bid for such land separately.

Project Design

Our project companies work closely with our internal planning and design department and our external designers and architects in master planning, architectural design, landscape design and interior design. In the project design phase, we decide the positioning of our theme parks and ancillary commercial properties and closely review and monitor the performance of our external designers and architects to ensure that the design of a particular project fits into our overall branding and development strategy and reflects our understanding of the target market. We have worked with renowned domestic and international designers and architects specializing in large-scale theme parks and aquariums such as Forrec Ltd., AECOM Technology Corporation, GGE, Callison and Romero VanRell Jeng & Associates.

Project Construction

Our engineering department at our headquarters is in charge of a project's overall construction. Our engineering department has developed strong engineering and management skills in respect of polar-and marine-related construction based on its experience of developing our six marine theme parks. With such experience, we have consolidated and improved the management process and technological skills unique to polar- and marine-related construction, which differs from generic construction.

Each project company is responsible for managing the daily operations of each project's development under the overall guidance and supervision of the engineering department. Our senior management monitors the construction milestones and approves and oversees the implementation of key construction technical plans. Our engineering department at our headquarters reviews the monthly and annual construction schedules submitted by the project company and supervises the milestones and key technical process through a variety of channels such as reviewing pictures and videos and making site visits.

We outsource our construction work to third-party construction contractors, which are selected through a tender process. The project companies monitor the entire construction process to ensure that the quality and progress of the construction complies with our project plan. We also engage third-party supervision companies to monitor the quality, progress and safety of the construction works through designated on-site staff. We also pay close attention to our construction costs through detailed cost estimates, appropriate scheduling of contracts, effective procurement procedures as well as close review of bill payments.

In order to ensure that the projects are constructed in accordance with our specifications, we have developed a set of standard contracts and terms for primary third-party general contractors constructing our large-scale projects and smaller sub-contractors. These contracts cover all aspects of our construction management such as technical specifications, construction schedule, pricing and quality control as well as anti-bribery matters.

OUR BRANDS AND INTELLECTUAL PROPERTY

Our Branding

By providing high quality offerings, each of our theme parks operates under its individual brand, each of which brand has been widely popular and achieved local and regional recognition in its respective regional market.

We have been evaluating the integration of our marine brands under a national brand *Haichang China* –– since late 2012 and have rolled out our new brand building campaign beginning in late 2013 to refresh, internationalize and promote our brand. The campaign will consolidate the local brands of our theme parks under a national brand, *Haichang China*, while retaining as sub-brands the individual brands that have proved popular in their local markets.

We aim to build our *Haichang China* brand into an internationally leading brand for leisure tourism providing our visitors with excellent experience through innovative leisure tourism products. We plan to implement our new branding scheme in three stages as follows:

- First stage: We have clearly defined and improved the new branding and design and started to implement our new visual identification system in 2013. The new branding will be rolled out in phases with the gradual adoption of the images of the new brand in each of our theme parks and the organization of press conferences concurrently with such adoption. In the meantime, we will utilize both traditional and new media channels to advertise our new brand, building up recognition among our key customers and suppliers.

- Second stage: We plan to intensively promote our new brand in 2014. We will unify our branding channels in terms of slogans, core values and physical presentation and launch a nationwide public relations campaign. In addition, we plan to place advertisements on a variety of media including industry-focused media and general public media in the relevant regional markets as well as broadcasting television commercials targeting potential visitors directly. We will also take advantage of new media such as websites, "We Media," social media and mini-films.

- Third stage: We plan to deepen the coverage of our branding campaign and expect to see the benefits of our new branding in 2015. We will maintain the continuous flow of advertisements and frequent press conferences in respect of new product launches. We will selectively establish more strategic cooperation relationships with internationally renowned industry peers and seek corporate sponsorships to strengthen our branding and expand our proprietary product chain such as developing proprietary merchandise and producing polar animal cartoons and proprietary branded films.

Going forward, we plan to have each of our theme parks hold annual marketing campaigns that consolidate *Haichang China* and the relevant local brands to raise brand recognition and brand affiliation among our existing and potential visitors as well as the local government authority, thereby increasing our market influence by word-of-mouth. In addition, we plan to leverage our branding, intellectual property and long-term strategic partners to look into new investment portfolios and market opportunities, achieve sustainable development in new media, entertainment and consumer products.

Media Relationships

In order to maintain the quality and popularity of our individual brands, we have also established a set of measures dealing with public relations matters such as news reports of emergencies. Each of our project companies has a spokesperson dealing with routine news releases and has set up a media control team to draw up plans for monitoring news and responding to news reports of emergencies in our parks. A work team at the group company level will guide, coordinate and monitor the efforts of the project companies. We have a detailed working plan in place to deal with different types of media including maintenance of day-to-day relationships with the media, cooperation in our news releases and crisis management in special circumstances.

Intellectual Property

We place emphasis on developing our brand image and have resorted to extensive trademark registrations to protect our brand image. We conduct our business under trademarks such as and have also registered internet domains for our theme parks. We are applying for the registration of trademarks in mainland China and Hong Kong, including and . See "Statutory and General Information – B. Further Information About Our Business – 2. Intellectual Property Rights of the Group" in Appendix VI to this prospectus. As of the Latest Practicable Date, we are not aware of any infringement of our intellectual property rights by any third parties during the Track Record Period and we did not violate any intellectual property rights of third parties during the Track Record Period. See "Risk Factors – Risks Relating to Our Businesses in General – We may not be able to register our trademarks in Hong Kong" for the risks associated with the possible failure of our registration of certain logos used by us. However, as these logos are mainly used by us for the purposes of the Global Offering and the Listing, we believe any such failure of registration in Hong Kong will not have a material adverse effect on our business operations in mainland China.

AWARDS AND MEMBERSHIPS

We set out below a selected list of the numerous awards granted to us and the Additional Theme Parks as well as our membership of industry associations and social organizations. Some of these awards, such as Polar Science Public Education Center and National Cultural Industry Exemplar Center, may also bring direct financial benefits to recipients through subsidized interest rates on loans, directed governmental subsidies and tax reductions or exemptions.

Awards

Name of Award	Recipient(s)	Issuing Authority	Year Awarded
Polar Science Public Education Center (極地科普教育基地) . . .	All our marine life theme parks except the Yantai Whale Shark Aquarium	Chinese Arctic and Antarctic Administration of the State Oceanic Administration (國家海洋局極地考察辦公室)	From 2002 to 2011
Top 10 High-end Travel Brand of China Travel League 2012 (中國旅遊風雲榜 2012中國高端旅遊品牌 TOP 10) . .	Haichang Travel	www.toptour.cn (第一旅遊網)	2012
National 5A Tourist Attraction.	Dalian Laohutan Ocean Park, Dalian Discoveryland	NTAQRAC	2005, 2007
National 4A Tourist Attraction.	Qingdao Polar Ocean World, Chengdu Polar Ocean World, Wuhan Polar Ocean World, Tianjin Polar Ocean World, Chongqing Caribbean Water Park	NTAQRAC	2008-2013
Best Amusement Park in China of the Year (2012) (2012 年度中國優秀遊樂園)	Chongqing Caribbean Water Park, Dalian Discoveryland	China Association of Amusement Parks and Attractions (中國遊藝機遊樂園協會)	2013
Favorite Theme Park of Internet Users of 2011 (2011年度網友喜愛的主題公園)	Dalian Discoveryland	Organization Committee of China Tourism Industry Development Annual Congress (中國旅遊產業發展年會組委會)	2012
"Earth Hour" Environmental Ambassador ("地球一小時"環保大使)	Dalian Laohutan Ocean Park	Organization Committee of "Earth Hour" in China (中國"地球一小時"組委會)	2003
Most Favorite Trademark of Dalian People (大連市民喜愛的商標)	Dalian Laohutan Ocean Park	Dalian Consumers Society (大連市消費者協會)	2002

Name of Award	Recipient(s)	Issuing Authority	Year Awarded
National Wildlife Conservation Scientific Education Center (全國野生動物保護科普教育基地). . . .	Dalian Laohutan Ocean Park	China Wildlife Conservation Association (中國野生動物保護協會)	2005
National Cultural Industry Exemplar Center (國家文化產業示範基地)	Dalian Discoveryland	Ministry of Culture	2008
National Science Education Center (全國科普教育基地) . . .	Qingdao Polar Ocean World	China Association for Science and Technology	2012
China Leisure Innovation Awards – Theme Park Innovation Award (中國休閒創新獎主題公園創新獎)	Qingdao Polar Ocean World	National Leisure Standardization Technology Committee (全國休閒標準化技術委員會)	2010
Top Ten Leisure Vacation Venue of Chongqing (重慶十佳休閒渡假勝地).	Chongqing Caribbean Water Park	Chongqing Times (重慶時報)	2010
The Beautiful Chongqing – 2011 Most Favorite Tourist Attraction (最美重慶2011年度最受歡迎景區).	Chongqing Caribbean Water Park	China Tourism Total League (中國旅遊總評榜)	2012
Sichuan Provincial Scientific Education Center (四川省科普基地).	Chengdu Polar Ocean World	Department of Science (四川省科技廳), Department of Propaganda of the Sichuan Provincial Committee of Communist Party of China (四川省委宣傳部) and Association of Science and Technology of Sichuan Province (四川省科學技術協會)	2010
Best Theme Park with Most Attractions Recommended by the People (百姓推薦最多看點主題公園).	Chengdu Polar Ocean World	Chengdu Daily (成都日報) and Chengdu Tourism Association (成都旅遊協會)	2011

Name of Award	Recipient(s)	Issuing Authority	Year Awarded
Most Popular Tourism Brand of the Year (2011) (年度最受歡迎旅遊品牌大獎)	Wuhan Polar Ocean World	China Tourism Total Ranking Table Committee (中國旅遊總評榜組委會)	2012
Scientific Research Center of Aquatic Animal Research Institute of Chinese Academy of Sciences (中國科學院水生生物研究所科學研究基地) . . .	Wuhan Polar Ocean World	Aquatic Animal Research Institute of Chinese Academy of Sciences (中國科學院水生生物研究所)	2013

Memberships

We have joined a number of international and national industry organizations to participate in the exchange of information on industry practice and formulation of industry standards. In addition, we have also participated in a number of national and regional animal protection groups to share our resources for animal rescue and preservation efforts including the following:

- IMATA
- IAAAM
- ABMA
- E.A.A.M.
- Aquarium Special Committee of Chinese Association of Natural Science Museums (中國自然科學博物館協會水族館專業委員會)
- National Aquatic Wildlife Conservation Association (全國水生野生動物保護分會)
- Aquatic Wildlife Rescue Center (水生野生動物救護中心)
- Rare and Endangered Marine Wildlife Rescue Network (海洋珍稀瀕危野生動物救護網絡) established by the Ministry of Agriculture (農業部)
- Liaoning Wildlife Conservation Association (遼寧省野生動物保護協會)

COMPETITION

We operate our theme parks in direct competition with other destination and regional theme parks, water and amusement parks as well as large-scale aquariums and in indirect competition with other types of recreational facilities and forms of entertainment including films, home entertainment options and sports events. Our principal nationwide competitors include the *Happy Valley* series of thrill-oriented theme parks operated by Overseas China Town Group (which has operations in Tianjin, Wuhan, Chengdu) and the *Fantaworld* series of wonder-oriented, digital effects driven theme parks operated by Fantawild Holdings Inc (which has operations in Qingdao and Chongqing). Neither of them operates marine-related theme parks. However, their theme parks are of a similar nature to Dalian Discoveryland and will be direct competitors of Dalian Discoveryland if they operate in the same market as Dalian Discoveryland. Each of our theme parks also faces competition from other local operators of entertainment facilities. We also face direct competition from other marine theme park operators such as Dalian Sunasia and Qingdao Underwater World, which are currently of a smaller scale compared to us and have not established a national network.

In addition, international theme park operators such as Disneyland and Universal Studios may open their local theme parks in the regions where we have operations and compete with us for potential visitors through their branding, management and product offering advantages. For example, when our Shanghai Haichang Polar Ocean World opens, it will face direct competition from Shanghai Disneyland, which is scheduled to open in late 2015.

We believe we compete effectively by differentiating our products and services from those of our competitors. Relying upon our extensive marine and polar animal collection and strong brand recognition, high-value educational and interactive experiences offered to our visitors and strategic locations of our operations, our theme parks provide an attractive alternative and a complementary experience to the thrill-or wonder-oriented parks. In addition, our integrated approach of developing ancillary commercial properties adjacent to our theme parks also adds to our competitive strengths in providing our visitors with more complete and diversified entertainment and leisure offerings. Moreover, entry of international theme park operators in the PRC may help to cultivate more premium consumers and bring more visitors to the nearby area, which may actually benefit us by attracting more visitors with increased spending potential to our theme parks.

SUPPLIERS

Other than suppliers of our animals and animal-related life support systems (see "– Our Animals"), our suppliers mainly consist of three categories: construction companies for the construction of our development projects, equipment suppliers for large-scale and high-tech entertainment equipment and suppliers of raw materials and merchandise to support our routine up-keep and operation. Our procurement policy comprises two parts:

- *Centralized procurement:* for key or large-scale supplies, the group company will centralize the procurement in order to ensure quality and obtain a pricing advantage for our project companies. We may also enter into exclusive supply agreements of limited duration with trusted partners for certain supplies such as feed for our marine and polar animals and fish.

- *Localized procurement:* our project companies are responsible for acquiring supplies generally available or more appropriate for local sourcing.

We control our costs of supplies through strict budgeting management and organized tender procedures. We also have a set of standard procurement contracts for a variety of our key and routine supplies, which are used by our procurement teams at our headquarters and our project companies.

For our key supplies, we maintain a diversified supplier basis to reduce concentration risk and avoid unexpected shortages. In addition, our project companies may share their surplus supplies among themselves in the event of emergencies. We have not experienced any material shortage in our key supplies during the Track Record Period.

For the years ended December 31, 2010, 2011, 2012 and the nine months ended September 30, 2013, our top supplier accounted for approximately 6.7%, 7.5%, 10.2% and 12.8% of our total purchases, respectively, and our top five suppliers accounted for approximately 21.4%, 26.3%, 36.5% and 57.2% of our total purchases, respectively. Our Directors confirm that, as of the Latest Practicable Date, all of the top five suppliers were Independent Third-Parties and none of our Directors or their associates or our existing Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our top five suppliers.

SAFETY MEASURES AND INSURANCE

Safety Management

The safety of our operations is of paramount importance to our visitors, employees and our business. We have not experienced a single severe safety incident during the Track Record Period. During the Track Record Period, we were not subject to any material claim, investigation or administrative penalty in respect of accidents or violation of PRC safety laws and regulations.

We have adopted a set of stringent safety measures and emergency plans to reduce the risk of accidents and ensure a prompt and effective response when, in the unlikely event, a safety risk materializes. These measures comprise (i) general rules setting up our internal structure of safety management with detailed responsibilities of each responsible department at both the group company and the project company levels and (ii) specific guidelines on the safety management of different operational activities such as maintaining amusement and animal life support equipment, handling emergencies in the operation of amusement equipment and marine animal performances, dealing with violent animals such as polar bears and Arctic wolf, monitoring and responding to inclement weather as well as safety issues in animal research laboratories.

We have established safety departments at both the group company and the project companies staffed with dedicated safety personnel to monitor the implementation of our safety management measures and report on any identified issues. We organize regular safety training sessions for our employees and evaluate our safety management performance periodically.

Insurance

We maintain insurance of the type and in the amounts that we believe to be commercially reasonable for businesses in our industry and in line with the industry norm. The major types of insurance we maintain include transportation loss insurance mainly for importing animals from foreign suppliers, husbandry insurance for animals under our care, employer liability insurance for our employees and temporary workers, public liability insurance in respect of accidents to visitors, insurance for commercial property risks and insurance for machinery breakdowns. We determine the amounts we insure for our animals after considering factors including the initial costs we incurred for purchasing the animal and our ability to replace the animal in case of loss as well as our ability to breed the animals by ourselves.

EMPLOYEES

When taking into account the Additional Theme Parks, as of December 31, 2013, we employed approximately 2,300 full-time employees, among whom were approximately 70 senior management members and more than 600 zoological staff engaging in animal husbandry and research activities. Many of our employees have more than 15-years of industry experience and have extensive expertise in animal husbandry and breeding, marketing, business expansion and product development. In addition, during the peak season, we also employ students as temporary workers to serve as frontline workers including attendants in restaurants, retail stores and amusement facilities and as visitors guides. Taking into account the Additional Theme Parks, we employed approximately 400 temporary workers as of December 31, 2013.

Zoological Staff

As of December 31, 2013, we had more than 600 zoological staff specializing in the collection, husbandry and care of marine and polar animals. According to our detailed internal expertise assessment program that classifies our zoological staff into more than ten categories (based on factors including different aspects of animal husbandry such as feeding, cleaning and equipment maintenance, animal performance and animal capturing and transfer as well as internal staff training and management), more than 50% of our zoological staff have qualifications equivalent to those of a state-accredited middle-level technical professional and more than 25% have those equivalent to a state-accredited senior technical professional. We recruit most of our zoological staff from technical colleges and universities, focusing on graduates majoring in marine animal-or animal-related fields. More than 20% of our zoological staff have bachelor's or post-graduate degrees while more than 50% have degrees from technical colleges or higher level educational institutions.

With a large and diverse animal collection, our zoological staff have accumulated extensive experience and expertise in marine and polar animal breeding and husbandry. The table below sets forth the industry experience of our zoological staff.

Proportion of Zoological Staff (approximately)	Industry Experience
10%	>10 years
50%	5-10 years
25%	3-5 years
15%	< 3 years

We also put effort into enhancing the training of our zoological staff through both organizing regular internal training sessions and sending selected employees as delegates to national and international conferences on marine and polar animal husbandry and veterinary medicine. Moreover, we arrange annual performance reviews of all our zoological staff through appraisals and panel meetings, where the staff can learn from and improve upon their past performances.

PHILANTHROPY AND COMMUNITY ENGAGEMENT

Our philanthropic efforts are focused in four areas: scientific research and education, support for the disadvantaged, improving the cultural lives of the residents of the cities in which we operate and participating in environmental and animal-related initiatives. We are committed to marine and polar science education through open forums and lectures and have supported exploratory scientific work carried out by China's Arctic and Antarctic research institutions. We also regularly organize admission-free group visits to our theme parks for disadvantaged or disabled children and students and send our expert staff to accompany and elaborate on marine science for them. We also hold regular popular marine-related events to enrich the cultural lives of the local residents. We have also invested in a number of "Polar Hope Schools." Thanks to our continuous philanthropic efforts, we have received several awards such as "2010 Global Philanthropy Enterprise Award (環球慈善企業獎)" issued by the Ministry of Civil Affairs (民政部) and China Red Cross (中國紅十字會).

In 2012, we partnered with Xinhua News Agency (新華社) to launch a nation-wide public interest campaign named "The Touched Penguin: 2012 Zero Distance Antarctic Environmental Initiative." The campaign attracted a wide media following and was named the "Annual Best Public Interest Communication Award (年度最佳公益傳播獎)" and "Annual Public Interest Program Award (年度公益項目獎)" in the 2012 Public Interest Ceremony of China (2012年中國公益節). We also sponsored National Aquatic Wildlife Conservation Association's (中國水生野生動物保護分會) nationwide "Aquatic Wildlife Conservation Haichang Award," which we expect to create a good environment for the protection of aquatic wildlife and aquatic ecological system through publicizing and rewarding exemplar individuals and events in aquatic wildlife conservation efforts. Our animals have frequently been chosen as ambassadors for "Earth Hour," a global public interest organization and as mascots for "National Marine Awareness Day" thanks to our achievements and industry influence in marine animal husbandry.

We have partnered with animal rescue groups in rescuing injured or sick wild animals such as seals, sea turtles and black finless porpoises through establishing animal rescue centers, setting up rescue platforms and providing staffing, facilities and expert guidance. We conducted research in cooperation with the Korean Cetacean Conservation Research Institute and Liaoning Marine and Aquatic Life Research Institute (遼寧海洋水產研究院) by releasing more than ten rescued spotted seals into the wild and tracking their migration route and habitats through planted chips and a global positioning system. The results of the research provided important reference data for conducting further husbandry activities in the wild for spotted seals and are expected to strongly support the efforts to conserve the number of spotted seals. We also shared our experience in marine animal rescue, feeding and breeding with domestic and international animal husbandry institutions and provided free technical support to them, which helps establish our branding among domestic and international animal protection circles.

PROPERTIES

As of the Latest Practicable Date, we held effective land use right certificates as to all the properties through which we conduct our businesses. Save as disclosed in this section "– Properties" and the section headed "– Legal Proceedings and Regulatory Compliances," we had no material non-compliance issues in respect of our properties during the Track Record Period and up to the Latest Practicable Date.

The property valuation reports in Appendix IVA and IVB have set out, as of December 31, 2013, details about properties owned by us and the Additional Theme Parks, other than properties owned by us and the Additional Theme Parks for theme park operations and certain self-operated businesses ("Excluded Properties"). As required by Rule 5.01B(2)(b) of the Listing Rules, we confirm that we do not hold the Excluded Properties for sale or investment purposes and no single property of the Excluded Properties has a carrying amount of 15% or more of our total assets as of September 30, 2013.

We set forth below details of the Excluded Properties as of September 30, 2013.

No.	Project	Use	Site Area (sq.m.)[1]	Total GFA (sq.m.)[2]	Owned/ Leased	Location	Encumbrance
1	Dalian Laohutan Ocean Park	Theme park operations	20,353	38,151	Owned	Dalian, Liaoning province	Mortgaged to secure a RMB500 million loan
2	Qingdao Polar Ocean World	Theme park operations	117,675	45,357	Owned	Qingdao, Shandong province	Mortgaged to secure loans in an aggregate amount of up to RMB900 million
3	Chengdu Polar Ocean World	Theme park operations	240,048	48,600	Owned	Chengdu, Sichuan province	Mortgaged to secure loans in an aggregate amount of up to RMB850 million
4	Tianjin Polar Ocean World	Theme park operations	30,495	49,289	Owned	Tianjin	Mortgaged to secure a loan of up to RMB465 million
5	Yantai Whale Shark Aquarium and Yantai Yudaishan Hot Spring Resort[1])	Theme park operations and hot spring resort	156,604	31,886	Owned	Yantai, Shandong province	Mortgaged to secure a loan of up to RMB200 million
6	Wuhan Polar Ocean World	Theme park operations	279,476	42,788	Owned	Wuhan, Hubei province	Mortgaged to secure a loan of up to RMB550 million
7	Dalian Discoveryland	Theme park and hotel operations	466,896	70,756	Owned	Dalian, Liaoning province	Mortgaged to secure a RMB450 million loan
8	Chongqing Caribbean Water Park	Theme park operations	65,130	nil[3]	Owned	Chongqing	None

Notes:

1. As the land use rights in respect of certain theme parks and their ancillary commercial properties are recorded in one or more land use right certificates without allocation of the land between theme parks and their ancillary commercial properties, the site area shown in this column may also cover land used for ancillary commercial properties.

2. The GFA shown in this column is based on our internal records regarding the buildings that form the theme parks.

3. Because Chongqing Caribbean Water Park is a water park without above-the-around buildings, the total GFA of the park is nil.

Basis and Assumptions in the Property Valuation Report

The property valuation report in Appendix IVA and Appendix IVB is prepared by our property valuer who has used the following methods to value the properties set out therein:

Type of Property	Valuation Method	Details of Valuation Method
Completed properties held for investment	Investment approach	Capitalization of the current passing rent derived from existing tenancies with due provision for reversionary income potential.
Completed properties for sale and properties held for future development . . .	Direct comparison approach	Valuation by making reference to comparable sales evidence as available in the relevant market.
Properties under development	Either the investment approach or the direct comparison approach while also taking into account the expended and future development costs	Valuation based on either (i) capitalization of the passing rent derived from committed tenancies with due provision for reversionary income potential; or (ii) comparison by making reference to comparable sales evidence as available in the relevant market; and (iii) taking into account the expended and future development costs

Valuations by the investment approach are on the basis of capitalizing rental incomes derived from the existing tenancies with due provision for any reversionary income potential of the property interests at appropriate capitalization rates. The principal underlying assumptions are those related to the receipt of contractual rentals, expected market rents and appropriate capitalization rates. These valuations are regularly compared to actual market yield data, as well as actual transactions reported by the market. The expected market rents are determined on the basis of current market rents for similar properties in the same location and condition.

As regards to the direct comparison approach, reference is made to comparable sales evidence as available in the relevant market subject to suitable adjustments between the subject properties and the comparable properties including but not limited to location, view, accessibility, time, size, age and maintenance standard etc.

Idle Land

Under current PRC law, unless the delay is caused by force majeure, acts of government or their departments concerned, or early preparations necessary for the commencement of development as provided in the Measures on Disposal of Idle Land (《閒置土地處置辦法》), if we fail to commence construction for more than one year from the commencement date set out in the land use right grant contract, the relevant PRC land administrative authority may serve a warning notice on us and impose a fee of up to 20% of the land grant premium, and if we fail to commence construction for more than two years from the relevant commencement date, the PRC government may reclaim the land without compensation.

As of the Latest Practicable Date, we had experienced construction delays in respect of the following projects: (1) Yantai Whale Shark Aquarium; and (2) Wuhan Polar Ocean World. Chongqing Caribbean Water Park also experienced construction delays. The details of the construction delays are set forth in the table below. The maximum penalties that the relevant land administrative authorities may impose on us in respect of the involved projects are as follows: (1) approximately RMB4.0 million in respect of the Yantai Whale Shark Aquarium, which is 20% of the land grant premium of the land involved; (2) approximately RMB181.3 million in respect of the Wuhan Polar Ocean World, which is calculated based on the assumption that, in the unlikely event that the maximum penalty is imposed, the land would be confiscated by the relevant land administrative authority without compensation and therefore the operation of Wuhan Polar Ocean World would be ceased and the book value as of September 30, 2013 of the major fixed assets (including land use right, buildings and constructs) attributable to the theme park portion of Wuhan Polar Ocean World would be written off; and (3) approximately RMB28.4 million in respect of the Chongqing Caribbean Water Park, which is 20% of the land grant premium of the land involved.

Item No.	Project	Location	Approximate Site Area Involved (sq.m.)	Proposed Construction Commencement Date under Land Grant Contract	Delay Period	Current Status	Reasons for Non-compliance
1	Yantai Whale Shark Aquarium	Yantai, Shandong Province	156,604.7	Construction should be completed before March 31, 2008, which is the date that is 18 months after the issuance of the relevant land use right certificate.	Actual construction started in April 2008, which was less than two years from the commencement date required under the land use right grant contract and the construction completion inspection was passed on June 21, 2012.	Completed	The common main reason for the delay in commencing the construction of the three projects is that the approvals required for commencing the construction of these projects were not obtained in time, which was due to the fact that the relevant project companies had to continuously negotiate and consult with the relevant local governments about the design and planning of the projects as the design of theme parks is usually more closely scrutinized by the local government compared to residential properties. In addition, the delay in commencing the construction of the Yantai project was due to the delay on the part of the local government in completing the requisitioning of the relevant land.
2	Wuhan Polar Ocean World	Wuhan, Hubei Province	279,476.9	Construction should be completed before August 1, 2008, which is the date that is 9 months after the issuance of the relevant land use right certificate.	Actual construction started on August 30, 2010, which was more than two years from the commencement date required under the land use right grant contract and the construction completion inspection was passed on September 29, 2011.	Completed	
3	Chongqing Caribbean Water Park	Chongqing	173,084	December 31, 2006	Actual construction started in April 2008, which was less than two years from the commencement date required under the land use right grant contract and the construction completion inspection was passed on November 5, 2013.	Completed	

Our PRC legal advisor confirmed that the risk that we would be subject to the penalty of land idle fee or the risk of the relevant project land being reclaimed without compensation in respect of the above projects is remote due to one or more of the following considerations:

- we did not receive any warning notice of idle land from, nor were we subject to any penalty imposed by, the relevant land administrative authorities;

- in respect of the projects in Wuhan and Chongqing, a letter was issued by each relevant land administrative authority (on July 8, 2013 and July 11, 2013, respectively) stating that it did not consider us to have any violation;

- our PRC legal advisor interviewed three officers in Chongqing on September 22, 2013 (namely, the head, vice head and clerk of the Land Utilization Department of Nan'an District Sub-bureau of Chongqing Land Resources Administration Bureau), two officers in Yantai on September 23, 2013 (namely, the deputy governor in charge of land administration of Yantai Laishan District Government and the deputy director of Laishan District Sub-bureau of Yantai Land Resources Bureau) and an officer in Wuhan on December 30, 2013 (the vice head of the Arable Land Protection and Land Utilization Department of the Land Resources and Planning Bureau of Dongxihu District of Wuhan) and was advised that no idle land fees would be imposed and no right to reclaim land would be exercised for construction delays in respect of the three projects; and

- We have further interviewed the head of law enforcement and supervision division of the State-owned Land Resources Department of Hubei Province ("Hubei Department") in respect of the idle land issue for our Wuhan project and were advised of the following by such officer:

  1. Any administrative penalty in respect of idle land violation will be imposed only after the government authority has made written determination. The Hubei Department understood that the local authority in Wuhan had never issued any written document imposing administrative penalty and had instead issued a written regulatory compliance letter in respect of the Wuhan project. Therefore, the Hubei Department was of the opinion that there was no idle issue with respect to the Wuhan project.

  2. Under PRC law, a piece of land will be determined as idle land only if there has been no operational investment in the land after the land use right is granted. It was the understanding of the Hubei Department that Wuhan Polar made operational investments (which were reflected in the company's accounting records) after obtaining the project land and therefore the Hubei Department was of the opinion that there was no idle issue with respect to the Wuhan project.

  3. Under PRC law, land is administered locally and the Hubei Department was of the opinion that the Land Resources and Planning Bureau of Dongxihu District of Wuhan (i) was the competent authority to determine whether the Wuhan Polar Ocean World was compliant with land administration rules and (ii) was the most appropriate authority to issue the most authentic and accurate regulatory compliance letter in respect of the Wuhan Polar Ocean World. Thus the Hubei Department is not in a position, and would not be able to, issue a regulatory compliance letter in respect of Wuhan Polar or Wuhan Polar Ocean World.

- based on reasonable search of publicly available information, our PRC legal advisor concluded that there was no precedent where a completed project was subject to the penalty of idle land fees or reclaimed by the land administrative authority due to construction delays in the project development process.

Our PRC legal advisor confirmed that the interviewed officers and the authorities issuing the letters referred to above were competent to provide the relevant confirmations.

Our Directors believe that, given the letters issued by and the interviews with the relevant government authorities and the PRC legal advisor's opinion, it is a remote risk that we will be subject to the penalty of idle land fees or the relevant project land will be reclaimed without compensation in respect of the above projects.

Head of our engineering department, currently Mr. Liu Jiabin, has been primarily responsible for the rectification measures and internal control improvements taken by us in respect of the idle land non-compliances. See "Directors, Senior Management and Employees – Senior Management" for his background and qualifications in this area.

In terms of the rectification measures taken by us after identifying the idle land non-compliances, as disclosed above, we kept close communication with the relevant government authorities in respect of the obtaining of the relevant approvals and permits for the commencement of the construction work and preparation work for the commencement of the construction work had been underway before we obtained the formal approvals and permits.

We have put in place the following measures to our internal control policy to prevent recurrence of similar non-compliances:

1. We will have full communication with the relevant government authorities so as to ensure that the construction work commencement date set out in the relevant land use right grant contract is realistic and achievable for our future projects to be developed.

2. We will strictly follow the timelines set out in the relevant land use right grant contract in developing our projects.

3. Our project planning and engineering departments will update and improve our detailed PPP in respect of the project planning and construction pursuant to the recommendations made by the internal control advisor.

4. The audit committee will conduct a quarterly review to ensure that ongoing projects have been developed in accordance with the relevant regulatory requirements.

5. Our external legal counsel and internal legal and audit department have provided compliance training to the employees/staff of the planning and design department and the engineering department in respect of the legal requirements for project planning and project construction.

6. We will maintain frequent communication with our external legal counsel and internal legal and audit department in the business operation process to ensure the compliance of our project planning and construction operations with the relevant PRC regulatory requirements.

7. We have added a module to our existing information system to strengthen the management and control of project construction and planning. The new module will consolidate all the key timing requirements in respect of the construction process, including budgeting, construction milestones and regulatory requirements such as the

deadline for starting the construction on a particular piece of land. For example, under the new module, reminders will be set up and reported to the responsible officer when the deadline for construction commencement has been approaching for a particular piece of land so that we can expedite the relevant construction process or where appropriate, seek an extension of the construction commencement date as required by PRC law to make sure the land will not be determined as idle land.

ENVIRONMENTAL MATTERS

We are subject to a set of comprehensive PRC environmental laws and regulations governing solid and liquid waste disposal, air pollution and noise control. In particular, we are required to submit an environmental impact report, analysis or registration form to the relevant authorities for approval to commence the construction of a theme park project. Upon the completion of construction, the relevant environmental authorities inspect our properties to ensure our compliance with the applicable environmental protection standards. We strive to comply with all applicable environmental protection requirements and usually require our construction contractors to comply with the applicable environmental standards in carrying out their construction works and indemnify us for losses resulting from their non-compliance. During the Track Record Period, we did not experience any material incident of environmental pollution and no penalty was imposed on us for violation of environmental laws and regulations, which our PRC legal advisor has confirmed based on their due diligence and the certifications issued by the relevant environmental protection authorities.

PROJECT APPROVALS FOR OUR THEME PARKS AND THE ADDITIONAL THEME PARK

Our existing theme parks and the Additional Theme Parks have obtained the project approvals from the relevant competent local counterparts of NDRC and local counterparts of MOFCOM (in respect of foreign-invested projects at the time of obtaining the approvals). The relevant officials of the local counterparts of NDRC have confirmed that these projects have obtained the requisite project approvals by local counterparts of NDRC during our interviews and communications with them. Our PRC legal advisor also attended our interviews with the relevant officials (other than in respect of Dalian Laohutan Ocean Park, Dalian Discoveryland and Chongqing Caribbean Water Park for which we have separately communicated with the relevant local government authorities). We are advised by our PRC legal advisor that the Theme Park Opinions issued in March 2013 shall not be retrospectively applied to our existing theme parks and the Additional Theme Parks which have obtained their respective project approvals under the then applicable PRC laws before promulgation of the Theme Park Opinions. As of the Latest Practicable Date, our existing theme parks and the Additional Theme Parks had not been a target for inspection by any provincial NDRC or its lower level counterparts referred to in the Theme Park Opinions.

As advised by our PRC legal advisor, under the PRC laws, both domestically-invested and foreign-invested theme park projects are subject to the approval of the NDRC or its local counterparts, while only foreign-invested projects need to obtain the approval of the MOFCOM or its local counterparts. At the time of obtaining the relevant project approval, (i) our theme parks in Dalian, Qingdao and Tianjin were foreign-invested projects while our theme parks in Chengdu, Yantai and Wuhan were domestically-invested projects, and (ii) among the Additional Theme Parks, Dalian Discoveryland was a foreign-invested project while Chongqing Caribbean Water Park was a domestically-invested project. Therefore, our theme parks in Chengdu, Yantai and Wuhan and Chongqing Caribbean Water Park were not subject to the approval requirement by MOFCOM or its local counterparts at the time of their respective approvals.

The following table sets forth details of approvals that each of our six theme parks and the Additional Theme Parks has obtained from the relevant counterparts of the NDRC and, if applicable, the relevant counterparts of the MOFCOM under the then applicable PRC regulations. The table also sets forth the approval requirements for our Shanghai and Sanya projects based on the planned size as indicated therein. The table is prepared based on historical information of each project approval, the then applicable PRC laws, our consultations with the PRC legal advisors and our communications with the relevant local counterparts of the NDRC. See "Regulatory Overview – Regulations – Project Approval Regime" for details on the theme park project approval requirements. See "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" and "Risk Factors – Risks Relating to Our Businesses in General – Our business, operational performance and financial condition may be adversely affected if we fail to obtain, or if there is any material delay in obtaining, any of the relevant PRC governmental approvals for the construction of our theme parks or commercial property development projects" for risks associated with failure or delay in obtaining governmental approvals for our projects. See also "Risk Factors – Risks Relating to Doing Business in China – There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations" for the risks and uncertainties associated with the interpretation of PRC laws and regulations.

Period[1]	Project	Type of investment as of the time of the project approval	Actual or expected site area (sq.m.)[2]	Actual or expected total investment amount[3]	Year of approval	Applicable approval authority	Actual approval authority
Period I	1. Dalian Laohutan Ocean Park	Foreign-invested	20,353	USD29 million	2001	Dalian NDRC and Dalian MOFCOM[4]	Dalian NDRC and Dalian MOFCOM
	2. Dalian Discoveryland	Foreign-invested	466,896	USD300 million	2002	Dalian Jinshitan National Tourism Resort Management Committee ("Jinshitan Committee") and Dalian Economy and Technology Development Area MOFCOM ("DDA MOFCOM")[4]	Jinshitan Committee and DDA MOFCOM
	3. Qingdao Polar Ocean World	Foreign-invested	117,675	RMB800 million	2004 (April)	Laoshan District, Qingdao NDRC ("Laoshan NDRC") and Qingdao High-tech Technology Development Area MOFCOM ("Qingdao HTDA MOFCOM")[4]	Laoshan NDRC and Qingdao HTDA MOFCOM

Period[1]	Project	Type of investment as of the time of the project approval	Actual or expected site area (sq.m.)[2]	Actual or expected total investment amount[3]	Year of approval	Applicable approval authority	Actual approval authority
Period II	4. Chengdu Polar Ocean World	Domestically-invested	240,048	RMB190 million	2006	Chengdu NDRC[5]	Shuangliu County, Chengdu NDRC ("Shuangliu NDRC")[6]
	5. Yantai Whale Shark Aquarium and Yantai Yudaishan Hot Spring Resort	Domestically-invested	156,604	RMB280 million	2006	Laishan District, Yantai NDRC ("Laishan NDRC")[5]	Laishan NDRC
	6. Wuhan Polar Ocean World	Domestically-invested	279,476	RMB667.09 million	2007	Wuhan NDRC[5]	Wuhan NDRC
	7. Chongqing Caribbean Water Park	Domestically-invested	65,130	RMB524.19 million	2007	Nan'an District, Chongqing NDRC ("Nan'an NDRC")[5]	Nan'an NDRC
	8. Tianjin Polar Ocean World	Foreign-invested	30,495	USD45.71 million	2009	Tanggu District, Tianjin NDRC ("Tanggu NDRC") and Tanggu District, Tianjin MOFCOM ("Tanggu MOFCOM")[7]	Tanggu NDRC and Tanggu MOFCOM
Period III	9. Shanghai Haichang Polar Ocean World	Domestically-invested	320,000	–	–	Shanghai NDRC[8]	–
	10. Sanya Haitang Bay Dream World	Domestically-invested	650,000	–	–	Hainan NDRC or its lower level counterpart with appropriate delegated authority[9]	–

Notes:

1. As the PRC regulatory approval regime for theme park projects is evolving, our theme park projects are set out in the above table under the following three periods based on the dates when the relevant PRC regulation was promulgated:

   - **Period I (before July 16, 2004) – no specific or heightened approval requirements for theme parks**. The Decision of the State Council Concerning Investment Regime Reform (《國務院關於投資體制改革的決定》) (the "**Decision**") was issued on July 16, 2004, which singled out "large theme parks" for heightened approval requirements for the first time. Following the Decision, the Guidance Catalog on Foreign Investment Industries (《外商投資產業指導目錄》) was amended on November 30, 2004 (the "**Catalog**"), under which "large theme parks" are classified under restricted category industry subject to heightened approval requirements. Before the issuance of the Decision and the Catalog, theme parks were subject to general project approval requirements with other regulated investment projects and no specific or heightened approval requirements were imposed on theme parks under the then applicable PRC laws.

- **Period II (from July 16, 2004 to March 3, 2013) – a "large theme park" was subject to heightened approval requirements but such term was not defined**. Under the Decision, domestically-invested "large theme parks" require the approval of the State Council, while under the PRC foreign investment law (including the Catalog) and other applicable PRC law, foreign-invested "large theme parks" are subject to the approval of either provincial or central government authority depending on the projects' total investment amounts. However, the term "large theme park" is not defined in the Catalog or the Decision. A non-large theme parks continues to be approved according to the general approval requirements applicable to domestically-invested and foreign-invested projects.

- **Period III (from March 4, 2013 to present) – "Theme Park Under Opinions" are defined which were subject to the approvals of provincial or higher level governments**. The Theme Park Opinions were issued on March 4, 2013, which define the "Theme Parks Under 2013 Opinion" and, classify theme parks into three categories according to their site areas and total investment amounts subject to approvals of provincial or higher level governments.

2 As the land use rights in respect of certain theme parks and their ancillary commercial properties are recorded in one or more land use right certificates without allocation of the land between theme parks and their ancillary commercial properties, the site area shown in this column may also cover land used for ancillary commercial properties.

3. Total investment amount is the total investment amount shown in the relevant project approval document issued for the project.

4. The three foreign-invested theme parks were approved as permitted category projects under the then-current Guidance Catalog on Foreign Investment Industries (as revised in 1997 and 2002) and related national and local regulations, pursuant to which the relevant local counterparts of NDRC and MOFCOMs were authorized to approve the relevant projects. In particular, in respect of

- **Dalian Laohutan Ocean Park**: Dalian is a municipality with provincial level project approval authority granted by the State Council.

- **Dalian Discoveryland**: The local regulation issued by the provincial government of Liaoning provides that Jinshitan Committee and DDA MOFCOM have the authority for issuing project approvals for projects located within the Dalian Jinshitan National Tourism Resort. Dalian Discoveryland project is located within the boundary of Dalian Jinshitan National Tourism Resort.

- **Qingdao Polar Ocean World**: Qingdao is a municipality with provincial level project approval authority granted by the State Council. According to the local regulation of Qingdao municipal government, Laoshan district government has the authority to approve projects purely situated within the boundary of Laoshan district. Qingdao Polar Ocean World project is situated in Laoshan district.

5. According to our communications with relevant local counterparts of NDRC, we understood that none of the four projects was deemed as a large theme park under the Decision by the approval authorities. As the four projects were not deemed as large theme parks, they were required to be approved by local counterparts of NDRC according to the jurisdiction of the relevant project, which in the case of the four projects are either municipal or district level local government authorities as indicated in the table. In particular, in respect of

- **Chengdu Polar Ocean World**: The local regulation issued by the provincial government of Sichuan provides that municipal level NDRC (such as Chengdu NDRC) has the authority to approve domestically-invested social projects, which includes the Chengdu project. See footnote for details on the delegation of the approval authority from Chengdu NDRC to Shuangliu NDRC.

- **Yantai Whale Shark Aquarium and Yantai Yudaishan Hot Spring Resort**: The local regulation issued by Shandong NDRC provides that Laishan NDRC has the authority to approve any projects located within Laishan district unless the project has a total investment of more than RMB5 billion. Yantai project is located within Laishan district with a total investment of RMB280 million.

- **Wuhan Polar Ocean World**: The local regulation issued by the provincial government of Hubei provides that Wuhan NDRC has the authority to approve general tourism projects such as the Wuhan project.

- **Chongqing Caribbean Water Park**: The local regulation issued by Chongqing municipal government provides that Nan'an NDRC has the authority to approve projects located in Nanshan district except for certain specific projects invested by municipal-level entities. Chongqing Caribbean Water Park project is located in Nan'an district and does not belong to projects invested by municipal-level entities.

6. Based on our interview with the Shuangliu NDRC, before the project approval for Chengdu Polar Ocean World project was issued for the first time in 2006, Shuangliu NDRC had first obtained an internal approval from Chengdu NDRC, although there was no public written rule confirming the delegation of the approval authority by Chengdu NDRC to Shuangliu NDRC. In 2007, the local regulation issued by Chengdu NDRC expressly granted its county level counterparts approving authority equivalent to Chengdu NDRC's authority except for certain municipal-level or cross-district projects (which Chengdu project does not belong to). Pursuant to the 2007 local regulation, Shuangliu NDRC re-issued the project approval in 2007 for Chengdu Polar Ocean World project.

7. According to our communication with Tangdu NDRC, the original local NDRC approving the Tianjin Polar Ocean World project, the Tianjin Polar Ocean World project was not deemed as a large theme park at the time of its approval. Therefore, the Tianjin Polar Ocean World project was approved as a permitted category project pursuant to the 2004 Catalog and the related regulations, which at the time of the approval authorized Tanggu NDRC to approve foreign-invested permitted category projects with a total investment amount of less than USD100 million, such as the Tianjin project, which had a total investment amount of USD45.71 million.

8. Based on the planned site area of the project and our current estimate of the total investment amount for the park portion of the project, should the Shanghai project be deemed as a Theme Park Under 2013 Opinions, it would become a small-to-medium Theme Park Under 2013 Opinions and be subject to the approval by Shanghai NDRC which has provincial level approval authority.

9. Based on our interviews with the local government authorities in Sanya and the advice of our PRC legal advisor, the Sanya project should not be deemed as a Theme Park Under 2013 Opinions and therefore should be subject to the general approval regime applicable to domestically-invested projects. Under the Catalog of Investment Projects Authorized by the Government (2013 version) (《政府核准的投資項目目錄(2013年本)》), except for certain types of projects subject to approval requirements specifically related to their industries (such as the Theme Park Opinions), NDRC or its local counterparts have the authority to approve domestically-invested projects such as the Sanya project. Based on our current estimate of the total investment amount for the tourism-related portion of the Sanya project, the provincial Hainan NDRC or its lower-level counterparts with appropriate delegated authority are expected to be the project approval authority for the project.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCES

We are involved in administrative, legal and arbitration proceedings and claims from time to time arising in the ordinary course of business involving purported breaches of contractual terms and alleged violations of laws and regulations, none of which are expected to have a material adverse effect on our business, results of operations and financial condition.

Set out below is an overview of certain legal and compliance matters affecting us or the Additional Theme Parks (which, for the purposes of this section only, may be separately or collectively referred to "we" or "us") during the Track Record Period. The Directors consider that the maximum potential penalty as a result of the non-compliance incidents set out in this section, taken as a whole or individually, is not material to us and the risk that we will be subject to claims, damages or further penalty with respect thereto is remote. Save as disclosed herein, we have obtained all necessary licenses, approvals and permits that are material to our business operations and, during the Track Record Period and up to the Latest Practicable Date, we were in compliance in all material aspects with the applicable laws and regulations in the PRC. Save as disclosed herein, the development of our existing theme parks and the Additional Theme Parks did not violate the then applicable PRC regulatory requirements and rules in any material aspect. So far as we are aware, there are no pending or threatened actions against us by any regulatory authority in the PRC and we are not currently subject to any pending penalty imposed by the relevant PRC authorities.

In preparation for the Listing, we engaged an independent internal control advisor (the "Internal Control Advisor") to perform an overall assessment on certain of our procedures, systems and internal controls, and in particular to review the internal controls to be established by us to prevent future breach and enhance on-going compliance with respect to the historical non-compliance incidents as disclosed in this section and elsewhere in this prospectus.

During the internal control review, the Internal Control Advisor has provided some recommendations for our management's consideration to enhance and rectify those deficiencies identified in our internal control system, which include certain remedial measures in respect of the historical non-compliance as disclosed in this section. We have implemented such remedial measures in our policies and procedures, which has been confirmed by the Internal Control Advisor, who has reviewed the remediation status of the identified internal control deficiencies of the selected entities of our Group by reviewing the revised policies and procedures. The internal control review was conducted based on information we provided and no opinion on internal controls was expressed by the Internal Control Advisor.

Notwithstanding the non-compliance incidents disclosed herein, in view of the rectification and preventive measures that have been taken as detailed below in respect of each of the non-compliance incidents, the Directors are of the view that the Group's internal control is adequate and effective under Rule 3A.15(5) of the Listing Rules to prevent any possible breach of the regulatory requirements in the PRC and Hong Kong in the future.

In view that (i) the non-compliance was not due to dishonesty of the Directors nor for illegitimate purpose; (ii) since the time the non-compliance was identified and drawn to the attention of the Directors, the Directors have taken the necessary actions to rectify and/or terminate the non-compliance to the extent possible; and (iii) the Directors have been keeping themselves abreast of the latest laws and regulations by attending the abovementioned training, the Directors and the Joint Sponsors are of the view that the non-compliance issue will not have a material adverse impact on the Company and its Directors, do not cast doubt on the Directors' integrity and the Directors are suitable to act as directors under Rules 3.08 and 3.09 of the Listing Rules and the Group is suitable for listing under Rule 8.04 of the Listing Rules.

The table below sets forth certain of our non-compliance incidents.

No.	Name of our subsidiary	Non-compliance incidents	Cause of non-compliance	Legal consequences and maximum potential penalty	Remedial actions	Director/senior management in charge of the rectification	Measures in place to prevent recurrence of the non-compliant incidents
1	Haichang Holdings HK	Haichang Holdings HK failed to lay the annual audited accounts before its shareholders at its annual general meeting since incorporation on December 5, 2011 up to the financial year ended December 31, 2012.	During such time, (i) Haichang Holdings HK retained a company secretarial company in Hong Kong to assist with on-going compliance obligations and the directors of Haichang Holdings HK at the material time trusted the services of the company secretarial company, and (ii) Qu Naiqiang, Qu Naijie, Wang Xuguang, Zhao Wenjing and Yuan Bing were not aware of the legal requirements under the Companies Ordinance that annual audited accounts must be laid before the annual general meeting of Haichang Holdings HK even if it has no trading or business of its own, or as an investment holding company.	Pursuant to section 122 of the Companies Ordinance, if a director of a company fails to take all reasonable steps to comply with the requirements under the section, such person is liable to a maximum fine of HK$300,000. Further, if it is proven that the breach was willfully committed, such director could be sentenced to imprisonment for up to 12 months.	On September 25, 2013, Haichang Asia BVI, as the sole shareholder of Haichang Holdings HK, applied to the High Court of Hong Kong for an order to adopt the audited accounts out of time for the period from its date of incorporation to December 31, 2012. Haichang Asia BVI obtained a court order on November 14, 2013 that the requirement under section 122 of the Companies Ordinance to lay the annual audited accounts of Haichang Holdings HK for the period from December 5, 2011 to December 31, 2012 before Haichang Holdings HK at its annual general meeting for the years of 2012 and 2013 be substituted with a requirement to lay the same before Haichang Holdings HK by the written resolution of the sole member of Haichang Holdings HK dated September 16, 2013 in lieu of an extraordinary general meeting. Thus, the non-compliance incidents have been ratified.	Wang Xuguang	1. A company secretarial company and an accounting firm will assist Haichang Holdings HK to ensure compliance with section 122 of the Companies Ordinance. 2. Our audit committee will oversee our financial reporting and internal control procedures. 3. Our Directors have attended trainings as to the relevant requirements of the Companies Ordinance on September 26, 2013 provided by the Hong Kong legal advisors to our Company. 4. We intend to engage Hong Kong legal advisors to continue to provide legal advice and training on various compliance matters from time to time, as and when needed.

Note: Our executive Directors consider that the competence and suitability of Qu Naiqiang, Qu Naijie, Wang Xuguang, Zhao Wenjing and Yuan Bing in properly discharging the duties as a director of a listed issuer will not be adversely affected notwithstanding the above-mentioned non-compliance with section 122 of the Companies Ordinance, in view that at the relevant time of committing such breach, (i) Haichang Holdings HK was only an investment holding company with no business activities in Hong Kong, and it is not uncommon for less attention to be paid to the affairs and the local legal requirements for such entity; (ii) the non-compliance did not prejudice the interests of any creditors, customers or suppliers of our Group; (iii) Qu Naiqiang, Qu Naijie, Wang Xuguang, Zhao Wenjing and Yuan Bing have delegated the management of secretarial matters of Haichang Holdings HK to a company secretarial company in Hong Kong.

No.	Name of our subsidiary	Non-compliance incidents	Cause of non-compliance	Legal consequences, maximum potential penalty and provision for the potential liability if any	Remedial actions	Senior management in charge of the rectification	Measures in place to prevent recurrence of the non-compliant incidents
2	Certain of our Subsidiaries	We leased certain properties to various tenants but did not complete the required registration with the relevant real estate administration authorities within 30 days of signing the leases as required by PRC law. As of the Latest Practicable Date, we had 16 such leases that had not been registered.	We failed to complete the registration of the leases because we need the cooperation of the tenants in the registration process and the relevant tenants were uncooperative or were unable to produce documents required by the relevant real estate administration authorities.	We may be required by the relevant real estate administration authorities to complete the registration within a required period of time, failing which we may be fined RMB1,000 to RMB10,000 for each unregistered lease. The maximum potential penalty is RMB160,000 in aggregate. We believe that it is not uncommon in China for property leases not to be registered. In addition, the failure to register the property leases does not invalidate the leases according to the advice of our PRC legal advisor. Given that the penalty will be imposed only after being given a rectification period, we did not make any provision for the potential liability. We have not been requested by the government authorities to register the leases as of the Latest Practicable Date.	We have coordinated with the relevant tenants to complete the required registrations and expect to complete the registrations of the existing unregistered leases by March 31, 2014.	Head of our commercial property operation department, currently Mr. Liu Jiabin. See "Directors, Senior Management and Employees – Senior Management" for his background and qualifications in this area.	See footnotes below.

Notes:

1. We have required the commercial property operation department to:

   a. oversee the lease registration as one of its key duties with specially designated staff to monitor the progress of lease registration so as to ensure lease registration within 30 days of signing the lease;

   b. update and improve our policy, process and procedure ("PPP") in respect of the lease registration requirement pursuant to the recommendations made by the internal control advisor;

   c. revise the template lease agreement requiring the contractual counterparty to undertake that it will cooperate with and assist us in completing the lease registration;

   d. to provide semi-annual reports to the audit committee regarding the status of the Group's leases and their registration progress.

2. The audit committee will review on a semi-annual basis the compliance status in respect of the lease registration requirement.

3. Our external legal counsel and the legal and audit department have provided compliance training to the commercial property operation department in respect of the lease registration requirement.

4. We will maintain frequent communication with our external legal counsel and legal and audit department in the business operation process to ensure the compliance of our operations with the relevant PRC regulatory requirements.

5. We have added a module to our existing information system to strengthen the management and control of commercial property leasing business. We will input the relevant quantifiable data in respect of our leases, including the timing requirements for registering newly signed leases, through the new module so that reminders will be sent to the relevant responsible officer when the deadline for registration is approaching for each of the newly signed leases.

No.	Name of our subsidiary	Non-compliance incidents	Cause of non-compliance	Legal consequences, maximum potential penalty and provision for the potential liability if any	Remedial actions	Senior management in charge of the rectification	Measures in place to prevent recurrence of the non-compliant incidents
3	(1) Qingdao Polar (2) Yantai Fishermen (3) Tianjin Polar (4) Dalian Haichang Discoveryland	We commenced business operations on the properties in Qingdao, Yantai, Tianjin and Dalian before obtaining the required project completion and acceptance forms from the relevant construction administration authorities. The periods during which the projects operated without obtaining the forms are as follows: • Qingdao: 07/2006 – 01/2008 • Yantai: 09/2011 – 06/2012 • Tianjin: 09/2010 – present • Dalian Discoveryland: 07/2006 – 04/2007	We commenced our operations on these properties before obtaining the required project completion and acceptance forms because it usually takes a long time to complete the inspection after we finish the construction works of a project. Such delay is usually due to factors beyond our control such as the time required by the government authorities to review the conditions of finished theme park projects. In addition, we believe it is not an uncommon practice for similarly situated theme park developers in China to commence their operations on the completed properties in anticipation of the delay in finally passing the completion and acceptance inspection.	We may be fined by the relevant construction administration authority in an amount equal to 2% to 4% of the contract price of the engineering contract for the relevant project. We must also compensate for any losses that result from commencing operations before passing the completion and acceptance inspections. Based on the Group's internal record in respect of the contract price for the projects in Qingdao, Yantai and Tianjin and the actual settlement payments made in respect of Dalian Discoveryland, the maximum potential penalty is approximately RMB3.9 million, RMB10.0 million, RMB5.2 million and RMB1.3 million for the projects in Qingdao, Yantai and Tianjin and Dalian Discoveryland, respectively. Except for a small part of the commercial properties in Yantai and the properties in Tianjin (the "Uncompleted Parts"), for which we are still applying for the project completion and acceptance forms, all these projects have eventually obtained the required forms. In addition, each of the relevant construction administration authorities in Qingdao and Tianjin and the local government authority in Dalian issued a letter stating that, and an official from the local government authority in Yantai in charge of land and construction confirmed during an interview with our PRC legal advisor that, we did not have any violation in relation to project completion and acceptance. Based on the above, our PRC legal advisor advised us that there is only a remote possibility that we would be penalized for these non-compliance incidents. Therefore, we do not make any provision for the potential liabilities in connection with these incidents.	We have actively liaised with the relevant construction administration authorities after completing the construction of our projects in order to pass the completion and acceptance inspections in the most expedient manner. We now expect to pass the completion and acceptance inspections for the Uncompleted Parts by March 31, 2014.	Head of our engineering department, currently Mr. Liu Jiabin. See "Directors, Senior Management and Employees – Senior Management" for his background and qualifications in this area.	See footnotes below.

Notes:

1. We will require the project management team to liaise with the relevant governmental authority in advance in respect of the construction completion inspection.

2. The approval of the audit committee will be required before any future project is put into operation.

3. The audit committee will conduct a review to ensure that all the certificates, permits and approvals required for a project's commencement of operation have been obtained and all legally required procedures have been gone through before a project is put into operation.

4. We will update and improve our detailed PPP in respect of the commencement of operations for projects pursuant to the recommendations made by the internal control advisor.

5. Our external legal counsel and the legal and audit department have provided compliance training to the commercial property operation department and engineering department in respect of the legal requirements for the completion and acceptance inspections of construction projects.

6. We will maintain frequent communication with our external legal counsel and legal and audit department in the business operation process to ensure the compliance of our operations with the relevant PRC regulatory requirements.

7. We have added a module to our existing information system to strengthen the management and control of project construction and completion. The new module will consolidate all the key timing requirements in respect of the construction process, including budgeting, construction milestones and regulatory requirements such as the licenses and permits required for the commencement of the next step of the development process. For example, under the new module, without obtaining the required completion and acceptance forms, we will not permit the relevant project to commence its operation.

No.	Name of our subsidiary	Non-compliance incidents	Cause of non-compliance	Legal consequences, maximum potential penalty and provision for the potential liability if any	Remedial actions	Senior management in charge of the rectification	Measures in place to prevent recurrence of the non-compliant incidents
4	Chongqing Haichang Caribbean	Chongqing Caribbean Water Park was fined RMB351,808.1, RMB313,639.2 and RMB7,274.6 (on March 2, 2012, July 27, 2011 and September 30, 2010, respectively) by the local planning administration authority for violations of the relevant construction planning permits in the construction of certain properties at Chongqing Caribbean Water Park.	Chongqing Haichang Caribbean's violations were due to our lack of communication with the local government authority in the project planning and design process, as a result of which our construction works failed to meet the space and line planning requirements set forth in the relevant construction planning permits.	Chongqing Haichang Caribbean may be required to suspend the construction of the relevant properties. In addition, if remedial measures are taken to rectify the impact on the planning, Chongqing Haichang Caribbean may be required to rectify the violation and fined 10% of the contract price of the construction works. If no remedial measures are taken, Chongqing Haichang Caribbean may be required to demolish the construction works and if the construction works cannot be demolished, Chongqing Haichang Caribbean's construction works or illegal income may be forfeited and it may be fined 10% of the contract price of the construction works. As it has paid the fines, it does not make any provision.	Chongqing Haichang Caribbean paid the fines and, according to the advice of our PRC legal advisor and their interviews with the official of the local planning administration, has rectified the violations and passed the relevant inspections by the local government.	Head of our planning and design department, currently Mr. Wang Zan. See "Directors, Senior Management and Employees – Senior Management" for his background and qualifications in this area.	See footnotes below.

Notes:

1. Chongqing Haichang Caribbean has designated special staff responsible for ensuring the compliance of the construction works with the regulatory requirements.

2. Any change to a project design that has been approved by the relevant governmental authority will be subject to the approval of the audit committee.

3. The audit committee will conduct a review to ensure that all the certificates, permits and approvals required for changing the project design have been obtained and all legally required procedures have been gone through before the change to project design is implemented.

4. We will update and improve our detailed PPP in respect of the compliance of construction planning with the relevant regulatory requirements pursuant to the recommendations made by the internal control advisor.

5. Our external legal counsel and the legal and audit department have provided compliance training to the planning and design department in respect of the legal requirements for project construction and project planning.

6. We will maintain frequent communication with our external legal counsel and legal and audit department in the business operation process to ensure the compliance of our operations with the relevant PRC regulatory requirements.

7. We have added a module to our existing information system to strengthen the management and control of project construction and planning. The new module will consolidate all the key timing requirements in respect of the construction process, including budgeting, construction milestones and regulatory requirements such as the licenses and permits required for the commencement of the next step of the development process. For example, under the new module, if there is any change in the construction plan that deviates from the construction plan approved by the relevant government authority, such change will be reported and subject to further internal approval by the responsible officer within the company.

No.	Name of our subsidiary	Non-compliance incidents	Cause of non-compliance	Legal consequences, maximum potential penalty and provision for the potential liability if any	Remedial actions	Senior management in charge of the rectification	Measures in place to prevent recurrence of the non-compliant incidents
5	Yantai Fishermen	We did not obtain the required mining license for the operation of our Yantai Yudaishan Hot Spring Resort since its commencement of operations in 2011 until we sealed off the Hot Spring in January 2014.	We were not aware of, nor advised by any government authority, of the requirement to apply for a mining license for our hot spring operations.	We may be required to cease extracting hot spring water, compensate for the losses resulting from our unlicensed extraction and may have our illegal income forfeited (which could be interpreted to be all of our operating revenue during the period when we extracted hot spring water without license) and be further fined for an amount up to 50% of our illegal income. Based on the Group's internal record about the revenue of Yantai Yudaishan Hot Spring Resort from its inception to September 30, 2013, the maximum potential penalty (which is calculated as 1.5 times the revenue of our hot spring resort operations since its opening in 2011) is approximately RMB6.4 million. Our PRC legal advisor interviewed the vice head of the local land bureau during which the official confirmed that (1) the land bureau had been informed of our violation and our preparatory work for the application of the mining license, (2) he was of the opinion that the preparatory work could be finished by the end of 2013; and (3) we may continue our extraction of hot spring water before we obtain the mining license. Our PRC legal advisor further confirmed that the land bureau is the competent local authority to regulate mining activities in Laishan District of Yantai. Our PRC legal advisor advised us that given the interviews conducted with the official from the land bureau and our remedial actions taken so far, it is not likely that we will be subject to the penalties mentioned above or required to cease the extraction of hot spring water. Therefore, we do not make any provision for our potential liability arising out of this non-compliance.	1. We immediately liaised with the relevant government authority and started the preparatory work for applying for the mining license and expected to submit our application by the end of 2013. However, our preparatory work showed that the hot spring cannot meet the conditions for the issuance of mining licenses. 2. Given the above circumstances, we plan to use normal water with added minerals rather than natural hot spring water for our hot spring operations by March 31, 2014. We have designated staff specifically responsible for follow-up rectification work and sealed off the existing hot spring water extraction facilities in January 2014. We are also adjusting our sales and marketing strategy and revising the marketing materials. In particular, we have started negotiation with suppliers of equipment that can produce simulated hot spring water with added minerals by using normal water. The suppliers are also expected to ensure a stable supply of the combination of minerals used in the production process. Our negotiation with the potential suppliers is ongoing and we expect to complete the procurement process and have the equipment put into operation by March 31, 2014.	Operation Director, currently Mr. Wang Wei. See "Directors, Senior Management and Employees – Senior Management" for his background and qualifications in this area.	1. Our external legal counsel and the legal and audit department have provided compliance training to the commercial property operation department in respect of the legal requirements for hot spring operation. 2. We will maintain frequent communication with our external legal counsel and legal and audit department in the business operation process to ensure the compliance of our operations with the relevant PRC regulatory requirements.

No.	Name of our subsidiary	Non-compliance incidents	Cause of non-compliance	Legal consequences, maximum potential penalty and provision for the potential liability if any	Remedial actions	Senior management in charge of the rectification	Measures in place to prevent recurrence of the non-compliant incidents
6	(1) Yantai Fishermen (2) Dalian Haichang Discoveryland	We have not paid the relevant social security insurance contributions required under PRC law in respect of certain employees.	We did not make the contributions because the employees involved refused to make their own social security contributions as required by the PRC law, for which we would be required to make matching contribution.	We may be required by the relevant social security insurance administration authority to make the unpaid contributions within a certain period of time and pay a penalty on the unpaid contributions in an amount equal to 0.05% per day of the unpaid contributions. If we do not pay the required amounts within the prescribed period, a further fine equal 100% to 300% of the unpaid amounts may be imposed on us. The Group has made provisions in the amount of RMB6.3 million as of September 30, 2013 based on its estimates of the underpayments in this regard.	To the extent practicable, we have liaised with the employees with a view to rectifying the no-compliances and have made make-up payments in respect of past contributions required from us. Due to the current administrative practice of the social security insurance authorities, our make-up payments in respect of certain past contributions could not be processed by the authorities for reasons including that the relevant financial accounts of the authorities have been closed in respect of certain years or we no longer have employment relationship with the employees in question. However, relevant provisions based on our estimate of the underpayments in this regard have been made.	Head of our human resources department, currently Ms. Du Danyang. Ms. Du has extensive industry experience in human resource management. She is aware of the underpayments in respect of social security and housing provident fund contributions and has been working closely with our legal department, which has also provided necessary compliance training to her.	1. We plan to implement new policies including requiring new employees to sign a consent letter in respect of their obligation to social security insurance contributions before we formally employ them. 2. The human resources department will submit semi-annual reports to the audit committee in respect of the compliance status of the social security insurance contributions. 3. Our external legal counsel and the legal and audit department have provided compliance training to the human resources department in respect of social security insurance laws and regulations. 4. We will maintain frequent communication with our external legal counsel and legal and audit department in the business operation process to ensure the compliance of our operations with the relevant PRC regulatory requirements.

No.	Name of our subsidiary	Non-compliance incidents	Cause of non-compliance	Legal consequences, maximum potential penalty and provision for the potential liability if any	Remedial actions	Senior management in charge of the rectification	Measures in place to prevent recurrence of the non-compliant incidents
7	(1) Yantai Fishermen (2) Tianjin Polar (3) Dalian Haichang Discoveryland	We have not paid the housing provident fund contributions required under PRC law in respect of certain employees.	We did not make the contributions because the employees involved refused to make their own housing provident fund contributions as required by the PRC law, for which we would be required to make matching contribution.	We may be required by the relevant housing provident fund administration authority to make the unpaid contributions. The Group has made provisions in the amount of RMB2.4 million as of September 30, 2013 based on its estimates of the underpayments in this regard.	To the extent practicable, we have liaised with the employees with a view to rectifying the no-compliances and have made make-up payments in respect of past contributions required from us. Due to the current administrative practice of the housing provident fund authorities, our make-up payments in respect of certain past contributions could not be processed by the authorities for reasons including that the relevant financial accounts of the authorities have been closed in respect of certain years or we no longer have employment relationship with the employees in question. However, relevant provisions based on our estimate of the underpayments in this regard have been made.	Head of our human resources department, currently Ms. Du Danyang. Ms. Du has extensive industry experience in human resource management. She is aware of the underpayments in respect of social security and housing provident fund contributions and has been working closely with our legal department, which has also provided necessary compliance training to her.	1. We plan to implement new policies including requiring new employees to sign a consent letter in respect of their obligation to make housing provident fund contributions before we formally employ them. 2. The human resources department will submit semi-annual reports to the audit committee in respect of the compliance status of the housing provident fund contributions. 3. Our external legal counsel and the legal and audit department have provided compliance training to the human resources department in respect of housing provident fund laws and regulations. 4. We will maintain frequent communication with our external legal counsel and legal and audit department in the business operation process to ensure the compliance of our operations with the relevant PRC regulatory requirements.

No.	Name of our subsidiary	Non-compliance incidents	Cause of non-compliance	Legal consequences and maximum potential penalty	Remedial actions	Director/senior management in charge of the rectification	Measures in place to prevent recurrence of the non-compliant incidents
8	Qingdao Polar	According to a written decision of administrative penalty issued by Laoshan District Sub-branch of SAIC Qingdao branch ("**Laoshan SAIC**") on June 8, 2012, (i) Qingdao Polar entered into certain cooperation agreements with three local travel agencies in March 2010 for a term from March 1, 2010 to February 28, 2011; (ii) the parties agreed on a rebate arrangement in these agreements, according to which a rebate directly payable to the travel agencies was calculated on the basis of the annual visitors guided by the travel agencies to Qingdao Polar Ocean World; and (iii) Qingdao Polar paid the rebate in an amount of RMB27,877 and issued the official invoices to the travel agencies in March 2011, and recorded such payments in its accounting records against these official invoices. Laoshan SAIC determined that the rebate arrangement offered by Qingdao Polar actually damaged the opportunities of its competitors with respect to fair competition and therefore such rebate arrangement violated the PRC competition law.	Qingdao Polar believes that such rebate arrangement was widely used in the tourism industry when it received the administrative penalty decision and, as advised by our PRC legal advisor, it is unclear under PRC law whether such practice would be considered as a violation of the PRC competition law.	Under PRC law, Qingdao Polar may be imposed a fine from RMB10,000 to RMB200,000 and have its illegal income arising from the regulatory breach confiscated. In addition, where the breach is serious, criminal penalties may be imposed. Qingdao Polar was imposed a fine of RMB180,000, which was paid up within the specified period of time. Notwithstanding the above, Laoshan SAIC issued a written confirmation in July 2013 that Qingdao Polar had not committed any material violation of applicable economic laws or regulations since its inception.	See footnote 1 below for the remedial actions taken by Qingdao Polar.	Head of marketing department, currently Ms. Zheng Fang. See "Directors, Senior Management and Employees – Senior Management" for her background and qualifications in this area.	See footnote 2 below for the internal control improvement measures.

Notes:

1. After the receipt of such administrative penalty decision, Qingdao Polar ceased the rebate arrangement in question with the three travel agencies, replacing it with a price discount arrangement where the price discount for the group tickets sold through each travel agency increases according to the cumulative number of visitors guided by each travel agency. Qingdao Polar also had discussion with the travel agencies with a view to adjust the terms of the contractual arrangement and entered into new agreements with them in October 2013 incorporating the price discount mechanism. The major reason for the delay in executing the new agreements is because of the regulatory uncertainties in respect of the price discount arrangement. In particular, since 2009, the PRC government has proposed several drafts of a new Tourism Law (《旅遊法》) under which the issues involving rebate arrangements or other price discount arrangements between tourist destinations and travel agencies were expected to be clarified. The new Tourism Law was passed in April 2013 and became effective in October 2013, but it did not clarify the abovementioned issues. Therefore, Qingdao Polar entered into new agreements with its cooperating travel agencies to formally implement the price discount arrangement with a mutual understanding that the parties would revise the agreements in order to comply with any new regulatory requirements that may come into effect in the future. Moreover, the relevant local government authority subsequently confirmed in writing in July 2013 that Qingdao Polar had not committed any material violation of applicable economic laws or regulations since its inception.

2. Various improvement measures on internal control have been adopted by Qingdao Polar to prevent similar recurrences:

   - Qingdao Polar has designated staff for ensuring that future cooperation agreements with travel agencies executed by Qingdao Polar will follow the template agreement of the Group and the terms of such agreements will be strictly implemented;

   - the execution of cooperation agreements with travel agencies is subject to the approval of the joint presidents responsible for the tourism business of the Group; and any amendment to such agreements is subject to the review of the Group's external legal counsel, legal and audit departments;

   - we will update and improve its existing detailed policy, process and procedure in respect of our cooperation with travel agencies pursuant to the recommendations made by the internal control consultants;

   - our external legal counsel and the legal and audit department have provided compliance training to the marketing department in respect of the relevant laws and regulations;

   - we will maintain frequent communication with our external legal counsel, legal and audit departments in the business operation process to ensure the compliance of its operations with the relevant PRC regulatory requirements; and

   - we have added a module to our existing information system to strengthen the management and control of marketing activities. The new module will collect all key financial and contractual information in our cooperation agreements with travel agencies, including the discounted price agreed in the relevant agreement, the actual number of tourists referred by the travel agencies and the amounts of actual final settlement between us and the travel agencies. Any discrepancy between the amounts of actual final settlement and the agreed discounted price will be reported under the new module to the responsible officer so that any potential non-compliance concerns can be immediately addressed.

No.	Name of our subsidiary	Non-compliance incidents	Cause of non-compliance	Legal consequences and maximum potential penalty	Remedial actions	Director/senior management in charge of the rectification	Measures in place to prevent recurrence of the non-compliant incidents
9	Dalian Laohutan	During 2011 and 2012, Dalian Laohutan received interest income in the aggregate amount of approximately RMB61.2 million from certain the Group's related company in respect of certain advances provided by Dalian Laohutan to such related company directly without using legally permitted entrustment loans through banks.	Prior to the completion of the Reorganization, members of the Group and the Remaining Group were within the same group and therefore the companies within the Group had historically received from and granted to its related companies in the Group and the Remaining Group certain inter-company advances as part of the intra-group transactions. The Group charged interests on certain such inter-company loans as it borrowed funds from banks to provide such inter-company loans and the interest income received from related company was able to substantially offset the Group's funding costs. The Group believes that such transactions were and still are commonly seen in PRC corporate groups.	Under the relevant PRC laws, Dalian Laohutan is not allowed to provide loans to its related company directly. The interest income received by Dalian Laohutan may be forfeited by the relevant government authorities and Dalian Laohutan may be subject to a fine of not more than five times the interest income (i.e., approximately RMB305.8 million). As advised by our PRC legal advisor, the risk that the Group would be subject to any fines or other administrative penalty in connection with the interest income received from related company is remote as the Group has neither received any warning notice from nor been subject to any fines imposed by, the relevant government authorities. In addition, as the Group did not engage in the inter-company advances as its major business, and based on reasonable searches of publicly available information as of the Latest Practicable Date conducted by the Company's PRC legal advisor, the PRC legal advisor further advised that there has been no precedent of such penalty being imposed by the relevant PRC regulator in similar circumstances. Based on the above, we did not make provisions for the potential penalty in this regard.	The advances in question have been converted into legally permitted entrustment loans through banks granted by Dalian Laohutan, which has since ceased advancing funds directly to other companies.	Head of planning and finance department, currently Mr. Li Xin. See "Directors, Senior Management and Employees – Senior Management" for his background and qualifications in this area.	See footnotes below.

Notes:

1. The Group's finance department will ensure all inter-company advances are implemented in accordance with the legal requirements, including through entrustment loans which are permitted under PRC law.

2. We will update and improve our detailed PPP in respect of the operation of inter-company advances pursuant to the recommendations made by the internal control advisor.

3. The audit committee will review the compliance of the inter-company advances with PRC law on a quarterly basis.

4. Our external legal counsel and the legal and audit department have provided compliance training to the finance department in respect of the legal requirements for inter-company advances.

5. We will maintain frequent communication with our external legal counsel and legal and audit department in the business operation process to ensure the compliance of our inter-company advance operations with the relevant PRC regulatory requirements.

RISK MANAGEMENT

Risk Management Policies and Procedures

We have established a set of comprehensive risk management policies and measures to identify, evaluate and manage risks arising from our operations according to the recommendations made by an internal control advisor engaged by us and who conducted a comprehensive review of our internal control system in 2013. The major components of our risk management policies include the following:

- We have formulated rules covering the entire risk management process from risk identification, formulation and implementation of risk management solutions, risk monitoring and warning as well as emergency response to materialized risk events.

- We have established a risk management and corporate governance committee under the board to be responsible for the overall internal control and risk management process and evaluation, the current chairman of which is our non-executive director. See "Directors, Senior Management and Employees – Board Committees – Risk Management and Corporate Governance Committee."

- Our legal and audit department is designated to assist in the formulation, evaluation and implementation of our internal control and risk management policies and report to the risk management and corporate governance committee directly.

- Our legal counsel is responsible for our legal and regulatory compliance matters.

- We require our departments and project companies to establish their respective risk management implementing rules and engage our legal and audit department and legal counsel in formulating new operational policies and business plans.

On-going Measures to Implement the Risk Management Policies

In order to ensure the rigorous implementation of our risk management policies, we have also adopted various on-going measures as set out below:

- We provided training to our directors, senior management and key risk management functional staff in respect of the risk management policies in 2013 and expect to provide continuous training when deemed necessary.

- Our legal and audit department will assess and monitor the implementation of our risk management policies by the relevant departments and project companies through regular audits and inspections and report the results to the management.

- We have included risk management performance into our overall performance review system to incentivize proper implementation of the risk management policies.

- We provide continuous pre-commencement and on-job risk management training to our employees.

- We have retained an external PRC legal advisor to review and advise on our regulatory compliance in respect of all relevant PRC laws and regulations, including changes to such laws and regulations, which may affect our business operations in the PRC.

- We have retained Guotai Junan Capital Limited as our compliance advisor to advise our directors and management team on matters relating to the Listing Rules.

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering (excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Shares to be issued under the Share Option Scheme), indirectly through Haichang BVI and taking into account Shares in the Management Trust, Qu Naijie will own an approximately 55.73% interest in the post offering enlarged issued share capital of our Company and hence will, together with Haichang BVI, continue to be our Controlling Shareholders.

Apart from his interest in our Group, Qu Naijie's associates (the "**Haichang Group**"), are engaged in a diversified business portfolio ranging from trading and transportation of petroleum and related chemical products, operation of a fleet of vessels and oil tankers, wine trading, ecological agriculture to residential and commercial real estate developments.

Save as mentioned above, there is no other person who will, immediately following completion of the Global Offering, be directly or indirectly interested in more than 30% or more of the Shares then in issue.

Upon completion of the Reorganization and in preparation for the Listing, all the theme park related businesses including the development and operation of theme parks, with ancillary commercial properties, will be held by our Group (the "Core Business") with the rest of the businesses retained in the Haichang Group (the "Remaining Group"). As our Group is engaged in and derived all its revenue from the Core Business and does not have any plan to expand its business into areas outside the Core Business, our Directors are of the view that there is no competition between our Core Business and the trading and transportation of petroleum and related chemical products, operation of vessels and oil tankers, wine trading and ecological agriculture business of our Controlling Shareholders due to the differences in the nature of business.

COMPETITION

To continue to expand our Core Business and minimize any potential competition between our Group and our Controlling Shareholders, we entered into the following agreements to acquire certain businesses from the Haichang Group that are in line with our Core Business:

(i) a share transfer agreement with ORIX China, Haichang Asia HK and Haichang Group Co to acquire 100% equity interests in Dalian Haichang Discoveryland dated September 24, 2013;

(ii) a share transfer agreement with Haichang Real Estate to acquire 100% equity interests in Chongqing Haichang Caribbean dated September 23, 2013;

(iii) a share transfer agreement with Haichang Group Co and a share transfer agreement with Dalian Lianyun to acquire 9% and 40% equity interests, respectively, in Dalian 4D-Cinema Co, both dated September 12, 2013; and

(iv) a series of purchase agreements entered into between Haichang China and Shibo Real Estate, in relation to the purchase of commercial properties located in Dalian Laohutan Fishermen's Wharf.

THE EXCLUDED BUSINESS

Upon completion of the Reorganization, the Remaining Group, through Haichang Enterprise Development, will retain certain property development business in the PRC. The Remaining Group currently has the following property development projects in the PRC (the "Excluded Business"):

City	Project/Project Company
Dalian	• Donggang East Montage • Red Flag Valley Eastern Region Villa and Red Flag Valley Western Region Villa – residential property – golf facilities • Dalian Guanglu Island Resort • Dalian Golden Pebble Bordeaux Manor • Lvshun Fishermen's Wharf • Dalian Luneng Land Co., Ltd. • Dalian Laohutan Shicao Residential Project
Chengdu	• Chengdu Tianlan Residential Project
Chongqing	• Chongqing Nanshan Qingshuixi Villa
Tianjin.	• Tianjin Tianlan Residential Development Project Phases 1, 2 and 3 • Haichang Center Commercial Building
Wuhan	• Wuhan Tianlan Residential Project Phases 1, 2 and 3
Boao.	• Hainan Haichang Land Co., Ltd.
Yantai	• Yantai Haichang Tourism Development Co., Ltd.

REASONS FOR BUSINESS DELINEATION

Over the past decade, Haichang Group has been engaged in diversified businesses. One of its principal businesses has been the development and operation of theme parks with marine and polar attractions in China, with ancillary commercial properties ranging from hotels, shopping and dining areas to serviced apartments. The first theme park of Haichang Group was established in Dalian in 2002.

The business of Haichang Group has been growing rapidly over the past 10 years and today, its theme parks and ancillary commercial property developments cover seven cities and will expand to other locations including Shanghai and Hainan Island.

Over the course of its business development, Haichang Group in some cases was granted commercial and residential land parcels adjacent to the theme parks. Due to the difference in nature of the land parcels in terms of the duration of use, government regulations and development restrictions, Haichang Group had designated the land parcels for different development purposes. For commercial land, it was designated for the development of theme parks and the ancillary commercial properties such as retail shops, restaurants, cinemas, hotels and serviced apartments to support the growth of our theme parks as well as maintain and enhance the number of visitors of our theme parks; while the residential projects were situated on land designated for purely residential use. These two types of land are of different nature under PRC law. Commercial lands are granted with a 40-year land use right, whereas residential lands are granted with a 70-year land use right.

Haichang Group underwent an internal reorganization in the past few years and our Group was established to continue with the development and operation of theme parks and the ancillary commercial properties for commercial use and development.

Ancillary commercial properties (including retail shops, restaurants, cinemas, hotels and serviced apartments) promote the theme park business as they contribute to the prosperity of the region surrounding the theme parks, promote spending of theme park visitors and encourage them to stay longer in the area by providing a wonderful array of high quality entertainment and integrated experience of leisure, shopping and dining as well as hotel accommodation. With the ancillary commercial properties, our Group is able to provide our visitors with "one-stop shop" travel experience by combining other travel-related services supplied by businesses on the ancillary commercial properties. See "Business – Operation of Ancillary Commercial Properties" for details on the complementary features of the ancillary commercial properties. In addition, the development of theme parks involves a high capital expenditure but the return of the theme park business is realized over years. With the income streams from property sales and rental income from the ancillary commercial properties, our Group can devote such additional sources of funding to the development of the theme parks. The development of ancillary commercial properties nearby the theme parks and the inclusion of such business into our Group is a sound commercial decision. Given the synergy between our theme parks and the ancillary commercial properties and the integrated development approach, our Company believes that it will not be in our Group's interests to separate the ancillary commercial properties from the theme parks for the purpose of the proposed Listing.

On the other hand, the Excluded Business is entirely different from the businesses of our Group in terms of business nature, financial model and target customers. As explained below, as the Excluded Business does not promote the theme park business nor provide any added value or functions to the theme parks, they are excluded from our Group.

With our Group focusing on the Core Business, the Remaining Group is engaged in different and diversified businesses ranging from trading and transport of petroleum and related chemical products, operation of a fleet of vessels and oil tankers, real estate developments to wine trading and ecological agriculture.

Our Directors believe that the potential competition between the Excluded Business and our business activities is not significant and can be controlled by the measures to be adopted after the Listing including the Deed of Non-Competition. The following table sets out the percentage of interests of Qu Naijie and his associates in each company which form part of the Excluded Business in each province/city where our Group has presence.

Company	Project	Percentage of Interests of Qu Naijie and his associates in the company
Dalian Oriental Water City Development Co., Ltd.	Donggang East Montage	82.8%
Dalian Red Flag Valley Land Co., Ltd.	Red Flag Valley Eastern Region Villa	82.8%
Dalian Red Flag Valley Golf Club Co., Ltd.	Red Flag Valley Western Region Villa	82.8%
	Golf Facilities	
Dalian Haichang Land Leisure Tourism Co., Ltd.	Dalian Guanglu Island Resort	50.0%
Dalian Haichang Land Red Wine Manor Co., Ltd.	Dalian Golden Pebble Bordeaux Manor	97.9%
Dalian Fishermen's Wharf Development Construction Co., Ltd.	Lvshun Fishermen's Wharf	50.0%
Dalian Luneng Land Co., Ltd.	Dalian Kaifa District Residential Project	20.0%
Dalian Juncheng Real Estate Development Co., Ltd.	Dalian Laohutan Shicao Residential Project	50.0%
Chengdu Haichang Land Co., Ltd.	Chengdu Tianlan Residential Project	82.8%
Chongqing Industrial	Chongqing Nanshan Qingshuixi Villa	82.8%
Tianjin Haichang Real Estate Development Co., Ltd.	Tianjin Tianlan Residential Development Project Phases 1, 2 and 3	82.8%
Tianjin Polar Ocean Land Co., Ltd.	Haichang Center Commercial Building	82.8%
Wuhan Chuangfu Real Estate Development Co., Ltd.	Wuhan Tianlan Residential Project Phases 1, 2 and 3	82.8%
Hainan Haichang Land Co., Ltd	Potential development by Hainan Haichang Land Co., Ltd.	50.0%
Yantai Haichang Tourism Development Co., Ltd.	Potential development by Yantai Haichang Tourism Development Co., Ltd.	100.0%

Dalian

(1) Donggang East Montage

Donggang East Montage has been developed by the Remaining Group since 2011. It is developed and owned by Dalian Oriental Water City Development Co., Ltd. (大連東方水城發展有限公司) of the Remaining Group. It is expected that the development will be completed in 2015. Donggang East Montage is a European classical architecture styled low-rise commercial complex which comprises office space, high-end retail shops, restaurants and corporate and private clubs. It is situated in Dalian Donggang Business District (大連市東港商務區) alongside office buildings, commercial complexes and residential apartments. It is planned that the commercial properties will be sold. The project aims to attract high-end customers as opposed to tourists or theme park visitors. It does not offer marine or polar animal aquarium attractions, experiences or services of our theme parks, nor does it bear any characteristics of an adventure-themed amusement park. In addition, it is 8 km from Dalian Laohutan Oceanpark and 52 km from Dalian Discoveryland. Unlike the ancillary commercial properties of our theme parks which offer an integrated dining and shopping experience to the tourists, it does not have any complementary features that could promote our theme park business. Hence, it is excluded from our Group.

(2) Red Flag Valley Eastern Region Villa and Red Flag Valley Western Region Villa

The villa projects developed by the Remaining Group in the Red Flag Valley region are purely residential in nature. They are developed and owned by Dalian Red Flag Valley Land Co., Ltd. (大連紅旗谷置業有限公司) and Dalian Red Flag Valley Golf Club Co., Ltd. (大連紅旗谷高爾夫俱樂部有限公司) of the Remaining Group. Red Flag Valley Western Region Villa was completed in 2010 while the development of Red Flag Valley Eastern Region Villa is expected to be completed in 2014. In addition to their locations which are 30 km from Dalian Laohutan Oceanpark and 73 km from Dalian Discoveryland, it is not the intention of our Group to engage in pure residential property development and sale which is unrelated to and unable to provide any synergy to our theme park business. The villa projects do not target tourists or theme park visitors. Hence, the Red Flag Valley Eastern Region Villa and Red Flag Valley Western Region Villa are excluded from our Group.

At the same time, the clubhouse and golf accommodation developed and operating in the Red Flag Valley region are not in line with our Core Business. They do not bear any features of the typical theme parks of our Group and are operated on a private club and exclusive membership model which are not opened for public access. It targets golf-lovers as opposed to tourists or theme park visitors. Therefore, they will not form part of the business of our Group.

(3) Dalian Guanglu Island Resort

Dalian Guanglu Island Resort commenced operation in July 2012 while the residential part is still at planning stage. It is developed and owned by Dalian Haichang Land Leisure Tourism Co., Ltd. (大連海昌置地休閒旅遊渡假有限公司) in which the Remaining Group has an interest. It is a golf and leisure resort with residential property development located in an outlying island on the east coast of Dalian which is 156 km from Dalian Laohutan Oceanpark and 99 km from Dalian Discoveryland. It targets high-end customers as opposed to theme park visitors. It does not offer marine or polar animal aquarium attractions, experiences or services of our theme parks, nor is it able to provide any synergy to our theme parks. Hence, it will not form part of the business of our Group.

(4) Dalian Golden Pebble Bordeaux Manor

Dalian Golden Pebble Bordeaux Manor is a development of high-end residential properties for sale and was partly completed in 2012. It is 66 km from Dalian Laohutan Oceanpark and 4 km from Dalian Discoveryland. It is developed and owned by Dalian Haichang Land Red Wine Manor Co., Ltd. (大連海昌置地紅酒莊園有限公司), in which the Remaining Group has an interest. As our Group is not engaged in purely residential property development, and the project does not target tourists or theme park visitors, Dalian Golden Pebble Bordeaux Manor is excluded from our Group and will form part of the Excluded Business.

(5) Lvshun Fishermen's Wharf

Lvshun Fishermen's Wharf is a high-end residential project developed by the Remaining Group since 2011 and it is expected to be completed by 2016. It is 44 km from Dalian Laohutan Oceanpark and 102 km from Dalian Discoveryland. It is developed and owned by Dalian Fishermen's Wharf Development Construction Co., Ltd. (大連漁夫碼頭開發建設有限公司) in which the Remaining Group has an interest. It is a residential complex for sale which does not target theme park visitors and thus excluded from our Group as our Group is not engaged in the development of purely residential properties.

(6) Dalian Luneng Land Co., Ltd. (大連魯能置業有限公司) ("Luneng Project Company")*

Luneng Project Company was set up in 2003 and is held by Haichang Group Co. as to 20% and Shandong Luneng Group Co., Ltd.* (山東魯能集團有限公司) as to 80%. It is engaged in a large-scale residential property development in the Kaifa District in Dalian which is 67 km from Dalian Laohutan Oceanpark and 0.7 km from Dalian Discoveryland. It has commenced for sale and targets customers looking for pure residential properties. As our Group is not involved in the development of pure residential properties, Luneng Project Company is excluded from our Group.

(7) Dalian Laohutan Shicao Residential Project

Dalian Laohutan Shicao Residential Project is planned to be a high-end residential project developed by Dalian Juncheng Real Estate Development Co., Ltd.* (大連峻城房地產開發有限公司) ("**Juncheng Company**") in which the Remaining Group has an interest. It is 3 km from Dalian Laohutan Oceanpark and 71 km from Dalian Discoveryland. Currently, Juncheng Company has not obtained any land use right certificate to develop the residential project. As our Group is not engaged in the development of purely residential properties, Juncheng Company is excluded from our Group.

Chengdu

Chengdu Tianlan Residential Project

Chengdu Tianlan Residential Project is developed by the Remaining Group since 2012 and expected to be completed for sale in 2017. It is 15 km from Chengdu Polar Ocean World. It is developed and owned by Chengdu Haichang Land Co., Ltd. (成都海昌置業有限公司) of the Remaining Group. Other than our theme park, Chengdu Polar Ocean World and the ancillary shops and dining facilities, our Group does not have any residential or serviced apartment projects in the city. There is no actual or potential competition between Haichang Group and our Group in Chengdu. As Chengdu Tianlan Residential Project does not target tourists or theme park visitors and our Group is not engaged in purely residential property development, Chengdu Tianlan Residential Project is excluded from our Group.

Chongqing

Chongqing Nanshan Qingshuixi Villa

Chongqing Nanshan Qingshuixi Villa is a residential project developed by the Remaining Group since 2011. It is less than 1 km from Chongqing Caribbean Water Park. It is developed and owned by Chongqing Industrial of the Remaining Group for sale. Part of Chongqing Nanshan Qingshuixi Villa was completed in 2011 whereas the remaining part is expected to be completed in 2014. Other than Chongqing Caribbean Water Park (the acquisition of which is to be completed after the Listing), and the ancillary shops and dining facilities, our Group does not have any residential or serviced apartment projects in the city. There is no actual or potential competition between Haichang Group and our Group in Chongqing. As Chongqing Nanshan Qingshuixi Villa does not target tourists or theme park visitors and it is not the intention of our Group to engage in residential property development, Chongqing Nanshan Qingshuixi Villa is excluded from our Group.

Tianjin

(1) Tianjin Tianlan Residential Development Project Phases 1, 2 and 3

Tianjin Tianlan Residential Project developed by the Remaining Group is purely residential in nature. It is less than 1 km from Tianjin Polar Ocean World. It is developed and owned by Tianjin Haichang Real Estate Development Co., Ltd. (天津海昌房地產開發有限公司) of the Remaining Group for sale. It is currently under development and Phase 1 of the project will be completed in 2014. It is built on a piece of residential property land, as opposed to the commercial property land where the Tianjin Polar Ocean World and the ancillary commercial properties are situated. Tianjin Tianlan Residential Project is excluded from our Group as it is a purely residential development and does not aim at attracting tourists or theme park visitors.

(2) Haichang Center Commercial Building

The Haichang Center Commercial Building is developed by the Remaining Group since 2009 and is expected to be completed in 2015. It is developed and owned by Tianjin Polar Ocean Land Co., Ltd. (天津極地海洋置業有限公司) of the Remaining Group. It is a block of high-rise commercial building comprising grade A office space, retail shops, accommodation space and other supporting facilities for the office tenants and for sale. It is situated in a prime and newly developed central business district of Tianjin with excellent accessibility, brand new and high-quality furnishing and facilities which aims to support a wide variety of premier office users such as multinational corporations, commercial and financial institutions and banks.

The ancillary commercial properties of our Group in Tianjin target small to medium sized enterprises engaged in the tourism industry or providers of cultural and leisure services with a view to support our theme park, Tianjin Polar Ocean World, while Haichang Center Commercial Building, on the other hand, target corporations and investors distinct from the theme park business. In addition, Haichang Center Commercial Building is a high-rise commercial building separate from the commercial streets and serviced apartments which form the ancillary commercial properties of our theme parks. Notwithstanding that it is only 1.5 km away from the Tianjin Polar Ocean World, in terms of zoning, Haichang Center Commercial Building is situated in a central business district while Tianjin Polar Ocean World and its ancillary commercial properties are situated in a tourism and cultural district. As the target tenants of Haichang Center Commercial Building and our ancillary commercial properties in Tianjin are of different natures, spending patterns and demands, Haichang Center Commercial Building will not be included in our Group.

Wuhan

Wuhan Tianlan Residential Project Phases 1, 2 and 3

The Wuhan Tianlan Residential Project developed by the Remaining Group is of a pure residential nature and is distinct from the business of our Group. It is less than 1 km from Wuhan Polar Ocean World. It is developed and owned by Wuhan Chuangfu Real Estate Development Co., Ltd. (武漢創富房地產開發有限公司) of the Remaining Group. Phases 1 and 2 of the project have commenced for sale while Phase 3 is expected to be completed in 2016. It is built on a piece of residential property land, as opposed to the commercial property land where the Wuhan Polar Ocean World and the ancillary commercial properties are situated. The Wuhan Tianlan Residential Project is excluded from our Group as it is a purely residential development and does not aim at attracting tourists or theme park visitors.

Boao

Hainan Haichang Land Co., Ltd. (海南海昌置地有限公司) ("Boao Company")

Dalian Haichang Land Co., Ltd. (大連海昌置地有限公司), a member of the Remaining Group, is interested in Boao Company which was established on May 13, 2010. In 2012, Boao Company obtained several land use rights certificates in Boao Haibin District for the development of theme park and other real estate properties. However, having conducted a preliminary assessment of the area, and having considered the projected visitors flow, Boao Company decided that it was not suitable for theme park development. The construction plan of the theme park is therefore suspended. As Boao Company is currently not engaged and has no intention to engage in any theme park business and does not possess any assets that support the development of a theme park, it is excluded from our Group.

The Controlling Shareholders have granted us an option to acquire Haichang Group's interest in Boao Company. We will therefore be able to acquire Boao Company in the future if Boao Company develops, operates or participates in any theme park related projects or any other business that might compete with our Core Business after the Listing.

Yantai Haichang Tourism Development Co., Ltd. (煙台海昌旅遊發展有限公司) ("Yantai Development Company")

Yantai Development Company is established by Haichang Group Co of the Remaining Group with a business focus on real estate development, tourism development and hotel management. However, due to various commercial considerations, the development plan was suspended. Yantai Development Company has not yet obtained any land use right certificate. As Yantai Development Company is currently not engaged in any theme park related business and does not have any concrete plan for future development, it is excluded from our Group.

The Controlling Shareholders have granted us an option to acquire Haichang Group's interest in Yantai Development Company at any time. We will be able to acquire Yantai Development Company if it develops, operates or participates in any business that might compete with our Core Business after the Listing.

POTENTIAL COMPETITION

Among the many ancillary commercial property projects developed by our Group across the seven provinces/cities in the PRC, the potential business competition only represents a small component and is only limited to the serviced apartments comprised in the ancillary commercial properties in Tianjin and Wuhan. While the serviced apartments of our Group and the residential properties of the Remaining Group in Tianjin and Wuhan are both available for sale, having taken into consideration the following factors, our Directors believe that the perceived potential competition should not be significant.

(1) Potential Business Competition is Immaterial

(i) Differentiating Features between Serviced Apartments and Residential Properties

Serviced apartments are categorized as commercial properties in PRC and are different from residential properties in the following material aspects.

(a) Nature of land and term of land use right and property ownership rights

The serviced apartments developed by our Group are situated on “commercial land” while the residential properties developed by the Remaining Group are situated on “residential land.” Under PRC law, “commercial land” can only be used to develop “commercial properties” and is granted with a 40-year term of land use right. In contrast, “residential land” can only be used to develop “residential properties” and is granted with a 70-year term of land use right. The nature of the land and the property, as well as the term of the land use right are reflected in the property ownership right certificates issued to the owner of serviced apartments.

(b) Regulatory regime and mortgage policies

Corresponding to the PRC Government’s effort to control the soaring price of residential properties in recent years, PRC law and regulations are more stringent in the sale and purchase of residential properties while the sale and purchase of commercial properties is less regulated. For instance, PRC law and regulations at national and regional levels restrict the number of residential properties that can be purchased by an individual investor whereas there are no such restrictions on the purchase of commercial properties.

Different policies also apply to mortgages for residential and commercial properties, such as the time when a loan can be drawn down, down-payment percentage and term of mortgage. The table below sets out a brief summary of these differences.

Type of property	Down-payment percentage	Term of mortgage	Time when a loan can be drawn down
Commercial property.	Not less than 50% of purchase price	Not exceeding 10 years	Only upon completion of construction of the property
Residential property	• 1st unit – with construction area of more than 90 sq.m., not less than 30% of purchase price • 2nd unit – not less than 60% of purchase price	Can be as long as 25 – 30 years	Completion of construction of property is not a pre-requisite for being eligible to draw down the loan. A loan can be drawn down after (1) pre-sale permit is obtained for the property; (2) the sale and purchase agreement (of a property the construction of which is yet to be completed) is signed; and (3) the down-payment is made.

(c) Services, property price and costs of living

The customers of the serviced apartments usually expect premium quality of property management services. Also, due to the higher renovation costs invested in the serviced apartments, the price of the serviced apartments is usually expected to be 10% to 20% higher (on a per sq.m. basis) than the residential units of similar sizes, accessibility, and building quality.

To further highlight the differentiation, the costs of water supply, electricity and heat are substantially higher in commercial districts than those in residential areas in Tianjin. Compared to the rates applicable to residential properties, the cost of water supply for serviced apartments is generally 60% higher, the cost of electricity is generally 60% – 65% higher and the cost of heat is generally 44% higher. Coupled with the higher price of serviced apartments as mentioned above, the living expenses of residents of serviced apartments are expected to be much higher than those of the residents of the residential properties.

(d) Different real estate products appealing to different customers

Based on the differences highlighted above, our Company believes that the serviced apartments sold by our Group and the residential properties sold by the Remaining Group in Tianjin and Wuhan appeal to different customers and therefore the two products are not in direct or material competition with each other.

The serviced apartments form an integral part of our theme park project development. While our Group has planned to use theme parks as a marketing tool for the promotion of the sale of serviced apartments and ancillary commercial properties (for example, by offering reduced admission price or other discounts to owners of serviced apartments or other ancillary commercial properties), the Remaining Group did not and will not use our theme parks for the promotion of its residential properties. With the different marketing strategies, serviced apartments are more likely to attract buyers or tenants who are looking for a relaxing and leisurely lifestyle and investors who are looking for long-term capital gain; on the other hand, pure residential developments are more likely to appeal to buyers with families.

(ii) Sales Schedules

As a business strategy, our Group will generally adopt a different sales schedule for its projects from the one adopted by the Remaining Group in the same region. Given the time gap between the schedules adopted by our Group and the Remaining Group for the sales of their respective projects in Wuhan and Tianjin, and that any potential competition will diminish upon either the completion of sale of the serviced apartments by our Group, or the completion of sale of residential properties by the Remaining Group, there is no direct competition between the serviced apartments in our Group and the residential properties in Wuhan and Tianjin. Notwithstanding the above, the Deed of Non-Competition, as set out in detail below, also adopts additional mechanisms to prevent the sales of the projects of the Remaining Group from clashing the timetable of our Group to further mitigate any potential impact it may have on our business.

(iii) Contribution to the Total Turnover of our Group

It is expected that the revenue attributable to the sale of serviced apartments will only account for less than 15% of our Group's total turnover for the next three years. Therefore, notwithstanding the potential business competition between the serviced apartments in our Group and the residential properties in the Remaining Group, the scale of competition in terms of financial contribution to the our Group is small.

In view of the above factors, our Company and the Joint Sponsors believe that there exists adequate product differentiation and market segmentation to delineate the serviced apartments sold by our Group and residential properties sold by the Remaining Group, and there should not be any direct competition between our Group and the Remaining Group. In future, if our Group is to develop serviced apartments, consistent with the existing delineation principle, it will only develop serviced apartments on commercial land.

Our Company and the Joint Sponsors believe that even if there is potential business competition between the serviced apartments in our Group and the residential units in the Remaining Group, it is limited to geographical locations (i.e. only the selected phases of the Tianjin and Wuhan projects) and the monetary value in terms of financial contribution to our Group as a whole is small.

Also, certain rights granted by the Remaining Group to our Group under the Deed of Non-competition may serve to mitigate competition between the Remaining Group and us. In order to further protect the interests of our Shareholders, the Remaining Group has also given certain undertakings in favor of our Group under the Deed of Non-competition.

(2) Comparison between our Group and the Excluded Business

As of December 31, 2013, the total GFA of our theme parks and the Additional Theme Parks and their respective ancillary commercial properties was 652,512 sq.m., while the total GFA of the projects in the Excluded Business was 4,869,138 sq.m[1].

However, in terms of revenue for the year ended December 31, 2012, assuming the Additional Theme Parks has been acquired by us on January 1, 2012, our Group's revenue on a pro forma basis would have amounted to approximately RMB1,112.9 million, 56% higher than that of the companies in the Excluded Business, which was approximately RMB709.6 million.[2,3]

DIRECTORS' COMPETING INTERESTS

Other than the above interests of Qu Naijie outside of our Group and the dual directorship of Wang Xuguang and Qu Naijie in the Remaining Group as further discussed below, our Directors have confirmed that none of them is interested in any business which competes, or is likely to compete directly or indirectly with our business as of the Latest Practicable Date.

DEED OF NON-COMPETITION

To mitigate any potential conflict of interest between our Group and our Controlling Shareholders, each of our Controlling Shareholders, being Qu Naijie and Haichang BVI, have entered into a Deed of Non-competition (the "Deed of Non-competition") in favor of our Company pursuant to which our Controlling Shareholders have irrevocably and unconditionally, jointly and severally, warranted and undertaken to our Company that, during the effective period of the Deed of Non-competition (as defined below), they will not, and will procure their subsidiaries and associates not to, as a principal or agent, and whether on his/its own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except through our Group), directly or indirectly develop, operate, participate or otherwise hold any right or interest in theme park related projects in the PRC which compete or may compete, directly or indirectly, with that of our Group (save for the holding of any shares in any company listed on a recognized stock exchange of less than 10% of such listed company's issued share capital and not being the single largest shareholder of such listed company).

Notes:

1 The GFA of each project in the Excluded Business was obtained from third parties and has not been verified by any independent property valuer. Such information is presented in this section for reference only. Although reasonable inquiries and care have been exercised by the Company, the absolute accuracy could not be guaranteed.

2 The financial information of each company in the Excluded Business is extracted from the financial statements of the relevant company, which are prepared in accordance with the PRC general accepted accounting principles and audited by their respective PRC auditors. No audited financial statements were prepared for Tianjin Haichang Real Estate Development Co., Ltd and Tianjin Polar Ocean Land Co., Ltd, the financial information of which is extracted from the management accounts of such companies. The financial information is presented for reference only.

3 This represents a sum of the total revenue of each project company in the Excluded Business. See section "Relationship with our Controlling Shareholders – Reasons for Business Delineation" for the percentage of interests of Qu Naijie and his associates in each project company.

Further Undertakings in relation to the development of properties

In any city or region where our Group has developed any business operations or holds any business interests, our Controlling Shareholders will procure that any opportunity to develop, operate, participate and/or otherwise hold any right or interest in any business relating to any properties (the "New Opportunity") identified by or offered to our Controlling Shareholders or their subsidiaries or associates is first referred to the Group in the following manner.

(a) Our Controlling Shareholders are required to, and shall procure their subsidiaries and associates to, refer, or to procure the referral of, the New Opportunity to our Group and notify our Group in writing with all relevant information about the New Opportunity immediately upon becoming aware of the New Opportunity ("Offer Notice"). They are also obliged to use their best efforts to procure that such opportunity is first offered to us on terms and conditions that are fair and reasonable.

(b) After receipt of the Offer Notice, a committee of our Board consisting exclusively of independent non-executive Directors ("Independent Board Committee") shall consider the New Opportunity. When considering whether or not to pursue a New Opportunity, the Independent Board Committee will consider, among others, the following factors: the valuation and performance of the relevant business, the compatibility of the strategy of the relevant business with that of our Company, the estimated profitability, the prevailing markets conditions, the available resources of our Company and other options available to our Company to pursue similar businesses or establish similar businesses. The Independent Board Committee will also consider whether the New Opportunity, if developed by our Controlling Shareholders, would create competition with our Group. Relevant factors include the scale of the development of the New Opportunity, the proximity and distance from the commercial properties of our Group and the nature of the development. The Independent Board Committee may appoint an independent financial advisor or other professional advisors at our Company's cost to advise it in respect of the New Opportunity and the pricing of the New Opportunity. Our Controlling Shareholders shall and shall procure their subsidiaries or associates to provide all information reasonably required by Independent Board Committee, independent financial advisor and/or other professional advisors to assist them in their assessment. If the Independent Board Committee considers that the pricing of the relevant business is fair and reasonable compared to the valuation and the estimated profitability of the business and the market price of comparable opportunities, the strategy and development of the relevant business is compatible with that of our Group, our Group has adequate resources to purchase, develop and manage the relevant business, and is of the view that the pursuit of the New Opportunity is in the best interests of our Group, the Independent Board Committee will consent to the pursuit of the New Opportunity by our Group. The Independent Board Committee shall have 60 days ("60 days period") from the date of the Offer Notice to consider whether the New Opportunity should be pursued. Should the Independent Board Committee decide to accept the New Opportunity, it shall notify our Controlling Shareholders in writing. Upon receiving the written notification of acceptance, our Controlling Shareholders or their subsidiaries or associates are obliged to transfer the New Opportunity to our Company upon terms that are fair and reasonable.

(c) If the Independent Board Committee considers that the New Opportunity, if pursued by the Controlling Shareholders or their subsidiaries or associates, would constitute potential competition, directly or indirectly, with the business of our Group, it has the power to veto the pursuit of the New Opportunity by the Controlling Shareholders or their subsidiaries or associates and if it decides to exercise such veto power, it shall notify our Controlling Shareholders in writing within the 60 days period.

(d) The Independent Board Committee may consent to the pursuit of the New Opportunity by the Controlling Shareholders if it is satisfied that the New Opportunity would not constitute potential competition with the business of our Group. In assessing whether there might be potential competition, the Independent Board Committee would consider a number of factors such as the scale of development of the New Opportunity, the proximity and distance from the existing and future development of commercial properties of our Group, the nature of development and whether there will be any overlap of target customers. The Independent Board Committee may appoint an independent financial advisor or other professional advisors at our Company's cost to advise it in respect of the New Opportunity and the pricing of the New Opportunity. Our Controlling Shareholders shall and shall procure their subsidiaries or associates to provide all information reasonably required by the Independent Board Committee, independent financial advisor and/or other professional advisors to assist them in the assessment. If the Independent Board Committee considers that: (i) all material information for the assessment has been provided by the Controlling Shareholders; and (ii) the pursuit of the New Opportunity will not be in line with the interest of our Group, having considered the nature, scale, pricing and valuation of the New Opportunity and our Group's resources, and if it is satisfied that the New Opportunity, if developed by the Controlling Shareholders, would not constitute potential competition with the business of our Group or with the future development of our Group, then it may consent to the pursuit of the New Opportunity by the Controlling Shareholders. The Independent Board Committee will then have the power to impose conditions and restrictions on the development of the properties by our Controlling Shareholders, such as the scale of development and the proximity from our Group's existing and future ancillary commercial properties, in order to prevent any form of potential competition. The Independent Board Committee shall notify our Controlling Shareholders its decision within the 60 days period.

(e) If, within the 60 days period, our Company does not reply to our Controlling Shareholders pursuant to (a), (b) or (c) above, our Controlling Shareholders or their subsidiaries or associates are entitled to pursue the New Opportunity by themselves on terms no more favorable than the terms offered to our Company but our Controlling shareholders cannot transfer the New Opportunity to any independent third parties. If there is a material change in the terms and conditions of the New Opportunity referred to or procured to be referred to by our Controlling Shareholders, our Controlling Shareholders will refer the New Opportunity as so revised to our Company in the manner as set out above.

The powers of the Independent Board Committee and measures above have been incorporated in the terms of reference of the Independent Board Committee. We will disclose the consideration and conclusion of the Independent Board Committee in relation to (b) – (d) above in our annual reports or interim reports.

Further Undertakings relating to the Sale Schedules of Residential Properties

In any city or region where our Group has developed any serviced apartment projects for sale, our Controlling Shareholders have undertaken that, in the event that they or their subsidiaries or associates have plans to launch the sale of any residential projects in the same city or region ("Sale of Residential Properties"), our Controlling Shareholders shall and shall procure their subsidiaries or associates to notify our Group in writing with detailed sale terms and all relevant information ("Sale Notice"). Upon receipt of the Sale Notice, the Independent Board Committee shall have 60 days since the date of the Sale Notice ("Notice Period") to consider whether the proposed sale will compete or likely compete, directly or indirectly, with the sale schedule of any projects of our Group. Our Controlling Shareholders have further undertaken that the Independent Board Committee shall have the power to veto the Sale of Residential Properties and if it decides to exercise its veto power, it shall notify our Controlling Shareholders in writing during the Notice Period. If the Independent Board Committee does not use its veto over the Sale of Residential Properties or does not send any written notice to our Controlling Shareholders during the Notice Period, our Controlling Shareholders are entitled to launch the Sale of Residential Properties in accordance with the terms and conditions as stipulated in the Sale Notice. We will disclose the relevant consideration and conclusion of the Independent Board Committee in our annual reports or interim reports.

If our Group decides to launch its sale of serviced apartment projects in the relevant city or region, our Group has undertaken that it will notify our Controlling Shareholders in writing within the Notice Period and in which case, our Controlling Shareholders or their subsidiaries or associates can only launch the Sale of Residential Properties after a time gap of six months ("Time Gap") from the date our Group launches its sale of serviced apartment projects in the same city or region. The Independent Board Committee has the power to extend the Time Gap if it considers, on a case-by-case basis, that a longer period of time is necessary in order to ensure that the Group has enough time to complete the sale of a significant portion of the serviced apartments before our Controlling Shareholders or their subsidiaries or associates launch the Sale of Residential Properties. If it decides to extend the Time Gap, it shall notify our Controlling Shareholders in writing during the Notice Period. In determining the length of the Time Gap, the Independent Board Committee will consider a number of factors such as the scale of the project, the then demand and supply of similar types of properties in the region and market conditions, etc and has the absolute discretion in getting the appropriate timeframe. We will disclose the consideration and conclusion of the Independent Board Committee in relation to the Time Gap in our annual reports or interim reports.

The Deed of Non-competition will remain in full force and be terminated when our Controlling Shareholders and their subsidiaries beneficially hold less than 30% of our issued share capital and no longer holding controlling power over our Company, or our Controlling Shareholders are no longer our controlling shareholders as stipulated under Rule 1.01 of the Listing Rules.

OPTION TO PURCHASE AND/OR OPERATE AND MANAGE EXCLUDED BUSINESS

During the term of the Deed of Non-competition, pursuant to relevant laws and regulations, our Group will be entitled to (1) an option to purchase any equity interests, assets or other interests which forms part of the Excluded Business or any new business developed, operated or owned by the Controlling Shareholders or their subsidiaries or associates and/or (2) the exclusive right to operate and manage such business in the event that the Independent Board Committee considers that such part of the Excluded Business or the new business constitutes competition with the Group. In such event, our Group will be required to comply with Chapter 14A of the Listing Rules, including, where applicable, the announcement, reporting, annual review and independent shareholders' approval requirements and with those conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with the relevant requirements under the Listing Rules.

The Independent Board Committee will be responsible for reviewing, considering and deciding whether or not to exercise the option to purchase and/or operate and manage Excluded Business or the new business. The Independent Board Committee will consider, among others, the following factors: the valuation and performance of the relevant business, the compatibility of the strategy of the relevant business with that of our Company, the estimated profitability, the prevailing markets conditions, the available resources of our Company and other options available to our Company to pursue similar businesses from third parties or establish similar businesses. The Independent Board Committee will also consider the extent of competition between the relevant business and that of our Group. Relevant factors include the scale of the development of the relevant business, the proximity and distance from the commercial properties of our Group and the nature of the development. The pricing of the relevant business shall be determined with reference to the valuation by a third-party valuer jointly selected by our Controlling Shareholders and our Group. Our Controlling Shareholders shall and shall procure their subsidiaries or associates to provide all information reasonably required by Independent Board Committee and the third-party valuer for assessment.

If the Independent Board Committee considers that the pricing of the relevant business is fair and reasonable compared to the valuation and the estimated profitability of the business and market price of comparable opportunities, the strategy and development of the relevant business is compatible with that of our Group, our Group has adequate resources to purchase, develop and/or manage the relevant business, and is of the view that the pursuit of the relevant business is in the best interests of our Group, the Independent Board Committee will let our Group exercise the option to pursue the business.

Should the Independent Board Committee decide to exercise the option, it will have the power to impose conditions and/or restrictions on the development of such business by the Group, such as the function, scale and design of the project. The purpose of the conditions and/or restrictions is to ensure that the exercise of such option is in line with the Group's business strategy and business model, which is the development of theme parks together with ancillary commercial properties as integrated tourism and leisure projects.

The option to purchase and/or operate and manage Excluded Business and the power to impose conditions and/or restrictions on the Group have been incorporated in the terms of reference of the Independent Board Committee. We will disclose the consideration and conclusion of the Independent Board Committee to exercise or not to exercise such option in our annual reports or interim reports.

Each of the Controlling Shareholders has jointly and severally undertaken to indemnify and keep indemnified the Group against any damage, loss or liability suffered by the Company or any other member of the Group arising out of or in connection with any breach of its undertakings and/or obligations under the Deed of Non-Competition, including any costs and expenses incurred as a result of such breach provided that such indemnity shall be without prejudice to any other rights and remedies the Company is entitled to in relation to any such breach, including specific performance.

Should a Controlling Shareholder breach any clauses under the Deed of Non-Competition, one of the available options to the Company would be to initiate legal proceedings against such Controlling Shareholder for damages or indemnity should it consider it is in the best interest of the Group.

EXPERIENCE AND QUALIFICATIONS OF THE INDEPENDENT BOARD COMMITTEE

Each of the independent non-executive Directors has the relevant experience and qualifications that make them suitable to discharge their roles of monitoring potential competition between the Group and the Remaining Group.

Fang Hongxing ("Professor Fang") is currently an independent non-executive Director of Neusoft Corporation (Stock Code 600718.SH) (a company listed on the Shanghai Stock Exchange), Shenyang Machine Tool Co., Ltd (Stock Code: 000410.SZ) and Zhangzi Island Corporation (Stock Code: 002069. SZ) (both companies listed on the Shenzhen Stock Exchange). Professor Fang has extensive experience in accounting, auditing and internal control. He passed the PRC CPA Uniform Examination held by the Chinese Institute of Certified Public Accountants and has a PhD in accounting at Dongbei University of Finance and Economics. Professor Fang can use his experience and qualification to assess whether the Group has sufficient resources to take up a New Opportunity or exercise an option granted by the Remaining Group, and provide valuable opinion on market conditions.

Wei Xiaoan has extensive experience in tourism economics, policy and planning and took up several senior positions at CNTA such as a director in the planning and development division and the finance division. He also served as the director of the academic committee of the China Tourism Academy* (中國旅遊研究院). In December 2009, he was appointed as the secretary general of the China Tourism Leisure Association* (中國旅遊協會休閒渡假分會). He is also a researcher at the tourism research center of the Chinese Academy of Social Sciences* (中國社會科學院), the director of the National Technical Committee on Leisure of Standardization Administration* (全國休閒標準化技術委員會), the director of the expert committee of the World Tourism Cities Federation* (世界旅遊城市聯合會) and the vice president of the Beijing Tourism Society* (北京旅遊學會).

Wei Xiaoan has primarily been involved in the research on tourism development in China and tourism economics. He is teaching as a professor at various universities, such as Peking University* (北京大學) and Sun Yat-Sen University* (中山大學) in the PRC. Furthermore, he is a tourism consultant for a number of provincial governments in the PRC. Wei Xiaoan's extensive experience and knowledge in tourism economics, policy and planning will enable him to evaluate whether the pursuit of the New Opportunity is in the best interest of our Group and provide insight to the Independent Board Committee when it is to consider whether or not our Company should exercise the option to purchase and/or operate and manage Excluded Business or any new business.

Sun Jianyi has a diploma in finance at Zhongnan University of Economics and Law and was recognized as an advanced economist by the Guangdong Province Advanced Job Title Evaluation Committee. Although Sun Jianyi does not have any experience as an independent non-executive director, he is a vice-chairman of the board and executive director of Ping An Insurance (Group) Company of China, Ltd (Stock Code: 2318.HK and 601318.SH), a company listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange. He can share his experience in business management and his knowledge in finance with the Independent Board Committee.

The Company considers that the Independent Board Committee has a balance of skills and experience and the composition of the Independent Board Committee can provide diversified perspectives in order for the independent non-executive Directors to analyze potential competition in a finance, business and tourism context, which are relevant to the Group's business.

See "Directors, Senior management and Employees – Independent Non-Executive Directors."

CORPORATE GOVERNANCE MEASURES

The following corporate governance measures are expected to be adopted by our Company.

(a) where any Director is also a director or member of the senior management of the Remaining Group, such director will abstain from participation and voting in any board meeting or part thereof when matters between the Group and the Remaining Group are discussed, unless his or her attendance is expressly requested by a majority of the independent non-executive Directors or except in certain prescribed circumstances where such Director's or his or her associates' interest in such matters discussed would not cause any conflict of interests between our Group and the Remaining Group.

(b) The Independent Board Committee will, on an annual basis, review the compliance and enforcement of the Deed of Non-competition by our Controlling Shareholders. Our Controlling Shareholders have undertaken that they will and will procure their subsidiaries and associates to provide all information reasonably required by the Independent Board Committee to assist them in the assessment. Our Company will disclose the review in our annual report or by way of announcement to the public. Our Controlling Shareholders have also undertaken that they will make an annual declaration on the compliance with the Deed of Non-Competition and other connected transaction agreements in our annual report.

(c) the Independent Board Committee will also review, on an annual basis, all decisions made in relation to any New Opportunity offered and any Sale of Residential Properties proposed during the year. Our Company will disclose such decisions and basis for them in our annual report or by way of announcement to the public.

(d) Our Company will appoint a compliance advisor who shall provide it with professional advice and guidance, in respect of compliance with the Listing Rules and applicable laws.

(e) any transaction (if any) between (or proposed to be made between) our Group and connected persons will be required to comply with Chapter 14A of the Listing Rules, including, where applicable, the announcement, reporting, annual review and independent shareholders' approval requirements and with those conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with the relevant requirements under the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from the Remaining Group after the Global Offering.

Management Independence

Our Group is able to, and will be capable of, operating its business independently from the Remaining Group.

Our Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. For more information, see "Directors, Senior Management and Employees."

Upon Listing, Wang Xuguang, our executive Director, and Qu Naijie, our non-executive Director, will continue to hold certain positions in the Remaining Group. The table below shows the positions that our Directors will hold in the Remaining Group upon Listing:

Company	Executive Directors and Non-executive Directors					
	Wang Xuguang	**Zhao Wenjing**	**Qu Naiqiang**	**Qu Naijie**	**Makoto Inoue**	**Yuan Bing**
Excluded Business						
Dalian Oriental Water City Development Co., Ltd.	N/A	N/A	N/A	N/A	N/A	N/A
Dalian Red Flag Valley Land Co., Ltd.	N/A	N/A	N/A	N/A	N/A	N/A
Dalian Red Flag Valley Golf Club Co., Ltd.	N/A	N/A	N/A	N/A	N/A	N/A
Dalian Haichang Land Leisure Tourism Co., Ltd.	director	N/A	N/A	director	N/A	N/A
Dalian Haichang Land Red Wine Manor Co., Ltd.	N/A	N/A	N/A	director	N/A	N/A
Dalian Fishermen's Wharf Development Construction Co., Ltd.	N/A	N/A	N/A	director	N/A	N/A
Dalian Luneng Land Co., Ltd.	director	N/A	N/A	N/A	N/A	N/A
Dalian Juncheng Real Estate Development Co., Ltd.	N/A	N/A	N/A	director	N/A	N/A
Chengdu Haichang Land Co., Ltd.	N/A	N/A	N/A	legal representative and executive director	N/A	N/A
Chongqing Industrial	N/A	N/A	N/A	legal representative and executive director	N/A	N/A
Tianjin Haichang Real Estate Development Co., Ltd.	N/A	N/A	N/A	N/A	N/A	N/A
Tianjin Polar Ocean Land Co., Ltd.	N/A	N/A	N/A	legal representative and executive director	N/A	N/A

Company	Executive Directors and Non-executive Directors					
	Wang Xuguang	Zhao Wenjing	Qu Naiqiang	Qu Naijie	Makoto Inoue	Yuan Bing
Excluded Business (Cont'd)						
Wuhan Chuangfu Real Estate Development Co., Ltd.	N/A	N/A	N/A	legal representative and executive director	N/A	N/A
Hainan Haichang Land Co., Ltd	N/A	N/A	N/A	legal representative and chairman of the board	N/A	N/A
Yantai Haichang Tourism Development Co., Ltd.	N/A	N/A	N/A	legal representative and executive director	N/A	N/A
Other companies in the Remaining Group						
Haichang Group Co	non-executive director	N/A	N/A	executive director/ president	N/A	N/A
Haichang Enterprise Development	non-executive director and general manager	N/A	N/A	executive director	N/A	N/A
Real estate development related business (20 companies in the PRC)	hold the position of director/chairman in six companies and the position of general manager in two companies	N/A	N/A	hold the position of director/ chairman in five companies	N/A	N/A
Shipping related business (six companies in the PRC)	hold the position of director/chairman in three companies and the position of manager in one company	N/A	N/A	hold the position of director/ chairman in two companies	N/A	N/A
Ecological agriculture related business (five companies in the PRC)	N/A	N/A	N/A	hold the position of director in one company	N/A	N/A

Company	Executive Directors and Non-executive Directors					
	Wang Xuguang	Zhao Wenjing	Qu Naiqiang	Qu Naijie	Makoto Inoue	Yuan Bing
Other companies in the Remaining Group (Cont'd)						
Wine trading related business (two companies in the PRC)	hold the position of legal representative and executive director in one company	N/A	N/A	N/A	N/A	N/A
Other companies which Haichang Group Co has an equity interest in (seven companies in the PRC)	hold the position of legal representative and executive director in one company	N/A	N/A	hold the position of director/ chairman in three companies and the position of general manager in one company	N/A	N/A
Other investment companies (three companies in the PRC)	N/A	N/A	N/A	N/A	N/A	N/A

Apart from the above positions held by Wang Xuguang and Qu Naijie in the Remaining Group, none of the other Directors or members of the senior management of our Company will hold any role in the Remaining Group upon Listing.

Our Company believes that the two Directors' overlapping roles in the Remaining Group will not affect the discharge of their duties as our Directors given their fiduciary duties, which require that they act for our Company's best interests. Our Company also believes that the Directors and senior management of our Company will be able to perform their roles in our Company independently and our Company will be capable of managing its business independently of the Remaining Group after listing because:

(a) it is provided in the articles of associations of our Company and the terms of reference of the relevant board committees, that in the event of a conflict of interests, such as consideration of potential transactions with the Remaining Group, the relevant director who is connected with the Remaining Group shall abstain from voting and not be counted in the quorum. Further, when considering connected transactions, the independent non-executive directors will review the relevant transactions;

(b) the two directors with an overlapping roles are not responsible for the day-to-day management and operations but the overall strategic planning and business direction of our Group;

(c) the day-to-day operations and administration of our Group will be managed by the members of the senior management, none of whom holds any position in the Remaining Group upon the Listing and all of them will devote 100% of their time in the management of our Group;

(d) all the executive Directors possess relevant industry experience. In the event that any of the overlapping Directors has to abstain from voting, the remaining eight board members will be able to function effectively and protect the interests of our Company and the shareholders as a whole.

Based on the above, our Directors are of the view that it will be capable of managing conflicts of interests of the overlapping directors and maintaining management independence from the Remaining Group.

Financial Independence

Our Group will have our own accounts and finance departments responsible for discharging treasury, accounting, reporting, group credit and internal control functions independent from the Remaining Group.

Our Directors confirmed that all related parties loans provided by the Remaining Group will be fully repaid and/or settled prior to the Listing. The Directors further confirmed that all securities and guarantees provided by the Remaining Group on the Group's borrowings will also be fully released prior to the Listing. The Company has obtained confirmations from the relevant banks that the assets previously provided by the Remaining Group as securities and guarantees for the Group's borrowings have been replaced with the assets of the Group.

The Company has in March 2013 obtained a loan in the sum of RMB200 million from Sichuan Trust Co., Ltd., (四川信託有限公司), for a term of 6 years using solely the Group's assets as security independently without any help or involvement of the Remaining Group. Moreover, Haichang China has obtained a written certification from the Dalian Branch of China Construction Bank on November 7, 2013 which confirmed that, having reviewed the financial condition of Haichang China, it will offer loan facilities to Haichang China without any securities or guarantees provided by the Remaining Group.

All of the above demonstrate that the Company will be able to obtain loans or financing independently from third-parties without relying on any guarantee or security to be provided by the Remaining Group after listing. Accordingly, our Directors are of the view that our Group will be able to be financially independent from the Remaining Group.

Operational Independence

Although the Controlling Shareholders will retain a controlling interest in our Company after the Listing, our Company has full rights to make all decisions on, and to carry out, our own business operations independently. Our Group holds the licenses necessary to carry on our business, and has sufficient capital, facilities and employees to operate the business independently from the Controlling Shareholders.

For sources of suppliers and customers, our Group has access to third-parties independently from and not connected to the Controlling Shareholders. Our Group has also adopted a set of corporate governance procedures to maintain effective and independent operation of our business.

As disclosed in the section "Connected Transactions," we provide project management services and lease office premises to Haichang Enterprise Development for an additional source of income. As these transactions are not the major sources of income for our Group, our Directors consider that these continuing connected transactions do not have any negative impact on our operational independence from the Controlling Shareholders.

OVERVIEW

Continuing Connected Transactions

Our Group, through Haichang China, has entered into certain transactions with Haichang Enterprise Development, a connected person of our Company, and the transactions are expected to continue on a continuing or recurring basis after the Listing, thereby constituting continuing connected transactions of our Company under the Listing Rules. These transactions are entered into in the ordinary course of business and on normal commercial terms. Set out below is a summary of the continuing connected transactions that are expected to continue after the Listing.

Type of Transaction	Parties	Term	Applicable Listing Rules	Waiver Sought
Lease	• Haichang China, as landlord • Haichang Enterprise Development, as tenant	From June 1, 2013 to December 31, 2013 and from January 1, 2014 to December 31, 2015	Rule 14A.34	Announcement requirement
Project management . . .	• Haichang China, as service provider • Haichang Enterprise Development, as service recipient	From the Listing Date to December 31, 2015	Rule 14A.34	Announcement requirement

CONNECTED PERSON

As of the Latest Practicable Date, Qu Naijie, our Controlling Shareholder and our Director, together with his associates, held in aggregate 82.8% of the equity interests of Haichang Enterprise Development indirectly. As such, Haichang Enterprise Development is an associate of Qu Naijie and a connected person of our Company for the purpose of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Lease with Haichang Enterprise Development

On September 27, 2013, Haichang China, as landlord, entered into a lease with Haichang Enterprise Development, as tenant, under which Haichang China agreed to lease to Haichang Enterprise Development premises for office use for a term of seven months from June 1, 2013 to December 31, 2013 with a monthly rent of approximately RMB382,000.

Our Group continued to lease the premises to Haichang Enterprise Development under a new lease (the "Lease") pursuant to which Haichang China will lease the same premises to Haichang Enterprise Development for a term of two years from January 1, 2014 to December 31, 2015. Our Directors considered that the continuation of the Lease is beneficial to our Company and our Shareholders as a whole as Haichang China can utilize its excess office space to create an additional source of income for our Group. The major terms of the Lease are listed below:

Date of Agreement	Tenant	Location	Size (sq.m)	Payment schedule	Rent per annum (RMB)
January 24, 2014	Haichang Enterprise Development	Zhongshan district, Dalian	6,365.07	Quarterly	4,800,000

The monthly rent under the Lease is in an amount of RMB400,000 and was determined after Haichang China had consulted the Property Valuer on the prevailing market rent. The proposed annual caps for the Lease for each of the three years ending December 31, 2013, 2014 and 2015 are RMB2,800,000, RMB4,800,000 and RMB4,800,000 respectively. Our Directors confirm that the annual caps are determined on normal commercial terms and are fair and reasonable and with reference to the prevailing market rent of similar premises in the proximity.

Property Valuer's views

The Property Valuer has confirmed that taking into account the prevailing market condition and the terms of the lease dated September 27, 2013 and the Lease, the rents receivable by our Group under the lease dated September 27, 2013 and the Lease represent the market rent of the respective periods and the terms of the lease dated September 27, 2013 and the Lease are fair, reasonable and on normal commercial terms.

Project Management Framework Agreement

As one of the principal businesses of our Group is the development and construction of theme parks and ancillary commercial properties, our Group has developed significant experience throughout the years and has retained our own design, building and construction team to carry out project management, landscaping, planning and construction work for our new theme park and ancillary commercial property projects.

In order to streamline the design, building and construction team structure and to relieve itself from the potential burden of maintaining a large team for project management and project supervision, Haichang Enterprise Development does not retain its own project management team and instead, has been relying on our Group from time to time to design, build and manage its building and construction projects. As such, Haichang Enterprise Development and Haichang China entered into a project management framework agreement (the "Project Management Framework Agreement") on January 24, 2014, pursuant to which our Group will provide project management and quality control services for the real estate projects of Haichang Enterprise Development in China for a term of a period from the Listing Date to December 31, 2015. Pursuant to the Project Management Framework Agreement, a specific agreement will be signed for each project with specific service terms. The fees payable to our Group for each project will be negotiated on an arm's length basis. Our Directors considered that this transaction is beneficial to our Group and Shareholders as a whole as it can generate an additional income stream for our Group.

In determining the proposed annual caps for the service fee charged by our Group, our Directors have considered, including but not limited to, (i) guidelines (《湖北省工程建設其他費用定額》) issued by local government of Hubei (the "Guidelines"); (ii) the estimated construction contract sum of the projects; and (iii) the future development schedule of Haichang Enterprise Development for the two years ending December 31, 2014 and 2015.

The Guidelines set out the rate of service fee for project management and construction work recommended by the local government of Hubei for similar type of contracts, which is a fixed percentage inversely proportional to the estimated construction contract sum to be incurred by the property developer in the relevant project. According to the Guidelines, the recommended rate of service fee for a project with estimated construction contract sum of RMB50 million – 100 million (highest prescribed category) is 1%. Since the estimated construction contract sum of the projects in each year ending December 31, 2014 and 2015 under the Project Management Framework Agreement is higher than RMB100 million, the service fee is calculated based upon 1% of the estimated construction contract sum.

The estimated construction contract sum for the relevant period is based on the projected development schedule of Haichang Enterprise Development, taking into consideration their projected commencement dates, project durations and sizes, which are determined by (i) the projected real estate market demand in the relevant cities; (ii) the projected construction costs; and (iii) the projected macroeconomic conditions. Other factors affecting the estimated construction contract sum, including (i) the land acquisition and relocation compensation costs; (ii) construction and installation costs (e.g. raw material and machinery costs); (iii) overhead costs (e.g. wages, depreciation costs, electricity and water costs), etc. are also taken into account. On this basis, the estimated construction contract sums for the two years ending December 31, 2014 and 2015 are RMB758 million and RMB896 million respectively. Therefore, the proposed annual caps (being 1% of the estimated construction contract sums) for the three years ending December 31, 2013, 2014 and 2015 are nil, RMB7,600,000 and RMB9,000,000, respectively.

Our Directors consider that the annual caps are determined on normal commercial terms and fair and reasonable.

Applicable Listing Rules

Haichang Enterprise Development is an associate of Qu Naijie and will therefore become a connected person of our Company. The Lease and the Project Management Framework Agreement will therefore constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon the Listing.

Given that one or more of the applicable percentage ratios (other than profit ratio) under Chapter 14A of the Listing Rules is on an annual basis is more than 0.1% but less than 5%, the transactions under the Lease and Project Management Framework Agreement will be exempted from the independent Shareholders' approval requirement but are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

Application for waiver

The transactions under the Lease and Project Management Framework Agreement constitute our non-exempt continuing connected transactions and would normally require reporting and announcement but are exempt from the requirement of independent Shareholders' approval under Chapter 14A of the Listing Rules. As these transactions are expected to continue on a continuing or recurring basis after the Listing and details of which have been disclosed in this prospectus, our Directors consider that strict compliance with the announcement requirements under the Listing Rules would be unduly burdensome and impractical. Accordingly, the Joint Sponsors have applied on our behalf to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement requirement as may otherwise be required of the Company under Chapter 14A of the Listing Rules in connection with the Lease and Project Management Framework Agreement.

Our Company will comply with the applicable requirements set out in Rules 14A.35(1), 14A.35(2) and 14A.36 to 14A.40 of the Listing Rules from time to time governing such transactions.

Directors' view

The Directors (including independent non-executive Directors) are of the view that: (i) the Lease and Project Management Framework Agreement were entered into in the ordinary and usual course of business of our Group on normal commercial terms; (ii) the terms of the Lease and Project Management Framework Agreement are fair and reasonable and in the interests of the Shareholders as a whole; (iii) the proposed annual caps for the respective transaction under our Lease and Project Management Framework Agreement as set out above are fair and reasonable and in the interest of the Shareholders of our Company as a whole.

Joint Sponsors' view

The Joint Sponsors are of the view that: (i) the Lease and Project Management Framework Agreement were entered into in the ordinary and usual course of business of our Group and on normal commercial terms; (ii) the terms of the Lease and Project Management Framework Agreement are fair and reasonable and in the interests of our Shareholders as a whole; (iii) the proposed annual caps for the respective transaction under the the Lease and Project Management Framework Agreement as set out above are fair and reasonable and in the interest of the Shareholders of our Company as a whole.

DIRECTORS

Our Board consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors.

The principal functions and duties conferred on our Board include:

- implementing the resolutions passed by our Shareholders in general meetings;
- deciding our business strategies and investment plans;
- approving our annual financial budgets;
- formulating the proposals for profit distributions, recovery of losses and for the increase or reduction of our authorized share capital;
- convening Shareholders' general meetings and reporting our Board's work at these meetings; and
- exercising other powers, functions and duties in accordance with our Articles of Association.

The following table provides information about each of our Directors.

Name	Age	Time of joining our Group and/or its predecessor	Date of appointment as Director	Present Position	Job Responsibilities and Relationship
Wang Xuguang (王旭光) . . .	45	October 2011	July 19, 2012	Executive Director and Chief Executive Officer	Primarily responsible for the strategic decision making and the management of our Group. He also serves on the remuneration committee.
Zhao Wenjing (趙文敬) . . .	59	February 2001	July 19, 2012	Executive Director and Joint President	Primarily responsible for human resources management and the business of our theme parks.
Qu Naiqiang (曲乃強) . . .	51	February 2001	July 19, 2012	Executive Director and Joint President	Primarily responsible for managing the development and construction of our theme parks and the ancillary commercial real estate development. He is the brother of Qu Naijie.

Name	Age	Time of joining our Group and/or its predecessor	Date of appointment as Director	Present Position	Job Responsibilities and Relationship
Qu Naijie (曲乃杰) . . .	53	November 1996	November 21, 2011	Non-executive Director and Chairman	Primarily responsible for the overall strategic planning and overseeing the general corporate, financial and compliance affairs of our Group. He also serves on the nomination committee. He is the brother of Qu Naiqiang.
Makoto Inoue (井上亮) . . .	61	July 2012	July 19, 2012	Non-executive Director	Primarily responsible for the strategic planning for and overseeing of the general corporate, financial and compliance affairs of our Group.
Yuan Bing (袁兵)	45	August 2012	August 24, 2012	Non-executive Director	Primarily responsible for the strategic planning for and overseeing of the general corporate, financial and compliance affairs of our Group. He also serves on the risk management and corporate governance committee.
Fang Hongxing (方紅星) . . .	41	February 2014	February 23, 2014	Independent Non-executive Director	Serves on the audit, remuneration, risk management and corporate governance and independent board committees; primarily responsible for supervising and providing independent judgment to our Board.
Wei Xiaoan (魏小安) . . .	62	February 2014	February 23, 2014	Independent Non-executive Director	Serves on the audit, nomination, risk management and corporate governance and independent board committees; primarily responsible for supervising and providing independent judgment to our Board.
Sun Jianyi (孫建一) . . .	60	February 2014	February 23, 2014	Independent Non-executive Director	Serves on the audit, nomination, remuneration and independent board committees; primarily responsible for supervising and providing independent judgment to our Board.

Executive Directors

Wang Xuguang (王旭光), aged 45, was appointed to our Board on July 19, 2012 and his title was designated as our executive Director on February 23, 2014. Mr. Wang is also the Chief Executive Officer of our Company, primarily responsible for the strategic decision making and the management of our Group. Mr. Wang obtained a bachelor's degree in economics and investment management at the Dongbei University of Finance and Economics (東北財經大學) in Dalian in July 1990. He was then awarded a master's degree in international laws by the Dalian Maritime University (大連海事大學) in April 2002.

After graduation from university, Mr. Wang worked in the Dalian Branch of the China Construction Bank for more than 16 years until he became the deputy branch manager, during which he developed his extensive knowledge and experience in real estate financing. Mr. Wang then joined Haichang Group Co in February 2007 as a director and the president. He was further appointed as a director and the general manager of Haichang Enterprise Development in February 2010. From October 2010 to February 2012, he also served as the president of Haichang Real Estate. Mr. Wang was appointed as a director of Haichang China in October 2011 and was promoted to the chairman of the board of directors in July 2012 and the president in April 2013. In July 2012, he was also appointed as a director of Haichang Asia BVI and Haichang Holdings HK. Currently, he is also serving as a non-executive director of Haichang Group Co and Haichang Enterprise Development. Mr. Wang is the vice president of the Chamber of Commerce in Dalian (大連市總商會) and a representative of the People's Congress of Dalian Municipality (大連市人民代表大會). Mr. Wang has not been a director of any listed companies over the past three years.

Zhao Wenjing (趙文敬), aged 59, was appointed to our Board on July 19, 2012 and his title was designated as our executive Director on February 23, 2014. Mr. Zhao is also a Joint President of our Company, primarily responsible for human resources management and the business of our theme parks. Mr. Zhao educated in Dalian Ocean University (大連海洋大學) (formerly known as Dalian Institute of Aquaculture* (大連水產學院)) major in marine engineering management in February 1978. He further obtained a Master of Business Administration at the Open University of Hong Kong in December 2003. Mr. Zhao was awarded as a senior level engineer by the Personnel Department of Liaoning Province in November 1993 and as a professor level senior engineer by the Human Resources and Social Security Department of Liaoning Province in September 2013.

Mr. Zhao has extensive experience in theme park management and operations and tourism project planning. He has been engaged in the theme park business for more than 22 years and was involved in and led the planning and construction of many theme parks. Mr. Zhao has experience in working as a general manager and principal at various theme parks and zoos such as Dalian Laohutan Park, Dalian Forest Zoo and Dalian Discoveryland. From January 1991 to March 2008, Mr. Zhao served as the general manager of Hutan Park, during which he primarily managed the operations of Dalian Laohutan Park and the overall works of Dalian Laohutan Polar Aquarium. In 2001, Mr. Zhao joined Dalian Laohutan as a vice chairman of the board of directors, where he became the chairman of the board in March 2008. Mr. Zhao was appointed as the vice president of Haichang Group Co and a director of Haichang Enterprise Development in February 2008 and February 2010. Mr. Zhao then became a director of Haichang Travel and Haichang China in March 2010 and October 2011, respectively. Since April 2013, he has also become a joint president of Haichang China. Currently, Mr. Zhao is also serving as a director of Haichang Asia BVI, Haichang Holdings HK, Qingdao Polar and Dalian Friday Avenue.

Mr. Zhao is one of the founder and was the deputy manager of the Aquarium Special committee of Chinese Association of Natural Science Museums (中國自然科學博物館協會水族館專業委員會). Since January 2008, Mr. Zhao was also a committee member of the Ethnic and Foreign Affairs Committee* (民族僑務外事委員會) of the Dalian Municipal People's Congress* (大連市人民代表大會). Since March 2012, Mr. Zhao has become the vice chairman of the China Association of Amusement Parks and Attractions (中國遊藝機遊樂園協會). Mr. Zhao has not been a director of any listed companies over the past three years.

Qu Naiqiang (曲乃強), aged 51, was appointed to our Board on July 19, 2012 and his title was designated as our executive Director on February 23, 2014. Mr. Qu is the younger brother of Qu Naijie, our founder, our Controlling Shareholder, the chairman of our Board and our non-executive Director. Mr. Qu is also a Joint President of our Company, primarily responsible for managing the development and construction of our theme parks and ancillary commercial real estate development. In January 2003, Mr. Qu graduated with a diploma in economics management from the Liaoning Normal University (遼寧師範大學) in Dalian, at which he also completed an education course in economics management in January 2006. Since September 2012, Mr. Qu has been pursuing an Executive Master in Business Administration at the MBA School of the Dongbei University of Finance and Economics (東北財經大學) and he is expected to complete the program in December 2014.

Mr. Qu joined Haichang Housing in 1995 as the manager of the materials department, during which he acquired extensive management experience in theme park construction. In December 1999, Mr. Qu joined the Dalian Laohutan Polar Aquarium project construction office as a standing deputy manager and was responsible for the purchase of animals and facilities and management of construction costs. He was then appointed as a director of Dalian Laohutan in December 2000 and also became the general manager of the resources department of Haichang Group Co in June 2002. Later in June 2004, Mr. Qu was appointed as the standing deputy manager of the project construction office of the Dalian Discoveryland project company and was mainly responsible for the management of the construction of the park and construction costs. In March 2005, he became the president's assistant and the head of the resources department of Haichang Group Co, and continue acting as the standing deputy manager of the construction office of the Dalian Discoveryland project company. He was primarily responsible for procuring resources, managing the project costs and overall project supervision. In April 2007, he was appointed as the vice president of Haichang Group Co and was responsible for the tourism development and management and resources management. In July 2009, on the basis of his existing position, he further served as the general manager of Chengdu Polar and was fully responsible for the daily management of the company, cost control and management of construction works. In January 2010, Mr. Qu became a director of Haichang Enterprise Development. From March 2010 to May 2012, he further served as the vice president of Haichang Real Estate and he was in charge of cost control, construction management, resources and information management. In addition, from September 2011 to February 2013, he served as the general manager of Wuhan Polar. Currently, Mr. Qu is a director of Haichang Asia BVI and Haichang Holdings HK, as well as a director and joint president of Haichang China. Mr. Qu has not been a director of any listed companies over the past three years.

Non-Executive Directors

Qu Naijie (曲乃杰), aged 53, was appointed to our Board on November 21, 2011 and his title was designated as our non-executive Director on February 23, 2014. Qu Naijie is the elder brother of Mr. Qu Naiqiang, our executive Director and Joint President. Qu Naijie is the founder of our Group, the chairman of our Board and our Controlling Shareholder. He is primarily responsible for the overall strategic planning, the general corporate and financial and compliance affairs of our Group. Qu Naijie obtained a bachelor's degree in Chinese Language from Liaoning University (遼寧大學) in Shenyang in December 1992 and completed a research master's degree program in enterprise management at the Dongbei University of Finance and Economics (東北財經大學) in Dalian in July 1998.

Qu Naijie has over 17 years of experience in corporation management and operations. Qu Naijie commenced oil trading business in 1993 and in order to get involved in the real estate development industry, he established Haichang Group Co in 1998. From November 1996 to July 2012, Qu Naijie served as the chairman of the board of directors of Haichang China, where he has become a director since then. In December 2000, he was appointed as a director of Dalian Laohutan. In 2002, Haichang Group Co and Hutan Park through Dalian Laohutan together developed Dalian Laohutan Polar Aquarium, which since June 2007 has been recognized as a 5A-rated tourist attraction categorized by CNTA and had driven the development of the tourist attractions development industry in Dalian. Following the success of the Dalian Laohutan Polar Aquarium, from 2002 to 2012, Qu Naijie further led the development of seven different theme parks across the PRC. He was appointed as a director of Haichang Asia BVI and Haichang Holdings HK in 2011 and the chairman of the boards of directors of both companies in September 2013. Qu Naijie is also serving as an executive director of Haichang Group Co and Haichang Enterprise Development, as well as a director of most of our operating subsidiaries, including Yantai Fishermen, Tianjin Polar, Wuhan Polar and Chengdu Polar. Qu Naijie has not been a director of any listed companies over the past three years.

Makoto Inoue (井上亮), aged 61, was appointed to our Board on July 19, 2012 and was designated as our non-executive Director on February 23, 2014. He is primarily responsible for the strategic planning for and overseeing of the general corporate, financial and compliance affairs of our Group. Mr. Inoue obtained a bachelor's degree in law from the Faculty of Law of Chuo University in Japan in March 1975.

Mr. Inoue has over 38 years of experience in leasing and finance, investment banking, and alternative investment in a global context. He joined ORIX Corporation (formerly known as "Orient Leasing Co., Ltd.") in April 1975 and is currently a director, representative executive officer, president and chief operating officer of ORIX Corporation, a company listed on the Tokyo Stock Exchange, Osaka Securities Exchange and New York Stock Exchange. Mr. Inoue was a director of Lanka ORIX Leasing Company PLC, a company listed on the Colombo Stock Exchange, Sri Lanka, from 2009 to 2011 and he was also a director of EnTie Commercial Bank Co. Ltd., a company listed on the Taiwan Stock Exchange Corporation, from 2007 to 2012; during his appointments, he took part in the overall strategic management and planning of both companies. In January 2010, Mr. Inoue was appointed as a director of Haichang Enterprise Development. Currently, he is also serving as a non-executive director of China Water Affairs Group Limited (Stock Code: 0855), a company listed on the Main Board of the Stock Exchange. Save as disclosed herein, Mr. Inoue has not been a director of any listed companies over the past three years.

Yuan Bing (袁兵), aged 45, was appointed to our Board on August 24, 2012 and his title was designated as our non-executive Director on February 23, 2014. He is primarily responsible for the strategic planning for and overseeing of the general corporate, financial and compliance affairs of our Group. Mr. Yuan graduated with a bachelor's degree in English from Nanjing University (南京大學) in July 1990. In June 1993 and October 1998, Mr. Yuan obtained a master's degree in international relations and a doctorate degree in law from Yale University in the United States, respectively.

Mr. Yuan has extensive experience in corporate finance and investment banking. Mr. Yuan joined Credit Suisse First Boston (Hong Kong) Limited in September 2001 as a vice president of its investment banking division. From April 2004 to June 2006, Mr. Yuan worked at Morgan Stanley Asia Limited, he then rejoined them between October 2006 and February 2009, where he served as a managing director in the fixed income division . Mr. Yuan joined the Hong Kong office of Hony Capital Limited in April 2009 as a director and has been serving as a managing director of the investment department of the Hong Kong office since January 2010, he is mainly responsible for cross-border transactions as well as direct investments in financial services and environmental protection sectors. Since November 2010, Mr. Yuan has been serving as a non-executive non-independent director and member of audit and compensation committees of Biosensors International Group, Ltd, a company listed on the Singapore Stock Exchange. He is also a non-executive director and a member of the audit committee of Hydoo International Holdings Limited (Stock Code: 1396), a company listed on the Main Board of the Stock Exchange. Currently, Mr. Yuan is also serving as a director of Haichang Asia BVI, Haichang Holdings HK and Haichang China. Save as disclosed herein, Mr. Yuan has not been a director of any listed companies over the past three years.

Independent Non-Executive Directors

Fang Hongxing (方紅星), aged 41, was appointed as our independent non-executive Director on February 23, 2014. He is primarily responsible for supervising and providing independent judgment to our Board. Professor Fang is currently an independent director and the chairperson of the audit committee of each of Neusoft Corporation* (東軟集團股份有限公司) (Stock Code: 600718.SH) (a company listed on the Shanghai Stock Exchange), Shenyang Machine Tool Co., Ltd* (瀋陽機床股份有限公司) (Stock Code: 000410.SZ) and Zhangzi Island Corporation* (獐子島集團股份有限公司) (Stock Code: 002069.SZ) (both companies listed on the Shenzhen Stock Exchange). Professor Fang obtained a bachelor's degree in accounting from Hefei Institute of Economics and Technology* (合肥經濟技術學院) (which has now become a part of University of Science and Technology of China (中國科技大學)) in July 1993. He passed the PRC CPA Uniform Examination held by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in December 1994. He further obtained a master's degree and a PhD in accounting at Dongbei University of Finance and Economics (東北財經大學) in Dalian in April 1996 and July 2004, respectively.

Professor Fang has extensive experience in accounting, auditing and internal control. Since September 2003, he has been teaching accounting at Dongbei University of Finance and Economics. He became an accounting professor at Dongbei University of Finance and Economics in June 2005 and since December 2009, he has been serving as the head of the School of Accounting of the same University. Professor Fang also served as a council member of the Accounting Society of China (中國會計學會), an advisory expert of the China Accounting Standards Committee (財政部會計準則委員會) and the China Corporate Internal Control Standards Committee (企業內部控制標準委員會), a member of the Technical Guidance Committee and the Audit Standards Group of the Chinese Institute of Certified Public Accountants. He was awarded with the title of "Outstanding Professional in the Dalian Municipal" (大連市優秀專家) by Dalian Municipal Government in 2010. In July 2012, Professor Fang was further appointed as a "Liaoning Distinguished Professor" (遼寧特聘教授) by Liaoning Provincial Department of Education. He was later recognized as an "Accounting Leader in the PRC" (全國會計領軍人材) by the Ministry of Finance of China in December 2012. Save as disclosed herein, Professor Fang has not been a director of any listed companies over the past three years.

Wei Xiaoan (魏小安), aged 62, was appointed as our independent non-executive Director on February 23, 2014. He is primarily responsible for supervising and providing independent judgment to our Board. Mr. Wei obtained a bachelor's degree in economics from Beijing Institute of Economics* (北京經濟學院) (now known as the Capital University of Economics and Business* (首都經濟貿易大學)) in January 1982.

Mr. Wei has extensive experience in tourism economics, policy and planning, he took up several senior positions at CNTA such as a director in the planning and development division and the finance division. Mr. Wei also served as the director of the academic committee of the China Tourism Academy* (中國旅遊研究院). In December 2009, Mr. Wei was appointed as the secretary-general of the China Tourism Leisure Association* (中國旅遊協會休閒渡假分會). He is also a researcher at the tourism research center of the Chinese Academy of Social Sciences* (中國社會科學院), the director of the National Technical Committee on Leisure of Standardization Administration* (全國休閒標準化技術委員會), the director of the expert committee of the World Tourism Cities Federation* (世界旅遊城市聯合會) and the vice president of the Beijing Tourism Society* (北京旅遊學會).

Mr. Wei has primarily been involved in the research on tourism development in China and tourism economics. He is teaching as a professor at various universities, such as Peking University* (北京大學) and Sen Yat-Sen University* (中山大學) in the PRC. Throughout the years, Mr. Wei has compiled a large amount of research reports and monographs, examples include Witnessing China's Tourism (目擊中國旅遊), Walk with China's Tourism (與中國旅遊同行) and Research on Tourism Economic Structure in China (中國旅遊經濟結構研究). Furthermore, Mr. Wei is a tourism consultant for a number of provincial governments in the PRC. Mr. Wei has not been a director of any listed companies over the past three years.

Sun Jianyi (孫建一), aged 60, was appointed as our independent non-executive Director on February 23, 2014. He is primarily responsible for supervising and providing independent judgment to our Board. Mr. Sun obtained a diploma in finance at Zhongnan University of Economics and Law (中南財經政法大學) in December 1975. He was recognized as a senior economist by the Guangdong Province* (廣東省人事廳) in July 1999. Mr. Sun is currently the vice-chairman of the board, executive vice president and executive director of Ping An Insurance (Group) Company of China, Ltd (中國平安保險(集團)股份有限公司) (Stock Code: 2318.HK and 601318.SH), a company listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange. Furthermore, he is also the chairman of the board of Ping An Bank Co., Ltd (平安銀行股份有限公司) (Stock Code: 000001.SZ) and a director of China Vanke Co., Ltd* (萬科企業股份有限公司) (Stock Code: 000002.SZ), both of which are listed on the Shenzhen Stock Exchange. Since June 2008, he has been serving as a council member of the Association for Relations Across the Taiwan Straits (海岸兩峽關係協會). Save as disclosed herein, Mr. Sun has not been a director of any listed companies over the past three years.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets out certain information concerning our senior management.

Name	Age	Residential/ business address	Time of joining our Group and/or its predecessor	Current Position	Job Responsibilities and Relationship
Li Xin (李昕)	41	No.1, Lianjing Garden, Huale Street, Zhongshan District, Dalian, Liaoning Province	April 2013	Chief Financial Officer	Primarily responsible for financial planning, financial risks management and financial reporting. He is the husband of Ms. Zheng Fang.
Gao Jie (高杰).	40	No.1, Lianjing Garden, Huale Street, Zhongshan District, Dalian, Liaoning Province	April 2013	Chief Investment Officer	Primarily responsible for investment strategy, corporate development and general compliance matters.
Tan Guangyuan (譚廣元) . . .	41	No.1, Lianjing Garden, Huale Street, Zhongshan District, Dalian, Liaoning Province	March 2003	Technical Director	Primarily responsible for animal management and facility energy departments.
Wang Wei (王煒).	44	No.1, Lianjing Garden, Huale Street, Zhongshan District, Dalian, Liaoning Province	March 2010	Operation Director	Primarily responsible for supervision of theme park operations and merchandise and catering businesses.
Wang Zan (王瓚).	38	No.1, Lianjing Garden, Huale Street, Zhongshan District, Dalian, Liaoning Province	March 2010	Planning Design Director	Primarily responsible for supervision of the planning and design of our projects and management of design costs.

Name	Age	Residential/ business address	Time of joining our Group and/or its predecessor	Current Position	Job Responsibilities and Relationship
Liu Jiabin (劉家斌) . . .	44	No.1, Lianjing Garden, Huale Street, Zhongshan District, Dalian, Liaoning Province	April 2013	Project Construction Director	Primarily responsible for the management of the tender and procurement, engineering management, cost and contract and business operation departments.
Zheng Fang (鄭芳).	35	No.1, Lianjing Garden, Huale Street, Zhongshan District, Dalian, Liaoning Province	March 2006	Marketing Director	Primarily responsible for the management of the sales and marketing and the cultural and entertainment works of our Group. She is the wife of Mr. Li Xin.

Li Xin (李昕), aged 41, has been serving as our chief financial officer since April 2013. He is primarily responsible for financial planning, financial risks management and financial reporting. Mr. Li obtained a bachelor's degree in industrial economics from the Dongbei University of Finance and Economics (東北財經大學) in Dalian in July 1995. He also obtained a master's degree in law from Jilin University (吉林大學) in Jilin in July 2003. Mr. Li is the husband of Ms. Zheng Fang, the marketing director of our Group.

Mr. Li has over 18 years of experience in finance and taxation. Mr. Li served as an officer in the first investigation bureau of the Dalian Municipal Local Taxation Bureau between August 1995 and August 2002, he was responsible for the investigation and examination works. In June 2002, Mr. Li became the general manager of the planning and finance department of Haichang Group Co. His responsibilities include, financial management system development, budget formation, assets management, investment and financial reporting and management. From in March 2010, Mr. Li was appointed as the general manager of the planning and finance department of Haichang Enterprise Development, where he also started to serve as the chief financial officer in December 2010. In April 2013, he was appointed as the chief financial officer and the general manager of the planning and finance department of Haichang China. Mr. Li has not been a director of any listed companies over the past three years.

Gao Jie (高杰), aged 40, has been serving as our chief investment officer since April 2013. He is primarily responsible for investment strategy, corporate development and general compliance matters. Mr. Gao obtained a bachelor's degree in management information system from the Dalian Maritime University (大連海事大學) in Dalian in July 1995 and a master's degree in industrial economics from the Dongbei University of Finance and Economics (東北財經大學) in Dalian in November 1999.

Mr. Gao has over 17 years of experience in finance and banking. Mr. Gao served as a branch client manager and the branch manager of the China Construction Bank (中國建設銀行) from July 1995 to August 2001 and August 2001 to January 2003, respectively. He was mainly responsible for the overall management and the internal control of the branch. He then became the general manager of Dalian Hongji Investment Co., Ltd.* (大連宏基投資有限公司) between January 2003 and December 2007, where he took part in the operation of the company and enforcement of investment projects. Mr. Gao was appointed as the general manager of the investment strategy department of Haichang Group Co and Haichang Enterprise Development in November 2007 and March 2010, respectively, his main duties were to develop strategies, analyze the investment market, maintain relationships with financial institutions and investors and explore new areas for investment. Since April 2013, he has been serving as the chief investment officer and the general manager of the corporate development department of Haichang China, he is in charge of strategies formation, investment management, investor relations and legal and internal control compliance matters of the company. Mr. Gao has not been a director of any listed companies over the past three years.

Tan Guangyuan (譚廣元), aged 41, has been serving as our technical director since April 2013. He is primarily responsible for managing the animal management and facility energy departments. Mr. Tan obtained a bachelor's degree in thermal turbine from the Dalian University of Technology (大連理工大學) in July 1993. He later completed a PhD course in law at the China University of Political Science and Law (中國政法大學) in May 2009 and a research Master in Public Administration (MPA) program at the Party School of Liaoning Provincial Party Committee of the Communist Party of China (中國遼寧省委黨校) in December 2009. In 2006 and 2013, Mr. Tan attended the training courses in the job duties of general manager and senior management organized by CNTA. He was then awarded with the respective professional training certificates by CNTA in August 2006 and August 2013.

Mr. Tan has over 14 years of experience in the tourism industry. From 1993 to 1999, Mr. Tan worked as a technician at the Dalian City Construction and Management Bureau* (大連城市建設管理局) and from 1999 to 2000, he worked as an office manager of the reconstruction headquarters at the Laohutan Bay in Dalian where he was responsible for coordinating the daily works of the reconstruction office. Mr. Tan joined Hutan Park in January 2000 as an office manager and was then appointed as the deputy general manager of Dalian Laohutan as a representative of Hutan Park in March 2003 to oversee the operation and administration of Dalian Laohutan Polar Aquarium, facilities engineering and animals management. He was later promoted as the general manager in March 2008 and was responsible for the overall management of the company. Meanwhile, he also became a director of Dalian Laohutan and has been involved in making strategic decisions for the company since then. From 2011 to 2013, Mr. Tan served as the vice president of Haichang Travel and he was responsible for making strategic decisions and managing the human resources, strategic planning and procurement departments. Since April 2013, Mr. Tan has been serving as the technical director of Haichang China. Mr. Tan became the vice group leader of the aquarium standards development leading small group of the National Aquatic Wildlife Conservation Association (全國水生野生動物保護分會) in March 2010, the vice president of the same Association in April 2011 and a guest member of the European Union of Acquisition Curators in October 2011. He also serves as an advisor to the Japanese Cetaceans Center* (日本海豚中心). Mr. Tan has not been a director of any listed companies over the past three years.

Wang Wei (王煒), aged 44, has been serving as our operation director since April 2013. He is primarily responsible for supervising the theme park operations and the merchandise and catering businesses. Mr. Wang obtained a bachelor's degree in aquaculture from the Dalian Institute of Aquaculture (大連水產學院) (now known as Dalian Ocean University (大連海洋大學)) in July 1992 and a master's degree in political economics from the Liaoning Normal University (遼寧師範大學) in Dalian in December 2001.

Mr. Wang has almost 20 years of theme park operation and management, aquaculture, fisheries, economics, marine science and marine mammal training experience. Mr. Wang served as a deputy manager at the Hutan Underwater World Theme Park* (虎灘樂園水下世界) from September 1992 to November 1994. In November 1994, he started to work at Dalian Sunasia Tourism Holding Co., Ltd* (大連聖亞旅遊控股股份有限公司) for more than 12 years and he was the vice general manager before he left in May 2007. He was mainly responsible for the management of the maintenance of marine animals and operations. Between October 2007 and February 2008, Mr. Wang served as the general manager of the Hangzhou Polar Ocean World Science Co., Ltd.* (杭州極地海洋世界科普有限公司) and he was responsible for the overall operation management. Mr. Wang joined Haichang Group Co in March 2009 as the general manager of the tourism operation management department and he was responsible for the management of the operation of the company's tourism projects. In March 2010, he was appointed as the president's assistant and the general manager of the operation management department at Haichang Travel, where he was involved in the management, operation and supervision of our new projects. In April 2011, he was promoted as the vice-president of Haichang Travel and he was responsible for the operation and management of the company and the supervision of our marine animals maintenance. Since April 2013, Mr. Wang has also been serving as the operation director and the general manager of the park operation department of Haichang China. Mr. Wang became a member of the Chinese Association of Natural Science Museums (中國自然科學博物館協會) in December 1995, at which he has been serving as a council member since 2001. From 1995 to 2007, Mr. Wang was also a deputy minister of the aquarium professional committee of the same Association. Since 2003, he has also become a member of the Ornamental Fish Sub-committee of the China Society of Fisheries (中國水產學會觀賞魚分會). Mr. Wang reviewed and edited the National Occupational Qualification Training Course (國家職業資格培訓教程) for the marine mammal trainer qualification in April 2007 and was employed by the National Occupational Skill Testing Authority* (國家職業技能鑑定所) as an expert to set exam questions. Mr. Wang has not been a director of any listed companies over the past three years.

Wang Zan (王瓚), aged 38, has been serving as our planning design director since February 2012. He is primarily responsible for the supervision of the planning and design of our projects and management of design costs. Mr. Wang obtained a double bachelor's degree in port channel and river restoration engineering and applied computer engineering and a master's degree in materials science from the Dalian University of Technology (大連理工大學) in Dalian in July 1999 and October 2002, respectively.

Mr. Wang has over 10 years of civil engineering, property design and project management experience. Mr. Wang joined Haichang Group Co in 2002 as an employee in the tourism projects development and supervision department, he was responsible for the design of Dalian Discoveryland, Dalian Friday Avenue and Qingdao Polar Ocean World projects. In October 2003, Mr. Wang was assigned by Haichang Group Co to be fully responsible for the design works of Dalian Discoveryland. From November 2006 to March 2010, he worked at the planning design department of Haichang Group Co, he was responsible for the design of Chongqing Caribbean Water Park, Chengdu Polar Ocean World, Wuhan Polar Ocean World, Tianjin Polar Ocean World, Yantai Whale Shark Aquarium and Yantai Haichang Yudaishan Hot Spring Resort. He was then appointed as the deputy general manager of the technical management department of Haichang Travel in March 2010 and he was responsible for the management of our facilities and techniques, the design works of our new projects and projects to be expanded, reconstruction of operating projects, the maintenance of our animals and the management of systems, facilities and energy resources. From March 2011 to February 2012, he served as the general manager of the technical management department of Haichang Travel and was promoted as the planning design director in February 2012. Later in April 2013, Mr. Wang was appointed as the planning design director and the general manager of the planning design department of Haichang China. Mr. Wang has not been a director of any listed companies over the past three years.

Liu Jiabin (劉家斌), aged 44, has been serving as our project construction director since April 2013. He is primarily responsible for the management of the tender and procurement, engineering management, cost and contract and business operation departments. Mr. Liu is currently pursuing an Executive Master in Business Administration at the Dongbei University of Finance and Economics (東北財經大學) in Dalian, which he is expected to complete in 2014.

Mr. Liu has over eight years of experience in property development and management experience. Mr. Liu joined Haichang Group Co in September 2002 as the deputy manager of the resources department and he was responsible for establishing the supply chain for the company. He later served as the general manager of Jiemusi Haixin Housing Development Co., Ltd* (佳木斯海新房屋開發有限公司) from March 2005 to April 2007 and he was responsible for the daily management of the project companies. In April 2007, he rejoined Haichang Group Co as the general manager of the tourism development and management department and from November 2007 to July 2009, he served as the general manager of Chengdu Polar, where he was responsible for establishing the strategic goals and operation model for the company. From March 2010 to February 2013, Mr. Liu served as the general manager of Dalian Fisherman's Wharf Development and Construction Co., Ltd* (大連漁夫碼頭開發建設有限公司), a project company owned by Haichang Real Estate. Since May 2012, Mr. Liu has been serving as the vice president of Haichang Real Estate and he is responsible for overseeing the commercial operation department. Since April 2013, he has been serving as the project construction director and the general manager of the engineering management department of Haichang China. Mr. Liu has not been a director of any listed companies over the past three years.

Zheng Fang (鄭芳), aged 35, has been serving as our marketing director since April 2013. She is primarily responsible for the management of the sales and marketing and cultural and entertainment works of our Group. Ms. Zheng obtained a bachelor's degree in investment economics from Liaoning University (遼寧大學) in Shenyang in July 1999. Ms. Zheng is the wife of Mr. Li Xin, the chief financial officer of our Group.

Ms. Zheng has over 13 years of experience in investment, corporate finance and management. Ms. Zheng joined Haichang Group Co in June 2000 as the finance manager of the capital department, where she served until March 2006 and was responsible for the coordination, control and tracing of cash, development and implementation of financing plans, development and enhancement of financing channels and provision of supporting skills. In March 2006, she joined Dalian Laohutan as the deputy general manager. She has then become a director of Dalian Laohutan since March 2008 and was promoted as the general manager in April 2011, during her employment, her duties were to develop and implement the annual operation plan and to promote our company to the market. Since April 2013, she has been appointed as the marketing director of Haichang China. In August 2011, she was appointed as a director of the Liaoning Province Wildlife Conservation Association (遼寧省野生動物保護協會). Furthermore, in December 2012, she was appointed as a committee member of the 9th committee of the Chinese People's Political Consultative Conference of Zhongshan City, Dalian Municipal. Ms. Zheng has not been a director of any listed companies over the past three years.

COMPANY SECRETARY

Mr. Yu Leung Fai (余亮暉), aged 36, has extensive experience in the corporate services field. Since 2001, Mr. Yu has been the principal executive of Fung, Yu & Co. CPA Limited. Mr. Yu has also been the company secretary of China National Materials Co. Ltd., Beijing Media Corporation Ltd., Yuanda China Holdings Limited and Vale S.A., all of which are listed companies in Hong Kong, since 2009, 2010, 2012 and 2010, respectively. Mr. Yu graduated from the University of London with a bachelor's degree in law in 2005. He is a member of the American Institute of Certified Public Accountants, Certified Practicing Accountants of Australia and the Hong Kong Institute of Certified Public Accountants.

BOARD COMMITTEES

Audit Committee

Our Company established an audit committee with written terms of reference in compliance with Rules 3.21, 3.22 and 3.23 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The audit committee consists of three members, namely Fang Hongxing, Wei Xiaoan and Sun Jianyi, our independent non-executive Directors. Fang Hongxing has been appointed as the chairman of the audit committee, and is our independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of our Group, oversee the audit process and perform other duties and responsibilities as assigned by our Board.

Nomination Committee

Our Company established a nomination committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The nomination committee consists of three members, being Qu Naijie, our non-executive Director, Wei Xiaoan and Sun Jianyi, our independent non-executive Directors. Qu Naijie, is the chairman of the nomination committee. The primary duties of the nomination committee are to make recommendations to our Board on the appointment and removal of Directors of our Company.

Remuneration Committee

Our Company established a remuneration committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of three members, namely Wang Xuguang, our executive Director, Sun Jianyi and Fang Hongxing, our independent non-executive Directors. Sun Jianyi has been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on employee benefit arrangement.

Risk Management and Corporate Governance Committee

Our Company established a risk management and corporate governance committee with written terms of reference. The risk management and corporate governance committee consists of three Directors: namely Yuan Bing, Fang Hongxing and Wei Xiaoan. Yuan Bing currently serves as the chairman of the risk management and corporate governance committee. The primary duties of the risk management and corporate governance committee include, but are not limited to, the following:

- to review the Company's risk management policies and standards, as well as the fundamental concepts and scope of compliance management;
- to review and provide comments on the overall target and basic policy of the compliance and risk management;
- to supervise and monitor the development of risk and compliance management system of the Company;
- to formulate the Company's corporate governance policies and conventional rules, to monitor its implementation and to make recommendations to our Board;
- to review and provide comment on the organizational structure and responsibilities of the Company's compliance and risk management;
- to review the Company's compliance reports and risk assessment reports that need to be reviewed by our Board, and to make proposals on the improvement of the Company's compliance and risk management;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and conventional rules regarding compliance with laws and regulatory rules as well as with its implementation;
- to formulate, review and monitor the Professional Practice Code and Compliance Manual (if available) of the employees and Directors;
- to monitor the Company's compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules, together with the disclosure in the Corporate Governance Report;
- to monitor the effective implementation of the risk and compliance management by the management of the Company and to evaluate the performance of the responsible senior management;
- to evaluate and opine on the risk of major decision making and solutions to the major risks of the Company that need to be reviewed by our Board; and
- other matters as authorized by our Board.

Independent Board Committee

Our Company established an Independent Board Committee with written terms of reference. The Independent Board Committee comprises all of our independent non-executive Directors, namely Fang Hongxing, Wei Xiaoan and Sun Jianyi. Sun Jianyi has been appointed as the chairman of the Independent Board Committee. For see "Relationship with Our Controlling Shareholders – Deed of Non-Competition" and "Relationship with Our Controlling Shareholders – Option to Purchase and/or Operate and Manage Excluded Business" for details on the primary duties of the Independent Board Committee.

COMPLIANCE ADVISOR

We have appointed Guotai Junan Capital Limited as our compliance advisor (the "**Compliance Advisor**") upon the Listing of our Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will provide advice to us when consulted by us in the following circumstances:

- the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where its business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares of our Company.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date and this appointment may be subject to extension by mutual agreement.

SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to the written resolutions of the Shareholders of our Company passed on February 23, 2014. The purpose of the Share Option Scheme is to enable us to grant options to selected participants as incentives or rewards for their contribution to us. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable us to reward the employees, the Directors and other selected participants for their contributions to us. This will be in accordance with Chapter 17 of the Listing Rules and other relevant rules and regulations. Further details of the Share Option Scheme are set forth in the section headed "Statutory and General Information" in Appendix VI to this prospectus.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of remuneration our Directors and senior management have received (including fees, salaries, contributions to pension schemes, housing and other allowances and other benefits in kind) for the periods ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013 were nil, nil, nil and RMB370,000, respectively.

The aggregate amount of fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind paid to our five highest paid individuals of our Company, during each of the periods ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013, was RMB1,722,000, RMB1,783,000, RMB1,870,000 and RMB1,280,000, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration, excluding discretionary bonuses, payable to our Directors for the year ending December 31, 2014 is estimated to be approximately RMB2.04 million.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the periods ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013. Further, none of our Directors had waived any remuneration during the same period.

No other payments have been made or are payable in respect of each of the periods ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013 by the Group to the Directors.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of our Group.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering and excluding the Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Shares to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, the following persons will have an interest or a short position in the Shares which will be required to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

		Shares held immediately prior to the Global Offering		Shares held immediately following the completion of the Global Offering	
Name	**Nature of interest**	**Number**	**%**	**Number**	**%**
Haichang BVI . . .	Beneficial owner	81,568,240	71.31	2,139,177,000	53.48
Qu Naijie[(1)]	Interest in a controlled corporation	85,000,000	74.31	2,229,177,000	55.73

Note:

(1) Qu Naijie holds 100% of the equity interest in Haichang BVI and is the settlor and a beneficiary of the Management Trust, and Speedy Journey Investment Limited is 100% owned by Cantrust (Far East) Limited as trustee of the Management Trust. Therefore, Qu Naijie is deemed to be interested in 2,139,177,000 Shares held by Haichang BVI as disclosed above and the number of Shares held by Speedy Journey Investment Limited (which will hold 90,000,000 Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)) in our Company, together representing approximately 74.31% in our issued share capital immediately prior to the Global Offering and approximately 55.73% immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

Save as disclosed above, our Directors are not aware of any person who will, immediately following completion of the Global Offering and assuming that the Over-allotment Option is not exercised and without taking into account any Shares to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, have an interest or a short position in our Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

THE CORNERSTONE PLACING

We entered into cornerstone investment agreements with a number of investors (the "Cornerstone Investors"), who have agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with an aggregate amount of US$30 million. Assuming an Offer Price of HK$2.18, HK$2.43 and HK$2.68, (being the minimum, mid-point and maximum of the Offer Price range set forth in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be approximately 107,338,000, 96,295,000 and 87,312,000 Offer Shares respectively, representing approximately 2.7%, 2.4% and 2.2% respectively of the Shares upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

Each of the Cornerstone Investors is independent from our Company. The Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering other than pursuant to the relevant cornerstone investment agreements. Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any board representation in our Company, nor will any of the Cornerstone Investors become a substantial Shareholder. The shareholdings of the Cornerstone Investors will be counted towards the public float of our Shares.

The cornerstone placing forms part of the International Offering. The Offer Shares to be purchased by the Cornerstone Investors will not be affected by any reallocation of the Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section entitled "Structure of the global Offering – The Hong Kong Public Offering" in this prospectus. Details of the allocations to the Cornerstone Investors will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on March 12, 2014.

OUR CORNERSTONE INVESTORS

Our Cornerstone Investors are set out below:

Central Asset Investments Management (Cayman) Limited

CAI Global Master Fund, L.P. and CAI Special Opportunities Fund (collectively, the "CAI Entities") managed by Central Asset Investments Management (Cayman) Limited ("CAI") have agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of US$20 million at the Offer Price. Assuming an Offer Price of HK$2.18, HK$2.43 and HK$2.68 (being the minimum, mid-point and maximum of the Offer Price range set forth in this prospectus), the CAI Entities will subscribe for approximately 71,559,000, 64,197,000 and 58,208,000 Offer Shares, representing approximately 1.8%, 1.6% and 1.5% of the Shares upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

CAI is an institutional asset management firm founded in 2005. CAI invests globally across different asset classes, seeking to achieve superior long term returns through bottom-up fundamental analysis.

Mr. Kwok Ying Shing

Mr. Kwok Ying Shing has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased with an aggregate amount of US$10 million at the Offer Price, provided that the total number of Offer Shares subscribed by Mr.

Kwok Ying Shing shall not exceed 5% of the total issued share capital of the Company upon completion of the Global Offering (assuming the Over-allotment Option is not exercised). Assuming an Offer Price of HK$2.18, HK$2.43 and HK$2.68 (being the minimum, mid-point and maximum of the Offer Price range set forth in this prospectus), Mr. Kwok Ying Shing will subscribe for approximately 35,779,000, 32,098,000 and 29,104,000 Offer Shares, representing approximately 0.9%, 0.8% and 0.7% of the Shares upon completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

Mr. Kwok Ying Shing is the chairman, executive director and one of the founders of Kaisa Group Holdings Ltd. (佳兆業集團控股有限公司), an integrated property developer listed on the Stock Exchange of Hong Kong Limited (Stock Code: 1638.HK).

CONDITIONS PRECEDENT

The subscription obligation of each of the Cornerstone Investors is subject to, among other things, the following conditions precedent:

(1) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become effective and unconditional and not having been terminated (in accordance with their respective original terms, as subsequently varied by agreement of the parties thereto or waived, to the extent it may be waived, by the relevant parties) by no later than the time and date as specified in such agreements;

(2) the Listing Committee of the Hong Kong Stock Exchange having granted the listing of, and permission to deal in, the Shares and such approval or permission not having been revoked;

(3) that the respective representations, warranties, undertakings and acknowledgments of the relevant Cornerstone Investor and the Company under the relevant cornerstone investment agreement and accurate and true in all material respects and not misleading and that there is no material breach of the relevant cornerstone investment agreement on the part of the relevant Cornerstone Investor; and

(4) no laws having been enacted or promulgated which prohibit the consummation of the transactions contemplated in the relevant cornerstone investment agreement and there being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

RESTRICTIONS ON THE CORNERSTONE INVESTORS' INVESTMENT

Each of the Cornerstone Investors has agreed that, without the prior written consent of our Company and the Joint Global Coordinators, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of (as defined in the relevant cornerstone investment agreements) any of the Shares or any interest in any company or entity holding any of the Shares subscribed for by it pursuant to the relevant cornerstone investment agreement, other than transfers to any wholly-owned subsidiary of such Cornerstone Investor provided that such wholly-owned subsidiary undertakes in writing to, and such Cornerstone Investor undertakes to procure that such wholly-owned subsidiary will, abide by the restrictions on disposals imposed on such Cornerstone Investor.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Global Offering:

		US$
Authorized share capital:		
5,000,000,000	Shares	500,000
Shares in issued and to be issued, fully paid or credited as fully paid:		
114,391,996	Shares in issue immediately before the Global Offering	11,439.1996
2,885,608,004	Shares to be issued under the Capitalization Issue	288,560.8004
1,000,000,000	Shares to be issued pursuant to the Global Offering	100,000
4,000,000,000	Total	400,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above does not take into account any shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering – Conditions of the Global Offering" in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors other than pursuant to:

(a) a rights issue;

(b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles of Association;

(c) a specific authority granted by the Shareholders in general meeting,

shall not exceed the aggregate of:

(i) 20% of the total nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and

(ii) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in the section headed "General Mandate to Repurchase Shares" below.

This general mandate to issue Shares will expire:

(1) at the conclusion of our next annual general meeting; or

(2) at the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or

(3) when varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

See "Statutory and General Information – Further Information About our Group – Resolutions in Writing of our Shareholders Passed on February 23, 2014" in Appendix VI to this prospectus for details on this general mandate.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering – Conditions of the Global Offering," our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal value of our share capital in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

This general mandate relates only to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose), and made in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in "Statutory and General Information – Further Information About our Group – Repurchases of Our Own Securities" in Appendix VI to this prospectus.

This general mandate to repurchase Shares will expire:

(i) at the conclusion of our next annual general meeting; or

(ii) at the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or

(iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

See "Statutory and General Information – Further Information About our Group – Resolutions in Writing of our Shareholders Passed on February 23, 2014" in Appendix VI to this prospectus for details on this general mandate.

SHARE OPTION SCHEME

We have adopted the Share Option Scheme, the principal terms of which are summarized in Appendix VI to this prospectus.

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,			As of September 30,
		2010	2011	2012	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,									Nine months ended September 30,					
	2010			2011			2012			2012			2013		
	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)	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)			
								(RMB'000)							
REVENUE	799,212	150,128	27,691	683,731	183,603	37,353	889,014	189,332	34,538	639,920	174,741	32,416	779,168	196,710	39,715
Cost of sales	(381,988)	(117,737)	(19,750)	(384,073)	(123,346)	(24,775)	(489,347)	(136,419)	(26,416)	(336,220)	(114,119)	(18,455)	(386,318)	(118,138)	(20,595)
GROSS PROFIT	417,224	32,391	7,941	299,658	60,257	12,578	399,667	52,913	8,122	303,700	60,622	13,961	392,850	78,572	19,120
Other income and gains	81,934	5,380	18,598	163,790	9,788	12,482	309,435	7,418	15,074	159,414	1,486	12,761	211,884	1,838	13,418
Selling and marketing expenses	(37,539)	(13,498)	(9,793)	(63,388)	(12,533)	(4,293)	(76,885)	(13,247)	(4,249)	(69,317)	(11,111)	(3,659)	(51,812)	(10,690)	(4,024)
Administrative expenses	(111,368)	(20,919)	(4,952)	(140,807)	(32,528)	(6,264)	(135,113)	(29,460)	(7,590)	(91,963)	(18,434)	(5,913)	(94,972)	(22,248)	(7,620)
Other expenses	(3,304)	(155)	(14)	(940)	(260)	(13,739)	(8,764)	(249)	(81)	(1,958)	(161)	(8)	(165)	(158)	(114)
Finance costs	(52,218)	–	–	(142,233)	–	–	(301,296)	–	(4,866)	(229,097)	–	(3,776)	(282,105)	–	(2,328)
PROFIT BEFORE TAX	**294,729**	**3,199**	**11,780**	**116,080**	**24,724**	**764**	**187,044**	**17,375**	**6,410**	**70,779**	**32,402**	**13,366**	**175,680**	**47,314**	**18,452**
Income tax expenses	(111,619)	(20)	(3,081)	(70,590)	–	(393)	(108,171)	(2,300)	(5,157)	(41,858)	(6,057)	(3,815)	(71,290)	(11,783)	(4,133)
PROFIT FOR THE YEAR/PERIOD	**183,110**	**3,179**	**8,699**	**45,490**	**24,724**	**371**	**78,873**	**15,075**	**1,253**	**28,921**	**26,345**	**9,551**	**104,390**	**35,531**	**14,319**
Attributable to:															
Owner of the company	148,775	3,179	8,699	30,043	24,724	371	59,617	15,075	1,253	14,422	26,345	9,551	89,051	35,531	14,319
Non-controlling interests	34,335	–	–	15,447	–	–	19,256	–	–	14,499	–	–	15,339	–	–
	183,110	**3,179**	**8,699**	**45,490**	**24,724**	**371**	**78,873**	**15,075**	**1,253**	**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.

FUTURE PLANS

See "Business – Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$2.43 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$2,295.6 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

In the event the Over-allotment Option is exercised in full and assuming an Offer Price of HK$2.43 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK$353.5 million. We intend to allocate these proceeds to the following purposes on a pro rata basis.

If the Offer Price is fixed at HK$2.68 per Offer Share (being the high end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, we will receive additional net proceeds of approximately HK$242.5 million.

If the Offer Price is fixed at HK$2.18 per Offer Share (being the low end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by approximately HK$242.5 million.

We intend to use the net proceeds of the Global Offering for the following purposes:

- approximately 50% or HK$1,147.8 million of our net proceeds will be used to develop Shanghai Haichang Polar Ocean World;

- approximately 40% or HK$918.2 million of our net proceeds will be used to develop Sanya Haitang Bay Dream World; and

- the remaining amount of approximately not more than 10% or HK$229.6 million of our net proceeds will be used to provide funding for our working capital and other general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated offer price range.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

To the extent our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations and bank financing.

In the event that any part of Shanghai Haichang Polar Ocean World and/or Sanya Haitang Bay Dream World does not proceed as planned, including as a result of circumstances such as failure to obtain the land use right, the requisite approvals, changes in government policies that would render any of our property developments not commercially viable, or force majeure, our Directors will evaluate the situation, explore other potential development projects, including expansion of our existing theme parks, development of new projects and/or acquisitions of new projects or land for development in the PRC, and utilize the unused portion of proceeds from the Global Offering on such projects. As of the Latest Practicable Date, we had not yet identified or committed to any acquisition targets for such use of net proceeds from the Global Offering. We intend to identify development opportunities and select acquisition targets that can fit into our overall branding and development strategies. See “Business – Project Development Process” for details on our project planning process. In the event that any part of Shanghai Haichang Polar Ocean World and/or Sanya Haitang Bay Dream World does not proceed as planned, our Directors will also consider utilizing the unused portion of proceeds from the Global Offering to repay our existing bank loans and other borrowings and interests accrued thereon.

HONG KONG UNDERWRITERS

Joint Lead Managers

BNP Paribas Securities (Asia) Limited
Merrill Lynch Far East Limited
CCB International Capital Limited
China Merchants Securities (HK) Co., Limited
Essence International Securities (Hong Kong) Limited
ICBC International Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 100,000,000 Hong Kong Offer Shares and the International Offering of initially 900,000,000 International Offer Shares, subject, in each case, to adjustment and the Over-allotment Option on the basis as described in the section headed "Structure of the Global Offering" in this prospectus as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Application Forms relating thereto.

Subject to the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, and to certain other conditions set out in the Hong Kong Underwriting Agreement (including the Joint Global Coordinators (on behalf of the Underwriters) and our Company agreeing upon the Offer Price), the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus and the Application Forms relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may in their sole and absolute discretion terminate the Hong Kong Underwriting Agreement with immediate effect by written notice to the Company at any time prior to 8:00 a.m. on the Listing Date if:

there develops, occurs, exists or comes into force:

- any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak or escalations of disease, economic sanctions, strikes, labour disputes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed) in or affecting Hong Kong, the Cayman Islands, the BVI, the PRC, the United States, the European Union (or any member thereof), Japan or any other jurisdiction reasonably considered by the Joint Global Coordinators relevant to any member of the Group (the "Relevant Jurisdictions");

- any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions, equity securities or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;

- any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange;

- any general moratorium on commercial banking activities in any Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in those places or jurisdictions;

- any new Law (as defined in the Hong Kong Underwriting Agreement) or any change or development involving a prospective change in existing Laws (as defined in the Hong Kong Underwriting Agreement) or any change or development involving a prospective change in the interpretation or application thereof by any Governmental Authority (as defined in the Hong Kong Underwriting Agreement) in or affecting any of the Relevant Jurisdictions;

- the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions;

- a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity;

- any loss or damage sustained by any member of the Group;

- any Action (as defined in the Hong Kong Underwriting Agreement) of any third party being threatened or instigated against any member of the Group;

- any Governmental Authority or a political body or organisation in any Relevant Jurisdiction is commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director or any director of any Subsidiary (as defined in the Hong Kong Underwriting Agreement);

- a change or development involving a prospective change or amendment in taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is pegged to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

- any change or prospective change, or a materialization of any of the risks set out in the "Risk Factors" section in this prospectus,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- has or will or may have a material adverse effect on the assets, liabilities, business, general affairs, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company or any member of the Group taken as a whole; or

- has or will have or may have an adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

- makes or will make or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or

- has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

there has come to the notice of the Joint Global Coordinators:

- that any statement contained in this prospectus, the Application Forms, the Formal Notice (as defined in the Hong Kong Underwriting Agreement) and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect, incomplete or inaccurate in any material respects or misleading, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest in any material respect and based on reasonable assumptions;

- that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from this prospectus, the Application Forms, the Formal Notice and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto);

- the issue of or the requirement by the Company to issue any Supplementary Prospectus (as defined in the Hong Kong Underwriting Agreement) (or any other documents used in connection with the Global Offering) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC;

- any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Joint Global Coordinators, the Joint Sponsors or the Underwriters);

- any event, act or omission which gives or is likely to give rise to any liability of any of the Warrantors pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement;

- any material adverse change or development or any prospective material adverse change or development in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company or any member of the Group and the effect of which is, in the sole and absolute opinion of the Joint Global Coordinators, so adverse as to make it impracticable or inadvisable or inexpedient to proceed with the Global Offering;

- any breach of, or any event rendering untrue, inaccurate, incomplete, incorrect or misleading in any respect, any of the Warranties (as defined in the Hong Kong Underwriting Agreement) given by any of the Company and the Controlling Shareholders in the Hong Kong Underwriting Agreement;

- that the approval by the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering is refused or not granted, other than subject to customary conditions, on or before the date of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

- that the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;

- any litigation or dispute or potential litigation or disputes, which would materially and adversely affect the operation, financial condition or reputation of the Company or the Group;

- any person (other than any of the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents (as defined in the Hong Kong Underwriting Agreement) or to the issue of any of the Offer Documents;

- any of the expert has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appear;

- any Director is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company;

- the chairman of the Board or the chief executive officer of the Company vacating his office;

- any Governmental Authority or a political body or organisation in any Relevant Jurisdiction is commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director or any director of any Subsidiary;

- any contravention by any member of the Group of the Listing Rules or Applicable Laws (as defined in the Hong Kong Underwriting Agreement);

- any prohibition on the Company for whatever reason from allotting or selling the Offer Shares pursuant to the terms of the Global Offering;

- any non-compliance of this prospectus (or any other documents used in connection with the Global Offering) or any aspect of the Global Offering or any contravention by any member of the Group with the Listing Rules or any other Applicable Laws (as defined in the Hong Kong Underwriting Agreement);

- any demand by creditors for repayment of indebtedness or any order or petition for the winding-up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;

- a material portion of the orders in the bookbuilding process or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled, and the Joint Bookrunners, in their sole and absolute discretion, concludes that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or

- Admission (as defined in the Hong Kong Underwriting Agreement) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the Admission is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld.

Undertakings to the Stock Exchange Pursuant to the Listing Rules

(A) Undertakings by Our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the date on which our securities first commence dealing on the Stock Exchange (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), except pursuant to the Global Offering or any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to our Company that except pursuant to any lending of Shares pursuant to the Stock Borrowing Agreement, it will not and will procure that the relevant registered holder(s) will not:

(a) in the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and

(b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be the controlling shareholder of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, it will:

(i) when it pledges or charges any Shares beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and

(ii) when it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by Our Company

We have undertaken to the Joint Global Coordinators not to, without prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date falling six months after the Listing Date (the "First Six-Month Period"):

(i) offer, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, either directly or indirectly, any of the share capital or other securities of the Company or any interest therein (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) offer to or agree to or publicly disclose that the Company will or may enter into any such transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities, in cash or otherwise, provided that the foregoing restrictions shall not apply to the issue of Shares by the Company pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option, and the exercise of the options which may be granted under the Share Option Scheme). In the event that, during the six-month period immediately following the First Six-Month Period (the **Second Six-Month Period**), the Company enters into any such transactions or agrees or contracts to, or publicly announces an intention to, enter into any such transactions, the Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

(B) Undertakings by the Controlling Shareholders

Each of the Controlling Shareholders agrees and undertakes to the Company, the Joint Global Coordinators, Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

(a) save for any lending of Shares by Haichang Group Limited pursuant to the Stock Borrowing Agreement, during the First Six-Month Period, he/it will not:

(i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital or other securities of the Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares), or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares, or any other equity securities of the Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) publicly disclose that he/it will or may enter into any transaction described in paragraphs (i), (ii) or (iii) above,

whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of such capital or securities, in cash or otherwise;

(A) during the Second Six-Month Period, he/it will not enter into any transaction described in paragraphs (a)(i), (ii) or (iii) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transaction, any of the Controlling Shareholders would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company; and

(B) until the expiry of the Second Six-Month Period, in the event that he/it enters into any such transactions specified in paragraphs (a)(i), (ii) or (iii) above or agrees or contracts to, or publicly announces an intention to enter into any such transactions, he/it will take all reasonable steps to ensure that he/it will not create a disorderly or false market in the securities of the Company.

(b) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling 12 months after the Listing Date, he/it shall:

(i) if and when he/it pledges or charges any securities or interests in the securities of the Company beneficially owned by he/it, immediately inform the Company and the Joint Global Coordinators in writing of such pledge or charge together with the number of securities so pledged or charged; and

(ii) if and when he/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be disposed of, immediately inform the Company and the Joint Global Coordinators in writing of such indications.

The Company agrees and undertakes that upon receiving such information in writing from any of the Controlling Shareholders, it shall, as soon as practicable and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of press announcement.

Indemnity

Each of the Company and the Controlling Shareholders has agreed to, jointly and severally, indemnify, among others, each of the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company and the Controlling Shareholders of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in Our Company

Except for its obligations under the Hong Kong Underwriting Agreement and save as disclosed in this prospectus, none of the Hong Kong Underwriters has any shareholding interest in our Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement or as otherwise disclosed in the section headed "Structure of the Global Offering – the Global Offering – QDII Fund" in this prospectus.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, the International Underwriters would severally agree to procure purchasers for, or to purchase, Offer Shares being offered pursuant to the International Offering (excluding, for the avoidance of doubt, the Offer Shares which are subject to the Over-allotment Option). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

We expect to grant to the Joint Global Coordinators the Over-allotment Option, which will be exercisable by the Joint Global Coordinators, on their own behalf, from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 150,000,000 Shares, representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to, among other things, cover over-allocations in the International Offering, if any.

Commissions and Expenses

The Underwriters will receive a commission of 3.00% of the aggregate Offer Price of all the Offer Shares, out of which they will pay any sub-underwriting commissions.

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the Joint Global Coordinators and the relevant International Underwriters.

The aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are estimated to amount in aggregate to approximately HK$134.4 million (equivalent to approximately RMB105.8 million) (assuming an Offer Price of HK$2.43 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus), and the Over-allotment Option is not exercised at all), are payable and borne by our Company.

INDEPENDENCE OF THE JOINT SPONSORS

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "Syndicate Members") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members of their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to us and our affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(a) the Hong Kong Public Offering of 100,000,000 Offer Shares (subject to adjustment as mentioned below) for subscription by the public in Hong Kong as described in the section headed "– The Hong Kong Public Offering" below; and

(b) the International Offering of an aggregate of 900,000,000 Offer Shares (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States only to QIBs in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act.

QDII Fund

The Industrial and Commercial Bank of China Limited ("ICBC") as Qualified Domestic Institutional Investor will set up a Fund ("QDII Fund") which will be offered by ICBC to its high net worth investors in the PRC in accordance with the applicable PRC laws, regulations and regulatory documents (規範性文件). Those investors may include employees of the Group but procedures will be in place to ensure that those investors will not include any persons who are Connected Persons of the Group. It is expected that the economic interest and voting rights of Shares in the International Offering tranche will be effectively passed through to the QDII Fund as the sole investment of the QDII Fund except for certain cash on deposit held to fund redemptions. The above arrangement will be achieved by an allocation of Offer Shares to an affiliate of ICBC (the "ICBC Affiliate") in a structured pass-through transaction (together with the establishment of the QDII Fund, the "QDII Structured Transaction"). The QDII Fund has a maturity of two years which is set based on the expected holding horizon of the investors of the QDII Fund and estimations of the operating cost of the QDII Fund, and will be redeemed in full upon maturity. After an initial lock-up of six months, monthly redemptions of the QDII Fund will be permitted prior to maturity. No preferential treatment will be accorded to the ICBC Affiliate in the allocation or the pricing of Offer Shares in the International Offering.

Our PRC legal advisor, Jun He Law Offices, has advised that the offering of the QDII Fund to high net worth investors (including employees of the Group who belong to high net worth investors) by ICBC according to the offering memorandum of the QDII Fund and as permitted by PRC statutory procedures is in compliance with PRC laws, regulations and regulatory documents (規範性文件). We have applied for and the Hong Kong Stock Exchange has granted its consent under paragraph 5(1) of Appendix 6 of the Listing Rules to allow Offer Shares to be placed to the ICBC Affiliate.

Investors may apply for the Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for the Offer Shares under the International Offering, but may not do both.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

We are initially offering 100,000,000 new Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Shares initially available under the Global Offering. Subject to the reallocation of Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 2.5% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section headed "– Conditions of the Global Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation) is to be divided into two pools for allocation purposes: Pool A and Pool B with any odd board lots being allocated to Pool A. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 50,000,000 and 50,000,000, respectively. The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable). Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50,000,000 Hong Kong Offer Shares (being 50% of the 100,000,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below:

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then no Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 100,000,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 300,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 400,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 500,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering in such proportions as the Joint Global Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$2.68 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "– Pricing and Allocation" below, is less than the maximum price of HK$2.68 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

The International Offering will consist of an initial offering of 900,000,000 Offer Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the section headed "– Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

We expect to grant to the Joint Global Coordinators the Over-allotment Option, which will be exercisable by the Joint Global Coordinators, on their own behalf, from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 150,000,000 Offer Shares, representing no more than 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to, among other things, cover over-allocations in the International Offering, if any. In the event that the Over-allotment Option is exercised, we will make an announcement.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, as stabilizing manager, on behalf of the Underwriters, may effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if commenced, may be discontinued at any time, and is required to be brought to an end after a limited period. Should stabilizing transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;

- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it will maintain such a long position;

- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the Shares;

- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on Sunday, April 6, 2014, being the 30th day after the date of closing of the application lists under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Joint Global Coordinators, their affiliates or any person acting for them may cover such over-allocation by, among other methods, using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or through the stock borrowing arrangements mentioned below or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including in relation to stabilization, the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which may be sold pursuant to the exercise in full of the Over-allotment Option, being 150,000,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager may choose to borrow up to 150,000,000 Shares from Haichang Group Limited pursuant to the Stock Borrowing Agreement. The stock borrowing arrangements under the Stock Borrowing Agreement will comply with the requirements set out in Listing Rule 10.07(3).

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or about Saturday, March 8, 2014 and in any event no later than Monday, March 10, 2014.

The Offer Price will not be more than HK$2.68 per Offer Share and is expected to be not less than HK$2.18 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators (on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of our Company (**www.haichangholdings.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) notices of the reduction. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by our Company and the Joint Global Coordinators (on behalf of the Underwriters), will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Joint Global Coordinators (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Joint Global Coordinators may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of and results of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on Wednesday, March 12, 2014 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of our Company (**www.haichangholdings.com**) and the website of the Stock Exchange (**www.hkexnews.hk**).

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators (on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed “Underwriting” in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including pursuant to the exercise of the Over-Allotment Option and any options to be granted pursuant to the Share Option Scheme) and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(b) the Offer Price having been duly agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Monday, March 10, 2014, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for the Hong Kong Offer Shares – Dispatch/Collection of Share Certificates and Refund Monies" in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including pursuant to the exercise of the Over-Allotment Option).

No part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, March 13, 2014, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, March 13, 2014.

The Shares will be traded in board lots of 1,000 Shares each.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. from February 28, 2014 until 12:00 noon on March 7, 2014 from:

(i) any of the following offices of the Hong Kong Underwriters:

1. **BNP Paribas Securities (Asia) Limited**
   62/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong

2. **Merril Lynch Far East Limited**
   15/F Citibank Tower, 3 Garden Road, Central, Hong Kong

3. **CCB International Capital Limited**
   12th Floor, CCB Tower, 3 Connaught Road Central, Central, Hong Kong

4. **China Merchants Securities (HK) Co., Limited**
   48/F, One Exchange Square, Central, Hong Kong

5. **Essence International Securities (Hong Kong) Limited**
   39/F, One Exchange Square, Central, Hong Kong

6. **ICBC International Capital Limited**
   37th Floor, ICBC Tower, 3 Garden Road, Hong Kong

(ii) any of the branches of the following receiving banks:

(a) Industrial and Commercial Bank of China (Asia) Limited

	Branch Name	Address
Hong Kong	Central Branch	1/F, 9 Queen's Road Central
	Causeway Bay Branch	Shop A, G/F, Jardine Center, 50 Jardine's Bazaar, Causeway Bay
	North Point Branch	G/F, 436-438 King's Road, North Point
Kowloon	Tsimshatsui East Branch	Shop B, G/F, Railway Plaza, 39 Chatham Road South, Tsimshatsui
	Mongkok Branch	G/F., Belgian Bank Building, 721-725 Nathan Road, Mongkok
	Ngau Tau Kok Branch	Shop Nos. G211-214, G/F, Phase II, Amoy Plaza, 77 Ngau Tau Kok Road
	Mei Foo Branch	Shop N95A, 1/F, Mount Sterling Mall, Mei Foo Sun Chuen
New Territories	Shatin Branch	Shop 22J, Level 3, Shatin Center
	Tsuen Wan Castle Peak Road Branch	G/F, 423-427 Castle Peak Road, Tsuen Wan
	Tai Po Branch	Shop F, G/F, Mee Fat Building, No 34-38 Tai Wing Lane, Tai Po

(b) Standard Chartered Bank (Hong Kong) Limited

	Branch Name	Address
Hong Kong	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
	North Point Center Branch	Shop G, G/F, North Point Center, 284 King's Road, North Point
	Aberdeen Branch	Shop 4A, G/F and Shop 1, 1/F, Aberdeen Center Site 5, No.6-12 Nam Ning Street, Aberdeen
	Hennessy Road Branch	399 Hennessy Road, Wanchai
Kowloon	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
	Mei Foo Manhattan Branch	Shop Nos.07 & 09, Ground Floor, Mei Foo Plaza, Mei Foo Sun Chuen
	Lok Fu Shopping Center Branch	Shop G201, G/F., Lok Fu Shopping Center
New Territories	Metroplaza Branch	Shop No. 175-176, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Chung
	Tseung Kwan O Branch	Shop G37-40, G/F, Hau Tak Shopping Center East Wing, Hau Tak Estate, Tseung Kwan O
	Tai Po Branch	G/F shop No. 1-2, 23-25 Kwong Fuk Road, Tai Po Market, Tai Po

(c) China Construction Bank (Asia) Corporation Limited

	Branch Name	Address
Hong Kong	Central Branch	6 Des Voeux Road Central, Central
	North Point Branch	382 King's Road, North Point
Kowloon	Mongkok Nathan Road Branch	788 Nathan Road, Mongkok
	Kwun Tong Hoi Yuen Road Branch	56 Hoi Yuen Road, Kwun Tong
New Territories	Tsuen Wan Branch	282 Sha Tsui Road, Tsuen Wan
	Yuen Long Branch	68 Castle Peak Road, Yuen Long

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on February 28, 2014 until 12:00 noon on March 7, 2014 from the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to ICBC (Asia) Nominee Limited – Haichang Holdings Public Offer for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- Friday, February 28, 2014 – 9:00 a.m. to 5:00 p.m.
- Saturday, March 1, 2014 – 9:00 a.m. to 1:00 p.m.
- Monday, March 3, 2014 – 9:00 a.m. to 5:00 p.m.
- Tuesday, March 4, 2014 – 9:00 a.m. to 5:00 p.m.
- Wednesday, March 5, 2014 – 9:00 a.m. to 5:00 p.m.
- Thursday, March 6, 2014 – 9:00 a.m. to 5:00 p.m.
- Friday, March 7, 2014 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, March 7, 2014, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service or electronically instructing HKSCC via CCASS to cause HKSCC Nominees to apply for Hong Kong Offer Shares, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Hong Kong Companies Ordinance, and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the **Yellow** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, February 28, 2014 until 11:30 a.m. on Friday, March 7, 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, March 7, 2014 or such later time under the "Effects of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Hong Kong Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
2nd Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisors and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong

Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance (as applied by Section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Hong Kong Companies Ordinance, and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer

Share initially paid on application, refund of the application monies(including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Subscription Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, February 28, 2014	–	9:00 a.m. to 8:30 p.m.(1)
Saturday, March 1, 2014	–	8:00 a.m. to 1:00 p.m.(1)
Monday, March 3, 2014	–	8:00 a.m. to 8:30 p.m.(1)
Tuesday, March 4, 2014	–	8:00 a.m. to 8:30 p.m.(1)
Wednesday, March 5, 2014	–	8:00 a.m. to 8:30 p.m.(1)
Thursday, March 6, 2014	–	8:00 a.m. to 8:30 p.m.(1)
Friday, March 7, 2014	–	8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m., Friday, February 28, 2014 until 12:00 noon, Friday, March 7, 2014 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, March 7, 2014, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Hong Kong Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, March 7, 2014.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner, or in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications for Hong Kong Offer Shares will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for the Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 1,000 Shares. Each application or **electronic application instruction** in respect of more than 1,000 Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

See "Structure of the Global Offering – Pricing and Allocation" for details on the Offer Price.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warming signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, March 7, 2014. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, March 7, 2014 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable," an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, March 12, 2014 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company website at www.haichangholdings.com and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at www.haichangholdings.com and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m., Wednesday, March 12, 2014;

- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a "search by ID" function on a 24-hour basis from 8:00 a.m., Wednesday, March 12, 2014 to 11:59 p.m., Tuesday, March 18, 2014;

- by telephone inquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, March 12, 2014 to Monday, March 17, 2014 on a business day;

- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, March 12, 2014 to Friday, March 14, 2014 at all the receiving bank branches and sub-branches.

If the Company accepts your offer to subscribe (in whole or in part) for any Hong Kong Offer Shares, which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering."

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance (as applied by Section 342E of the Hong Kong Companies Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- The Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$2.68 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering – Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, March 12, 2014.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Wednesday, March 12, 2014. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on March 13, 2014 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Share Registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, March 12, 2014 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on Wednesday, March 12, 2014, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, March 12, 2014, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, March 12, 2014, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Public Offering shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m., Wednesday, March 12, 2014 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, March 12, 2014, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Wednesday, March 12, 2014 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, March 12, 2014, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Wednesday, March 12, 2014. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m., Wednesday, March 12, 2014 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, March 12, 2014. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, March 12, 2014.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

28 February 2014

The Directors
Haichang Holdings Ltd.
BNP Paribas Securities (Asia) Limited
Merrill Lynch Far East Limited

Dear Sirs,

We set out below our report on the financial information of Haichang Holdings Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the combined statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the three years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 (the "Relevant Periods"), and the combined statements of financial position of the Group as at 31 December 2010, 2011 and 2012 and 30 September 2013 and the statements of financial position of the Company as at 31 December 2011 and 2012 and 30 September 2013, together with the notes thereto (the "Financial Information"), and the comparative combined statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the nine months ended 30 September 2012 (the "Interim Comparative Information"), prepared on the basis of presentation set out in note 2.2 of Section II below for inclusion in the prospectus of the Company dated 28 February 2014 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 November 2011. Since August 2012, the Company had been undertaken a series of reorganisation steps, as a result of which the Company has become the holding company of the companies now comprising the Group at the date of this report. Further details of the Group's reorganisation are set out in "Reorganization," as described in the subsection headed "History, Reorganisation and Corporate Structure" in the Prospectus. The Company has not commenced any business or operation since its incorporation. The Company and its subsidiaries have adopted 31 December as their financial year end date.

As of the date of this report, no statutory financial statements have been prepared by the Company as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation. As at the end of the Relevant Periods, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below except for 上海海昌極地海洋世界有限公司 which was acquired in January 2014. The statutory financial statements of the subsidiary incorporated in the British Virgin Islands were not prepared as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation. The statutory financial statements of the companies established or incorporated in Mainland China and Hong Kong were prepared in accordance with the relevant accounting principles applicable to those companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the Group's combined financial statements for each of the Relevant Periods (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), International Accounting Standards ("IAS") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. The Underlying Financial Statements for each of the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "IAASB").

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

We have also performed a review of the Interim Comparative Information in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the IAASB. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.2 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 December 2010, 2011, and 2012 and 30 September 2013 and of the Company as at 31 December 2011, 2012 and 30 September 2013, and of the combined results and cash flows of the Group for each of the Relevant Periods.

Review conclusion in respect of the Interim Comparative Information

Based on our review which does not constitute an audit for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

Combined statements of profit or loss

	Notes	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
REVENUE	*6*	799,212	683,731	889,014	639,920	779,168
Cost of sales		(381,988)	(384,073)	(489,347)	(336,220)	(386,318)
GROSS PROFIT		417,224	299,658	399,667	303,700	392,850
Other income and gains	*6*	81,934	163,790	309,435	159,414	211,884
Selling and marketing expenses		(37,539)	(63,388)	(76,885)	(69,317)	(51,812)
Administrative expenses		(111,368)	(140,807)	(135,113)	(91,963)	(94,972)
Other expenses		(3,304)	(940)	(8,764)	(1,958)	(165)
Finance costs	*8*	(52,218)	(142,233)	(301,296)	(229,097)	(282,105)
PROFIT BEFORE TAX	7	294,729	116,080	187,044	70,779	175,680
Income tax expenses	*10*	(111,619)	(70,590)	(108,171)	(41,858)	(71,290)
PROFIT FOR THE YEAR/PERIOD		183,110	45,490	78,873	28,921	104,390
Attributable to:						
Owners of the parent		148,775	30,043	59,617	14,422	89,051
Non-controlling interests		34,335	15,447	19,256	14,499	15,339
		183,110	45,490	78,873	28,921	104,390
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
– Basic	*13*	N/A	N/A	N/A	N/A	N/A

I. FINANCIAL INFORMATION (continued)

Combined statements of comprehensive income

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
PROFIT FOR THE YEAR/PERIOD	183,110	45,490	78,873	28,921	104,390
OTHER COMPREHENSIVE INCOME					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operation	–	–	378	(1)	604
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	–	–	378	(1)	604
Items not to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operation	–	–	(3,567)	802	(10,753)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	–	–	(3,567)	802	(10,753)
Other comprehensive income	–	–	(3,189)	801	(10,149)
TOTAL COMPREHENSIVE INCOME	183,110	45,490	75,684	29,722	94,241
Attributable to:					
Owners of the parent	148,775	30,043	56,428	15,223	78,902
Non-controlling interests	34,335	15,447	19,256	14,499	15,339
	183,110	45,490	75,684	29,722	94,241

I. FINANCIAL INFORMATION (continued)

Combined statements of financial position

	Notes	As of 31 December 2010	As of 31 December 2011	As of 31 December 2012	As of 30 September 2013
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	1,340,187	1,884,964	1,842,282	1,873,110
Investment properties	*15*	460,767	872,000	1,143,000	1,350,000
Prepaid land lease payments	*16*	342,102	332,206	315,038	307,142
Intangible assets	*17*	35	85	123	104
Available-for-sale investment	*18*	19,170	19,170	19,170	19,170
Due from a related company	*26,42(b)*	–	–	500,000	–
Deferred tax assets	*19*	129,854	90,609	70,753	54,769
Long-term prepayments	*25*	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	*20*	504,332	416,011	470,871	349,898
Properties under development	*21*	622,057	574,682	648,047	723,755
Inventories	*23*	7,153	7,386	6,834	7,970
Trade and bills receivables	*24*	114,008	16,818	17,955	18,933
Available-for-sale investment	*18*	–	–	180,182	200
Prepayments, deposits and other receivables	*25*	42,278	59,017	72,421	69,899
Due from the ultimate holding company	*26, 42(b)*	–	–	–	615
Due from related companies	*26, 42(b)*	1,178,957	3,050,257	1,983,260	2,186,610
Due from related parties	*26, 42(b)*	2,800	–	–	–
Due from a non-controlling equity holder	*26, 42(b)*	56,897	75,555	52,675	58,977
Pledged bank balances	*27*	2,582	3,632	2,286	2,291
Cash and cash equivalents	*27*	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	*22*	–	–	6,212	8,593
Trade and bills payables	*28*	634,689	564,380	492,745	375,290
Other payables and accruals	*29*	137,398	230,036	174,539	174,546
Due to related companies	*26, 42(b)*	1,063,593	786,061	807,266	1,172,994
Due to a related party	*26, 42(b)*	818	–	–	–
Advances from customers	*30*	112,338	267,803	361,506	295,813
Interest-bearing bank and other borrowings	*31*	307,440	1,672,292	1,436,777	1,197,921
Government grants	*33*	9,703	11,166	9,577	9,463
Deferred revenue	*34*	–	–	4,036	7,898
Tax payables	*10*	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	*31*	813,999	2,438,840	2,406,470	2,315,370
Government grants	*33*	609,931	595,887	587,440	588,162
Deferred tax liabilities	*19*	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	*35*	–	–	72	72
Reserves	*36*	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

I. FINANCIAL INFORMATION (continued)

Combined statements of changes in equity

	Notes	Attributable to owners of the parent								
		Paid-up capital	Share premium	Capital reserve	Statutory reserves	Exchange fluctuation reserve	(Accumulated losses)/ retained earnings	Total	Non-controlling interests	Total equity
		RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 36(a))	RMB'000 (note 36(b))	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010		–	–	646,477	829	–	(7,825)	639,481	297,257	936,738
Profit for the year and total comprehensive income for the year		–	–	–	–	–	148,775	148,775	34,335	183,110
Transfer to statutory reserves		–	–	–	20,274	–	(20,274)	–	–	–
Acquisition of non-controlling interests		–	–	35,815	–	–	–	35,815	(35,815)	–
Capital contribution by non-controlling equity holders		–	–	(2,875)	–	–	–	(2,875)	2,875	–
Deemed distribution to the then equity holders	*36(c)*	–	–	(415,417)	–	–	–	(415,417)	(32)	(415,449)
Deemed contribution from the equity holders	*36(d)*	–	–	290,474	–	–	–	290,474	13,102	303,576
Dividends declared		–	–	–	–	–	(46,802)	(46,802)	(20,058)	(66,860)
At 31 December 2010 and 1 January 2011		–	–	554,474*	21,103*	–	73,874*	649,451	291,664	941,115
Profit for the year and total comprehensive income for the year		–	–	–	–	–	30,043	30,043	15,447	45,490
Capital contribution by non-controlling equity holders		–	–	(3,471)	–	–	–	(3,471)	3,471	–
Transfer to statutory reserves		–	–	–	15,187	–	(15,187)	–	–	–
Dividends declared		–	–	–	–	–	–	–	(9,572)	(9,572)
Deemed contribution from the equity holders	*36(d)*	–	–	10,000	–	–	–	10,000	–	10,000
Deemed distribution to the then equity holders	*36(c)*	–	–	(323,822)	–	–	–	(323,822)	(20)	(323,842)
At 31 December 2011 and 1 January 2012		–	–	237,181*	36,290*	–*	88,730*	362,201*	300,990	663,191

I. FINANCIAL INFORMATION (continued)

Combined statements of changes in equity (continued)

		Attributable to owners of the parent								
	Notes	Paid-up capital	Share premium	Capital reserve	Statutory reserves	Exchange fluctuation reserve	(Accumulated losses)/ retained earnings	Total	Non-controlling interests	Total equity
		RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 36(a))	RMB'000 (note 36(b))	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2011 and 1 January 2012		–	–*	237,181*	36,290*	–*	88,730*	362,201*	300,990	663,191
Profit for the year		–	–	–	–	–	59,617	59,617	19,256	78,873
Exchange differences on translation of foreign operations		–	–	–	–	(3,189)	–	(3,189)	–	(3,189)
Total comprehensive income for the year		–	–	–	–	(3,189)	59,617	56,428	19,256	75,684
Issue of shares	35	72	509,596	–	–	–	–	509,668	–	509,668
Acquisition of non-controlling interests		–	–	184,490	–	–	–	184,490	(184,490)	–
Capital contribution by non-controlling equity holders		–	–	(126)	–	–	–	(126)	126	–
Deemed distribution to the then equity holders	36(c)	–	–	(166,776)	–	–	–	(166,776)	(65)	(166,841)
Deemed contribution from the equity holders	36(d)	–	–	75,830	–	–	(7,000)	68,830	–	68,830
Transfer to statutory reserve		–	–	–	21,229	–	(21,229)	–	–	–
Others		–	–	(19)	–	–	–	(19)	–	(19)
Dividends declared		–	–	–	–	–	(6,533)	(6,533)	(120)	(6,653)
At 31 December 2012 and 1 January 2013		72*	509,596*	330,580*	57,519*	(3,189)*	113,585*	1,008,163*	135,697	1,143,860

I. FINANCIAL INFORMATION (continued)

Combined statements of changes in equity (continued)

	Notes	Attributable to owners of the parent								
		Paid-up capital	Share premium	Capital reserve	Statutory reserves	Exchange fluctuation reserve	(Accumulated losses)/ retained earnings	Total	Non-controlling interests	Total equity
		RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 36(a))	RMB'000 (note 36(b))	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2012 and 1 January 2013		72	509,596*	330,580*	57,519*	(3,189)*	113,585*	1,008,163*	135,697	1,143,860
Profit for the period		–	–	–	–	–	89,051	89,051	15,339	104,390
Exchange differences on translation of foreign operations		–	–	–	–	(10,149)	–	(10,149)	–	(10,149)
Total comprehensive income for the period		–	–	–	–	(10,149)	89,051	78,902	15,339	94,241
Deemed distribution to the then equity holders	36(c)	–	–	(50,406)	–	–	–	(50,406)	(263)	(50,669)
Transfer to statutory reserve		–	–	–	15,982	–	(15,982)	–	–	–
At 30 September 2013		72	509,596*	280,174*	73,501*	(13,338)*	186,654*	1,036,659*	150,773	1,187,432

I. FINANCIAL INFORMATION (continued)

Combined statements of changes in equity (continued)

	Notes	Attributable to owners of the parent								
		Paid-up capital	Share premium	Capital reserve	Statutory reserves	Exchange fluctuation reserve	(Accumulated losses)/ retained earnings	Total	Non-controlling interests	Total equity
		RMB'000 (note 35)	RMB'000 (note 35)	RMB'000 (note 36(a))	RMB'000 (note 36(b))	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2011 and 1 January 2012		–	–*	237,181*	36,290*	–*	88,730*	362,201*	300,990	663,191
Profit for the period		–	–	–	–	–	14,422	14,422	14,499	28,921
Exchange differences on translation of foreign operations		–	–	–	–	801	–	801	–	801
Total comprehensive income for the period		–	–	–	–	801	14,422	15,223	14,499	29,722
Issue of shares	35	72	509,596	–	–	–	–	509,668	–	509,668
Acquisition of non-controlling interest		–	–	184,490	–	–	–	184,490	(184,490)	–
Capital contribution by non-controlling equity holders		–	–	(126)	–	–	–	(126)	126	–
Deemed distribution to the then equity holders	36(c)	–	–	(167,001)	–	–	–	(167,001)	(112)	(167,113)
Deemed contribution from the equity holders	36(d)	–	–	75,830	–	–	(7,000)	68,830	–	68,830
Transfer to statutory reserve		–	–	–	9,803	–	(9,803)	–	–	–
Dividends declared		–	–	–	–	–	(6,533)	(6,533)	(120)	(6,653)
At 30 September 2012 (unaudited)		72	509,596*	330,374*	46,093*	801*	79,816*	966,752*	130,893	1,097,645

* These reserve accounts comprise the combined reserves of RMB649,451,000, RMB362,201,000, RMB1,008,091,000, RMB1,036,587,000 and RMB996,680,000 (unaudited) as at 31 December 2010, 2011 and 2012 and 30 September 2013 and 2012, respectively.

I. FINANCIAL INFORMATION (continued)

Combined statements of cash flows

	Notes	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		294,729	116,080	187,044	70,779	175,680
Adjustments for:						
Depreciation of property, plant and equipment	14	48,910	84,628	112,893	82,822	85,612
Amortisation of intangible assets	17	15	39	24	18	19
Amortisation of prepaid land lease payments	16	10,062	9,968	9,962	6,881	7,929
Provision/(reversal of provision) for inventories	23	2,009	96	(363)	(262)	(695)
Provision/(reversal of provision) for completed properties held for sale	20	6,642	(6,642)	–	–	–
Loss/(gain) on disposal of items of property, plant and equipment	7	2,093	959	(11,765)	(11,443)	42
Changes in fair value of investment properties	15	(7,234)	15,716	(143,149)	(49,284)	(56,067)
Gain on revaluation upon reclassification from properties under development to investment properties	21	(46,716)	(122,029)	(3,551)	(3,551)	–
Gain on revaluation upon reclassification from completed properties held for sale to investment properties	20	–	–	–	–	(8,938)
Impairment of trade and bills receivables	24	–	–	3,214	3,214	–
Impairment/(reversal of impairment) of other receivables	25	10,531	(1,113)	–	–	–
Finance costs	8	52,218	142,233	301,296	229,097	282,105
Interest income	7	(1,173)	(32,385)	(124,285)	(74,286)	(126,455)
		372,086	207,550	331,320	253,985	359,232
Increase in properties under development		(362,464)	(223,035)	(199,421)	(132,673)	(14,553)
Decrease in completed property held for sales		195,810	96,534	121,805	66,106	83,859
Increase in a gross amount due (from)/to a contract customer		–	–	6,212	(1,432)	2,381
(Increase)/decrease in inventories		(3,836)	(329)	915	243	(441)
(Increase)/decrease in trade and bills receivables		(20,287)	97,190	(4,351)	(2,902)	(978)
(Increase)/decrease in prepayments, deposits and other receivables		(126,141)	(15,698)	(13,270)	(111,240)	2,489
(Decrease)/increase in advances from customers		(64,695)	155,465	93,703	207,034	(65,693)
Increase/(decrease) in trade and bills payables		313,730	(70,309)	(71,635)	(73,813)	(117,455)
(Decrease)/increase in other payables and accruals		(61,850)	92,638	(48,520)	202,294	7

I. FINANCIAL INFORMATION (continued)

Combined statements of cash flows (continued)

	Notes	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Increase/(decrease) in government grants		164,699	(12,581)	(10,036)	(7,259)	608
Increase in deferred revenue		–	–	4,036	3,281	3,862
Cash generated from operations		407,052	327,425	210,758	403,624	253,318
Interest received		1,173	32,385	81,865	43,703	87,104
Tax paid		(29,016)	(32,848)	(100,162)	(58,744)	(56,827)
Net cash flows from operating activities		379,209	326,962	192,461	388,583	283,595
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(746,418)	(630,364)	(78,193)	(72,292)	(117,018)
Decrease/(increase) in long-term prepayments		43,337	(9,438)	22,075	8,351	(16,321)
Increase in prepaid land lease payment		–	–	(5,469)	(1,516)	–
(Increase)/decrease in available-for-sale investments		–	–	(180,201)	–	179,982
Increase in an amount due from the ultimate holding company		–	–	–	–	(615)
(Increase)/decrease in amounts due from related companies		(364,702)	(1,871,300)	(153,392)	(249,670)	286,501
(Increase)/decrease in amounts due from related parties		(2,800)	2,800	–	–	–
(Increase)/decrease in an amount due from a non-controlling equity holder		(3,518)	(18,658)	22,880	2,935	(6,302)
Proceeds from disposal of items of property, plant and equipment		5,281	–	19,747	19,695	536
Proceeds from disposal of prepaid land lease payments		–	–	12,362	12,362	–
Purchase of intangible assets	*17*	(23)	(89)	(62)	(57)	–
Disposal of subsidiaries		(30,479)	–	(615)	(615)	–
Additions to investment properties	*15*	(19,800)	(2,949)	(106,873)	(73,128)	(102,933)
Net cash flows from/(used in) investing activities		(1,119,122)	(2,529,998)	(447,741)	(353,935)	223,830

I. FINANCIAL INFORMATION (continued)

Combined statements of cash flows (continued)

	Notes	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital contribution from the then equity holder of a subsidiary		10,000	10,000	–	–	–
Issue of shares		–	–	509,668	509,668	–
Increase/(decrease) in amounts due to related companies		380,597	(277,532)	21,205	(24,268)	365,728
Increase/(decrease) in an amount due to a relate party		818	(818)	–	–	–
Decrease/(increase) of finance lease payables		–	128,299	(40,169)	(9,259)	71,394
Deemed distribution to the then equity holders		(187)	(323,842)	(112,375)	(112,647)	(11,318)
New bank and other loans		951,460	3,494,679	1,381,800	515,930	960,000
Repayment of bank and other loans		(505,021)	(633,285)	(841,419)	(191,740)	(1,361,350)
Decrease/(increase) in pledged deposits		36,196	(1,050)	1,346	2,896	(5)
Dividends paid		(66,860)	(9,572)	(6,653)	(6,653)	–
Interest paid		(90,082)	(175,365)	(369,628)	(282,458)	(345,208)
Net cash flows/(used in) from 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 beginning of year/period		130,059	107,067	115,545	115,545	404,040
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		107,067	115,545	404,040	551,662	590,706
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents as stated in the statement of financial position		107,067	115,545	404,040	551,662	590,706
Non-pledged deposits with original maturity of less than three months when acquired		–	–	–	–	–
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENTS OF FINANCIAL POSITION AND CASH FLOWS		107,067	115,545	404,040	551,662	590,706

I. FINANCIAL INFORMATION (continued)

Statements of financial position

	Notes	As of 31 December 2011	As of 31 December 2012	As of 30 September 2013
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Investment in a subsidiary		–	–	–
CURRENT ASSETS				
Due from the ultimate holding company	*42(b)*	–	–	615
Due from subsidiaries	*42(b)*	–	491,794	481,101
Cash and cash equivalents	*27*	–	2,550	684
Total current assets		–	494,344	482,400
CURRENT LIABILITIES				
Other payables	*29*	57	57	56
Due to related companies	*42(b)*	–	2,200	2,152
Total current liabilities		57	2,257	2,208
NET CURRENT (LIABILITIES)/ASSETS		(57)	492,087	480,192
TOTAL ASSETS LESS CURRENT LIABILITIES		(57)	492,087	480,192
EQUITY				
Issued capital	*35*	–	72	72
Reserves	*36*	(57)	492,015	480,120
TOTAL EQUITY		(57)	492,087	480,192
NET LIABILITIES/ASSETS		(57)	492,087	480,192

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 21 November 2011 with limited liability. The registered office address of the Company is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Group is principally engaged in the development, construction and operation of entertainment theme parks, property development and investment and hotel operations in the People's Republic of China (the "PRC"). The Company's immediate and ultimate holding company was Haichang Group Limited, a company incorporated in the British Virgin Islands (the "BVI").

Particulars of the Company's subsidiaries as at the date of this report are set out below:

Name of company	Place and date of incorporation/ establishment and place of business	Nominal value of issued or paid up capital	Percentage of equity interest attributable to the Group
Haichang Holdings (Asia) Ltd ("Haichang Asia") (a)	British Virgin Islands 22 November 2011	US$50,000	100%
Haichang Holdings (Hong Kong) Ltd. ("Haichang Hong Kong") (b)	Hong Kong 5 December 2011	HK$1	100%
海昌(中國)有限公司 ("Haichang China")* (c)	Mainland China 11 December 1996	RMB19,067,000	100%
大連海昌旅遊集團有限公司 ("Dalian Tourism") (d)	Mainland China 2 February 2010	RMB10,000,000	100%
大連老虎灘海洋公園有限公司 ("LHT") (e)***	Mainland China 9 November 2001	RMB240,584,000	58.3%
青島極地海洋世界有限公司 ("Qingdao Park") (f)	Mainland China 26 September 2002	RMB246,148,000	100%
大連星期五大道商業服務有限公司 ("Friday Avenue") (g)	Mainland China 13 May 2003	RMB30,000,000	100%
成都極地海洋實業有限公司 ("Chengdu Park") (h)	Mainland China 18 December 2003	RMB30,305,000	100%
武漢極地海洋世界投資有限公司 ("Wuhan Park") (i)	Mainland China 25 October 2004	RMB60,000,000	100%
煙台漁人碼頭投資有限公司 ("Yantai Park") (j)	Mainland China 15 March 2005	RMB30,000,000	100%
天津極地旅遊有限公司 ("Tianjin Park") (k)	Mainland China 24 September 2007	RMB204,889,025	100%
大連老虎灘四維影院有限公司 ("4D Cinema")**	Mainland China 25 May 2001	RMB20,000,000	49%
上海海昌極地海洋世界有限公司 ("Shanghai Haichang")**** (l)	Mainland China 19 July 2011	RMB10,000,000	100%

* Haichang China is a wholly owned foreign investment enterprise and its registered capital was fully paid up at 30 September 2013.

** 4D Cinema is treated as a subsidiary because the Group has been delegated the equity holder's right from the other equity holder to control and operate 4D Cinema. The profit sharing ratios of 4D Cinema are in proportion to the respective equity ratio of the equity holder.

*** According to the articles of association of LHT, the profit sharing ratios of LHT are not in proportion to their equity ratios but are as defined in the articles of association. Pursuant to the articles of association, Haichang China and the other equity holder share the profits of LHT at a 70%:30% ratio, respectively.

**** The Group acquired 100% equity interests of Shanghai Haichang from 大連海昌集團有限公司 on 13 January 2014.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

1. CORPORATE INFORMATION (continued)

(a) No statutory financial statements have been prepared by Haichang Asia as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

(b) The statutory financial statements of Haichang Hong Kong for the year ended 31 December 2012 prepared in accordance with Hong Kong Financial Reporting Standards have been audited by Lau & Lei Certified Public Accountants, a certified public accounting firm in Hong Kong.

(c) The statutory financial statements of Haichang China for the years ended 31 December 2010, 2011 and 2012 prepared in accordance with the PRC generally accepted accounting principles ("PRC GAAP") have been audited by 大連匯明會計師事務所有限公司 ("Dalian Huiming Certified Public Accountants Co., Ltd."), 大連源源會計師事務所有限公司 ("Dalian Yuanyuan Certified Public Accountants Co., Ltd.") and Dalian Yuanyuan Certified Public Accountants Co., Ltd., which are certified public accounting firms registered in the PRC, respectively.

(d) The statutory financial statements of the Dalian Tourism for the years ended 31 December 2010, 2011 and 2012 prepared in accordance with PRC GAAP have been audited by Dalian Huiming Certified Public Accountants Co., Ltd., Dalian Yuanyuan Certified Public Accountants Co., Ltd. and Dalian Yuanyuan Certified Public Accountants Co., Ltd., which are certified public accounting firms registered in the PRC, respectively.

(e) The statutory financial statements of LHT for the years ended 31 December 2010, 2011 and 2012 prepared in accordance with the PRC GAAP have been audited by 大連浩華會計師事務所有限公司 ("Dalian Haohua Certified Public Accountants Co., Ltd."), a certified public accounting firm registered in the PRC.

(f) The statutory financial statements of Qingdao Park for the years ended 31 December 2010, 2011 and 2012 prepared in accordance with the PRC GAAP have been audited by 北京紅日會計師事務所有限公司山東分所 ("Beijing Hongri Certified Public Accountants Co., Ltd. Shandong Branch"), Beijing Hongri Certified Public Accountants Co., Ltd. Shandong Branch and 青島振青會計師事務所有限公司 ("Qingdao Zhenqing Certified Public Accountants Co., Ltd."), which are certified public accounting firms registered in the PRC, respectively.

(g) The statutory financial statements of Friday Avenue for the years ended 31 December 2010, 2011 and 2012 prepared in accordance with the PRC GAAP have been audited by Dalian Huiming Certified Public Accountants Co., Ltd., Dalian Yuanyuan Certified Public Accountants Co., Ltd. and Dalian Yuanyuan Certified Public Accountants Co., Ltd., which are certified public accounting firms registered in the PRC, respectively.

(h) The statutory financial statements of Chengdu Park for the years ended 31 December 2010 2011 and 2012 prepared in accordance with the PRC GAAP have been audited by Dalian Huiming Certified Public Accountants Co., Ltd., Dalian Yuanyuan Certified Public Accountants Co., Ltd. and Dalian Yuanyuan Certified Public Accountants Co., Ltd., which are certified public accounting firms registered in the PRC, respectively.

(i) The statutory financial statements of Wuhan Park for the years ended 31 December 2010, 2011 and 2012 prepared in accordance with the PRC GAAP have been audited by 湖北正遠聯合會計師事務所有限公司 ("Hubei Zhengyuan Lianhe Certified Public Accountants Co., Ltd."), which is a certified public accounting firm registered in the PRC.

(j) The statutory financial statements of Yantai Park for the years ended 31 December 2010 2011 and 2012 prepared in accordance with the PRC GAAP have been audited by 煙台冠達會計師事務所有限公司 ("Yantai Guanda Lianhe Certified Public Accountants Co., Ltd."), 煙台新和會計師事務所有限公司 ("Yantai Xinhe Certified Public Accountants Co., Ltd.") and Yantai Xinhe Certified Public Accountants Co., Ltd., which are certified public accounting firms registered in the PRC, respectively.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

1. CORPORATE INFORMATION (continued)

(k) The statutory financial statements of Tianjin Park for the three years ended 31 December 2012, prepared in accordance with the PRC GAAP have been audited by Dalian Huiming Certified Public Accountants Co., Ltd., which is a certified public accounting firm registered in the PRC.

(l) The statutory financial statements of Shanghai Haichang for the years ended 31 December 2011 and 2012, prepared in accordance with the PRC GAAP have been audited by 新正光會計事務所有限公司 ("Xinzhengguang Certified Public Accountants Co., Ltd.") and 上海申為會計師事務所有限公司 ("Shanghai Shenwei Certified Public Accountants cp., Ltd."), which are certified public accounting firms registered in the PRC, respectively.

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

LHT

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
Percentage of equity interest held by non-controlling interests	41.7%	41.7%	41.7%	41.7%	41.7%

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit for the period allocated to non-controlling interests	8,601	9,498	10,601	10,354	13,522
Dividends paid to non-controlling interests of LHT	20,058	9,572	–	–	–
Accumulated balances of non-controlling interests at the reporting dates	90,921	90,847	101,448	101,201	114,970

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	128,515	136,119	141,386	112,140	123,355
Total expense	44,684	71,182	74,493	54,196	52,648
Total comprehensive income for the year/period	28,670	31,661	35,335	34,512	45,074
Current assets	124,299	634,120	681,150	690,724	734,580
Non-current assets	136,946	127,658	116,631	116,566	112,148
Current liabilities	52,845	53,627	55,354	64,627	58,168
Non-current liabilities	–	500,000	500,000	500,000	500,000
Net cash flows (used in)/from operating activities	(13,628)	36,929	54,998	34,445	84,861
Net cash used in investing activities	(5,797)	(6,228)	(7,406)	(4,028)	(3,528)
Net cash flows from/(used in) financing activities	29,931	(26,575)	(43,969)	(33,335)	(31,686)
Net increase/(decrease) in cash and cash equivalents	10,506	4,126	3,623	(2,918)	(49,647)

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.1 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. All IFRSs effective for the accounting period commencing from 1 January 2013, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has have been prepared on a historical cost convention, except for investment properties and certain available-for-sale investments, which have been measured at fair value. The Financial Information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus, the Company has undertaken a series of reorganisation steps under different phases. Except for the acquisitions of 大連海昌發現王國主題公園有限公司 ("Discoveryland") and 重慶加勒比海旅遊發展有限公司 ("Chongqing Caribbean"), as disclosed in phase 5 of the reorganisation, the Company became the holding company of the subsidiaries now comprising the Group. The companies now comprising the Group are under common control of Mr. Qu Nai Jie ("Mr. Qu") and his spouse. Accordingly, for the purpose of this report, the Financial Information has been prepared by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The combined statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the controlling shareholders, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2010, 2011 and 2012 and 30 September 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 recognise any new assets or liabilities as a result of the Reorganisation.

All significant intra-group transactions and balances have been eliminated on consolidation.

The Financial Information of Discoveryland and Chongqing Caribbean has not been combined into the Group's Financial Information since the respective acquisitions have not been completed at the date of this report.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3.1 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information.

IFRS 9	*Financial Instruments*[3]
IFRS 9, IFRS 7 and IAS 39 Amendments	*Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39*[3]
IFRS 10, IFRS 12 and IAS 27 (2011 Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011 Revised) – *Investment Entities*[1]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[1]
IFRIC 21	*Levies*[1]
Annual Improvements 2010-2012 cycle[2]	
Annual Improvements 2011-2013 cycle[2]	

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 July 2014

3 No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application but is not yet in a position to state whether these new and revised IFRSs would have a significant impact on its results of operations and financial position.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations for entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the holder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the reporting period or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the acquired entities' financial statements.

Upon transfer of interest in an entity to another entity that is under the control of the equity holder that controls the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised directly in equity.

The combined statement of comprehensive income includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

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

Subsidiaries

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

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries (continued)

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

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

(b) rights arising from other contractual arrangements; and

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

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Fair value measurement

The Group measures its investment properties at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

An assessment is made at each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years.

A reversal of such impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third-party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the statement 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 capitalised 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, the Group recognises such parts as individual assets with specific useful lives and depreciates 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 significant part initially recognised 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 recognised in the statement 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 the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties (continued)

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 the Group as an owner-occupied property becomes an investment property, the Group accounts 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 stated under "Property, plant and equipment and depreciation" 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 recognised in the statement of profit or loss.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Amortisation is calculated on the straight-line basis to write off the cost of each item of intangible assets over the following estimated useful lives:

Computer software . . . . 5 to 10 years

Computer software

Expenditure on acquired computer software is capitalised and amortised using the straight-line method over its estimated useful lives of 5 to 10 years.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 realisable 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 complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriation of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion of costs incurred to date to the estimated total cost of the relevant contract.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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 amortised cost using the effective interest rate method less any allowance for impairment. Amortised 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 amortisation is included in other income and gains in the statement of profit of loss. The loss arising from impairment is recognised in the statement of profit of loss in finance costs for loans and in other expenses for receivables.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognized, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gains or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the assets. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

In relation to other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, amounts due to related companies, an amount due to a related party and interest-bearing bank and other borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially at its fair value less transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are merchandise goods and stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the combined statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)

When the effect of discounting is material, the amount recognised for a provision is the present value at the reporting date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in "finance costs" in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss, or in equity if it relates to items that are recognised 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 the countries in which the Group operates.

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 recognised 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 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 recognised for all deductible temporary differences, carryforward 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 carryforward of unused tax credits and unused tax losses can be utilised, 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 recognised 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 utilised.

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 utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each reporting date and are recognised 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 utilised.

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

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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 recognised 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 recognised 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 the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

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

(a) 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 sale agreement, and the collectability of related receivables is reasonably assured;

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

(c) from construction contracts, on the percentage of completion basis, as further explained in the accounting policy for "Construction contracts" above;

(d) from the rendering of services, when the services are rendered;

(e) from ticket sales, when receiving ticket fare or rights to collect money from tourist parties;

(f) rental income, on a time proportion basis over the lease terms;

(g) 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

(h) income from hotel operations, recognised upon services rendered.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee retire benefits

Pursuant to the relevant regulations of the PRC government, the companies comprising the Group operating in the PRC ("PRC group companies") have participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the PRC group companies are required to contribute a certain percentage of the salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to the statement of profit or loss as incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Other borrowing costs are recognised as expenses when incurred. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally and used for the purpose of obtaining qualified assets, a capitalisation rate ranging between 0.8% and 3.4% has been applied to the expenditure on the individual assets.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Renminbi ("RMB"). The Company's functional currency is US$. The Group's presentation currency is RMB because the Group's principal operations are carried out in Mainland China. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their statements of comprehensive income are translated into RMB at the weighted average exchange rates for the year and the period. The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income deferred relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the combined statements of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(ii) Sale and finance lease back – Group as lessee

The Group has entered into a sale and finance lease back arrangements on certain of the Group's machinery. The Group has determined that it retains all the significant risks and rewards of ownership of these items machinery under such sale and finance lease back arrangement.

(iii) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

(iii) Classification between investment properties and owner-occupied properties (continued)

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(iv) Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention of holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction included in non-current assets and are subject to revaluation at the reporting date if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at the lower of cost or net realisable value, while the properties held to earn rentals and/or for capital appreciation are transferred to investment properties and are subject to revaluation at each reporting date.

(v) Consolidation of entity in which the Group holds less than a majority of voting right

The Group considers that it controls 4D Cinema even though it owns less than 50% of the voting right. This is because the Group has been delegated the equity holder's right from the other equity holder to control and operate 4D Cinema.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Valuation of properties under development and properties held for sale

Properties under development and properties held for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(ii) Allocation of construction cost on properties under development, investment properties under construction and construction in progress

When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to each phase are allocated to each phase based on the saleable/usable floor area of each phase as a percentage of the total saleable/usable floor area of the entire project. For properties under development, the cost of the unit sold is determined by the floor area in square metres sold during the year multiplied by the average cost per square metre of that particular phase of the project.

(iii) PRC corporate income tax ("CIT")

The Group is subject to income taxes in Mainland China. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

(iv) PRC land appreciation tax ("LAT")

The Group is subject to LAT in Mainland China. The provision for LAT is based on management's best estimate according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will have impact on the land appreciation tax expense and the related provision in the period in which the differences realise.

(v) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(vi) Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

II. NOTES TO THE FINANCIAL INFORMATION (continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(vi) Estimation of fair value of investment properties (continued)

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2010, 2011 and 2012 and 30 September 2013 was RMB460,767,000, RMB872,000,000, RMB1,143,000,000 and RMB1,350,000,000, respectively. Further details, including the key assumptions used for fair value measurements and a sensitivity analysis, are given in note 15 to the financial statements.

(vii) Impairment of available-for-sale financial assets

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the statement of profit or loss.

(viii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details, including a sensitivity analysis of key assumptions, are given in note 44 to the financial statements.

(ix) Provision for impairment of receivables

Provision for impairment of receivables is made based on the ageing and past repayment pattern of the receivables. The assessment of the impairment amount required involves management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact on the carrying value of receivables and impairment charge/write-back of impairment in the period in which such estimate has been changed.

(x) Provision for completed properties held for sale

The Group recognised a provision for the completed properties held for sale when the cost of completed properties held for sale exceeded the net realisable value. The assessment of the provision requires management estimates on the future selling price and future cost to be incurred of the completed properties held for sale. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact on the carrying value of completed properties held for sale and provision charge/written-back.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

5. OPERATING SEGMENT INFORMATION

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

(a) park operations segment engages in the development, construction and operation of entertainment theme park;

(b) property development and holding segment engages in the management of the Group's developed and operating properties for rental income potential and for capital appreciation; and

(c) the others segment engages in hotel operation and the provision of services to guests.

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

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

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

No further geographical segment information is presented as over 90% of the Group's revenue from external customers is derived from its operation in Mainland China and over 90% of the Group's non-current assets are located in Mainland China.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

5. OPERATING SEGMENT INFORMATION (continued)

Operating segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's operating segments for the Relevant Periods:

Year ended 31 December 2010	Park operations	Property development and holding	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue				
Sales to external customers	386,260	412,952	–	799,212
Intersegment sales	–	–	–	–
Total revenue	386,260	412,952	–	799,212
Reconciliations:				
Elimination of intersegment sales				–
Revenue from continuing operations				799,212
Segment results	206,724	210,500	–	417,224
Reconciliations:				
Unallocated income				81,934
Unallocated expenses				(152,211)
Finance costs				(52,218)
Profit before tax				294,729
31 December 2010				
Segment assets	1,720,326	1,587,156	–	3,307,482
Reconciliations:				
Corporate and other unallocated assets				1,653,648
Total assets				4,961,130
Segment liabilities	–	–	–	–
Reconciliations:				
Corporate and other unallocated liabilities				4,020,015
Total liabilities				4,020,015
Year ended 31 December 2010				
Other segment information				
Impairment losses recognised in the statement of profit or loss	19,182	–	–	19,182
Depreciation and amortisation				
Unallocated				15
Segment	58,972	–	–	58,972
Capital expenditure*				
Unallocated				23
Segment	746,418	19,800	–	766,218

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

II. NOTES TO THE FINANCIAL INFORMATION (continued)

5. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

Year ended 31 December 2011	Park operations RMB'000	Property development and holding RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Sales to external customers	536,350	146,947	434	683,731
Intersegment sales	–	–	–	–
Total revenue	536,350	146,947	434	683,731
Reconciliations:				
Elimination of intersegment sales				–
Revenue from continuing operations				683,731
Segment results	243,009	57,055	(406)	299,568
Reconciliations:				
Unallocated income				163,790
Unallocated expenses				(205,135)
Finance costs				(142,233)
Profit before tax				116,080
31 December 2011				
Segment assets	2,264,878	1,862,693	–	4,127,571
Reconciliations:				
Corporate and other unallocated assets				3,430,688
Total assets				7,558,259
Segment liabilities	–	–	–	–
Reconciliations:				
Corporate and other unallocated liabilities				6,895,068
Total liabilities				6,895,068
Year ended 31 December 2011				
Other segment information				
Impairment losses recognised in the statement of profit or loss	96	–	–	96
Depreciation and amortisation				
Unallocated				39
Segment	94,596	–	–	94,596
Capital expenditure*				
Unallocated				89
Segment	630,364	2,949	–	633,313

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

II. NOTES TO THE FINANCIAL INFORMATION (continued)

5. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

Year ended 31 December 2012	Park operations RMB'000	Property development and holding RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Sales to external customers	633,407	250,094	5,513	889,014
Intersegment sales	5,321	–	–	5,321
Total revenue	638,728	250,094	5,513	894,335
Reconciliations:				
Elimination of intersegment sales				(5,321)
Revenue from continuing operations				889,014
Segment results	271,139	128,289	239	399,667
Reconciliations:				
Unallocated income				309,435
Unallocated expenses				(220,762)
Finance costs				(301,296)
Profit before tax				187,044
31 December 2012				
Segment assets	2,182,401	2,261,918	–	4,444,319
Reconciliations:				
Corporate and other unallocated assets				3,302,865
Total assets				7,747,184
Segment liabilities	–	–	6,212	6,212
Reconciliations:				
Corporate and other unallocated liabilities				6,597,112
Total liabilities				6,603,324
Year ended 31 December 2012				
Other segment information				
Impairment losses recognised in the statement of profit or loss	3,214	–	–	3,214
Depreciation and amortisation				
Unallocated				24
Segment	122,855	–	–	122,855
Capital expenditure*				
Unallocated				62
Segment	83,662	106,873	–	190,535

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, investment properties and other intangible assets.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

5. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

Nine months ended 30 September 2013	Park operations RMB'000	Property development and holding RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Sales to external customers	590,114	147,046	42,008	779,168
Intersegment sales	–	–	–	–
Total revenue	590,114	147,046	42,008	779,168
Reconciliations:				
Elimination of intersegment sales				–
Revenue from continuing operations				779,168
Segment results	328,689	63,187	974	392,850
Reconciliations:				
Unallocated income				211,884
Unallocated expenses				(146,949)
Finance costs				(282,105)
Profit before tax				175,680
30 September 2013				
Segment assets	2,222,790	2,423,653	–	4,646,443
Reconciliations:				
Corporate and other unallocated assets				3,002,274
Total assets				7,648,717
Segment liabilities	–	–	8,593	8,593
Reconciliations:				
Elimination of intersegment payables				–
Corporate and other unallocated liabilities				6,452,692
Total liabilities				6,461,285
Nine months ended 30 September 2013				
Other segment information				
Depreciation and amortisation				
Unallocated				19
Segment	93,541	–	–	93,541
Capital expenditure*				
Unallocated				–
Segment	117,018	102,933	–	219,951

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

5. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

Nine months ended 30 September 2012 (unaudited)	Park operations RMB'000	Property development and holding RMB'000	Others RMB'000	Total RMB'000
Segment revenue				
Sales to external customers	512,693	122,116	5,111	639,920
Intersegment sales	3,468	–	–	3,468
Total revenue	516,161	122,116	5,111	643,388
Reconciliations:				
Elimination of intersegment sales				(3,468)
Revenue from continuing operations				639,920
Segment results	247,484	56,010	206	303,700
Reconciliations:				
Unallocated income				159,414
Unallocated expenses				(163,238)
Finance costs				(229,097)
Profit before tax				70,779
Other segment information				
Impairment losses recognised in the statement of profit or loss	3,214	–	–	3,214
Depreciation and amortisation				
Unallocated				18
Segment	89,703	–	–	89,703
Capital expenditure*				
Unallocated				57
Segment	73,808	73,128	–	146,936

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, investment properties and other intangible assets.

Information about major customers

No information about major customers presented as no single customer contributes to over 10% of the Group's revenue for the years ended 31 December 2010, 2011 and 2012 and nine months ended 30 September 2012 and 2013.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents income from the sales of tickets for entertainment theme park operation, and the sales of goods for restaurant and store operations, and income from hotel operations, and the sales of properties, and gross rental income received and receivable from investment properties, an appropriate proportion of contract revenue of construction contracts for the Relevant Periods, net of business tax and other surcharges.

		Year ended 31 December			Nine months ended 30 September	
	Notes	**2010**	**2011**	**2012**	**2012**	**2013**
		RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
					(Unaudited)	
Revenue						
Tickets sales		357,073	489,248	577,353	470,118	542,013
Property sales		397,793	133,002	230,305	105,516	125,533
Food and beverage sales		21,163	28,066	33,373	27,269	30,574
Sale of merchandise		8,024	19,036	22,681	15,306	17,527
Rental income	*7*	15,159	13,945	19,789	16,600	21,513
Construction contracts		–	–	3,480	3,477	40,212
Income from hotel operations		–	434	2,033	1,634	1,796
		799,212	683,731	889,014	639,920	779,168
Other income						
Government grants	*33*	11,793	18,642	17,511	13,644	8,949
Interest income	*7*	1,173	569	547	267	3,398
Interest income from related companies	*7*	–	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
		27,984	57,477	150,850	95,016	146,879
Gains						
Fair value gains/(losses) on investment properties	*15*	7,234	(15,716)	143,149	49,284	56,067
Gain on disposal of items of property, plant and equipment		–	–	11,765	11,443	–
Gain on revaluation upon reclassification from properties under development to investment properties	*21*	46,716	122,029	3,551	3,551	–
Gain on revaluation upon reclassification from completed properties held for sale	*20*	–	–	–	–	8,938
Others		–	–	120	120	–
		53,950	106,313	158,585	64,398	65,005
		81,934	163,790	309,435	159,414	211,884

II. NOTES TO THE FINANCIAL INFORMATION (continued)

7. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Cost of properties sold	20	202,452	89,892	121,805	66,106	83,859
Cost of merchandise goods sold		5,472	14,339	12,117	9,936	9,503
Cost of services provided		174,064	279,842	355,425	260,178	292,956
Depreciation	14	48,910	84,628	112,893	82,822	85,612
Amortisation of prepaid land lease payments	16	10,062	9,968	9,962	6,881	7,929
Direct operating expenses arising on rental earning properties		7	355	445	–	48
Amortisation of intangible assets	17	15	39	24	18	19
Provision/(reversal of provision) for impairment of completed properties held for sale	20	6,642	(6,642)	–	–	–
Provision/(reversal of provision) for inventories	23	2,009	96	(363)	(262)	(695)
Impairment of trade receivables	24	–	–	3,214	3,214	–
Impairment/(reversal) of other receivables	25	10,531	(1,113)	–	–	–
Minimum lease payments under operating leases in respect of properties		100	3,649	2,346	1,830	1,849
Foreign exchange differences, net		–	–	2,173	–	(242)
Employee benefit expense (excluding directors' remuneration):						
Wages and salaries		44,496	95,521	110,877	61,190	62,892
Bonuses		5,097	7,022	12,758	1,308	1,937
Retirement benefit scheme contribution		4,100	10,433	12,789	8,367	8,955
		53,693	112,976	136,424	70,865	73,784
Fair value (gains)/losses on investment properties	15	(7,234)	15,716	(143,149)	(49,284)	(56,067)
Gain on revaluation upon reclassification from properties under development to investment properties	21	(46,716)	(122,029)	(3,551)	(3,551)	–
Gain on revaluation upon reclassification from completed properties held for sale to investment properties	20	–	–	–	–	(8,938)
Rental income	6	(15,159)	(13,945)	(19,789)	(16,600)	(21,513)
Interest income	6	(1,173)	(569)	(547)	(267)	(3,398)
Interest income from related companies	6	–	(31,816)	(123,738)	(74,019)	(123,057)
Loss/(gain) on disposal of items of property, plant and equipment		2,093	959	(11,765)	(11,443)	42

II. NOTES TO THE FINANCIAL INFORMATION (continued)

8. FINANCE COSTS

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
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 expenses on financial liabilities not at fair value through profit or loss	90,082	175,365	369,628	282,458	345,208
Less: Interest capitalised	(37,864)	(33,132)	(68,332)	(53,361)	(63,103)
	52,218	142,233	301,296	229,097	282,105

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

Directors' remuneration for the Relevant Periods, disclosed pursuant to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange Limited and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kinds	–	–	–	–	60
Performance related bonuses*	–	–	–	–	–
Retired benefit scheme contributions	–	–	–	–	–
	–	–	–	–	60
	–	–	–	–	60

(a) Independent non-executive directors

Mr. Fang Hongxing, Mr. Wei Xiaoan and Mr. Sun Jianyi were appointed as the independent non-executive directors of the Company on 23 February 2014. There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (continued)

(b) Executive directors and non-executive directors

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share option expense	Retirement benefit scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2010						
Executive directors:						
Mr. Wang Xuguang	–	–	–	–	–	–
Mr. Zhao Wenjing	–	–	–	–	–	–
Mr. Qu Naiqiang	–	–	–	–	–	–
	–	–	–	–	–	–
Non-executive directors:						
Mr. Qu Naijie	–	–	–	–	–	–
Mr. Makoto Inoue	–	–	–	–	–	–
Mr. Yuan Bing	–	–	–	–	–	–
	–	–	–	–	–	–
Year ended 31 December 2011						
Executive directors:						
Mr. Wang Xuguang	–	–	–	–	–	–
Mr. Zhao Wenjing	–	–	–	–	–	–
Mr. Qu Naiqiang	–	–	–	–	–	–
	–	–	–	–	–	–
Non-executive directors:						
Mr. Qu Naijie	–	–	–	–	–	–
Mr. Makoto Inoue	–	–	–	–	–	–
Mr. Yuan Bing	–	–	–	–	–	–
	–	–	–	–	–	–
Year ended 31 December 2012						
Executive directors:						
Mr. Wang Xuguang	–	–	–	–	–	–
Mr. Zhao Wenjing	–	–	–	–	–	–
Mr. Qu Naiqiang	–	–	–	–	–	–
	–	–	–	–	–	–
Non-executive directors:						
Mr. Qu Naijie	–	–	–	–	–	–
Mr. Makoto Inoue	–	–	–	–	–	–
Mr. Yuan Bing	–	–	–	–	–	–
	–	–	–	–	–	–
Nine months ended 30 September 2013						
Executive directors:						
Mr. Wang Xuguang	–	–	–	–	–	–
Mr. Zhao Wenjing	–	60	–	–	–	60
Mr. Qu Naiqiang	–	–	–	–	–	–
	–	60	–	–	–	60
Non-executive directors:						
Mr. Qu Naijie	–	–	–	–	–	–
Mr. Makoto Inoue	–	–	–	–	–	–
Mr. Yuan Bing	–	–	–	–	–	–
	–	–	–	–	–	–

II. NOTES TO THE FINANCIAL INFORMATION (continued)

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (continued)

(b) Executive directors and non-executive directors (continued)

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share option expense	Retirement benefit scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Nine months ended 30 September 2012 (unaudited)						
Executive directors:						
Mr. Wang Xuguang	–	–	–	–	–	–
Mr. Zhao Wenjing	–	–	–	–	–	–
Mr. Qu Naiqiang	–	–	–	–	–	–
	–	–	–	–	–	–
Non-executive directors:						
Mr. Qu Naijie	–	–	–	–	–	–
Mr. Makoto Inoue	–	–	–	–	–	–
Mr. Yuan Bing	–	–	–	–	–	–
	–	–	–	–	–	–

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

(c) Five highest paid employees

Details of the remuneration of the five highest paid employees for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 and 2013 who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries, allowances and benefits in kinds	1,136	1,120	1,163	872	1,165
Performance related bonuses	510	526	574	–	–
Retirement benefit scheme contributions	76	137	133	100	116
	1,722	1,783	1,870	972	1,281

The remuneration of all the non-director and non-chief executive highest paid employees fell within the band of nil to RMB1,000,000.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

10. INCOME TAX

Provision for PRC corporate income tax has been provided at the applicable income tax rate of 25% for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 and 2013 on the assessable profits of the Group's subsidiaries in Mainland China.

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

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

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

	Year ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(Unaudited)	
Current – Mainland China:					
Charge for the year/period	88,860	20,059	42,335	36,911	34,376
LAT	44,609	13,061	11,154	15	7,342
Deferred tax *(note 19)*	(21,850)	37,470	54,682	4,932	29,572
Total tax charge for the year/period	111,619	70,590	108,171	41,858	71,290

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the tax expense is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(Unaudited)	
Profit before tax	294,729	116,080	187,044	70,779	175,680
At the statutory income tax rate	73,682	29,020	46,761	17,695	43,920
Tax losses not recognised	8,819	37,937	51,158	18,018	22,568
Tax losses utilised from previous periods	(6,261)	(6,924)	(407)	–	–
Income not subject to tax	–	–	(10,605)	(7,646)	(9,838)
Expenses not deductible for tax	1,922	761	12,899	13,781	9,133
Sub-total	78,162	60,794	99,806	41,848	65,783
Provision for LAT	44,609	13,061	11,154	15	7,342
Tax effect on LAT	(11,152)	(3,265)	(2,789)	(5)	(1,835)
Tax charge for the year/period	111,619	70,590	108,171	41,858	71,290

II. NOTES TO THE FINANCIAL INFORMATION (continued)

10. INCOME TAX (continued)

Tax payables in the combined statement of financial position represent:

Tax payables

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
PRC corporate income tax	249,647	239,355	184,648	199,312
LAT	48,502	59,066	67,100	37,327
	298,149	298,421	251,748	236,639

11. DIVIDENDS

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interim	–	–	–	–	–
Proposal final	66,860	9,572	6,653	6,653	–
	66,860	9,572	6,653	6,653	–

The rates of dividends and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company for the period from 2 November 2011 (date of incorporation) to 31 December 2011, the year ended 31 December 2012 and the nine months ended 30 September 2012 and 2013 amounted to RMB57,000, RMB13,957,000, RMB11,474,000 and RMB1,142,000, respectively, which has been dealt with in the financial statements of the Company.

13. EARNINGS/(LOSS) PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful as the number of shares as at the end of each of the Relevant Periods is different from the number of shares immediately after the completion of the global offering as more fully explained in the section of "Share Capital" in the Prospectus.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

14. PROPERTY, PLANT AND EQUIPMENT

	Park and other buildings	Machinery	Motor vehicles	Office equipment and furniture	Live animals	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
At 1 January 2010	636,182	335,809	14,892	52,167	65,691	534,803	1,639,544
Additions	909	1,733	4,245	5,930	13,840	719,761	746,418
Transfers	657,940	206,828	–	–	–	(864,768)	–
Disposals	(555)	(1,261)	(411)	(54)	(3,727)	(4,878)	(10,886)
Disposals of a subsidiary *(note 37)*	(365,213)	(69,944)	(3,110)	(15,185)	–	(176,149)	(629,601)
At 31 December 2010 and 1 January 2011	929,263	473,165	15,616	42,858	75,804	208,769	1,745,475
Additions	376,111	56,708	4,469	3,901	36,875	152,300	630,364
Transfers	281,809	62,945	–	1,903	–	(346,657)	–
Disposals	–	–	(667)	(292)	(1,670)	–	(2,629)
At 31 December 2011 and 1 January 2012	1,587,183	592,818	19,418	48,370	111,009	14,412	2,373,210
Additions	49,299	4,296	687	2,060	16,607	5,244	78,193
Transfers	1,549	859	–	150	–	(2,558)	–
Disposals	(20,000)	–	(260)	(477)	(4,322)	–	(25,059)
At 31 December 2012 and 1 January 2013	1,618,031	597,973	19,845	50,103	123,294	17,098	2,426,344
Additions	91,158	6,883	566	2,057	6,761	9,593	117,018
Transfers	1,226	–	–	–	–	(1,226)	–
Disposals	–	(1,182)	(305)	(76)	(5,233)	–	(6,796)
At 30 September 2013	1,710,415	603,674	20,106	52,084	124,822	25,465	2,536,566
Accumulated depreciation							
At 1 January 2010	(62,363)	(219,277)	(8,736)	(32,650)	(46,756)	–	(369,782)
Depreciation for the year	(15,390)	(19,128)	(1,900)	(1,725)	(10,767)	–	(48,910)
Disposals	(865)	1,261	372	48	2,696	–	3,512
Disposals of a subsidiary *(note 37)*	4,313	3,584	984	1,011	–	–	9,892
At 31 December 2010 and 1 January 2011	(74,305)	(233,560)	(9,280)	(33,316)	(54,827)	–	(405,288)
Depreciation for the year	(34,157)	(26,941)	(2,319)	(4,064)	(17,147)	–	(84,628)
Disposals	–	–	293	281	1,096	–	1,670
At 31 December 2011 and 1 January 2012	(108,462)	(260,501)	(11,306)	(37,099)	(70,878)	–	(488,246)
Depreciation for the year	(46,512)	(38,105)	(2,574)	(3,541)	(22,161)	–	(112,893)
Disposals	13,583	–	260	461	2,773	–	17,077
At 31 December 2012 and 1 January 2013	(141,391)	(298,606)	(13,620)	(40,179)	(90,266)	–	(584,062)
Depreciation for the period	(30,935)	(34,653)	(1,279)	(2,873)	(15,872)	–	(85,612)
Disposals	–	1,163	166	56	4,833	–	6,218
At 30 September 2013	(172,326)	(332,096)	(14,733)	(42,996)	(101,305)	–	(663,456)
Net carrying amount							
At 31 December 2010	854,958	239,605	6,336	9,542	20,977	208,769	1,340,187
At 31 December 2011	1,478,721	332,317	8,112	11,271	40,131	14,412	1,884,964
At 31 December 2012	1,476,640	299,367	6,225	9,924	33,028	17,098	1,842,282
At 30 September 2013	1,538,089	271,578	5,373	9,088	23,517	25,465	1,873,110

II. NOTES TO THE FINANCIAL INFORMATION (continued)

14. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group's lands where the hotel buildings, parks and other buildings are situated in Mainland China are held under the medium term lease.

Included in the property, plant and equipment as at 31 December 2010, 2011 and 2012 and 30 September 2013 were certain machinery with net carrying amounts of nil, RMB167,606,000, RMB154,152,000 and RMB213,782,060, respectively, for which were held under finance leases.

The Group's property, plant and equipment with carrying values of RMB371,006,000, RMB1,037,242,000, RMB1,237,807,000 and RMB1,182,791,000 were pledged to secure banking facilities granted to the Group at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively (note 31).

15. INVESTMENT PROPERTIES

	Completed	Under construction	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2010	493,459	–	493,459
Additions	19,800	–	19,800
Reclassification from properties under development *(note 21)*	122,398	–	122,398
Disposal of a subsidiary *(note 37)*	(182,124)	–	(182,124)
Net gain from fair value adjustments *(note 6)*	7,234	–	7,234
At 31 December 2010 and 1 January 2011	460,767	–	460,767
Additions	2,949	–	2,949
Reclassification from properties under development *(note 21)*	–	424,000	424,000
Net loss from fair value adjustments *(note 6)*	(15,716)	–	(15,716)
At 31 December 2011 and 1 January 2012	448,000	424,000	872,000
Additions	1,303	105,570	106,873
Reclassification from properties under development *(note 21)*	20,978	–	20,978
Transfer upon completion	203,294	(203,294)	–
Net gains/(loss) from fair value adjustments *(note 6)*	145,425	(2,276)	143,149
At 31 December 2012 and 1 January 2013	819,000	324,000	1,143,000
Additions	62,996	39,937	102,933
Reclassification from completed properties held for sale *(note 20)*	48,000	–	48,000
Transfer upon completion	363,937	(363,937)	–
Net gains from fair value adjustments *(note 6)*	56,067	–	56,067
At 30 September 2013	1,350,000	–	1,350,000

The Group's investment properties are situated on the lands in Mainland China that are held under medium term lease terms. Certain investment properties are leased to third parties under operating lease, for the summary details of which are included in note 40(a).

In 2010, 2011 and 2012, the Group transferred certain properties under development to investment properties. The properties were revalued at the date of change in use by Censere (Far East) Limited, Debenham Tie Leung Shenzhen Valuation Company Ltd – Beijing Branch ("DTZ") and DTZ, independent professional valuers in year ended 31 December 2010, 2011 and 2012, respectively. The difference between the fair value of the property at that date and its then carrying amount of RMB46,716,000, RMB122,029,000 and RMB3,551,000 was recognised in the statement of profit or loss for the years ended 31 December 2010, 2011 and 2012, respectively.

During the nine months ended 30 September 2013, the Group transferred certain completed properties held for sale to investment properties. The properties were revalued at the date of change in use by DTZ. The difference between the fair value of the property at the date and its then carrying amount of RMB8,938,000 was recognised in the statement of profit or loss during the nine months ended 30 September 2013.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

15. INVESTMENT PROPERTIES (continued)

The Group's investment properties as at 31 December 2010 were revalued by Censere (Far East) Limited, independent professional valuers, on an open market, existing use basis.

The Group's investment properties as at 31 December 2011 and 2012 and 30 September 2013 were revalued by DTZ, on an open market, existing use basis.

Included in the completed investment properties were certain buildings with carrying values of RMB256,421,000, RMB130,000,000, RMB321,000,000 and RMB336,000,000, for which the property certificates have not been obtained as at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively.

The Group's investment properties with carrying values of RMB204,346,000, RMB496,000,000, RMB393,116,000 and RMB530,116,000 were pledged to secure general banking facilities granted to the Group at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively (note 31).

At 31 December 2010, 2011 and 2012 and 30 September 2013, the Group pledged their investment properties with carrying values of RMB151,980,000, RMB30,116,000, nil and nil, respectively, to secure general banking facilities granted to 海昌企業發展有限公司 ("Haichang Corporation Development"), a company of which Mr. Qu has beneficial interests as equity holder (note 42(a)(xii)).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2010 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	460,767	460,767

	Fair value measurement as at 31 December 2011 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	872,000	872,000

	Fair value measurement as at 31 December 2012 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	1,143,000	1,143,000

II. NOTES TO THE FINANCIAL INFORMATION (continued)

15. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

The following table illustrate the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 September 2013 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:				
Commercial properties	–	–	1,350,000	1,350,000

During the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January . . .	493,459	460,767	872,000	1,143,000
Additions.	19,800	2,949	106,873	102,933
Reclassification from properties under development.	122,398	424,000	20,978	–
Reclassification from completed properties held for sale	–	–	–	48,000
Disposal of subsidiaries	(182,124)	–	–	–
Net gain/(loss) from fair value adjustments recognised in other income in profit or loss	7,234	(15,716)	143,149	56,067
Carrying amount at 31 December/30 September.	460,767	872,000	1,143,000	1,350,000

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

Commercial properties	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Year ended 31 December 2010	Income method	Market month rental rate (RMB/Square meter ("sq.m"))	45-67.5
		Long term vacancy rate	8.3%
		Capitalization rate	3%-4%
	Market comparison method	Market unit sale rate (RMB/Sq.m)	12,500-14,650

II. NOTES TO THE FINANCIAL INFORMATION (continued)

15. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Commercial properties	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Year ended 31 December 2011	Income method	Market month rental rate (RMB/sq.m.)	42-113
		Rent growth (per annual)	2%-3%
		Long term vacancy rate	5%
		Capitalization rate	6%-7%
	Market comparison method	Market unit sale rate (RMB/Sq.m)	7,799-20,800
Year ended 31 December 2012	Income method	Market month rental rate (RMB/sq.m.)	42-101
		Rent growth (per annual)	2%-3%
		Long term vacancy rate	5%
		Capitalization rate	6%-7%
	Market comparison method	Market unit sale rate (RMB/Sq.m)	7,734-21,400
Nine months ended 30 September 2013	Income method	Market month rental rate (RMB/sq.m.)	44-95
		Capitalization rate	4.5%-6.5%

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

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

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

A significant increase (decrease) in the market unit sale rate would result in a significant increase (decrease) in fair value of the investment properties.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

16. PREPAID LAND LEASE PAYMENTS

	31 December			30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Carrying amount at beginning of the year/period	384,723	351,818	341,850	324,995
Additions	–	–	5,469	–
Disposal	–	–	(12,362)	–
Disposal of subsidiaries *(note 37)*	(22,843)	–	–	–
Amortised during the year/period	(10,062)	(9,968)	(9,962)	(7,929)
Carrying amount at end of year/period	351,818	341,850	324,995	317,066
Current portion included in prepayments, deposits and other receivables *(note 25)*	(9,716)	(9,644)	(9,957)	(9,924)
Non-current portion	342,102	332,206	315,038	307,142

The Group's leasehold lands are situated in Mainland China and are held under long term leases.

The leasehold interests in land of RMB153,114,000, RMB214,792,000, RMB208,481,000 and RMB201,332,000 were pledged for certain borrowings granted to the Group as at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively (note 31).

The Group pledged their leasehold interests in land of RMB71,814,000, nil, nil and nil for banking facilities granted to Haichang Corporation Development as at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively (note 42(a)(xii)).

The Group experienced delays in the commencement of construction of certain parcels of land in Mainland China with carrying values at RMB46,027,000, RMB44,547,000, RMB43,067,000 and RMB42,129,000 at 31 December 2010, 2011 and 2012 and 30 September 2013. Under the relevant PRC laws, the Group may be subject to penalties from relevant government authorities as a result of delay in commencement of construction. Having taken into account of the Company's legal counsel advice, the directors of the Company are of opinion that the payment of penalty is remote and no provision is required. As at 30 September 2013, the construction of the relevant park and ancillary facilities on the parcels of the land were completed.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

17. INTANGIBLE ASSETS

Intangible assets comprised computer software with useful lives of 5-10 years. The movements in intangible assets are analysed as follows:

	Computer software
	RMB'000
31 December 2010	
At 1 January 2010, net of accumulated amortisation	658
Additions	23
Disposal of subsidiaries *(note 37)*	(631)
Amortisation	(15)
At 31 December 2010, net of accumulated amortisation	35
At 31 December 2010	
Cost	73
Accumulated amortisation	(38)
Net carrying amount	35
31 December 2011	
At 1 January 2011, net of accumulated amortisation	35
Additions	89
Amortisation	(39)
At 31 December 2011, net of accumulated amortisation	85
At 31 December 2011	
Cost	162
Accumulated amortisation	(77)
Net carrying amount	85
31 December 2012	
At 1 January 2012, net of accumulated amortisation	85
Additions	62
Amortisation	(24)
At 31 December 2012, net of accumulated amortisation	123
At 31 December 2012	
Cost	224
Accumulated amortisation	(101)
Net carrying amount	123
30 September 2013	
At 1 January 2013, net of accumulated amortisation	123
Amortisation	(19)
At 30 September 2013, net of accumulated amortisation	104
At 30 September 2013	
Cost	224
Accumulated amortisation	(120)
Net carrying amount	104

II. NOTES TO THE FINANCIAL INFORMATION (continued)

18. AVAILABLE-FOR-SALE INVESTMENTS

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Bank structured products, at fair value	–	–	180,182	200

The balance represented a principal-protected structured products with maturity within one year.

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Unlisted equity investments, at cost	19,170	19,170	19,170	19,170

The Group holds a 9% equity interest in an unlisted company, 成都忠捷置業有限公司, in Mainland China with registered capital of RMB213,000,000. The principal business of 成都忠捷置業有限公司 is the development and sale of properties.

The unlisted equity investments were stated at cost less impairment loss because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

19. DEFERRED TAX ASSETS/LIABILITIES

The movements in deferred tax liabilities and assets are as follows:

Deferred tax liabilities

	Interest capitalised	Rental income recognised	Depreciation allowance of investment properties	Depreciation allowance in excess of related depreciation	Change in fair value of investment properties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2010	4,676	2,030	3,090	224	50,088	60,108
Charged/(credited) to the statement of profit or loss *(note 10)*	9,466	998	1,435	(224)	13,488	25,163
As at 31 December 2010 and 1 January 2011	14,142	3,028	4,525	–	63,576	85,271
Charged to the statement of profit or loss *(note 10)*	7,024	22	1,830	–	27,376	36,252
As at 31 December 2011 and 1 January 2012	21,166	3,050	6,355	–	90,952	121,523
Charged/(credited) to the statement of profit or loss *(note 10)*	16,837	(766)	2,042	6,246	36,675	61,034
As at 31 December 2012 and 1 January 2013	38,003	2,284	8,397	6,246	127,627	182,557
Charged to the statement of profit or loss *(note 10)*	2,934	390	2,107	940	16,252	22,623
As at 30 September 2013	40,937	2,674	10,504	7,186	143,879	205,180

II. NOTES TO THE FINANCIAL INFORMATION (continued)

19. DEFERRED TAX ASSETS/LIABILITIES (continued)

Deferred tax assets

	Tax losses	Advances from customers on presale of properties	Government grants	Impairment of assets	Accruals and other payables	Depreciation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2010	13,928	18,140	161,894	13,490	8,747	601	216,800
Credited/(charged) to the statement of profit or loss *(note 10)*	(7,245)	1,995	41,395	501	9,881	486	47,013
Disposal of subsidiaries *(note 37)*	(6,683)	(15,951)	(43,644)	(11,829)	(2,538)	–	(80,645)
As at 31 December 2010 and 1 January 2011	–	4,184	159,645	2,162	16,090	1,087	183,168
Credited/(charged) to the statement of profit or loss *(note 10)*	–	4,046	(7,881)	(1,635)	4,349	(97)	(1,218)
As at 31 December 2011 and 1 January 2012	–	8,230	151,764	527	20,439	990	181,950
Credited/(charged) to the statement of profit or loss *(note 10)*	11,242	(1,905)	(2,759)	(91)	413	(548)	6,352
As at 31 December 2012 and 1 January 2013	11,242	6,325	149,005	436	20,852	442	188,302
Credited/(charged) to the statement of profit or loss *(note 10)*	889	(2,785)	288	(174)	(5,136)	(31)	(6,949)
As at 30 September 2013	12,131	3,540	149,293	262	15,716	411	181,353

For the purpose of the financial statement presentation, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the combined statement of financial position	129,854	90,609	70,753	54,769
Net deferred tax liabilities recognised in the combined statement of financial position	(31,957)	(30,182)	(65,008)	(78,596)
	97,897	60,427	5,745	(23,827)

II. NOTES TO THE FINANCIAL INFORMATION (continued)

19. DEFERRED TAX ASSETS/LIABILITIES (continued)

Deferred tax assets have not been recognised in respect of the following items:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses not recognised for deferred tax assets	35,276	151,748	202,564	90,272

In accordance with the PRC laws and regulations, tax losses arising in Mainland China could be carried forward for a period of five years to offset against its future taxable profits.

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2010,2011,2012 and 30 September 2013, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in mainland China. Pursuant to a resolution of the board of the directors of the Company, these subsidiaries will not distribute such earnings up to 31 December 2013 in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately nil, RMB73,720,000, RMB88,575,000, RMB137,990,000, RMB209,074,000 as at 31 December 31 2010, 2011 and 2012 and 30 September 2013, respectively.

20. COMPLETED PROPERTIES HELD FOR SALE

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year/period	201,081	504,332	416,011	470,871
Transfer from properties under development *(note 21)*	505,703	1,571	176,665	1,948
Reclassification to investment properties *(note 15)*	–	–	–	(48,000)
Fair value change on completed properties held for sale	–	–	–	8,938
Recognised in the current year/period *(note 7)*	(195,810)	(96,534)	(121,805)	(83,859)
	510,974	409,369	470,871	349,898
(Provision)/reversal of provision for impairment of properties	(6,642)	6,642	–	–
Carrying amount at end of year/period	504,332	416,011	470,871	349,898

II. NOTES TO THE FINANCIAL INFORMATION (continued)

20. COMPLETED PROPERTIES HELD FOR SALE (continued)

The movements in provision for impairment of completed properties held for sale are as follows:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	–	6,642	–	–
Provision for/(reversal of) impairment *(note 7)*	6,642	(6,642)	–	–
Carrying amount at 31 December/ 30 September	6,642	–	–	–

21. PROPERTIES UNDER DEVELOPMENT

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	2,316,089	622,057	574,682	648,047
Additions	400,328	256,167	267,753	77,656
Fair value change on properties under development reclassified to investment properties *(note 6)*	46,716	122,029	3,551	–
Reclassification to investment properties *(note 15)*	(122,398)	(424,000)	(20,978)	–
Transfer to completed properties held for sale *(note 20)*	(505,703)	(1,571)	(176,665)	(1,948)
Disposal of subsidiaries *(note 37)*	(1,512,975)	–	(296)	–
Carrying amount at 31 December/ 30 September	622,057	574,682	648,047	723,755

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

Certain of the Group's properties under development with carrying values of RMB563,173,000, RMB28,380,000, RMB65,194,000 and RMB82,441,000 were pledged to secure bank loans granted to the Group at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively (note 31).

As at 31 December 2010, 2011 and 2012 and 30 September 2013, the Group pledged their properties under development amounting to RMB76,189,000, RMB39,367,000, RMB496,582,000 and RMB296,977,000, respectively, for the Company's loans granted to Haichang Corporation Development at nil consideration (note 42(a)(xii)).

As at 31 December 2010, 2011 and 2012 and 30 September 2013, the Group pledged their properties under development amounting to nil, nil, nil and RMB287,224,000, respectively, for the Company's loans granted to 大連海昌集團有限公司 ("Haichang Group"), a company of which Mr. Qu has beneficial interests as equity holder at nil consideration (note 42(a)(xii)).

II. NOTES TO THE FINANCIAL INFORMATION (continued)

22. CONSTRUCTION CONTRACTS

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Gross amounts due to a contract customer.	–	–	(6,212)	(8,593)

	Year ended 31 December			Nine months ended 30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Contract costs incurred plus recognised profits less recognised losses to date . . .	–	–	8,788	48,973
Less: Progress billings	–	–	(15,000)	(57,566)
	–	–	(6,212)	(8,593)

23. INVENTORIES

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Merchandise goods	9,162	9,491	8,576	9,017
Provision for impairment	(2,009)	(2,105)	(1,742)	(1,047)
	7,153	7,386	6,834	7,970

24. TRADE AND BILLS RECEIVABLES

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

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

II. NOTES TO THE FINANCIAL INFORMATION (continued)

24. TRADE AND BILLS RECEIVABLES (continued)

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

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	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
	114,008	16,818	17,955	18,933

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

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	–	–	–	3,214
Impairment losses recognised *(note 7)*	–	–	3,214	–
	–	–	3,214	3,214

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

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	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
	114,008	16,818	17,955	18,933

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

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

II. NOTES TO THE FINANCIAL INFORMATION (continued)

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	35,422	46,611	26,563	44,158
Deposits and other receivables	28,024	43,084	54,148	50,385
Current portion of prepaid land lease payments *(note 16)*	9,716	9,644	9,957	9,924
	73,162	99,339	90,668	104,467
Less: non-current portion	(30,884)	(40,322)	(18,247)	(34,568)
	42,278	59,017	72,421	69,899

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

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	1,113	11,644	10,531	10,531
Provision/(reversal of provision) for impairment *(note 7)*	10,531	(1,113)	–	–
At 31 December/30 September	11,644	10,531	10,531	10,531

The carrying amount of deposits and other receivables approximates to their fair value due to their relatively short maturity term.

26. DUE FROM/TO RELATED COMPANIES/PARTIES/A NON-CONTROLLING EQUITY HOLDER

As at 31 December 2010, 2011 and 2012 and 30 September 2013, the amounts due from Haichang Group were nil, RMB560,000,000, RMB1,030,000,000 and RMB530,000,000 which are unsecured, bear interest ranged from 7.9% to 16.9% per annum (note 42 (a)(ix)). As at 31 December 2012, the amounts of receivables of RMB530,000,000, RMB200,000,000, RMB100,000,000 and RMB200,000,000 from Haichang Group are due to be repaid on 30 July 2013, 17 June 2014, 8 July 2014 and 25 November 2014, respectively. During the nine months ended 30 September 2013, amounted to RMB500,000,000 receivable from Haichang Group was settled and an amount of RMB530,000,000 receivable from Haichang Group has been extended to 4 June 2014, which was subsequently settled.

As at 31 December 2012, an amount of RMB700,000,000 due from Haichang Corporation Development which bore no interest, unsecured and due to be repaid in March 2013 and the repayment date was subsequently extended to December 2013, which was subsequently settled.

Except the above, amounts with related companies/parties/a non-controlling equity holder are interest-free, unsecured and repayable on demand. The carrying amounts of these balances approximated to their fair values due to their relatively short maturity term.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

27. PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

The Group

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	109,649	119,177	406,326	592,997
Denominated in RMB	109,649	119,177	375,776	305,663
Denominated in US$	–	–	30,550	287,334
Cash and bank balances	109,649	119,177	406,326	592,997

The Company

	31 December		30 September
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Cash and bank balances	–	2,550	684
Denominated in US$	–	2,550	684

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

The Group

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	109,649	119,177	406,326	592,997
Time deposits with original maturity of less than three months	–	–	–	–
	109,649	119,177	406,326	592,997
Less: pledged bank balances	2,582	3,632	2,286	2,291
Cash and cash equivalents	107,067	115,545	404,040	590,706

Bank deposits of RMB1,101,000, RMB905,000, RMB207,000 and RMB207,000 were pledged as security for bill facilities granted to the Group at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively (note 28). Bank deposits of RMB532,000, RMB534,000, RMB537,000 and RMB538,000 at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively were pledged as security for the Group's bank borrowings (note 31). Bank deposits of RMB949,000, RMB2,193,000, RMB1,542,000 and RMB1,546,000 were pledged as security for bank loans, as guarantee deposits in respect of mortgage facilities granted to purchasers of the Group's properties as at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

27. PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS (continued)

The Company

	31 December		30 September
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Cash and bank balances	–	2,550	684

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

28. TRADE AND BILLS PAYABLES

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	619,770	414,440	322,723	217,052
over 1 year	14,919	149,940	170,022	158,238
	634,689	564,380	492,745	375,290

The bills payables were secured by the pledge of the Group's time deposits of RMB1,101,000, RMB905,000, RMB207,000 and RMB207,000 at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively (note 27).

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

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

29. OTHER PAYABLES AND ACCRUALS

The Group

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

The Company

	31 December		30 September
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Other payables	57	57	56

All other payables are unsecured, interest-free and repayable on demand.

The fair value of other payables approximates to their carrying amount due to their relatively short maturity term.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

30. ADVANCES FROM CUSTOMERS

Advances from customers mainly represented sales proceeds received from buyers in connection with the Group's pre-sale properties.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December			30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Finance lease payables *(note 32)*	–	128,299	88,130	159,524
Others loans – unsecured *(note 42a(viii))*	–	660,000	583,000	–
Other loans – secured	61,460	561,460	1,301,800	934,948
Bank loans – secured	1,059,979	2,761,373	1,870,317	2,418,819
	1,121,439	4,111,132	3,843,247	3,513,291
Current:				
Finance lease payables *(note 32)*	–	40,760	51,315	103,859
Others loans – unsecured *(note 42a(viii))*	–	660,000	583,000	–
Other loans – secured	61,460	61,460	–	143,334
Bank loans – secured	30,000	789,524	491,923	208,575
Current portion of non-current loans – secured	215,980	120,548	310,539	742,153
	307,440	1,672,292	1,436,777	1,197,921
Non-current:				
Finance lease payables *(note 32)*	–	87,539	36,815	55,665
Other loans - secured	–	500,000	1,301,800	791,614
Bank loans – secured	813,999	1,851,301	1,067,855	1,468,091
	813,999	2,438,840	2,406,470	2,315,370
Repayable:				
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
Over five years	555,079	1,191,246	929,239	419,704
	1,121,439	4,111,132	3,843,247	3,513,291

II. NOTES TO THE FINANCIAL INFORMATION (continued)

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

(i) The Group's bank loans were secured by the pledges of the Group's assets with carrying values at the end of each of the Relevant Periods as follows:

		31 December			30 September
	Notes	**2010**	**2011**	**2012**	**2013**
		RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Property, plant and equipment	*14*	371,006	1,037,242	1,237,807	1,182,791
Investment properties	*15*	204,346	496,000	393,116	530,116
Prepaid land lease payments	*16*	153,114	214,792	208,481	201,332
Properties under development	*21*	563,173	28,380	65,194	82,441
Pledged bank balances	*27*	532	534	537	538

In addition to the assets pledged above, Qingdao Park pledged its right for park operation and income received for certain borrowings amounting to RMB61,460,000, RMB61,460,000, nil and nil granted to the Group at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively.

Dalian Tourism pledged its equity interests in certain of its subsidiaries for certain borrowings amounting to nil, nil, RMB500,000,000 and nil granted to the Group at 31 December 2010, 2011 and 2012 and 30 September 2013 respectively.

Tianjin Park pledged its right for park operation and income received for certain borrowings amounting to nil, RMB465,000,000, RMB406,000,000 and RMB363,700,000 granted to the Group at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively.

LHT pledged its right for park operation rights and income received for certain borrowings amounting to nil, RMB500,000,000, RMB500,000,000 and RMB500,000,000 granted to the Group at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively.

Yantai Park pledged its right for park operation rights and income received and Qingdao Park pledged its 100% equity interests and income from property rights for certain borrowings amounting to nil, nil, RMB200,000,000 and RMB188,772,000 granted to the Group at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively.

Qingdao Park pledged its trade receivables arising from sales from January 2010 to January 2025 for certain borrowings amounting to RMB693,020,000, RMB650,040,000, RMB600,060,000 and RMB575,070,000 granted to the Group at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively. As at 31 December 2010, 2011 and 2012 and 30 September 2013, the related trade receivables amounted to RMB16,327,000, RMB11,573,000, RMB13,290,000 and RMB14,076,000, respectively.

(ii) Borrowings of nil, RMB100,000,000 and RMB590,000,000 and nil at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively, were secured by certain related companies' buildings and land lease interest (note 42 (a)(x)).

(iii) Certain related companies and Mr. Qu executed guarantees for certain borrowings amounting to RMB1,043,020,000, RMB1,725,000,000, RMB1,407,800,000 and RMB933,800,000 granted to the Group at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively (note 42 (a)(xi)).

(iv) As at 31 December 2012 and 30 September 2013, a subsidiary of the Company had a long term borrowing of RMB550 million with a bank with a maturity date on 30 April 2018, which requires the Company's subsidiary to maintain a debt-to-assets ratio of not more than 75%. While the Company's subsidiary's debt-to-assets ratio was above 75% as at 31 December 2012 and 30 September 2013 and the company is entitled to demand accelerated repayment. The board of directors has passed written resolutions on 28 September 2013 to increase the registered capital of the Company's subsidiary in order to lower the latter's debt-to-assets ratio to a level below 75%. As at 31 December 2012 and 30 September 2013, the non-current bank loan amount was reclassified as current portion of bank and other borrowings.

Subsequent to 30 September 2013, the registered capital of the subsidiary was increased from RMB60 million to RMB460 million so that the debt-to-assets ratio was lowered below 75%. In addition, the subsidiary received a letter from the relevant bank in November 2013 confirming the compliance of the terms and conditions of the bank facility granted.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

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

(v) As at 31 December 2012 and 30 September 2013, certain other non-current loans of RMB1,030,000,000 and RMB530,000,000 granted to the Group were applied and lent to Haichang Group at an approximately same interest rate (note 26).

All the Group's borrowings are denominated in RMB.

The carrying amounts of the Group's current interest-bearing bank and borrowings approximate to their fair values due to their short term maturity.

The carrying amount of long term borrowings approximates to their fair value because the interest rate is floating.

The bank and other borrowings balances of the Group bear interest at floating rates, except for bank and other borrowings of RMB1,043,020,000, RMB2,525,040,000, RMB2,106,060,000 and RMB1,470,692,000 at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively, bear interest at fixed rates

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

Year ended 31 December 2010	5.40% to 12.00%
Year ended 31 December 2011	6.12% to 15.00%
Year ended 31 December 2012	5.90% to 15.00%
Nine months ended 30 September 2013	6.55% to 15.10%

32. FINANCE LEASE PAYABLES

The Group carried out sale and lease back transactions for certain of its machinery to obtain bank loans. The sale and lease back are classified as finance leases and have remaining lease terms of three years.

	Minimum lease payments 31 December 2010	Present value of minimum lease payments 31 December 2010	Minimum lease payments 31 December 2011	Present value of minimum lease payments 31 December 2011	Minimum lease payments 31 December 2012	Present value of minimum lease payments 31 December 2012	Minimum lease payments 30 September 2013	Present value of minimum lease payments 30 September 2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts payable:								
Within one year	–	–	47,462	40,760	62,844	51,315	126,776	103,859
In the second year	–	–	63,283	52,413	41,154	36,815	95,353	34,336
In the third year	–	–	41,702	35,126	–	–	35,107	21,329
Total minimum finance lease payments	–		152,447	128,299	103,998	88,130	257,236	159,524
Future finance charges	–		(24,148)		(15,868)		(97,712)	
Total net finance lease payables *(note 31)*	–		128,299		88,130		159,524	
Portion classified as current liabilities *(note 31)*	–		(40,760)		(51,315)		(103,859)	
Non-current portion *(note 31)*	–		87,539		36,815		55,665	

II. NOTES TO THE FINANCIAL INFORMATION (continued)

32. FINANCE LEASE PAYABLES (continued)

The fair value of the Group's finance lease payables approximated to nil, RMB128,401,000, RMB94,419,000 and RMB160,826,000 at 31 December 2010, 2011 and 2012 and 30 September 2013 respectively.

The finance lease payables amounting to nil, RMB128,299,000, RMB88,130,000, RMB155,372,000 at 31 December 2010, 2011 and 2012 and 30 September 2013 were guaranteed by Haichang Group and Haichang Corporation Development (note 42(a)(xiii)).

33. GOVERNMENT GRANTS

	31 December			30 September
	2010	**2011**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Carrying amount at beginning of year/period	594,763	619,634	607,053	597,017
Received during the year	176,482	6,061	7,475	9,557
Disposal of a subsidiaries *(note 37)*	(139,818)	–	–	
Recognised in profit or loss *(note 6)*	(11,793)	(18,642)	(17,511)	(8,949)
Carrying amount at end of year/period	619,634	607,053	597,017	597,625
Current	9,703	11,166	9,577	9,463
Non-current	609,931	595,887	587,440	588,162
	619,634	607,053	597,017	597,625

Government grants have been received either for the construction of certain items of property, plant and equipment, properties under development, investment properties or for business development of the Group subsidiaries'. There are no unfulfilled conditions and contingencies relating to these grants.

34. DEFERRED REVENUE

Deferred revenue represents the presale of parks' tickets.

35. ISSUED CAPITAL

Shares

		Number of ordinary shares		
	Notes	**Nominal value of US$1 each**	**Nominal value of US$0.0001 each**	**US$**
Authorised:				
Upon incorporation, 31 December 2011 and 1 January 2012	*1*	50,000	–	50,000
Subdivision	*2*	(50,000)	500,000,000	–
At 31 December 2012, 1 January 2013 and 30 September 2013		–	500,000,000	50,000

II. NOTES TO THE FINANCIAL INFORMATION (continued)

35. ISSUED CAPITAL (continued)

	Notes	Number of ordinary shares: Nominal value of US$1 each	Number of ordinary shares: Nominal value of US$0.0001 each	US$'000
Issued and fully paid				
Upon incorporation, 31 December 2011 and 1 January 2012	*1*	1	–	1
Subdivision	*2*	(1)	10,000	–
Issues of shares	*3*	–	114,381,996	11
At 31 December 2012 and 1 January 2013 and 30 September 2013		–	114,391,996	12

	31 December 2010	31 December 2011	31 December 2012	30 September 2013
	RMB'000	RMB'000	RMB'000	RMB'000
Issued and fully paid:				
Ordinary shares of US$1 each	–	–	–	–
Ordinary shares of US$0.0001 each	–	–	72	72

Notes:

1. The Company was incorporated with authorised share capital of US$50,000 divided into 50,000 shares of US$1 each.

2. By an ordinary resolution passed on 23 May 2012 by the board of directors, the authorised shares of the Company were sub-divided from US$1 into US$0.0001 each with the creation of additional 9,999 shares of US$0.0001 each in issue. The authorised share capital was increased to 500,000,000 shares of US$0.001 each.

3. On 19 July 2012, the Company issued 84,990,000 shares of US$0.0001 each at par to the shareholders of the Company for total consideration of approximately US$8,499 (equivalent to RMB54,000).

   On 19 July 2012, the Company issued 15,000,000 shares of US$0.0001 each at par to Camellia Investment Limited ("Orix Hong Kong"), a company incorporated in Hong Kong, for a total consideration of approximately US$1,500 (equivalent to RMB9,000).

   On 24 August 2012, the Company issued 14,391,996 shares of US$0.0001 each to Time Dynasty Limited ("Hony"), a company incorporated in the British Virgin Islands, for a total consideration of US$80,500,000 (equivalent to RMB509,605,000). The excess of consideration of US$80,499,000 (equivalent to RMB509,596,000) over the nominal value of US$1,000 of the Company's shares was credited to the share premium account.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

36. RESERVES

Group

The amounts of the Group's reserves and the movements thereof are presented in the combined statement of changes in equity.

(a) Capital reserve

The amounts represents deemed contribution from equity holders less deemed distribution to equity holder, consideration paid by the Group to non-controlling equity holders over their then share of net assets of subsidiaries acquired and deemed dilution upon capital contribution by the non-controlling equity holders.

(b) Statutory reserves

In accordance with the PRC Company Law and the PRC subsidiaries' articles of association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit as determined under PRC GAAP (after offsetting any prior years' losses) to the statutory surplus reserve. When the balance of such reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, such balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after such usages.

(c) Deemed distribution to the equity holders

In May 2010, Haichang Tourism acquired 43.1% and 15.2% of equity interests of LHT from Haichang Group and Sea-rich Oil (Singapore) Pte. Ltd (a company of which Mr. Qu has an indirect beneficial interest as 97% equity holder), respectively, at a total consideration of RMB139,114,000 and the consideration paid was recognised in equity directly as deemed distribution to the equity holders.

In July 2010, Haichang Tourism acquired the entire equity interests of Qingdao Park from Haichang Corporation Development, at a consideration of RMB246,148,000 and the consideration paid was recognised in equity directly as deemed distribution to the equity holders.

In June 2010, Haichang Tourism acquired the entire equity interests of Friday Avenue from Haichang Group at a consideration of RMB30,000,000 and the consideration paid was recognised in equity directly as deemed distribution to the equity holders.

In October 2011, Haichang Tourism acquired the entire equity interests of Wuhan Park from 大連海昌房地產集團有限公司 ("Haichang Property Group," a company of which Mr. Qu has an indirect beneficial interest as equity holder) at a consideration of RMB60,000,000 and the consideration paid was recognised in equity directly as deemed distribution to the equity holders.

In November 2011, Haichang Tourism acquired the entire equity interests of Chengdu Park from Haichang Property Group at a consideration of RMB30,305,000 and the consideration paid was recognised in equity directly as deemed distribution to the equity holders.

In November 2011, Haichang Tourism Group acquired the entire equity interests of Yantai Park from Haichang Property Group at a consideration of RMB30,000,000 and the consideration paid was recognised in equity directly as deemed distribution to the equity holders.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

36. RESERVES (continued)

Group (continued)

(c) Deemed distribution to the equity holders (continued)

In October 2011, Haichang Tourism acquired the entire equity interests of Tianjin Park from Haichang Property Group at a consideration of RMB203,415,000 and the consideration paid was recognised in equity directly as deemed distribution to the equity holders.

In July 2012, Haichang Asia acquired the entire equity interests in Haichang China from Sea-rich Oil (Singapore) Pte. Ltd at a consideration of RMB102,000,000 and the consideration paid was recognised in equity directly as deemed distribution to the equity holders.

In August 2012, Haichang China acquired the entire equity interests in Haichang Tourism Group from Haichang Corporation Development at a consideration of RMB10,000,000 and the consideration paid was recognised in equity directly as deemed distribution to the equity holders.

In September 2013, Haichang Tourism acquired 9% and 40% equity interests of 4D Cinema from Haichang Group and 大連聯運有限公司 ("Dalian Lianyun") at considerations of RMB1,800,000 and RMB8,000,000 and the considerations were recognised in equity directly as deemed distribution to the equity holders.

As at 31 December 2012 and 30 September 2013, the Group granted loans to Haichang Corporation Development at a below market interest rate which resulted in deemed distribution of RMB54,466,000, RMB54,466,000 and RMB39,351,000 upon discounting to net present value during the year ended 31 December 2012 and the nine months ended 30 September 2012 and 2013, respectively.

In January 2014, Haichang China entered into purchase and sales agreements in relation to purchases of certain properties which constituted as a business of property holding from 大連世博房地產開發有限公司 (a company of which Mr. Qu has an indirect beneficial interest as an equity holder) ("Shibo Business") and has been accounted for as a business combination under common control. The operating results of RMB155,000, RMB102,000, RMB310,000, RMB535,000 and RMB1,255,000 generated from operation of these properties for the year ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 and 2013 was recognised in equity directly as deemed distribution to the equity holders, respectively.

The above transactions resulted in an aggregate deemed distribution to the equity holders of RMB415,417,000, RMB323,822,000, RMB166,776,000 and RMB50,406,000 for the years ended 31 December 2010, 2011 and 2012 and 30 September 2013 recognised in the capital reserve account.

(d) Deemed contribution from the equity holders

In January 2010, Qingdao Park disposed of Haichang Property Group to Haichang Group which resulted in the deemed contribution of RMB264,218,000 recognised in the capital reserve (note 37).

In February 2010, Haichang Corporation Development established Dalian Tourism Group. The capital injections made by Haichang Corporation Development amounting to RMB10,000,000 were regarded as deemed contributions in 2010.

In July 2011, Haichang Group established Shanghai Haichang. The capital injections made by Haichang Group amounting to RMB10,000,000 were regarded as deemed contributions in 2011.

In June 2012, Haichang China distributed a dividend of RMB7,000,000 to its then equity holder, Sea-rich Oil (Singapore) Pte. Ltd, which reinvested the amount as additional capital of Haichang China and was regarded as a deemed contribution by an equity holder.

In August 2012, the Group disposed of the entire equity interests in 三亞海昌旅業發展有限公司 ("Sanya Development") to Haichang Property Group at a consideration of RMB20,000,000 from which resulted in a deemed capital contribution of RMB68,830,000 recognised in the capital reserve (note 37).

II. NOTES TO THE FINANCIAL INFORMATION (continued)

36. RESERVES (continued)

Group (continued)

(d) Deemed contribution from the equity holders (continued)

In respect of Shibo Business foregoing mentioned, the addition of properties cost of RMB16,256,000 during 2010 has been accounted for as deemed contribution by the equity holders.

The above transactions resulted in an aggregate deemed contribution from the equity holders of RMB290,474,000, RMB10,000,000 and RMB75,830,000 for the years ended 31 December 2010, 2011 and 2012 recognised in the capital reserve account.

(e) Reserves of the Company

	Share premium	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 2 November 2011 (date of incorporation	–	–	–	–
Net loss and total comprehensive loss for the year	–	–	(57)	(57)
At 31 December 2011, and 1 January 2012	–	–	(57)	(57)
Loss for the year	–	–	(13,957)	(13,957)
Other comprehensive loss				
Exchange difference on translation	–	(3,567)	–	(3,567)
Total comprehensive loss	–	(3,567)	(13,957)	(17,524)
Issue of shares	509,596	–	–	509,596
At 31 December 2012 and 1 January 2013	509,596	(3,567)	(14,014)	492,015
Loss for the period	–	–	(1,142)	(1,142)
Other comprehensive income				
Exchange difference on translation	–	(10,753)	–	(10,753)
Total comprehensive loss	–	(10,753)	(1,142)	(11,895)
At 30 September 2013	509,596	(14,320)	(15,156)	480,120
Unaudited				
At 31 December 2011 and 1 January 2012	–	–	(57)	(57)
Loss for the period	–	–	(11,474)	(11,474)
Other comprehensive loss				
Exchange difference on translation	–	802	–	802
Total comprehensive loss	–	802	(11,474)	(10,672)
Issue of shares	509,596	–	–	–
At 30 September 2012	509,596	802	(11,531)	10,729

II. NOTES TO THE FINANCIAL INFORMATION (continued)

37. DISPOSAL OF SUBSIDIARIES

In January 2010, the Group disposed of its subsidiary, Haichang Property Group, at a consideration of RMB9,900,000.

	Note	**2010**
		RMB'000
Net assets disposed of:		
Property, plant and equipment	*14*	619,709
Investment properties	*15*	182,124
Prepaid land lease payments	*16*	22,843
Intangible assets	*17*	631
Deferred tax assets	*19*	80,645
Properties under development	*21*	1,512,975
Inventories		1,837
Trade and bill receivables		455
Prepayments, deposits and other receivables		118,485
Due from related companies		94,536
Pledged deposits		50,099
Cash and cash balances		30,479
Trade and bills payables		(390,770)
Other payables and accruals		(481,170)
Due to related companies		(1,261,437)
Advances from customers		(438,691)
Interest-bearing bank and other borrowings		(181,250)
Government grants	*33*	(139,818)
Deferred revenue		(31,910)
Tax payables		(41,497)
Non-controlling interest		(2,593)
		(254,318)
Deemed contribution by equity holders		264,218
Satisfied by:		
Amount due from a related party		9,900

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2010
	RMB'000
Cash consideration	–
Cash and bank balances disposed of	(30,479)
Net outflow of cash and cash equivalents In respect of the disposal of a subsidiary	(30,479)

II. NOTES TO THE FINANCIAL INFORMATION (continued)

37. DISPOSAL OF SUBSIDIARIES (continued)

In January and August 2012, the Group disposed of its subsidiaries, 青島海洋極地物業有限公司 ("Qingdao Property") and Sanya Development, at considerations of RMB500,000 and RMB20,000,000, respectively.

	2012
	RMB'000
Net assets disposed of:	
Cash and bank balances	615
Other receivables	179
Amount due from related companies	725,654
Properties under development *(note 21)*	296
Other payables and accruals	(6,977)
Interest-bearing bank and other borrowings	(768,097)
	(48,330)
Deemed contribution by the shareholder	68,830
Satisfied by:	
Amount due from a related company	20,500

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2012
	RMB'000
Cash consideration	–
Cash and bank balances disposed of	(615)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(615)

38. MAJOR NON-CASH TRANSACTION

During the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 and 2013, the Group capitalized of borrowing costs of RMB37,864,000, RMB33,132,000, RMB68,332,000, RMB53,361,000 and RMB63,103,000 and the corresponding amounts of increase in the properties under development, which did not result in cash flows.

39. CONTINGENT LIABILITIES

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties*	92,087	121,717	126,075	110,516
Guarantees given to banks in connection with facilities granted to the related companies**	299,983	69,483	496,582	584,201
	392,070	191,200	622,657	694,717

II. NOTES TO THE FINANCIAL INFORMATION (continued)

39. CONTINGENT LIABILITIES (continued)

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

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

** The Group provided guarantees to banks in connection with bank facilities granted to the related companies and the directors consider that no provision is required in respect of the guarantees.

40. OPERATING LEASE COMMITMENTS

(a) As lessor

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

At the end of each of the Relevant Periods, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	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
	144,539	182,392	184,159	181,623

(b) As lessee

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

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

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

II. NOTES TO THE FINANCIAL INFORMATION (continued)

41. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 40 above, the Group had the following capital commitments at the end of each of the Relevant Periods:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	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
	563,009	827,238	533,945	392,788

42. RELATED PARTY TRANSACTIONS AND BALANCES

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

Name of related party	Relationship with the Group
Mr. Qu	Shareholder of the Company
程春萍 ("Mrs. Cheng")	Wife of Mr. Qu and shareholder of the Company
曲乃強 ("Qu Naiqiang")	Brother of Mr. Qu and director of the Company
曲乃生 ("Qu Naisheng")	Brother of Mr. Qu
李昕 ("Li Xin")	Chief financial controller of the Company
Haichang Corporation Development	Mr. Qu and Mrs. Cheng are beneficial equity holders
天津海昌房地產開發有限公司 ("Tianjing Haichang Property")	Mr. Qu and Mrs. Cheng are beneficial equity holders
天津極地海洋置業有限公司 ("Tianjing Pole Ocean Property")	Mr. Qu and Mrs. Cheng are beneficial equity holders
Haichang Group	Mr. Qu and Mrs. Cheng are beneficial equity holders
Haichang Property Group	Mr. Qu and Mrs. Cheng are beneficial equity holders
成都海昌置業有限公司 ("Chengdu Haichang Property")	Mr. Qu and Mrs. Cheng are beneficial equity holders
大連海昌房屋開發有限公司 ("Haichang Property Development")	Mr. Qu and Mrs. Cheng are beneficial equity holders
武漢物業管理有限公司 ("Wuhan Property Management ")	Mr. Qu and Mrs. Cheng are beneficial equity holders
大連東方水城發展有限公司 ("Water Town")	Mr. Qu and Mrs. Cheng are beneficial equity holders
武漢創富房地產開發有限公司 ("Wuhan Chuangfu")	Mr. Qu and Mrs. Cheng are beneficial equity holders
成都融信置地有限公司 ("Chengdu Rongxin Property")	Mr. Qu and Mrs. Cheng are beneficial equity holders
香港海昌置業有限公司 ("Haichang Land")	Mr. Qu and Mrs. Cheng are beneficial equity holders
SAS LAMONT ("SAS LAMONT")	Mr. Qu and Mrs. Cheng are beneficial equity holders
Sea-rich Oil (Singapore) Pte. Ltd ("Sea-rich Oil")	Mr. Qu and Mrs. Cheng are beneficial equity holders
Dalian Lianyun	Mr. Qu and Mrs. Cheng are beneficial equity holders
Hong Kong Oriental Investment (Holding) Limited ("HK East investment")	Mr. Qu and Mrs. Cheng are beneficial equity holders
大連海昌電子工程有限公司 ("Haichang Electronic")	Mr. Qu and Mrs. Cheng are beneficial equity holders
龐大歐力士汽車租賃有限公司 ("Orix Lease")	A company of which is a joint venture of a shareholder of the Company
大連海昌商業運營管理有限公司 ("Haichang Business Operation Management")	Mr. Qu and Mrs. Cheng are beneficial equity holders
大連海昌置地逸城房地開發有限公司 ("Haichang Yicheng")	Mr. Qu and Mrs. Cheng are beneficial equity holders
大連拉蒙酒業有限公司 ("Dalian LAMONT")	Mr. Qu and Mrs. Cheng are beneficial equity holders
煙台海昌物業管理有限公司 ("Yantai Property Management")	Mr. Qu and Mrs. Cheng are beneficial equity holders

II. NOTES TO THE FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties:

	Notes	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Expenses paid on behalf of a related company:						
Chengdu Rongxin Property	*(a)(i)*	–	301	201	–	577
Expenses paid on behalf by related companies:						
Haichang Corporation Development	*(a)(ii)*	–	6,100	–	–	–
Haichang Land	*(a)(ii)*	–	–	943	943	–
SAS LAMONT	*(a)(ii)*	–	–	1,257	1,257	–
		–	6,100	2,200	2,200	–
Purchase of property, plant and equipment:						
Orix Lease	*(a)(iii)*	–	–	–	–	4,644
Tianjing Pole Ocean Property	*(a)(iii)*	7,841	200	–	–	–
		7,841	200	–	–	4,644
Purchase of properties:						
Haichang Property Development	*(a)(iv)*	–	–	–	–	88,603
Sales of property, plant and equipment to a related company:						
Haichang Property Development	*(a)(v)*	–	23,000	30,000	30,000	–
Management fee income:						
Wuhan Property Management	*(a)(vi)*	–	–	–	–	1,260
Rental income:						
Haichang Corporation Development	*(a)(vii)*	–	–	–	–	1,528
Interest expense:						
Haichang Corporation Development	*(a)(viii)*	–	40,895	99,655	85,113	33,075
Interest income:						
Haichang Group	*(a)(ix)*	–	31,816	81,318	43,437	83,705
Haichang Corporation Development*	*36(c)*	–	–	42,420	30,582	39,352

* Being interest income from loan to Haichang Corporation Development under effective interest rate method.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

(i) During the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 and 2013, the Group paid nil, RMB301,000, RMB201,000, nil and RMB577,000, respectively, for expenses on behalf of Chengdu Rongxin Property on an actual incurred basis.

(ii) During the year ended 31 December 2011, Haichang Corporation Development paid RMB6,100,000 for expenses on behalf of the Group.

During the year ended 31 December 2012 and the nine months ended 30 September 2012, Haichang Land paid RMB943,000 and RMB943,000 for expenses on behalf of the Group, respectively.

During the year ended 31 December 2012 and the nine months ended 30 September 2012, SAS LAMONT paid RMB1,257,000 and RMB1,257,000 for expenses on behalf of the Group, respectively.

(iii) During the years ended 31 December 2010 and 2011 and the nine months ended 30 September 2013, the Group purchased certain plant and equipment from Tianjing Pole Ocean Property, Tianjing Pole Ocean Property and Orix Lease with considerations of RMB7,841,000, RMB200,000 and RMB4,644,000, respectively.

The purchases from Tianjing Pole Ocean Property and Orix Lease were made on prices and conditions as mutually agreed.

(iv) During the year ended 31 December 2012, the Group entered into an agreement with Haichang Property Development to purchase certain properties from Haichang Property Development with a consideration of RMB88,603,000. The Group has fully paid the amount during the year ended 31 December 2012 and the property was delivered to the Group during the nine months ended 30 September 2013.

The properties from Haichang Property Development were made on prices and conditions as mutually agreed.

(v) During the year ended 31 December 2012 and the nine months ended 30 September 2013, Haichang Property Development entered into an agreement with the Group to purchase certain properties from the Group with a total consideration of RMB30,000,000.

During the year ended 31 December 2011, Haichang Property Development entered into an agreement with the Group to purchase certain properties from the Group with a total consideration of RMB23,000,000.

The Group's properties sold to Haichang Property Development were made on prices and conditions as mutually agreed.

(vi) During the year ended 31 December 2012, Wuhan Property Management entered into a property management agreement with the Group whereby Wuhan Property Management engaged the Group to provide property management service for RMB1,680,000 per annum for a 12 month period commencing from 1 January 2013. During the nine months ended 30 September 2013, management fee income from Wuhan Property Management was RMB1,260,000.

The management fee received was agreed between the Group and Wuhan Property Management.

(vii) The Group leased out office space to Haichang Corporation Development for RMB382,000 per month for a seven month period commencing from 1 June 2013. Rental income for the nine months ended 30 September 2013 from Haichang Corporation Development was RMB1,528,000.

In the opinion of the Directors of the Company, the transactions between the Group and Haichang Corporation Development were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

(viii) Dalian Haichang Corporation Development granted a loan to the Group through certain bank amounting to nil, RMB660,000,000, RMB583,000,000 and nil as at 31 December 2010, 2011 and 2012 and 30 September 2013 which bear interest at nil, 15.00%, 15.00% and nil per annum, respectively, and repayable in one year.

(ix) The Group granted a loan to Haichang Group amounting to nil, RMB560,000,000, RMB1,030,000,000 and RMB530,000,000 at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively. Details of which are set out in note 26 to the Financial Information.

During 2011 and 2012, the Group received interest income in the aggregate amount of approximately RMB61.2 million from Haichang Group in respect of certain advances provided by the Group to Haichang Group directly without using legally permitted entrustment loans through banks. Under the relevant PRC laws, the Group is not allowed to provide loans to its related company directly. The interest income received by the Group may be forfeited by the relevant government authorities and the Group may be subject to a fine of no more than five times the interest income. Having taken into account the Company's legal counsel advice, the Directors of the Company are of opinion that the payment of penalty is remote and no provision is required. As at 30 September 2013, the loans in have been converted into legally permitted entrustment loans granted by the Group through banks.

(x) Water Town pledged its buildings for bank loans of nil, nil, RMB500,000,000 and nil granted to the Group at 31 December 2010, 2011 and 2012 and 30 September 2013 at nil consideration (note 31(ii)), respectively.

Wuhan Chuangfu pledged its leasehold land interest for bank loans of nil, RMB100,000,000, RMB90,000,000 and nil granted to the Group at 31 December 2010, 2011 and 2012 and 30 September 2013 at nil consideration (note 31(ii)), respectively.

(xi) Haichang Corporation Development executed guarantees for bank loans amounting to RMB1,013,020,000, RMB1,695,000,000, RMB1,276,000,000 and RMB802,000,000 as at 31 December 2010, 2011 and 2012 and 30 September 2013 granted to the Group at nil consideration, respectively (note 31(iii)).

Haichang Group and Mr. Qu executed guarantees for bank loans amounting to RMB30,000,000, RMB30,000,000, RMB30,000,000 and RMB30,000,000 as at 31 December 2010, 2011 and 2012 and 30 September 2013 granted to the Group at nil consideration, respectively (note 31(iii)).

Haichang Corporation Development and Haichang Group executed guarantees jointly for bank loans amounting to nil, nil, RMB101,800,000 and RMB101,800,000 as at 31 December 2010, 2011 and 2012 and 30 September 2013 granted to the Group at nil consideration, respectively (note 31(iii)).

(xii) The Group pledged its investment properties amounting to RMB151,980,000, RMB30,116,000, nil and nil for the loans granted to Haichang Corporation Development at 31 December 2010, 2011 and 2012 and 30 September 2013 (note 15) at nil consideration, respectively.

The Group pledged its leasehold land interest amounting to RMB71,814,000, nil, nil and nil for the loans granted to Haichang Corporation Development at 31 December 2010, 2011 and 2012 and 30 September 2013 (note 16) at nil consideration, respectively.

The Group pledged its properties under development amounting to RMB76,189,000, RMB39,367,000, RMB496,582,000 and RMB296,977,000 for the loans granted to Haichang Corporation Development at 31 December 2010, 2011 and 2012 and 30 September 2013 (note 21) at nil consideration, respectively.

The Group pledged their properties under development amounting to nil, nil, nil and RMB287,224,000 for the company loans granted to Haichang Group as at 31 December 2010, 2011 2012, and 30 September 2013 (note 21) at nil consideration, respectively.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

(xiii) The finance lease payables amounting to nil, RMB128,299,000, RMB88,130,000, RMB155,372,000 at 31 December 2010, 2011 and 2012 and 30 September 2013 were guaranteed by Haichang Group and Haichang Corporation Development at nil consideration, respectively (note 32).

(xiv) On 24 January 2014, Haichang Enterprise Development and the Group entered into a project management framework agreement (the "Project Management Framework Agreement") , pursuant to which Group will provide project management and quality control services for the real estate projects of Haichang Enterprise Development in China from the listing date to 31 December 2015.

(xv) Pursuant to a share subscription agreement dated 24 May 2012 entered into between the Company, Haichang Group Limited, Mr. Qu and Time Dynasty Limited ("Time Dynasty," a company incorporated in the British Virgin Islands), the Company issued 14,391,996 shares of US$0.0001 each for a consideration of US$80,500,000 ("Time Dynasty Agreement").

Pursuant to a share subscription agreement dated 13 July 2012 entered into between the Company, ORIX (China) Investment Company Limited ("Orix," a company established in the PRC), Oriental Camellia Investment Limited ("Oriental Camellia"), a wholly owned subsidiary of Orix, the Company issued 15,000,000 shares of US$0.0001 each ("Orix Agreement") to Oriental Camellia at par.

As covenants in relation to the restructuring plan as contemplated in the Orix Agreement and the Time Dynasty Agreement, after the completion of acquisition of Discoveryland by the Group, the equity holder of Discoveryland and/or their affiliates shall repay to the Company such amount that equals to the cash payment received by them in connection with the sale of Discoveryland as consideration for their equity interest therein, as deferred payment of the initial subscription premium of Mr. Qu's beneficial shares.

As covenants in relation to the restructuring plan as contemplated in the Orix Agreement and Time Dynasty Agreement, after the completion of the acquisition of Chongqing Caribbean by the Group, the equity holder of Chongqing Caribbean and/or his affiliates shall repay to the Company such amount that equals to the cash payment received by them in connection with the sale of Chonging Caribbean as consideration for their equity interest therein, as deferred payment of the initial subscription premium of Mr. Qu's beneficial shares.

To the extent that the acquisitions of Discoveryland and Chongqing Caribbean cannot be completed before the end of 2014, Mr. Qu and the Company shall indemnify Time Dynasty and Oriental Camellia and their affiliates for losses, if any, incurred to foregoing investors. Such indemnification is subject to various limitations specified in the Orix Agreement and the Time Dynasty Agreement and the maximum liability of Mr. Qu and the Company shall not exceed 20% of the total share purchase price as specified in the Orix Agreement.

(xvi) In September 2013 and in October 2013, the Group entered into an agreement with Haichang Group to transfer 46 and 15 trademarks from Haichang Group to the Group at nil consideration, respectively.

(xvii) On 25 August 2012, six indemnification agreements were entered into between Mr. Qu Naijie, Mr. Qu Naiqiang, Mr. Makoto Inoue, Mr. Zhao Wenjing, Mr. Wang Xuguang and Mr. Yuan Bing and the Company, respectively, pursuant to which which the Company agreed to indemnify each of Mr. Qu Naijie, Mr. Qu Naiqiang, Mr. Makoto Inoue, Mr. Zhao Wenjing, Mr. Wang Xuguang and Mr. Yuan Bing, respectively, against certain losses and expenses in relation to their services as directors.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with related companies

The Group had the following balances with its related parties at the end of each of the Relevant Periods:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Due from the ultimate holding company				
Haichang Group Limited	–	–	–	615
Due from related companies				
Haichang Corporation Development	865,142	2,398,246	1,203,964	1,441,989
Haichang Group	302,758	644,344	1,168,276	639,340
Dalian Lian Yun	6,300	6,300	6,300	6,300
Haichang Property Group	1,066	–	20,000	20,000
Haichang Property Development	3,691	–	82,960	–
Tianjin Haichang Property	–	1,066	1,066	1,066
Chengdu Rongxin Property	–	301	502	577
Wuhan Property Management	–	–	158	–
HK East investment	–	–	–	5,533
Haichang Electronic	–	–	–	70,000
Sea Rich Oil	–	–	–	614
Haichang Business Operation Management	–	–	–	819
Yantai Property Management	–	–	–	372
Chengdu Haichang Property	–	–	34	–
	1,178,957	3,050,257	2,483,260	2,186,610
Due from related parties				
Qu Naiqiang	1,000	–	–	–
Qu Naisheng	1,000	–	–	–
Li Xin	800	–	–	–
	2,800	–	–	–
Due from a non-controlling equity holder				
大連老虎灘海洋公園有限公司 ("Hutan Park")	56,897	75,555	52,675	58,977
Due to related companies				
Haichang Corporation Development	854,666	772,833	750,884	1,071,277
Haichang Group	5,187	5,187	2,632	6,193
Haichang Property Development	–	–	–	4,781
Wuhan Property Management	–	–	–	1,960
Sea Rich Oil	195,899	–	41,608	68,689
Dalian Lianyun	–	–	–	8,000
Tianjin Pole Ocean Property	7,841	8,041	7,965	7,965
SAS LAMONT	–	–	1,257	1,230
Dalian LAMONT	–	–	1,977	1,977
Haichang Land	–	–	943	922
	1,063,593	786,061	807,266	1,172,994
Due to a related party				
Mr. Qu	818	–	–	–

II. NOTES TO THE FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with related companies (continued)

The maximum amounts outstanding during the years ended 31 December 2010, 2011 and 2012 and nine months ended 30 September 2013 pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Due from related companies				
Haichang Corporation Development	865,142	2,398,246	2,398,246	1,441,989
Haichang Group	302,758	644,344	1,168,276	1,168,276
Dalian Lian Yun	6,300	6,300	6,300	6,300
Haichang Property Development	3,691	3,691	82,960	82,960
Haichang Property Group	1,066	1,066	20,000	20,000
Tianjin Haichang Property	–	1,066	1,066	1,066
Chengdu Rongxin Property	–	301	502	577
Wuhan Property Management	–	–	158	158
HK East investment	–	–	–	5,561
Haichang Electronic	–	–	–	70,000
Orix Lease	–	–	–	229
Haichang Business Operation Management	–	–	–	819
Yantai Property Management	–	–	–	372
Sea Rich Oil	–	–	–	614
Chengdu Haichang Property	–	–	34	34
	1,178,957	3,055,014	3,677,542	2,798,955
Other Loans				
Haichang Corporation Development	–	660,000	583,000	–
Due from related parties				
Qu Naiqiang	1,000	–	–	–
Qu Naisheng	1,000	–	–	–
Li Xin	800	–	–	–
	2,800	–	–	–

II. NOTES TO THE FINANCIAL INFORMATION (continued)

42. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with related companies (continued)

The Company had the following balances with its related parties at the end of the reporting period:

	31 December		30 September
	2011	2012	2013
	RMB'000	RMB'000	RMB'000
Due from the ultimate holding company			
Haichang Group Limited	–	–	615
Due from subsidiaries			
Haichang Asia	–	–	615
Haichang Hong Kong	–	491,794	480,486
	–	491,794	481,101
Due to related companies			
Haichang Land	–	943	922
SAS LAMONT	–	1,257	1,230
	–	2,200	2,152

Further details of the amounts with the ultimate holding company/related companies/related parties/ a non-controlling equity holder are set out in note 26.

The Company's amounts due from subsidiaries and amounts due to related companies are unsecured, interest free and repayable on demand.

(c) Compensation to the key management

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Emoluments	–	–	–	–	–
Salaries, allowances, bonuses, benefits and other expenses	–	–	–	–	352
Post employment benefit	–	–	–	–	18
	–	–	–	–	370

II. NOTES TO THE FINANCIAL INFORMATION (continued)

43. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

31 December 2010

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	**RMB'000**	**RMB'000**
Financial assets included in prepayments, deposits and other receivables *(note 25)*	28,024	–	28,024
Available-for-sale investments	–	19,170	19,170
Trade and bills receivables	114,008	–	114,008
Due from related companies	1,178,957	–	1,178,957
Due from related parties	2,800	–	2,800
Due from a non-controlling equity holder	56,897	–	56,897
Pledged deposits	2,582	–	2,582
Cash and cash equivalents	107,067	–	107,067
	1,490,335	19,170	1,509,505

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals *(note 29)*	137,398
Interest-bearing bank and other borrowings	1,121,439
Trade and bills payables	634,689
Due to a related party	818
Due to related companies	1,063,593
	2,957,937

II. NOTES TO THE FINANCIAL INFORMATION (continued)

43. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The Group (continued)

31 December 2011

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, deposits and other receivables *(note 25)*	43,084	–	43,084
Available-for-sale investments	–	19,170	19,170
Trade and bills receivables	16,818	–	16,818
Due from related companies	3,050,257	–	3,050,257
Due from a non-controlling equity holder	75,555	–	75,555
Pledged deposits	3,632	–	3,632
Cash and cash equivalents	115,545	–	115,545
	3,304,891	19,170	3,324,061

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals *(note 29)*	230,036
Interest-bearing bank and other borrowings	4,111,132
Trade and bills payables	564,380
Due to related companies	786,061
	5,691,609

II. NOTES TO THE FINANCIAL INFORMATION (continued)

43. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The Group (continued)

31 December 2012

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, deposits and other receivables *(note 25)*	54,148	–	54,148
Available-for-sale investments	–	199,352	199,352
Trade and bills receivables	17,955	–	17,955
Due from related companies	2,483,260	–	2,483,260
Due from a non-controlling equity holder	52,675	–	52,675
Pledged deposits	2,286	–	2,286
Cash and cash equivalents	404,040	–	404,040
	3,014,364	199,352	3,213,716

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals *(note 29)*	174,539
Interest-bearing bank and other borrowings	3,843,247
Trade and bills payables	492,745
Due to related companies	807,266
	5,317,797

II. NOTES TO THE FINANCIAL INFORMATION (continued)

43. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The Group (continued)

30 September 2013

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, deposits and other receivables *(note 25)*	50,385	–	50,385
Available-for-sale investments	–	19,370	19,370
Trade and bills receivables	18,933	–	18,933
Due from the ultimate holding company	615	–	615
Due from related companies	2,186,610	–	2,186,610
Due from a non-controlling equity holder	58,977	–	58,977
Pledged deposits	2,291	–	2,291
Cash and cash equivalents	590,706	–	590,706
	2,908,517	19,370	2,927,887

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals *(note 29)*	174,546
Interest-bearing bank and other borrowings	3,513,291
Trade and bills payables	375,290
Due to related companies	1,172,994
	5,236,121

II. NOTES TO THE FINANCIAL INFORMATION (continued)

43. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The Company

31 December 2011

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Other payables	57

31 December 2012

Financial assets

	Loans and receivables
	RMB'000
Due from subsidiaries	491,794
Cash and cash equivalents	2,550
	494,344

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Other payables	57
Due to related companies	2,200
	2,257

30 September 2013

Financial assets

	Loans and receivables
	RMB'000
Due from the ultimate holding company	615
Due from related companies	481,101
Cash and cash equivalents	684
	482,400

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Other payables	56
Due to related companies	2,152
	2,208

II. NOTES TO THE FINANCIAL INFORMATION (continued)

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

31 December 2011

Financial liabilities

	Carrying amount	Fair value
	RMB'000	RMB'000
Finance lease payables	128,299	128,401

31 December 2012

Financial assets

	Carrying amount	Fair value
	RMB'000	RMB'000
Available-for-sale investments	180,182	180,182

Financial liabilities

	Carrying amount	Fair value
	RMB'000	RMB'000
Financial lease payables	88,130	94,419

30 September 2013

Financial assets

	Carrying amount	Fair value
	RMB'000	RMB'000
Available-for-sale investments	200	200

Financial liabilities

	Carrying amount	Fair value
	RMB'000	RMB'000
Finance lease payables	159,524	160,826

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from related companies, an amount due from the ultimate holding company, amounts due from related parties, an amount due from a non-controlling equity holder, an amount due to a related party and amounts due to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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

The fair values of the finance lease payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for finance lease payables as at 31 December 2010, 2011 and 2012 and 30 September 2013 was assessed to be insignificant.

The fair values of unlisted available-for-sale investments have been estimated using a discounted cash flow valuation model based on assumptions that are supported by observable market prices or rates. The valuation requires the directors to make estimates about the expected future cash flows from future proceeds when maturity. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the combined statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

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

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value :

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Available for sale investment.	–	180,182	–	180,182

As at 30 September 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Available for sale investment.	–	200	–	200

II. NOTES TO THE FINANCIAL INFORMATION (continued)

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 31 December 2011

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Finance lease payables	–	128,299	–	128,299

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Finance lease payables	–	88,130	–	88,130

As at 30 September 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Finance lease payables	–	159,524	–	159,524

During the year ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, due from/to related parties, due from the ultimate holding company, due from/to related companies, due from a non-controlling equity holder, available-for-sale investments, cash and bank balances and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, trade and bills payables, other receivables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings set out in note 31. The Group has not used any interest rate swaps to hedge its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no impact on the Group's equity, other than retained earnings.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax
		RMB'000
For the year ended 31 December 2010	100	(8,115)
	(100)	8,115
For the year ended 31 December 2011	100	(25,185)
	(100)	25,185
For the year ended 31 December 2012	100	(19,061)
	(100)	19,061
For the nine months ended 30 September 2012	100	(9,705)
	(100)	9,705
For the nine months ended 30 September 2013	100	(21,450)
	(100)	21,450

Foreign currency risk

The Group's businesses are located in Mainland China and nearly all transactions are conducted in RMB, except capital injections from shareholders which have been settled into RMB sooner after the receipt date. All of the Group's assets and liabilities are denominated in RMB. Accordingly, the Group is not subject to significant foreign currency risk exposure.

Credit risk

There are no significant concentrations of credit risk within the Group. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits, trade and bills receivables, deposits and other receivables, amounts due from related companies/related parties arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank loans and other borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, was as follows:

	31 December 2010					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	–	18,580	352,863	460,556	978,584	1,810,583
Trade and bills payables	634,689	–	–	–	–	634,689
Other payables and accruals	137,398	–	–	–	–	137,398
Due to a related party	818	–	–	–	–	818
Due to related companies	1,063,593	–	–	–	–	1,063,593
	1,836,498	18,580	352,863	460,556	978,584	3,647,081

	31 December 2011					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Finance lease payables	–	11,865	35,597	104,985	–	152,447
Interest-bearing bank borrowings	–	116,317	1,895,800	1,926,885	1,870,086	5,809,088
Trade and bills payables	564,380	–	–	–	–	564,380
Other payables and accruals	230,036	–	–	–	–	230,036
Due to related companies	786,061	–	–	–	–	786,061
	1,580,477	128,182	1,931,397	2,031,870	1,870,086	7,542,012

	31 December 2012					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Finance lease payables	–	15,711	47,133	41,154	–	103,998
Interest-bearing bank borrowings	–	161,076	1,786,660	2,034,982	1,431,821	5,414,539
Trade and bills payables	492,745	–	–	–	–	492,745
Other payables and accruals	174,539	–	–	–	–	174,539
Due to related companies	807,266	–	–	–	–	807,266
	1,474,550	176,787	1,833,793	2,076,136	1,431,821	6,993,087

II. NOTES TO THE FINANCIAL INFORMATION (continued)

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	30 September 2013					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Finance lease payables	–	31,694	95,082	130,460	–	257,236
Interest-bearing bank borrowings	–	69,211	1,192,545	1,937,820	799,927	3,999,503
Trade and bills payables	375,290	–	–	–	–	375,290
Other payables and accruals	174,546	–	–	–	–	174,546
Due to related companies	1,172,994	–	–	–	–	1,172,994
	1,722,830	100,905	1,287,627	2,068,280	799,927	5,979,569

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise equity holders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the Relevant Periods.

The Group monitors capital using a net debt to total equity ratio. Net debt includes interest-bearing bank and other borrowings, amounts due to related companies, less cash and cash equivalents and amount due from related companies. The gearing ratios as at the end of the reporting periods were as follows:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	1,121,439	4,111,132	3,843,247	3,513,291
Due to the related companies	1,063,593	786,061	807,266	1,172,994
Less: Due from related companies	(1,178,957)	(3,050,257)	(2,483,260)	(2,186,610)
Less: Cash and cash equivalents	(107,067)	(115,545)	(404,040)	(590,706)
Net debt	899,008	1,731,391	1,763,213	1,908,969
Total equity	941,115	663,191	1,143,860	1,187,432
Net debt to total equity ratio	96%	261%	154%	161%

II. NOTES TO THE FINANCIAL INFORMATION (continued)

46. SUBSEQUENT EVENTS

In February 2014, the Group entered into a debt transfer agreement with Sea-rich Oil and Haichang Group, for which, Sea-rich Oil agreed to transfer its receivable of RMB862,000 from the Group to Haichang Group.

In February 2014, the Group entered into a debt transfer agreement with Haichang Land and HK East Investment, for which, Haichang Land agreed to transfer its receivable of US$150,000 due from the Group to HK East Investment.

In February 2014, the Group entered into a debt transfer agreement with Sea-rich Oil and HK East Investment, for which, Sea-rich agreed to transfer its receivable of US$10,160,000 from the Group to HK East Investment.

Subsequent to 30 September 2013, the balance of amounts due from the related companies, an amount due from a non-controlling equity holder, amounts due to the related companies as at 30 September 2013 have been substantially settled.

In January 2014, the Group entered into purchase and sales agreements in relation to the purchase of 17 properties from 大連世博房地產開發有限公司, a company of which Mr. Qu has indirect beneficial interest as an equity holder, for a total consideration of RMB278,756,000.

In February 2014, the Company increased its authorised share capital from US$50,000 divided into 500,000,000 shares of US$0.0001 each to 5,000,000,000 shares of US$0.00001 each by the creation of 4,500,000,000.

47. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or its subsidiaries in respect of any period subsequent to 30 September 2013.

Yours faithfully
Ernst & Young

Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

28 February 2014

The Directors
Haichang Holdings Ltd.
BNP Paribas Securities (Asia) Limited
Merrill Lynch Far East Limited

Dear Sirs,

We set out below our report on the financial information of 大連海昌發現王國主題公園有限公司 ("Discoveryland") comprising the statements of profit or loss and comprehensive income, statements of changes in equity and statements of cash flows of Discoveryland for each of the three years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 (the "Relevant Periods"), and the statements of financial position of Discoveryland as at 31 December 2010, 2011 and 2012 and 30 September 2013, together with the notes thereto (the "Discoveryland Financial Information"), and the comparative statements of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows of Discoveryland for the nine months ended 30 September 2012 (the "Discoveryland Interim Comparative Information"), prepared on the basis of presentation set out in note 1.3 of Section II below, for inclusion in the prospectus of Haichang Holdings Ltd dated 28 February 2014 (the "Prospectus") in connection with the listing of the shares of Haichang Holdings Ltd. on the Main Board of The Stock Exchange of Hong Kong Ltd. (the "Stock Exchange").

Discoveryland was established in the People's Republic of China (the "PRC") as a sino-foreign equity joint venture enterprise on 28 May 2012. The principal activities of Discoveryland are the operation of an entertainment theme park, sale of goods, restaurant and hotel operations.

Pursuant to an agreement entered into on 24 September 2013 between Haichang Holding (Asia) Ltd. ("Haichang Asia"), Orix Investment (China) Co., Ltd. ("Orix China"), 大連海昌集團有限公司("Haichang Group") and Haichang Holdings (Hong Kong) Ltd. ("Haichang Holding HK"), as detailed in the paragraph headed "Our Reorganization" in the section of "History, Reorganization and Corporate Structure" in the Prospectus, Haichang Holding HK, a subsidiary of Haichang Holding Limited, will acquire the entire equity interest in Discoveryland.

Prior to its establishment, Discoveryland is a branch of 大連海昌企業發展有限公司 ("Haichang Corporation Development") carrying out its operations. Pursuant to a demerger exercise as approved by the local government authorities, Discoveryland was demerged from Haichang Corporation Development and registered as a separate legal entity.

No statutory financial statements of Discoveryland has been audited for the year ended 31 December 2012 as it was newly established in 2012.

For the purpose of this report, the directors of Discoveryland have prepared the Discoveryland's financial statements for each of the Relevant Periods (the "Discoveryland Underlying Financial Statements") as if Discoveryland had been established since the beginning of the Relevant Periods. The Discoveryland Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. The Discoveryland Underlying Financial Statements for each of the three years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "IAASB").

The Discoveryland Financial Information set out in this report has been prepared from the Discoveryland Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The directors of Discoveryland are responsible for the preparation of the Discoveryland Underlying Financial Statements, the Discoveryland Financial Information and the Discoveryland Interim Comparative Information that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of the Discoveryland Underlying Financial Statements, the Discoveryland Financial Information and the Discoveryland Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion and a review conclusion on the Discoveryland Financial Information and the Discoveryland Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Discoveryland Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

We have also performed a review of the Discoveryland Interim Comparative Information in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the IAASB. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Discoveryland Interim Comparative Information.

Opinion in respect of the Discoveryland Financial Information

In our opinion, for the purpose of this report and on the basis of presentation set out in note 1.3 of Section II below, the Discoveryland Financial Information gives a true and fair view of the state of affairs of Discoveryland as at 31 December 2010, 2011, and 2012 and 30 September 2013 and of the results and cash flows of Discoveryland for each of the Relevant Periods.

Review conclusion in respect of the Discoveryland Interim Comparative Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Discoveryland Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Discoveryland Financial Information.

I. FINANCIAL INFORMATION

Statements of profit or loss and comprehensive income

	Notes	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
REVENUE	5	150,128	183,603	189,332	174,741	196,710
Cost of sales		(117,737)	(123,346)	(136,419)	(114,119)	(118,138)
GROSS PROFIT		32,391	60,257	52,913	60,622	78,572
Other income	6	5,380	9,788	7,418	1,486	1,838
Selling and marketing expenses		(13,498)	(12,533)	(13,247)	(11,111)	(10,690)
Administrative expenses		(20,919)	(32,528)	(29,460)	(18,434)	(22,248)
Other expenses		(155)	(260)	(249)	(161)	(158)
PROFIT BEFORE TAX	7	3,199	24,724	17,375	32,402	47,314
Income tax expense	10	(20)	–	(2,300)	(6,057)	(11,783)
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		3,179	24,724	15,075	26,345	35,531
Attributable to:						
Owners of the parent		3,179	24,724	15,075	26,345	35,531

I. FINANCIAL INFORMATION (continued)

Statements of financial position

	Notes	As of 31 December 2010	As of 31 December 2011	As of 31 December 2012	As of 30 September 2013
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	*11*	744,050	704,150	684,489	651,773
Prepaid land lease payments	*12*	61,901	59,985	57,990	56,494
Intangible assets	*13*	7,330	6,490	8,672	7,803
Total non-current assets		813,281	770,625	751,151	716,070
CURRENT ASSETS					
Inventories	*14*	6,677	6,631	5,878	8,457
Due from fellow subsidiaries	*18,24(b)*	–	–	–	9,329
Trade receivables	*15*	1,003	256	798	5,179
Prepayments, deposits and other receivables	*16*	5,165	9,023	3,232	4,091
Cash and cash equivalents	*17*	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	*18,24(b)*	74,887	79,317	79,317	78,626
Due to a fellow subsidiary	*18,24(b)*	166,951	94,432	42,983	–
Trade payables	*19*	26,573	9,852	15,751	10,067
Other payables and accruals	*20*	5,990	6,829	8,711	12,309
Advances from customers	*21*	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					
Equity attributable to owners of the parent					
Paid up capital	*22*	413,211	413,211	413,211	413,211
Reserves		160,082	184,806	202,181	249,495
TOTAL EQUITY		**573,293**	**598,017**	**615,392**	**662,706**

I. FINANCIAL INFORMATION (continued)

Statements of changes in equity

	Attributable to owners of the parent			
	Paid up capital	Capital reserve	(Accumulated losses)/retained earnings	Total equity
	RMB'000 (note 23)	RMB'000 (note 23)	RMB'000	RMB'000
At 1 January 2010	413,211	210,354	(53,451)	570,114
Profit and total comprehensive income for the year	–	–	3,179	3,179
At 31 December 2010 and 1 January 2011	413,211	210,354*	(50,272)*	573,293
Profit and total comprehensive income for the year	–	–	24,724	24,724
At 31 December 2011 and 1 January 2012	413,211	210,354*	(25,548)*	598,017
Profit and total comprehensive income for the year	–	–	15,075	15,075
Deemed contribution	–	2,300**	–	2,300
At 31 December 2012 and 1 January 2013	413,211	212,654*	(10,473)*	615,392
Profit and total comprehensive income for the period	–	–	35,531	35,531
Deemed contribution	–	11,783**	–	11,783
At 30 September 2013	413,211	224,437*	25,058*	662,706
At 1 January 2012	413,211	210,354	(25,548)	598,017
Profit and total comprehensive income for the period	–	–	26,345	26,345
Deemed contribution	–	6,057**	–	6,057
At 30 September 2012 (unaudited)	413,211	216,411*	797*	630,419

* These reserve accounts represent the total reserves of RMB160,082,000, RMB184,806,000, RMB202,181,000, RMB217,208,000 and RMB249,495,000 in the statements of financial position as at 31 December 2010, 2011 and 2012 and 30 September 2012 and 2013, respectively.

** The balance represents corporate income tax attributable to the business of Discoveryland prior to completing its demerger from Haichang Corporation Development as a deemed contribution.

I. FINANCIAL INFORMATION (continued)

Statements of cash flows

	Notes	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		3,199	24,724	17,375	32,402	47,314
Adjustments for:						
Depreciation of property, plant and equipment	11	49,662	47,397	47,878	36,079	37,256
Amortisation of intangible assets	13	782	920	1,028	718	934
Loss on disposal of items of property, plant and equipment		10	51	111	16	–
Amortisation of prepaid land lease payments	12	2,074	1,995	1,995	1,496	1,496
Impairment/(reversal) of impairment of trade receivables	15	40	(214)	–	–	–
Interest income	6	(63)	(86)	(53)	(45)	(45)
		55,704	74,787	68,334	70,666	86,955
(Increase)/decrease in inventories		(1,601)	46	753	(1,451)	(2,579)
(Increase)/decrease in trade receivables		(20)	961	(542)	(4,212)	(4,381)
(Increase)/decrease in prepayments, deposits and other receivables		(485)	(3,937)	5,791	5,198	(859)
(Decrease)/increase in trade payables		(16,048)	(16,721)	5,899	(2,795)	(5,684)
(Decrease)/increase in other payables and accruals		(22,451)	839	1,882	4,109	3,598
Increase/(decrease) in advances from customers		215	112	(86)	339	894
		15,314	56,087	82,031	71,854	77,944
Interest received		63	86	53	45	45
Income tax paid		(1,319)	–	–	–	–
Net cash flows from operating activities		14,058	56,173	82,084	71,899	77,989

continued/...

I. FINANCIAL INFORMATION (continued)

Statements of cash flows (continued)

	Notes	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Net cash flows from operating activities		**14,058**	**56,173**	**82,084**	**71,899**	**77,989**
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment	11	(5,940)	(7,548)	(28,328)	(19,543)	(4,540)
Additions of intangible assets	13	(1,980)	(80)	(3,210)	(3,210)	(65)
Advance to a fellow subsidiaries		–	–	–	–	(9,329)
Repayment of advance to a related company	24(a)	38,491	–	–	–	–
Net cash flows from/(used in) investing activities		30,571	(7,628)	(31,538)	(22,753)	(13,934)
CASH FLOWS FROM FINANCING ACTIVITIES						
Advance from a related company	24(a)	–	4,430	–	–	–
Repayment of advance from a related company	24(a)	–	–	–	–	(691)
Repayment of advance from a fellow subsidiary	24(a)	(33,766)	(72,519)	(51,449)	(44,336)	(42,983)
Net cash flows 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 beginning of year/period		11,069	21,932	2,388	2,388	1,485
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		21,932	2,388	1,485	7,198	21,866
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENTS OF FINANCIAL POSITION AND CASH FLOWS		21,932	2,388	1,485	7,198	21,866

II. NOTES TO THE FINANCIAL INFORMATION

1.1 CORPORATE INFORMATION

Discoveryland is a Sino-foreign equity joint venture enterprise established in the PRC. The registered office of Discoveryland is located in Mainland China. The principal activities of Discoveryland are the operation of an entertainment theme park, sales of goods, restaurant and hotel operations.

In the opinion of the directors, the immediate holding company of Discoveryland is Haichang Asia Limited, which is incorporated in the British Virgin Islands and the ultimate holding company of Discoveryland is Haichang Group Ltd., which is incorporated in the British Virgin Islands, as at 30 September 2013.

1.2 BASIS OF PREPARATION

The Discoveryland Financial Information has been prepared in accordance with IFRSs, which comprise standards and interpretations approved by the IASB, and IASs and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. All IFRSs effective for the accounting period commencing from 1 January 2013, together with the relevant transitional provisions, have been early adopted by Discoveryland in the preparation of the Discoveryland Financial Information throughout the Relevant Periods.

The Discoveryland Financial Information has been prepared under the historical cost convention. The Discoveryland Financial Information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

As at 30 September 2013, Discoveryland had net current liabilities of RMB53,364,000. Haichang Corporation Development has undertaken to provide continuous financial support to enable Discoveryland to meet its liabilities as and when they fall due. In the opinion of the directors of Discoveryland, Discoveryland should be able to continue as a viable going concern.

1.3 BASIS OF PRESENTATION

As more fully explained in the paragraph headed "Our Reorganisation" in the section "History, Reorganisation and Corporate Structure" to the Prospectus, Haichang Corporation Development carried out the businesses of investment holding, theme park operation, sales of goods, restaurant and hotel operations (the "Park Operation"). Pursuant to a demerger exercise, Discoveryland was demerged from Haichang Corporation Development and established as a separate legal entity. Prior to the demerger, Discoveryland was a branch of Haichang Corporation Development carrying out the Park Operation. For the purpose of the demerger exercise, the related assets and liabilities of the Park Operation were transferred from the branch of Haichang Corporation Development to Discoveryland according to a resolution passed by the directors of Haichang Corporation Development that Discoveryland will continue the Park Operation.

The statements of profit or loss and comprehensive income, statements of changes in equity and statements of cash flows of Discoveryland for the Relevant Periods include the results and cash flows from the beginning of the Relevant Periods as if the Park Operation of Haichang Corporation Development had been demerged and transferred to Discoveryland since the beginning of the Relevant Periods. The statements of financial position of Discoveryland as at 31 December 2010, 2011 and 2012 and 30 September 2013 have been prepared to present the assets and liabilities of the Park Operation as if they were demerged and transferred to Discoveryland at those dates.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.1 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

Discoveryland has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information.

IFRS 9	*Financial Instruments*[3]
IFRS 9, IFRS 7 and IAS 39 Amendments	*Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39*[3]
IFRS 10, IFRS 12 and IAS 27 (2011 Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011 Revised) – *Investment Entities*[1]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[1]
IFRIC 21	*Levies*[1]
Annual Improvements 2010-2012 cycle[2]	
Annual Improvements 2011-2013 cycle[2]	

[1] Effective for annual periods beginning on or after 1 January 2014

[2] Effective for annual periods beginning on or after 1 July 2014

[3] No mandatory effective date yet determined but is available for adoption

Discoveryland is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application but is not yet in a position to state whether these new and revised IFRSs would have a significant impact on its results of operations and financial position.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statements of profit or loss and comprehensive income in the period in which it arises.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/ amortisation) had no impairment loss been recognised for the asset in prior years.

A reversal of such impairment loss is credited to the statements of profit or loss and comprehensive income in the period in which it arises.

Related parties

A party is considered to be related to Discoveryland if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over Discoveryland;

(ii) has significant influence over Discoveryland; or

(iii) is a member of the key management personnel of Discoveryland or of a parent of Discoveryland;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and Discoveryland are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and Discoveryland are joint ventures of the same third-party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either Discoveryland or an entity related to Discoveryland;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the Discoveryland or is a member of the key management personnel of the Discoveryland (or of a parent of the entity).

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 the statements of profit or loss and comprehensive income 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, Discoveryland recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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 life.

Hotel buildings	40 years
Park and other buildings	20 to 40 years
Machinery	5 to 10 years
Motor vehicles	5 years
Office equipment and furniture	3 to 5 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 least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised 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 recognised in the statements of profit or loss and comprehensive income 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 and equipment for installation, which are stated at cost less any impairment losses, and are 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.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Amortization is calculated on the straight-line basis to write off the cost of each item of intangible assets over the following estimated useful lives:

Trademarks and copyright	10 years
Computer software	10 years

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to Discoveryland, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statements of profit or loss and comprehensive income so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where Discoveryland is the lessee, rentals payable under the operating leases are charged to the statements of profit or loss and comprehensive income on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that Discoveryland commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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 amortised cost using the effective interest rate method less any allowance for impairment. Amortised 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 amortisation is included in other income and gains in the statements of profit or loss and comprehensive income. The loss arising from impairment is recognised in the statements of profit or loss and comprehensive income in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Discoveryland's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- Discoveryland has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a "pass-through" arrangement; and either (a) Discoveryland has transferred substantially all the risks and rewards of the asset, or (b) Discoveryland has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When Discoveryland has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, Discoveryland continues to recognise the transferred asset to the extent of Discoveryland's continuing involvement in the asset. In that case, Discoveryland also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Discoveryland has retained.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

Discoveryland assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, Discoveryland first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If Discoveryland determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred, the amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the income statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to Discoveryland.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of comprehensive income.

In relation to other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor) that Discoveryland will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Discoveryland's financial liabilities include trade payables, other payables and accruals, amounts due to a related company and a fellow subsidiary.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statements of profit or loss and comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are merchandise goods and stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of Discoveryland's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statements of profit or loss and comprehensive income.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised in the statements of profit or loss and comprehensive income, or in equity if it relates to items that are recognised 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 interpretation and practices prevailing in the countries in which Discoveryland operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax.

Deferred tax liabilities are provided in full while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Revenue recognition

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

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that Discoveryland maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the hotel operations, recognised upon services rendered; and

(c) from ticket sales, when receiving ticket fare or rights to collect money from tourist parties.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Pursuant to the relevant regulations of the PRC government, Discoveryland has participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby Discoveryland is required to contribute a certain percentage of the salaries of its employees to the Scheme to fund their retirement benefits. The only obligation of Discoveryland with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to the statements of profit or loss and comprehensive income as incurred.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of Discoveryland's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(ii) Impairment of non-financial assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, Discoveryland has to exercise judgement in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (ii) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

(iii) Provision for impairment of receivables

Provision for impairment of receivables is made based on the ageing and past repayment pattern of the receivables. The assessment of the impairment amount required involves management judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact on the carrying value of receivables and impairment charge/write-back of impairment in the period in which such estimate has been changed.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION

For management purposes, Discoveryland is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) Park operation segment is engaged in the operation of an entertainment theme park;

(b) Other segment is engaged in the restaurant and hotel operations, and sales of goods;

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

Segment assets exclude corporate assets as those assets are managed on group basis.

All segment liabilities are unallocated and corporate liabilities.

No further geographical segment information is presented as 100% of Discoveryland's revenue from external customers is derived from its operation in Mainland China and 100% of Discoveryland's non-current assets are located in Mainland China.

Operating segments

The following tables present revenue, profit and certain asset, liability and expenditure information for Discoveryland's operating segments for the Relevant Periods:

Year ended 31 December 2010	**Park operation**	**Other**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Segment revenue			
Sales to external customers	**145,792**	**4,336**	**150,128**
Segment results			**32,391**
Reconciliations:			
Unallocated income			5,380
Unallocated expenses			(34,572)
Profit before tax			3,199
Segment assets	**539,802**	**115,171**	**654,973**
Reconciliations:			
Corporate and other unallocated assets			193,085
Total assets			848,058
Segment liabilities	**–**	**–**	**–**
Reconciliations:			
Corporate and other unallocated liabilities			274,765
Total liabilities			274,765
Other segment information			
Depreciation and amortisation			
Segment	52,518	–	52,518
Capital expenditure*			
Unallocated			7,920

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

II. NOTES TO THE FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

Year ended 31 December 2011	Park operation	Other	Total
	RMB'000	RMB'000	RMB'000
Segment revenue			
Sales to external customers	**176,195**	**7,408**	**183,603**
Segment results			**60,257**
Reconciliations:			
Unallocated income			9,788
Unallocated expenses			(45,321)
Profit before tax			24,724
Segment assets	**514,699**	**112,183**	**626,882**
Reconciliations:			
Corporate and other unallocated assets			162,041
Total assets			788,923
Segment liabilities	**–**	**–**	**–**
Reconciliations:			
Corporate and other unallocated liabilities			190,906
Total liabilities			190,906
Other segment information			
Depreciation and amortisation			
Segment	50,312	–	50,312
Capital expenditure*			
Unallocated			7,628

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

Year ended 31 December 2012	Park operation	Other	Total
	RMB'000	RMB'000	RMB'000
Segment revenue			
Sales to external customers	**181,244**	**8,088**	**189,332**
Segment results			**52,913**
Reconciliations:			
Unallocated income			7,418
Unallocated expenses			(42,956)
Profit before tax			17,375
Segment assets	**508,226**	**109,195**	**617,421**
Reconciliations:			
Corporate and other unallocated assets			145,123
Total assets			762,544
Segment liabilities	**–**	**–**	**–**
Reconciliations:			
Corporate and other unallocated liabilities			147,152
Total liabilities			147,152
Other segment information			
Depreciation and amortisation			
Segment	50,901	–	50,901
Capital expenditure*			
Unallocated			31,538

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

II. NOTES TO THE FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

Nine months ended 30 September 2013	Park operation	Other	Total
	RMB'000	RMB'000	RMB'000
Segment revenue			
Sales to external customers	**187,760**	**8,950**	**196,710**
Segment results			**78,572**
Reconciliations:			
Unallocated income			1,838
Unallocated expenses			(33,096)
Profit before tax			47,314
Segment assets	**483,656**	**106,840**	**590,496**
Reconciliations:			
Corporate and other unallocated assets			174,496
Total assets			764,992
Segment liabilities	**–**	**–**	**–**
Reconciliations:			
Corporate and other unallocated liabilities			102,286
Total liabilities			102,286
Other segment information			
Depreciation and amortisation			
Segment	39,686	–	39,686
Capital expenditure*			
Unallocated			4,605

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

Nine months ended 30 September 2012	Park operation	Other	Total
Unaudited	RMB'000	RMB'000	RMB'000
Segment revenue			
Sales to external customers	**166,715**	**8,026**	**174,741**
Segment results			**60,622**
Reconciliations:			
Unallocated income			1,486
Unallocated expenses			(29,706)
Profit before tax			32,402
Other segment information			
Depreciation and amortisation			
Segment	38,293	–	38,293
Capital expenditure*			
Unallocated			22,753

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

II. NOTES TO THE FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

No information about a major customer is presented as no single customer contributes to over 10% of Discoveryland's revenue for each of the three years ended 31 December 2010, 2011 and 2012 and for the nine months ended 30 September 2012 and 2013.

5. REVENUE

Revenue, which is also Discoveryland's turnover, represents income from the sales of tickets for the entertainment theme park operation, the sales of goods, restaurant services and income from hotel operations, net of business tax and other surcharges.

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue					
Ticket sales	112,452	129,964	136,016	125,877	137,782
Food and beverage sales	19,633	29,550	29,003	26,587	30,078
Sales of goods	13,707	16,681	16,225	14,251	19,900
Income from hotel operations	4,336	7,408	8,088	8,026	8,950
	150,128	183,603	189,332	174,741	196,710

6. OTHER INCOME

	Note	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Other income						
Commission income		3,408	5,964	5,520	–	–
Interest income	7	63	86	53	45	45
Others		1,909	3,738	1,845	1,441	1,793
		5,380	9,788	7,418	1,486	1,838

II. NOTES TO THE FINANCIAL INFORMATION (continued)

7. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Cost of inventories sold		7,869	9,626	9,910	8,809	8,959
Cost of services provided		109,868	113,720	126,509	105,310	109,179
Depreciation	*11*	49,662	47,397	47,878	36,079	37,256
Amortisation of prepaid land lease payments	*12*	2,074	1,995	1,995	1,496	1,496
Amortisation of intangible assets	*13*	782	920	1,028	718	934
Impairment/(reversal) of impairment of trade receivables	*15*	40	(214)	–	–	–
Minimum lease payments under operating leases in respect of buildings		450	450	450	338	230
Loss on disposal of items of property, plant and equipment		10	51	111	16	–
Employee benefit expense (excluding directors' remuneration):						
Wages and salaries		20,500	21,289	31,987	29,388	25,113
Pension scheme costs		3,176	2,585	3,592	2,182	2,783
		23,676	23,874	35,579	31,570	27,896
Interest income	*6*	(63)	(86)	(53)	(45)	(45)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

No directors' or chief executive received any remuneration for the Relevant Periods.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

9. FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration of the five highest paid employees for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 and 2013 who are neither a director nor the chief executive of Discoveryland are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, allowances and benefits in kinds	435	427	495	371	379
Performance related bonuses	94	210	280	–	–
Pension scheme contributions	82	103	117	88	98
	611	740	892	459	477

All the non-director and non-chief executive highest paid employees' remuneration fell within the band of nil to RMB1,000,000.

10. INCOME TAX

Provision for PRC corporate income tax has been made at the applicable income tax rate of 25% for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 and 2013 on the assessable profits of Discoveryland in Mainland China.

Income tax in the statements of profit or loss and comprehensive income represents:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current – Mainland China:					
Charge for the year/period	20	–	2,300	6,057	11,783

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the tax expense is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before tax	3,199	24,724	17,375	32,402	47,314
At the statutory income tax rates	795	6,181	4,344	8,101	11,829
Tax losses utilised	(795)	(6,181)	(2,044)	(2,044)	–
Others	20	–	–	–	(46)
Tax charge for the year/period	20	–	2,300	6,057	11,783

II. NOTES TO THE FINANCIAL INFORMATION (continued)

11. PROPERTY, PLANT AND EQUIPMENT

	Hotel buildings	Park and other buildings	Machinery	Motor vehicles	Office equipment and furniture	Construc-tion in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
At 1 January 2010	122,394	587,532	214,727	5,287	11,147	–	941,087
Additions	–	488	1,563	–	881	3,008	5,940
Transfers	–	813	1,592	–	–	(2,405)	–
Disposals	–	–	–	–	(24)	–	(24)
At 31 December 2010 and 1 January 2011	122,394	588,833	217,882	5,287	12,004	603	947,003
Additions	–	985	–	–	1,264	5,299	7,548
Transfers	–	–	5,106	–	–	(5,106)	–
Disposals	–	–	–	(290)	(67)	–	(357)
At 31 December 2011 and 1 January 2012	122,394	589,818	222,988	4,997	13,201	796	954,194
Additions	–	684	26,351	236	769	288	28,328
Transfers	–	–	796	–	–	(796)	–
Disposals	–	–	(267)	–	(163)	–	(430)
At 31 December 2012 and 1 January 2013	122,394	590,502	249,868	5,233	13,807	288	982,092
Additions	–	–	1,107	228	1,964	1,241	4,540
Transfers	–	–	1,241	–	–	(1,241)	–
At 30 September 2013	122,394	590,502	252,216	5,461	15,771	288	986,632
Accumulated depreciation							
At 1 January 2010	(4,234)	(69,616)	(69,850)	(3,760)	(5,845)	–	(153,305)
Depreciation for the year	(2,989)	(20,554)	(23,070)	(848)	(2,201)	–	(49,662)
Disposals	–	–	–	–	14	–	14
At 31 December 2010 and 1 January 2011	(7,223)	(90,170)	(92,920)	(4,608)	(8,032)	–	(202,953)
Depreciation for the year	(2,988)	(20,403)	(21,819)	(376)	(1,811)	–	(47,397)
Disposals	–	–	–	261	45	–	306
At 31 December 2011 and 1 January 2012	(10,211)	(110,573)	(114,739)	(4,723)	(9,798)	–	(250,044)
Depreciation for the year	(2,989)	(20,446)	(22,700)	(204)	(1,539)	–	(47,878)
Disposals	–	–	185	–	134	–	319
At 31 December 2012 and 1 January 2013	(13,200)	(131,019)	(137,254)	(4,927)	(11,203)	–	(297,603)
Depreciation for the period	(2,354)	(15,264)	(18,479)	(88)	(1,071)	–	(37,256)
At 30 September 2013	(15,554)	(146,283)	(155,733)	(5,015)	(12,274)	–	(334,859)
Net carrying amount							
At 31 December 2010	115,171	498,663	124,962	679	3,972	603	744,050
At 31 December 2011	112,183	479,245	108,249	274	3,403	796	704,150
At 31 December 2012	109,194	459,483	112,614	306	2,604	288	684,489
At 30 September 2013	106,840	444,219	96,483	446	3,497	288	651,773

II. NOTES TO THE FINANCIAL INFORMATION (continued)

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Discoveryland pledged its property, plant and equipment with carrying values of RMB613,834,000, RMB591,428,000, RMB568,677,000 and RMB551,059,000 to secure banking facilities granted to Haichang Corporation Development, a fellow subsidiary of Discoveryland, at 31 December 2010, 2011 and 2012, and 30 September 2013 respectively (note 24(a)).

12. PREPAID LAND LEASE PAYMENTS

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of the year/period	66,049	63,975	61,980	59,985
Amortised during the year/period	(2,074)	(1,995)	(1,995)	(1,496)
Carrying amount at end of the year/period	63,975	61,980	59,985	58,489
Current portion included in prepayments, deposits and other receivables *(note 16)*	(2,074)	(1,995)	(1,995)	(1,995)
Non-current portion	61,901	59,985	57,990	56,494

Discoveryland's leasehold lands are situated in Mainland China and are held under a medium term lease.

Discoveryland pledged its leasehold interests in land of RMB63,975,000, RMB61,980,000, RMB59,985,000 and RMB58,489,000 for banking facilities granted to Haichang Corporation Development as at 31 December 2010, 2011 and 2012, and 30 September 2013, respectively (note 24(a)).

II. NOTES TO THE FINANCIAL INFORMATION (continued)

13. INTANGIBLE ASSETS

Intangible assets comprise a copyright, registered trademarks and computer software. The movements of intangible assets are analysed as follows:

	Copyright	Trademarks	Computer software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2010				
At 1 January 2010, net of accumulated amortisation	890	3,090	2,152	6,132
Additions	1,980	–	–	1,980
Amortisation	(355)	(165)	(262)	(782)
At 31 December 2010, net of accumulated amortisation	2,515	2,925	1,890	7,330
At 31 December 2010				
Cost	2,940	3,292	2,573	8,805
Accumulated amortisation	(425)	(367)	(683)	(1,475)
Net carrying amount	2,515	2,925	1,890	7,330
31 December 2011				
At 1 January 2011, net of accumulated amortisation	2,515	2,925	1,890	7,330
Additions	–	–	80	80
Amortisation	(485)	(146)	(289)	(920)
At 31 December 2011, net of accumulated amortisation	2,030	2,779	1,681	6,490
At 31 December 2011				
Cost	2,940	3,292	2,653	8,885
Accumulated amortisation	(910)	(513)	(972)	(2,395)
Net carrying amount	2,030	2,779	1,681	6,490
31 December 2012				
At 1 January 2012, net of accumulated amortisation	2,030	2,779	1,681	6,490
Additions	2,800	–	410	3,210
Amortisation	(579)	(145)	(304)	(1,028)
At 31 December 2012, net of accumulated amortisation	4,251	2,634	1,787	8,672
At 31 December 2012				
Cost	5,740	3,292	3,063	12,095
Accumulated amortisation	(1,489)	(658)	(1,276)	(3,423)
Net carrying amount	4,251	2,634	1,787	8,672
30 September 2013				
At 1 January 2013, net of accumulated amortisation	4,251	2,634	1,787	8,672
Additions	–	–	65	65
Amortisation	(582)	(116)	(236)	(934)
At 30 September 2013, net of accumulated amortisation	3,669	2,518	1,616	7,803
At 30 September 2013				
Cost	5,740	3,292	3,128	12,160
Accumulated amortisation	(2,071)	(774)	(1,512)	(4,357)
Net carrying amount	3,669	2,518	1,616	7,803

II. NOTES TO THE FINANCIAL INFORMATION (continued)

14. INVENTORIES

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Merchandise goods	6,677	6,631	5,878	8,457

15. TRADE RECEIVABLES

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	1,217	256	798	5,179
Less: provision for doubtful debts	(214)	–	–	–
	1,003	256	798	5,179

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

An aged analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date, net of provision for doubtful debts, is as follows

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	285	69	154	4,839
Over 90 days and within one year	591	41	644	286
Over one year	127	146	–	54
	1,003	256	798	5,179

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

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	288	214	–	–
Impairment losses recognised	164	–	–	–
Reversal	(124)	(214)	–	–
Write off	(114)	–	–	–
	214	–	–	–

II. NOTES TO THE FINANCIAL INFORMATION (continued)

15. TRADE RECEIVABLES (continued)

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

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	285	69	154	4,839
Past due within one year	591	41	644	286
Past due over one year	127	146	–	54
	1,003	256	798	5,179

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

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

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	431	4,400	833	1,163
Deposits and other receivables	2,660	2,628	404	933
	3,091	7,028	1,237	2,096
Current portion of prepaid land lease payments *(note 12)*	2,074	1,995	1,995	1,995
	5,165	9,023	3,232	4,091

The carrying amount of deposits and other receivables approximates to their fair value due to their relatively short maturity term.

17. CASH AND CASH EQUIVALENTS

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	21,932	2,388	1,485	21,866

All the cash and bank balances are denominated in RMB. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, Discoveryland is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

II. NOTES TO THE FINANCIAL INFORMATION (continued)

18. DUE TO/FROM A RELATED COMPANY AND FELLOW SUBSIDIARIES

The amounts due to/from a related company and fellow subsidiaries are interest-free, unsecured and repayable on demand. The carrying amounts of these balances approximate to their fair values due to their relatively short maturity term.

19. TRADE PAYABLES

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	26,573	9,852	15,751	10,067

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

The fair value of trade payables approximates to their carrying amounts due to their relatively short maturity term.

20. OTHER PAYABLES AND ACCRUALS

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables	3,409	1,433	2,144	5,609
Accruals	2,581	5,396	6,567	6,700
	5,990	6,829	8,711	12,309

All other payables are unsecured, interest-free and repayable on demand.

The fair value of other payables approximates to their carrying amounts due to their relatively short maturity term.

21. ADVANCES FROM CUSTOMERS

Advances from customers represented security deposits received from travel agencies.

22. PAID UP CAPITAL

As mentioned in "Basis of Presentation" in the notes to the Discoveryland Financial Information, Discoveryland has been demerged from Haichang Corporation Development and established as a separate legal entity. The paid up capital of Discoveryland as at 31 December 2010, 2011 and 2012 and 30 September 2013 was presented as if the demerger exercise had been completed since 1 January 2010. The paid up capital of Discoveryland was RMB413,211,000 as a result of the demerger. As at the date of the report, the registered capital of Discoveryland is RMB413,211,000 and fully paid up.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

23. OPERATING LEASE COMMITMENTS

As lessee

Discoveryland leases certain of its office buildings under operating lease arrangements.

At the end of each of the Relevant Periods, Discoveryland had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	450	450	230	–
In the second to fifth years, inclusive	680	230	–	–
	1,130	680	230	–

24. RELATED PARTY TRANSACTIONS AND BALANCES

The related companies with which Discoveryland had transactions were as follows:

Name of related party	Relationship with Discoveryland
Haichang Corporation Development	Fellow subsidiary
大連海昌集團有限公司 ("Haichang Group")	Equity holder
大連海昌置地紅酒莊園有限公司 ("Haichang Red Wine")	Fellow subsidiary

(a) Related party transactions

In addition to the transactions detailed elsewhere in these financial statements, Discoveryland had the following transactions with related parties:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Advance from a related company					
Haichang Group	–	4,430	–	–	–
Repayment of an advance from a related company:					
Haichang Group	38,491	–	–	–	691
Repayment of an advance from a fellow subsidiary:					
Haichang Corporation Development	33,766	72,519	51,449	44,336	42,983
Advances to fellow subsidiaries:					
Haichang Corporation Development	–	–	–	–	9,179
Haichang Red Wine	–	–	–	–	150

II. NOTES TO THE FINANCIAL INFORMATION (continued)

24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

Advances from/to a related company and a fellow subsidiary are interest-free and repayable on demand.

In addition to above, Discoveryland had the following related party transactions:

(i) Discoveryland pledged its property, plant and equipment amounting to RMB613,834,000, RMB591,428,000, RMB568,677,000 and RMB551,059,000 for the loans granted to Haichang Corporation Development at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively (note 11) at nil consideration; and

(ii) Discoveryland pledged its leasehold interests in land of RMB63,975,000, RMB61,980,000, RMB59,985,000 and RMB58,489,000 for banking facilities granted to Haichang Corporation Development as at 31 December 2010, 2011 and 2012, and 30 September 2013, respectively (note 12)

(b) Balances with a related/fellow subsidiaries

Discoveryland had the following balances with its related parties at the end of each of the Relevant Periods:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Due to a related company:				
Haichang Group	74,887	79,317	79,317	78,626
Due to a fellow subsidiary:				
Haichang Corporation Development*	166,951	94,432	42,983	–

* The balance arose from fund advanced from Haichang Corporation Development to finance the construction and operation of theme park.

	2010	2011	2012	2013
Due from fellow subsidiaries:				
Haichang Corporation Development	–	–	–	9,179
Haichang Red Wine	–	–	–	150
	–	–	–	9,329

The amounts due to/from a related company and fellow subsidiaries are unsecured, interest free and repayable on demand.

Compensation to the key management

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, allowances, bonuses, benefits and other expenses	–	–	–	–	–
Post-employment benefit	–	–	–	–	–
	–	–	–	–	–

II. NOTES TO THE FINANCIAL INFORMATION (continued)

25. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

31 December 2010

Financial assets

	Loans and receivables
	RMB'000
Financial assets included in prepayments, deposits and other receivables	2,660
Trade receivables	1,003
Cash and cash equivalents	21,932
	25,595

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Other payables and accruals	5,990
Trade payables	26,573
Due to a related company	74,887
Due to a fellow subsidiary	166,951
	274,401

31 December 2011

Financial assets

	Loans and receivables
	RMB'000
Financial assets included in prepayments, deposits and other receivables	2,628
Trade receivables	256
Cash and cash equivalents	2,388
	5,272

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Other payables and accruals	6,829
Trade payables	9,852
Due to a related company	79,317
Due to a fellow subsidiary	94,432
	190,430

II. NOTES TO THE FINANCIAL INFORMATION (continued)

25. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2012

Financial assets

	Loans and receivables
	RMB'000
Financial assets included in prepayments, deposits and other receivables	404
Trade receivables	798
Cash and cash equivalents	1,485
	2,687

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Other payables and accruals	8,711
Trade payables	15,751
Due to a related company	79,317
Due to a fellow subsidiary	42,983
	146,762

30 September 2013

Financial assets

	Loans and receivables
	RMB'000
Due from fellow subsidiaries	9,329
Financial assets included in prepayments, deposits and other receivables	933
Trade receivables	5,179
Cash and cash equivalents	21,866
	37,307

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Other payables and accruals	12,309
Trade payables	10,067
Due to a related company	78,626
	101,002

II. NOTES TO THE FINANCIAL INFORMATION (continued)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Discoveryland's principal financial instruments comprise amount due to a related company and a fellow subsidiary, amounts due from fellow subsidiaries, cash and bank balances. The main purpose of these financial instruments is to raise finance for Discoveryland's operations. Discoveryland has various other financial assets and liabilities such as trade receivables, trade payables, other receivables, other payables and accruals, which arise directly from its operations.

The main risks arising from Discoveryland's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

There are no significant concentrations of credit risk within Discoveryland. The credit risk of Discoveryland's other financial assets, which comprise cash and cash equivalents, trade receivables and other receivables, arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity risk

Discoveryland's objective is to maintain a balance between continuity of funding and flexibility. Cash flows are closely monitored on an ongoing basis.

The maturity profile of Discoveryland's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, was as follows:

	31 December 2010					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	26,573	–	–	–	–	26,573
Other payables and accruals	5,990	–	–	–	–	5,990
Due to a related company	74,887	–	–	–	–	74,887
Due to a fellow subsidiary	166,951	–	–	–	–	166,951
	274,401	–	–	–	–	274,401

	31 December 2011					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	9,852	–	–	–	–	9,852
Other payables and accruals	6,829	–	–	–	–	6,829
Due to a related company	79,317	–	–	–	–	79,317
Due to a fellow subsidiary	94,432	–	–	–	–	94,432
	190,430	–	–	–	–	190,430

II. NOTES TO THE FINANCIAL INFORMATION (continued)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	31 December 2012					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	15,751	–	–	–	–	15,751
Other payables and accruals	8,711	–	–	–	–	8,711
Due to a related company	79,317	–	–	–	–	79,317
Due to a fellow subsidiary	42,983	–	–	–	–	42,983
	146,762	–	–	–	–	146,762

	30 September 2013					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	10,067	–	–	–	–	10,067
Other payables and accruals	12,309	–	–	–	–	12,309
Due to a related company	78,626	–	–	–	–	78,626
	101,002	–	–	–	–	101,002

Capital management

The primary objectives of Discoveryland's capital management are to safeguard Discoveryland's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise equity holders' value.

Discoveryland manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, Discoveryland may adjust the dividend payment to equity holders, return capital to equity holders or issue new shares. Discoveryland is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the Relevant Periods.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

Discoveryland monitors capital using a gearing ratio, which is net debt divided by the total equity plus net debt. Net debt includes an amount due to a related company, an amount due to a fellow subsidiary, trade payables, other payables and accruals less cash and cash equivalents. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	26,573	9,852	15,751	10,067
Other payables and accruals	5,990	6,829	8,711	12,309
Due to a related company	74,887	79,317	79,317	78,626
Due to a fellow subsidiary	166,951	94,432	42,983	–
Cash and cash equivalents	(21,932)	(2,388)	(1,485)	(21,866)
Net debt	252,469	188,042	145,277	79,136
Total equity attributable to owners of the parent	573,293	598,017	615,392	662,706
Capital and net debt	825,762	786,059	760,669	741,842
Gearing ratio	31%	24%	19%	11%

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Discoveryland in respect of any period subsequent to 30 September 2013.

Yours faithfully,
Ernst & Young

Certified Public Accountants
Hong Kong

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

28 February 2014

The Directors
Haichang Holdings Ltd.
BNP Paribas Securities (Asia) Limited
Merrill Lynch Far East Limited

Dear Sirs,

We set out below our report on the financial information of 重慶加勒比海旅遊發展有限公司 ("Chongqing Caribbean" or the "Company") comprising the statements of profit or loss and comprehensive income, statements of changes in equity and statements of cash flows of Chongqing Caribbean for each of the three years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 (the "Relevant Periods"), and the statements of financial position of Chongqing Caribbean as at 31 December 2010, 2011 and 2012 and 30 September 2013, together with the notes thereto (the "Chongqing Caribbean Financial Information"), and the comparative statements of profit or loss and comprehensive income, statement of changes in equity and statements of cash flows of Chongqing Caribbean for the nine months ended 30 September 2012 (the "Chongqing Caribbean Interim Comparative Information"), prepared on the basis of presentation set out in note 1.3 of section II below for inclusion in the prospectus of Haichang Holdings Limited 28 February 2014 (the "Prospectus") in connection with the listing of the shares of Haichang Holdings Ltd. on The Main Board of Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Chongqing Caribbean was established in the People's Republic of China (the "PRC") as a domestic private enterprise on 18 January 2012. The principal activities of Chongqing Caribbean are the operation of an entertainment theme park, property development and property holding.

Pursuant to an agreement entered into on 23 September 2013 between 大連海昌旅遊集團有限公司 ("Dalian Tourism," a subsidiary of Haichang Holdings Ltd.) and 大連海昌房地產集團有限公司 ("Haichang Property Group," a related company of Haichang Holdings Ltd), as detailed in the paragraph headed "Our Reorganization" in the section of "History, Reorganization and Corporate Structure" in the Prospectus, Dalian Tourism will acquire the entire equity interest in Chongqing Caribbean.

Prior to its establishment, Chongqing Caribbean is a branch of 重慶極地實業有限公司 ("Chongqing Pole Property") carrying out its operations. Pursuant to a demerger exercise as approved by the local government authorities, Chongqing Caribbean was demerged from Chongqin Pole Property and registered as a separate legal entity.

The statutory financial statements of Chongqing Caribbean, for the period since the date of establishment from 18 January 2012 to 31 December 2012 have been prepared by Chongqing Caribbean in accordance with generally accepted accounting principles of the People's Republic of China (the "PRC GAAP") and audited by 重慶信通會計師事務所有限責任公司 which is a certified public accounting firm registered in the PRC.

For the purpose of this report, the directors of Chongqing Caribbean have prepared the Chongqing Caribbean's financial statements for each of the Relevant Periods (the "Chongqing Caribbean Underlying Financial Statements") as if Chongqing Caribbean had been established since the beginning of Relevant Periods. The Chongqing Caribbean Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. The Chongqing Caribbean Underlying Financial Statements for each of the three years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "IAASB").

The Chongqing Caribbean Financial Information set out in this report has been prepared from the Chongqing Caribbean Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The directors of Chongqing Caribbean are responsible for the preparation of the Chongqing Caribbean Underlying Financial Statements, the Chongqing Caribbean Financial Information and the Chongqing Caribbean Interim Comparative Information that give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of the Chongqing Caribbean Underlying Financial Statements, the Chongqing Caribbean Financial Information and the Chongqing Caribbean Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion and a review conclusion on the Chongqing Caribbean Financial Information and the Chongqing Caribbean Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Chongqing Caribbean Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

We have also performed a review of the Chongqing Caribbean Interim Comparative Information in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the IAASB. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Chongqing Caribbean Interim Comparative Information.

Opinion in respect of the Chongqing Caribbean Financial Information

In our opinion, for the purpose of this report and on the basis of presentation set out in note 1.3 of section II below, the Chongqing Caribbean Financial Information gives a true and fair view of the state of affairs of Chongqing Caribbean as at 31 December 2010, 2011, and 2012 and 30 September 2013 and of the results and cash flows of Chongqing Caribbean for each of the Relevant Periods.

Review conclusion in respect of the Chongqing Caribbean Interim Comparative Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Chongqing Caribbean Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Chongqing Caribbean Financial Information.

I. FINANCIAL INFORMATION

Statements of profit or loss and comprehensive income

	Notes	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
REVENUE	5	27,691	37,353	34,538	32,416	39,715
Cost of sales		(19,750)	(24,775)	(26,416)	(18,455)	(20,595)
GROSS PROFIT		7,941	12,578	8,122	13,961	19,120
Other income and gains	5	18,598	12,482	15,074	12,761	13,418
Selling and marketing expenses		(9,793)	(4,293)	(4,249)	(3,659)	(4,024)
Administrative expenses		(4,952)	(6,264)	(7,590)	(5,913)	(7,620)
Other expenses		(14)	(13,739)	(81)	(8)	(114)
Finance costs	6	–	–	(4,866)	(3,776)	(2,328)
PROFIT BEFORE TAX	7	11,780	764	6,410	13,366	18,452
Income tax expense	9	(3,081)	(393)	(5,157)	(3,815)	(4,133)
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		8,699	371	1,253	9,551	14,319
Attributable to:						
Owners of the parent		8,699	371	1,253	9,551	14,319

I. FINANCIAL INFORMATION (continued)

Statements of financial position

	Notes	As of 31 December 2010	As of 31 December 2011	As of 31 December 2012	As of 30 September 2013
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	*10*	252,762	242,665	235,106	230,740
Investment properties	*11*	188,734	175,000	177,000	179,000
Prepaid land lease payments	*12*	6,378	6,194	6,010	5,871
Intangible assets	*13*	361	298	235	189
Deferred tax assets	*14*	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	*15*	82,231	82,696	83,814	83,814
Properties under development	*16*	119,070	119,070	119,758	119,758
Inventories	*17*	836	420	853	458
Trade receivables	*18*	901	1,048	1,498	1,437
Prepayments, deposits and other receivables	*19*	346	314	533	1,117
Due from the immediate holding company	*20, 29(b)*	10,000	–	–	–
Due from a related company	*20, 29(b)*	280	280	–	–
Due from fellow subsidiaries	*20, 29(b)*	91	611	828	79
Cash and cash equivalents	*21*	323	10,211	265	6,228
Total current assets		214,078	214,650	207,549	212,891
CURRENT LIABILITIES					
Trade payables	*22*	9,378	8,907	9,070	6,041
Other payables and accruals	*23*	994	2,755	5,579	6,562
Due to the immediate holding company	*20, 29(b)*	–	–	20	20
Due to an intermediate holding company	*20, 29(b)*	357,441	285,274	283,527	287,220
Due to a fellow subsidiary	*20, 29(b)*	–	–	–	3,473
Advances from customers	*24*	–	6	16	115
Finance lease payables	*25*	–	10,629	17,967	19,145
Government grants	*26*	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**
NON-CURRENT LIABILITIES					
Finance lease payables	*25*	–	34,652	15,487	–
Government grants	*26*	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					
Equity attributable to owners of the parent					
Paid up capital	*27*	10,000	10,000	10,000	10,000
Reserves		51,607	52,843	54,096	68,415
TOTAL EQUITY		**61,607**	**62,843**	**64,096**	**78,415**

I. FINANCIAL INFORMATION (continued)

Statements of changes in equity

	Attributable to owners of the parent			
	Paid up capital	Capital reserve	Accumulated losses	Total equity
	RMB'000 (note 27)	RMB'000	RMB'000	RMB'000
At 1 January 2010	10,000	541	(29,893)	(19,352)
Profit and total comprehensive income for the year	–	–	8,699	8,699
Deemed contribution	–	72,260**	–	72,260
At 31 December 2010 and 1 January 2011	10,000	72,801*	(21,194)*	61,607
Profit and total comprehensive income for the year	–	–	371	371
Deemed contribution	–	865**	–	865
At 31 December 2011 and 1 January 2012	10,000	73,666*	(20,823)*	62,843
Profit and total comprehensive income for the year	–	–	1,253	1,253
At 31 December 2012 and 1 January 2013	10,000	73,666*	(19,570)*	64,096
Profit and total comprehensive income for the period	–	–	14,319	14,319
At 30 September 2013	10,000	73,666*	(5,251)*	78,415
At 1 January 2012	10,000	73,666	(20,823)	62,843
Profit and total comprehensive income for the period	–	–	9,551	9,551
At 30 September 2012 (unaudited)	10,000	73,666	(11,272)	72,394

* These reserve accounts comprise the reserves of RMB51,607,000, RMB52,843,000, RMB54,096,000 and RMB68,415,000 in the statements of financial position as at 31 December 2010, 2011, 2012 and 30 September 2013, respectively.

** The balance represents corporate income tax attributable to the business of Chongqing Caribbean prior to its demerger from Chongqing Pole Property as a deemed contribution.

I. FINANCIAL INFORMATION (continued)

Statements of cash flows

	Notes	Year ended 31 December 2010 RMB'000	2011 RMB'000	2012 RMB'000	Nine months ended 30 September 2012 RMB'000 (Unaudited)	2013 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		11,780	764	6,410	13,366	18,452
Adjustments for:						
Depreciation of property, plant and equipment	10	10,862	11,313	11,604	8,449	8,013
Amortisation of intangible assets	13	62	63	63	46	46
Amortisation of prepaid land lease payments	12	74	295	184	139	139
Loss on disposal of items of property, plant and equipment	7	–	–	7	7	1
Government grant recognised	7	(9,223)	(7,784)	(8,760)	(6,571)	(6,571)
Net (loss)/gain from fair value Adjustment of investment properties	11	(6,610)	13,734	(2,000)	(2,000)	(2,000)
Finance costs	6	–	–	4,866	3,776	2,328
Interest income	7	(11)	(42)	(11)	(11)	(26)
		6,934	18,343	12,363	17,201	20,382
(Increase)/decrease in completed properties held for sale		–	(465)	(1,118)	465	–
Increase in properties under development		–	–	(688)	(350)	–
(Increase)/decrease in inventories		(619)	416	(433)	(44)	395
(Decrease)/increase in trade receivables		(521)	(147)	(450)	(284)	61
Increase/(decrease) in prepayments, deposits and other receivables		(8)	(79)	(219)	(615)	(584)
Increase/(decrease) in trade payables		57	(471)	163	(850)	(3,029)
Increase in advances from customers		–	6	10	98	99
(Decrease)/increase in other payables and accruals		(622)	1,761	2,824	1,399	983
		5,221	19,364	12,452	17,020	18,307
Interest received		11	42	11	11	26
Interest paid		–	–	(4,866)	(3,776)	(2,328)
Net cash flows from operating activities		5,232	19,406	7,597	13,255	16,005

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I. FINANCIAL INFORMATION (continued)

Statements of cash flows (continued)

	Notes	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(1,509)	(1,216)	(4,052)	(2,574)	(3,648)
(Increase)/decrease in an amount due from a related company		(280)	–	280	–	–
(Increase)/decrease in amount due from fellow subsidiaries		(91)	(520)	(217)	(217)	749
Net cash flows used in investing activities		**(1,880)**	**(1,736)**	**(3,989)**	**(2,791)**	**(2,899)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital contribution		–	10,000	–	–	–
Inception of finance lease		–	60,000	–	–	–
Repayment of finance lease payables		–	(14,719)	(11,827)	(7,367)	(14,309)
Increase in government grants		301,910	9,104	–	–	–
Increase in an amount due to a fellow subsidiary		–	–	–	–	3,473
Increase in an amount due to the immediate holding company		–	–	20	–	–
(Decrease)/increase in an amount due to an intermediate holding company		(305,891)	(72,167)	(1,747)	(12,978)	3,693
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**

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I. FINANCIAL INFORMATION (continued)

Statements of cash flows (continued)

		Year ended 31 December			Nine months ended 30 September	
	Notes	2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(629)	9,888	(9,946)	(9,881)	5,963
Cash and cash equivalents at beginning of year/period		952	323	10,211	10,211	265
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		323	10,211	265	330	6,228
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENTS OF FINANCIAL POSITION AND CASH FLOWS		323	10,211	265	330	6,228

II. NOTES TO THE FINANCIAL INFORMATION

1.1 CORPORATE INFORMATION

Chongqing Caribbean is a domestic private enterprise established in the PRC. The registered office of Chongqing Caribbean is located in Mainland China. The principal activities of Chongqing Caribbean are the operation of an entertainment theme park, and property development and holding.

In the opinion of the directors, the immediate holding company of Chongqing Caribbean is Haichang Property Group, which is established in Mainland China and the ultimate holding company of Chongqing Caribbean is Sea-rich Oil (Singapore) Pte. Ltd., which is incorporated in Singapore, as at 30 September 2013.

1.2 BASIS OF PREPARATION

The Chongqing Caribbean Financial Information has been prepared in accordance with IFRSs, which comprise standards and interpretations approved by the IASB, and IASs and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect. All IFRSs effective for the accounting period commencing from 1 January 2013, together with the relevant transitional provisions, have been early adopted by Chongqing Caribbean in the preparation of the Financial Information throughout the Relevant Periods.

This Chongqing Caribbean Financial Information has been prepared under the historical cost convention, except for investment properties which have been measured at fair value. The Chongqing Caribbean Financial Information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

As at 30 September 2013, Chongqing Caribbean had net current liabilities of RMB118,446,000. Haichang Property Group has undertaken to provide continuous financial support to enable Chongqing Caribbean to meet its liabilities as and when they fall due. In the opinion of the directors of Chongqing Caribbean, Chongqing Caribbean should be able to continue as a viable going concern.

1.3 BASIS OF PRESENTATION

As more fully explained in the paragraph headed "Our Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus, Chongqing Caribbean was previously a branch of Chongqing Pole Property which carried out the businesses of residential property development, and theme park operation and ancillary commercial property development and holding (the "Park Operation"). Pursuant to a demerger exercise, Chongqing Caribbean was demerged from Chongqing Pole Property and established as a separate legal entity. For the purpose of the demerger exercise, the related assets and liabilities of the Park Operation were transferred from Chongqing Pole Property to Chongqing Caribbean according to an agreement entered into between Chongqing Caribbean and Chongqing Pole Property to continue the Park Operation.

The statements of profit or loss and comprehensive income, statements of changes in equity and statements of cash flows of Chongqing Caribbean for the Relevant Periods include the results and cash flows from the beginning of the Relevant Period as if the Park Operation of Chongqing Pole Property had been demerged from and transferred to Chongqing Caribbean since the beginning of the Relevant Periods. The statements of financial position of Chongqing Caribbean as at 31 December 2010, 2011 and 2012 and 30 September 2013 have been prepared to present the assets and liabilities of the Park Operation as if they were demerged from and transferred to Chongqing Caribbean at those dates.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.1 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

Chongqing Caribbean has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information.

IFRS 9	*Financial Instruments*[3]
IFRS 9, IFRS 7 and IAS 39 Amendments	*Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39*[3]
IFRS 10, IFRS 12 and IAS 27 (2011 Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011 Revised) – *Investment Entities*[1]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
IAS 36 Amendments	Amendments to IAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*[1]
IFRIC 21	*Levies*[1]
Annual Improvements 2010-2012 cycle[2]	
Annual Improvements 2011-2013 cycle[2]	

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 July 2014

3 No mandatory effective date yet determined but is available for adoption

Chongqing Caribbean is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application but is not yet in a position to state whether these new and revised IFRSs would have a significant impact on its results of operations and financial position.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statements of profit or loss and comprehensive income in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/ amortisation) had no impairment loss been recognised for the asset in prior years.

A reversal of such impairment loss is credited to the statements of profit or loss and comprehensive income in the period in which it arises.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to Chongqing Caribbean if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over Chongqing Caribbean;

(ii) has significant influence over Chongqing Caribbean; or

(iii) is a member of the key management personnel of Chongqing Caribbean or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and Chongqing Caribbean are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and Chongqing Caribbean are joint ventures of the same third-party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either Chongqing Caribbean or an entity related to Chongqing Caribbean;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the Chongqing Caribbean or is a member of the key management personnel of the Chongqing Caribbean (or of a parent of the entity).

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 the statements of profit or loss and comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised 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, Chongqing Caribbean recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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 life.

Park and other buildings	20 to 40 years
Machinery	5 to 15 years
Motor vehicles	5 years
Office equipment and furniture	5 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 least at each financial year end.

An item of property, plant and equipment 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 recognised in the statements of profit or loss and comprehensive income 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 equipment under installation, 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 the statements of profit or loss and comprehensive income in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statements of profit or loss and comprehensive income in the year of the retirement or disposal.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Amortisation is calculated on the straight-line basis to write off the cost of each item of intangible assets over the following estimated useful lives.:

Trademark	10 years
Computer software	10 years

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to Chongqing Caribbean, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statements of profit or loss and comprehensive income so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where Chongqing Caribbean is the lessor, assets leased by Chongqing Caribbean under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where Chongqing Caribbean is the lessee, rentals payable under operating leases are charged to the statements of profit or loss and comprehensive income on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables, as appropriate. Chongqing Caribbean determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that Chongqing Caribbean commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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 amortised cost using the effective interest rate method less any allowance for impairment. Amortised 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 amortisation is included in other income and gains in the statements of profit or loss and comprehensive income. The loss arising from impairment is recognised in the statements of profit or loss and comprehensive income in finance costs for loans and in other expenses for receivables.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (ie. removed from the Group's combined statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- Chongqing Caribbean has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third-party under a "pass-through" arrangement; and either (a) Chongqing Caribbean has transferred substantially all the risks and rewards of the asset, or (b) Chongqing Caribbean has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When Chongqing Caribbean has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, Chongqing Caribbean continues to recognise the transferred assets to the extent of Chongqing Caribbean's continuing involvement in the asset. In that case, Chongqing Caribbean also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Chongqing Caribbean has retained.

Impairment of financial assets

Chongqing Caribbean assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset and that loss event have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, Discoveryland first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If Discoveryland determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

The amount of an impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statements of profit or loss and comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to Chongqing Caribbean.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in the statements of profit or loss and comprehensive income.

In relation to receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor) that Chongqing Caribbean will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Chongqing Caribbean's financial liabilities include trade payables, other payables and accrual, amounts due to a fellow subsidiary amount due to an intermediate holding company, amounts due to the immediate holding company and finance lease payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statements of profit or loss and comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are merchandise goods and stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of Chongqing Caribbean's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statements of profit or loss and comprehensive income.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised in the statement of profit or loss, or in equity if it relates to items that are recognised 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 interpretation and practices prevailing in the countries in which the Chongqing Caribbean operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax.

Deferred tax liabilities are provided in full while deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognised 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 recognised 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 the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

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

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that Chongqing Caribbean maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, when the services are rendered;

(c) from ticket sales, when receiving ticket fare or rights to collect money from tourist parties; and

(d) rental income, on a time proportion basis over the lease terms.

Employee benefits

Pursuant to the relevant regulations of the PRC government, Chongqing Caribbean has participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby Chongqing Caribbean is required to contribute a certain percentage of the salaries of its employees to the Scheme to fund their retirement benefits. The only obligation of the Chongqing Caribbean with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to the statements of profit or loss and comprehensive income as incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. Other borrowing costs are recognised as expenses when incurred. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Chongqing Caribbean's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying Chongqing Caribbean's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Operating lease commitments* – Chongqing Caribbean *as lessor

Chongqing Caribbean has entered into commercial property leases on its investment property portfolio. Chongqing Caribbean has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(ii) Sale and finance lease back* – Chongqing Caribbean *as lessee

Chongqing Caribbean has entered into sale and finance lease back arrangements on certain of the theme park entertainment machinery. Chongqing Caribbean has determined that it retains all the significant risks and rewards of ownership of these machineries under such sale and finance lease back arrangements.

(iii) Classification between investment properties and owner-occupied properties

Chongqing Caribbean determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, Chongqing Caribbean considers whether a property generates cash flows largely independently of the other assets held by Chongqing Caribbean.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, Chongqing Caribbean accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Allocation of construction cost on properties under development and investment properties under construction

When developing properties, Chongqing Caribbean typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to each phase are allocated to each phase based on the saleable/usable floor area of each phase as a percentage of the total saleable/usable floor area of the entire project. For properties under development, the cost of the unit sold is determined by the floor area in square metres sold during the year multiplied by the average cost per square metre of that particular phase of the project.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(ii) PRC Corporate Income Tax ("CIT")

Chongqing Caribbean is subject to income taxes in Mainland China. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

(iii) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iv) Estimation of Fair value of investment properties

In the absence of current prices in an active market for similar properties, Chongqing Caribbean considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties was RMB188,734,000, RMB175,000,000, RMB177,000,000 and RMB179,000,000 at 31 December 2010, 2011, 2012 and 30 September 2013 Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 11 to the financial statements.

(v) Impairment of non-financial assets (other than goodwill)

Chongqing Caribbean assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details, including a sensitivity analysis of key assumptions, are given in note 10, 12, 13 to Chongqing Caribbean Financial Information.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(v) Impairment of non-financial assets (other than goodwill) (continued)

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, Chongqing Caribbean has to exercise judgement in the area of asset impairment, particularly in assessing: (i) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (ii) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

(vi) Provision for impairment of receivables

Provision for impairment of receivables is made based on the ageing and past repayment pattern of the receivables. The assessment of the impairment amount required involves management judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact on the carrying value of receivables and impairment charge/write-back of impairment in the period in which such estimate has been changed.

(vii) Valuation of properties under development and properties held for sale

Properties under development and properties held for sale are stated at lower of cost and net realisable value. The cost of each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less estimated selling expense and the estimated cost of completion (if any), which are estimated based on the best available information.

4. OPERATING SEGMENT INFORMATION

For management purposes, Chongqing Caribbean is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) Park operation segment is engaged in the development, construction and operation of an entertainment theme park; and

(b) Property development and holding segment is engaged in the management of Chongqing Caribbean's developed and operating properties for rental income potential and for capital appreciation.

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

Segment assets exclude intangible assets, deferred tax assets, an amount due from a related company, an amount due from the immediate holding company, amounts due from fellow subsidiaries, cash and bank balances and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude amounts due to related companies, an amount due to the immediate holding company, an amount due to an intermediate holding company, finance lease payables and deferred tax liabilities as these liabilities are managed on a group basis.

No further geographical segment information is presented as 100% of Chongqing Caribbean's revenue from external customers is derived from its operation in Mainland China and 100% of Chongqing Caribbean's non-current assets are located in Mainland China.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION (continued)

Operating segments

The following tables present revenue, profit and certain asset, liability and expenditure information for Chongqing Caribbean's operating segments for the Relevant Periods:

	Park operation	Property development and holding	Total
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2010			
Segment revenue			
Sales to external customers	27,024	667	27,691
Segment results			8,336
Reconciliations:			
Unallocated income			18,598
Unallocated expenses			(15,154)
Profit before tax			11,780
31 December 2010			
Segment assets	249,473	390,035	639,508
Reconciliations:			
Corporate and other unallocated assets			102,651
Total assets			742,159
Segment liabilities	–	–	–
Reconciliations:			
Corporate and other unallocated liabilities			680,552
Total liabilities			680,552
Other segment information			
Depreciation and amortisation			
Segment	10,998	–	10,998
Capital expenditure*			
Unallocated			1,509

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

II. NOTES TO THE FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

	Park operation	Property development and holding	Total
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2011			
Segment revenue			
Sales to external customers	36,686	667	37,353
Segment results			12,871
Reconciliations:			
Unallocated income			12,482
Unallocated expenses			(24,589)
Profit before tax			764
31 December 2011			
Segment assets	212,734	376,765	589,499
Reconciliations:			
Corporate and other unallocated assets			129,626
Total assets			719,125
Segment liabilities	–	–	–
Reconciliations:			
Corporate and other unallocated liabilities			656,282
Total liabilities			656,282
Other segment information			
Depreciation and amortisation			
Segment	11,671	–	11,671
Capital expenditure*			
Unallocated			1,216

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

II. NOTES TO THE FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

	Park operation	Property development and holding	Total
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2012			
Segment revenue			
Sales to external customers	33,871	667	34,538
Segment results			7,234
Reconciliations:			
Unallocated income			15,074
Unallocated expenses			(11,032)
Finance costs			(4,866)
Profit before tax			6,410
31 December 2012			
Segment assets	209,391	380,571	589,962
Reconciliations:			
Corporate and other unallocated assets			111,099
Total assets			701,061
Segment liabilities	–	–	–
Reconciliations:			
Corporate and other unallocated liabilities			636,965
Total liabilities			636,965
Other segment information			
Depreciation and amortisation			
Segment	11,500	351	11,851
Capital expenditure*			
Unallocated			4,052

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

II. NOTES TO THE FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

	Park operation	Property development and holding	Total
	RMB'000	RMB'000	RMB'000
Nine months ended 30 September 2013			
Segment revenue			
Sales to external customers	38,887	828	39,715
Segment results			19,120
Reconciliations:			
Unallocated income			13,418
Unallocated expenses			(11,759)
Finance costs			(2,328)
Profit before tax			18,452
30 September 2013			
Segment assets	**204,244**	**380,989**	**585,233**
Reconciliations:			
Corporate and other unallocated assets			114,486
Total assets			699,719
Segment liabilities	–	–	–
Reconciliations:			
Corporate and other unallocated liabilities			621,304
Total liabilities			621,304
Other segment information			
Depreciation and amortisation			
Segment	7,933	265	8,198
Capital expenditure*			
Unallocated			3,648

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

II. NOTES TO THE FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

	Park operation	Property development and holding	Total
	RMB'000	RMB'000	RMB'000
Nine months ended 30 September 2012			
Unaudited			
Segment revenue			
Sales to external customers	31,916	500	32,416
Segment results			13,960
Reconciliations:			
Unallocated income			12,761
Unallocated expenses			(9,579)
Finance costs			(3,776)
Profit before tax			13,366
Other segment information			
Depreciation and amortisation			
Segment	8,201	433	8,634
Capital expenditure*			
Unallocated			2,574

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

Information about major customers

No information about major customers is presented as no single customer contributes to over 10% of Chongqing Caribbean's revenue for each of the three years ended 31 December 2010, 2011 and 2012 and for the nine months ended 30 September 2013.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also Chongqing Caribbean's turnover, represents income from the sales of tickets for the entertainment theme park operation and the sales of goods for restaurant services and retail store operations, net of business tax and other surcharges.

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue					
Ticket sales	24,501	33,088	30,521	28,574	33,960
Food and beverage sales	2,329	3,596	3,350	3,342	4,927
Sales of goods	194	2	–	–	–
Rental income	667	667	667	500	828
	27,691	37,353	34,538	32,416	39,715

		Year ended 31 December			Nine months ended 30 September	
	Notes	2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Other income						
Government grants	*26*	9,223	7,784	8,760	6,571	6,571
Interest income	*7*	11	42	11	11	26
Others		2,754	4,656	4,303	4,179	4,821
		11,988	12,482	13,074	10,761	11,418
Gains						
Fair value gains on investment properties	*11*	6,610	–	2,000	2,000	2,000
		18,598	12,482	15,074	12,761	13,418

6. FINANCE COSTS

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest on finance leases	–	–	4,866	3,776	2,328

II. NOTES TO THE FINANCIAL INFORMATION (continued)

7. PROFIT BEFORE TAX

Chongqing Caribbean's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Nine months ended 30 September	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Cost of inventories sold		933	1,383	1,096	1,093	1,585
Cost of services provided		18,817	23,392	25,320	17,362	19,010
Depreciation	*10*	10,862	11,313	11,604	8,449	8,013
Amortisation of prepaid land lease payments	*12*	74	295	184	139	139
Amortisation of intangible assets	*13*	62	63	63	46	46
Loss on disposal of items of property, plant and equipment		–	–	7	7	1
Minimum lease payment under operating leases in respect of buildings		139	139	139	104	58
Employee benefit expense (excluding directors' Remuneration):						
Wages and salaries		6,093	6,078	8,522	7,196	6,897
Pension scheme costs		1,318	1,249	1,818	1,446	1,351
		7,411	7,327	10,340	8,642	8,248
Fair value losses/(gains) on investment properties	*11*	(6,610)	13,734	(2,000)	(2,000)	(2,000)
Government grants recognised	*26*	(9,223)	(7,784)	(8,760)	(6,571)	(6,571)
Interest income	*5*	(11)	(42)	(11)	(11)	(26)

8. DIRECTORS, CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

(a) Directors and chief executive

No directors or chief executive received any remuneration for the Relevant Periods.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

8. DIRECTORS, CHIEF EXECUTIVE'S AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (continued)

(b) Five highest paid employees

Details of the remuneration of the highest paid employees for the years ended 31 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 and 2013 who are neither a director nor the chief executive of the Chongqing Caribbean are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, allowances and benefits in kind	276	258	346	302	324
Performance related bonuses	40	101	118	–	–
Pension scheme contributions	45	45	56	42	42
	361	404	520	344	366

All the non-director, highest paid employees' remuneration fell within the band of nil to RMB1,000,000.

9. INCOME TAX

Provision for PRC corporate income tax has been made at the applicable income tax rate of 25% for the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2012 and 2013 on the assessable profits of Chongqing Caribbean in Mainland China.

Income tax in the statement of profit or loss represents:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Mainland China:					
Current	72,260	865	–	–	–
Deferred *(note 14)*	(69,179)	(472)	5,157	3,815	4,133
Total tax charge for the year/period	3,081	393	5,157	3,815	4,133

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the tax expense is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before tax	11,780	764	6,411	13,366	18,451
At the statutory income tax rates	2,945	191	1,603	3,342	4,612
Tax losses not recognised	–	–	2,322	–	–
Tax losses utilized	–	–	–	–	(539)
Expenses not deductible for tax .	136	202	1,232	473	60
Tax charge for the year/period. .	3,081	393	5,157	3,815	4,133

II. NOTES TO THE FINANCIAL INFORMATION (continued)

10. PROPERTY, PLANT AND EQUIPMENT

	Park and other buildings	Machinery	Motor vehicles	Office equipment and furniture	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
At 1 January 2010	202,316	60,843	219	4,940	–	268,318
Additions	–	22	1,016	442	29	1,509
At 31 December 2010 and 1 January 2011	202,316	60,865	1,235	5,382	29	269,827
Additions	–	2	163	602	449	1,216
At 31 December 2011 and 1 January 2012	202,316	60,867	1,398	5,984	478	271,043
Additions	726	3	8	1,700	1,615	4,052
Transfers	–	–	–	478	(478)	–
Disposals	–	–	–	(15)	–	(15)
At 31 December 2012 and 1 January 2013	203,042	60,870	1,406	8,147	1,615	275,080
Additions	–	–	94	2,122	1,432	3,648
Transfers	–	–	–	1,615	(1,615)	–
Disposals	–	–	–	(26)	–	(26)
At 30 September 2013	203,042	60,870	1,500	11,858	1,432	278,702
Accumulated depreciation						
At 1 January 2010	(3,347)	(2,370)	(21)	(465)	–	(6,203)
Depreciation for the year	(5,738)	(4,066)	(86)	(972)	–	(10,862)
At 31 December 2010 and 1 January 2011	(9,085)	(6,436)	(107)	(1,437)	–	(17,065)
Depreciation for the year	(5,738)	(4,067)	(343)	(1,165)	–	(11,313)
At 31 December 2011 and 1 January 2012	(14,823)	(10,503)	(450)	(2,602)	–	(28,378)
Depreciation for the year	(5,738)	(4,081)	(266)	(1,519)	–	(11,604)
Disposals	–	–	–	8	–	8
At 31 December 2012 and 1 January 2013	(20,561)	(14,584)	(716)	(4,113)	–	(39,974)
Depreciation for the period	(4,273)	(2,068)	(194)	(1,478)	–	(8,013)
Disposals	–	–	–	25	–	25
At 30 September 2013	(24,834)	(16,652)	(910)	(5,566)	–	(47,962)
Net carrying amount						
At 31 December 2010	193,231	54,429	1,128	3,945	29	252,762
At 31 December 2011	187,493	50,364	948	3,382	478	242,665
At 31 December 2012	182,481	46,286	690	4,034	1,615	235,106
At 30 September 2013	178,208	44,218	590	6,292	1,432	230,740

Included in the property, plant and equipment as at 31 December 2010, 2011 and 2012, 30 September 2013 were certain machinery with net carrying amount of nil, RMB48,329,000, RMB42,064,000 and RMB37,365,000, respectively, which were held under finance leases.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

11. INVESTMENT PROPERTIES

	RMB'000
At 1 January 2010	182,124
Net gain from fair value adjustments	6,610
At 31 December 2010 and 1 January 2011	188,734
Net loss from fair value adjustments	(13,734)
At 31 December 2011 and 1 January 2012	175,000
Net gains from fair value adjustments	2,000
At 31 December 2012 and 1 January 2013	177,000
Net gains from fair value adjustments	2,000
At 30 September 2013	179,000

Chongqing Caribbean's investment properties are situated on the lands in Mainland China that are held under medium term leases. Certain investment properties are leased to third parties under operating lease, for the summary details of which are included in note 28(a).

Chongqing Caribbean's investment properties as at 31 December 2010 were revalued by Censere (Far East) Limited, independent professional qualified valuers, on an open market, existing use basis.

Chongqing Caribbean's investment properties were revalued on 31 December 2011, 2012 and 30 September 2013 by Debenham Tie Leung Shenzhen Valuation Company Limited – Beijing Branch independent professional valuers, on an open market, existing use basis.

Included in the completed investment properties were certain buildings with carrying values of RMB188,734,000, RMB175,000,000, RMB177,000,000 and RMB179,000,000, as at 31 December 2010, 2011 and 2012 and 30 September 2013, respectively for which the property certificates have not been obtained.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2010 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	188,734	188,734

	Fair value measurement as at 31 December 2011 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	175,000	175,000

II. NOTES TO THE FINANCIAL INFORMATION (continued)

11. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

	Fair value measurement as at 31 December 2012 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	177,000	177,000

	Fair value measurement as at 30 September 2013 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurement for:				
Commercial properties	–	–	179,000	179,000

During the year ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	182,124	188,734	175,000	177,000
Net gain/(loss) from fair value adjustments recognised in other income in profit or loss	6,610	(13,734)	2,000	2,000
Carrying amount at 31 December/30 September	188,734	175,000	177,000	179,000

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

Commercial properties	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Year ended 31 December 2010	Income method	Market month rental rate (RMB/ Square meter ("Sq.m"))	45-67.5
			4.4%-4.8%
Year ended 31 December 2011	Market comparison method	Market unit sale rate (RMB/Sq.m)	10,800
	Income method	Market month rental rate (RMB/Sq.m)	57
		Capitalization rate	7%
Year ended 31 December 2012	Market comparison method	Market unit sale rate (RMB/Sq.m)	10,800

II. NOTES TO THE FINANCIAL INFORMATION (continued)

11. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Commercial properties	Valuation techniques	Significant unobservable inputs	Range (weighted average)
	Income method	Market month rental rate (RMB/Sq.m)	57
		Capitalization rate	7%
Year ended 30 September 2013 . . .	Income method	Market month rental rate (RMB/Sq.m)	64
		Capitalization rate	6.5%

The investment properties have been valued on the basis that the properties will be developed and completed in accordance with the relevant development plans. They are determined using the market comparison approach by making references to comparable sale evidence as available in the relevant market, with adjustments for development costs to be expended to complete the properties.

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

A significant increase (decrease) in the market unit sale rate would result in a significant increase (decrease) in the fair value of the investment properties.

12. PREPAID LAND LEASE PAYMENTS

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of the year/period	6,747	6,673	6,378	6,194
Amortised during the year/period	(74)	(295)	(184)	(139)
Carrying amount at end of the year/period .	6,673	6,378	6,194	6,055
Current portion included in prepayments, deposits and other receivables *(note 19)*	(295)	(184)	(184)	(184)
Non-current portion	6,378	6,194	6,010	5,871

Chongqing Caribbean's leasehold lands are situated in Mainland China and are held under medium term leases.

The Company experienced delay in the commencement of construction of land. Under the relevant PRC laws, the Company may be subject to penalties from relevant government authorities as a result of the delay in the commencement of construction. Having considered the advice of the Company's legal counsel, the directors of the Company are of opinion that the payment of penalties is remote and no provision is required. As of 30 September 2013, the construction of the relevant park and ancillary facilities on the parcel of the land was completed.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

13. INTANGIBLE ASSETS

The movements of intangible assets are analysed as follows:

	Trademark	Computer software	Total
	RMB'000	RMB'000	RMB'000
31 December 2010			
At 1 January 2010, net of accumulated amortisation	283	140	423
Amortisation	(32)	(30)	(62)
At 31 December 2010, net of accumulated amortisation	251	110	361
At 31 December 2010			
Cost	300	162	462
Accumulated amortisation	(49)	(52)	(101)
Carrying amount	251	110	361
31 December 2011			
At 1 January 2011, net of accumulated amortisation	251	110	361
Amortisation	(30)	(33)	(63)
At 31 December 2011, net of accumulated amortisation	221	77	298
At 31 December 2011			
Cost	300	162	462
Accumulated amortisation	(79)	(85)	(164)
Net carrying amount	221	77	298
31 December 2012			
At 1 January 2012, net of accumulated amortisation	221	77	298
Amortisation	(30)	(33)	(63)
At 31 December 2012, net of accumulated amortisation	191	44	235
At 31 December 2012			
Cost	300	162	462
Accumulated amortisation	(109)	(118)	(227)
Net carrying amount	191	44	235
30 September 2013			
At 1 January 2013, net of accumulated amortisation	191	44	235
Amortisation	(22)	(24)	(46)
At 30 September 2013, net of accumulated amortisation	169	20	189
At 30 September 2013			
Cost	300	162	462
Accumulated amortisation	(131)	(142)	(273)
Net carrying amount	169	20	189

II. NOTES TO THE FINANCIAL INFORMATION (continued)

14. DEFERRED TAX ASSETS/LIABILITIES

The movements in deferred tax liabilities and assets are as follows:

Deferred tax liabilities

	Interest capitalised	Fair value adjustment of investment properties	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2010, 31 December 2010, 1 January 2011, 31 December 2011, 1 January 2012 and 31 December 2012 and 1 January 2013	1,931	–	1,931
Charged to the statement of profit or loss	–	2,090	2,090
As at 30 September 2013	1,931	2,090	4,021

Deferred tax assets

	Fair value adjustment of investment properties	Government grants	Accruals	Depreciation allowance in excess of related depreciation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2010	7,585	5,013	–	–	12,598
Credited/(charged) to the statement of profit or loss	(3,993)	73,172	–	–	69,179
As at 31 December 2010 and 1 January 2011	3,592	78,185	–	–	81,777
Credited to the statement of profit or loss	142	330	–	–	472
As at 31 December 2011 and 1 January 2012	3,734	78,515	–	–	82,249
Credited/(charged) to profit or loss	(3,388)	(2,190)	361	60	(5,157)
As at 31 December 2012	346	76,325	361	60	77,092
Credited/(charged) to the statement of profit or loss	(346)	(1,643)	(76)	22	(2,043)
As at 30 September 2013	–	74,682	285	82	75,049

For the purpose of the financial statement presentation, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances of Chongqing Caribbean for financial reporting purposes:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets recognised in the statement of financial position	79,846	80,318	75,161	71,028

II. NOTES TO THE FINANCIAL INFORMATION (continued)

14. DEFERRED TAX ASSETS/LIABILITIES (continued)

Deferred tax assets (continued)

Deferred tax assets have not been recognised in respect of the following items:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses not recognised for deferred tax assets	–	–	9,289	7,133

In accordance with the PRC laws and regulations, tax losses arising in Mainland China could be carried forward for a period of five years to offset against the Company's future taxable profits.

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

15. COMPLETED PROPERTIES HELD FOR SALE

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at end of the year/period	82,231	82,696	83,814	83,814

16. PROPERTIES UNDER DEVELOPMENT

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of the year/period	119,070	119,070	119,070	119,758
Additions	–	–	688	–
Carrying amount at end of the year/period	119,070	119,070	119,758	119,758

17. INVENTORIES

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Merchandise goods	836	420	853	458

II. NOTES TO THE FINANCIAL INFORMATION (continued)

18. TRADE RECEIVABLES

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	901	1,048	1,498	1,437

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

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	170	169	169	169
Over 90 days and within one year	498	499	497	497
Over one year	233	380	832	771
	901	1,048	1,498	1,437

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	901	1,048	1,498	1,437

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

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	26	45	186	237
Deposits and other receivables	25	85	163	696
	51	130	349	933
Current portion of prepaid land lease payments *(note 12)*	295	184	184	184
	346	314	533	1,117

The carrying amount of deposits and other receivables approximates to their fair value due to their relatively short maturity term.

20. DUE FROM/TO A RELATED COMPANY, FELLOW SUBSIDIARIES, AN INTERMEDIATE HOLDING COMPANY AND THE IMMEDIATE HOLDING COMPANY

The amounts with a related company, fellow subsidiaries, an intermediate holding company and the immediate holding company are interest-free, unsecured and repayable on demand. The carrying amounts of these balances approximate to their fair values due to their relatively short maturity term.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

21. CASH AND CASH EQUIVALENTS

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	323	10,211	265	6,228

All cash and bank balances are denominated in RMB. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, Chongqing Caribbean is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

22. TRADE PAYABLES

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	9,378	8,907	9,070	6,041

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

The fair value of trade payables approximates to their carrying amount due to their relatively short maturity term.

23. OTHER PAYABLES AND ACCRUALS

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Other payables	599	579	2,626	1,954
Accruals	395	2,176	2,953	4,608
	994	2,755	5,579	6,562

All other payables are unsecured, interest-free and repayable on demand.

The fair value of other payables approximates to their carrying amount due to their relatively short maturity term.

24. ADVANCES FROM CUSTOMERS

Advances from customers represented security deposits received from travel agencies.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

25. FINANCE LEASE PAYABLES

Chongqing Caribbean carries out sale and lease back arrangements for certain of its equipment and machinery. The sale and lease back arrangements are classified as finance leases and have remaining lease terms of three years.

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Finance lease payables	–	45,281	33,454	19,145
Less:				
Current portion	–	(10,629)	(17,967)	(19,145)
Non-current portion	–	34,652	15,487	–

	Minimum lease payments 31 December 2010	Present value of minimum lease payments 31 December 2010	Minimum lease payments 31 December 2011	Present value of minimum lease payments 31 December 2011	Minimum lease payments 31 December 2012	Present value of minimum lease payments 31 December 2012	Minimum lease payments 30 September 2013	Present value of minimum lease payments 30 September 2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts payable:								
Within one year	–	–	16,693	11,829	22,183	19,380	20,074	19,145
In the second year	–	–	22,183	19,380	14,528	14,074	–	–
In the third year	–	–	14,528	14,072	–	–	–	–
Total minimum finance lease payments	–	–	53,404	45,281	36,711	33,454	20,074	19,145
Future finance charges	–		(8,123)		(3,257)		(929)	
Total net finance lease payables	–		45,281		33,454		19,145	
Portion classified as current liabilities	–		(10,629)		(17,967)		(19,145)	
Non-current portion	–		34,652		15,487		–	

The fair value of Chongqing Caribbean's finance lease payables approximated to nil, RMB45,310,000, RMB33,631,000 and 19,099,000 at 31 December 2010, 2011 and 2012 and 30 September 2013 respectively.

The finance lease payables amounting to nil, RMB45,281,000, RMB33,454,000 and RMB19,146,000 at 31 December 2010, 2011 and 2012 and 30 September 2013 were guaranteed by 大連海昌集團有限公司 ("Haichang Group") and 大連海昌企業發展有限公司 ("Haichang Corporation Development"), companies of which Mr. Qu Nei Jie has beneficial interests as equity holder.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

26. GOVERNMENT GRANTS

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of the year/period	20,052	312,739	314,059	305,299
Received during the year	301,910	9,104	–	–
Recognised in profit or loss *(note 7)*	(9,223)	(7,784)	(8,760)	(6,571)
Carrying amount at end of the year/period	312,739	314,059	305,299	298,728
Current	7,784	8,761	8,761	8,761
Non-current	304,955	305,298	296,538	289,967
	312,739	314,059	305,299	298,728

Government grants have been received for the construction of certain items of property, plant and equipment, properties under development and investment properties. There are no unfulfilled condition or contingencies relating to these grant.

27. PAID UP CAPITAL

As mentioned in "Basis of Presentation" in the notes to the Chongqing Caribbean Financial Information, Chongqing Caribbean has been demerged from Chongqing Polar Property and established as a separate legal entity. The paid up capital of Chongqing Caribbean as at 31 December 2010, 2011 and 2012 and 30 September 2013 was presented as if the demerger had been completed since 1 January 2010. The paid up capital of Chongqing Caribbean was RMB10,000,000 as a result of the demerger. As at the date of the report, the registered capital of Chongqing Caribbean is RMB10,000,000 and has been fully paid up.

28. OPERATING LEASE COMMITMENTS

(a) As lessor

Chongqing Caribbean leases its properties under operating lease arrangements, with leases negotiated for terms of five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of each of the Relevant Periods, Chongqing Caribbean had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	667	667	667	667
In the second to fifth years, inclusive.	1,991	1,324	657	111
	2,658	1,991	1,324	778

II. NOTES TO THE FINANCIAL INFORMATION (continued)

28. OPERATING LEASE COMMITMENTS (continued)

(b) As lessee

Chongqing Caribbean leases certain of its land and office buildings under operating lease arrangements.

At the end of each of the Relevant Periods, Chongqing Caribbean had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	139	139	139	–
In the second to fifth years, inclusive.	336	197	58	–
	475	336	197	–

29. RELATED PARTY TRANSACTIONS AND BALANCES

The related companies with which Chongqing Caribbean had transactions were as follows:

Name of related party	Relationship with Chongqing Caribbean
Haichang Corporation Development	Intermediate holding company
Haichang Group	A related company of which is an equity holder of Haichang Corporation Development
Haichang Property Group	Immediate holding company
Chongqing Pole Property	Fellow subsidiary
大連海昌商業運營管理有限公司 ("Haichang Business Operation Management") . .	Fellow subsidiary

(a) Related party transactions

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

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Advance to a related company :					
Haichang Group	280	–	–	–	–
Advances to fellow subsidiaries:					
Chongqing Pole Property .	91	520	217	217	–
Haichang Business Operation Management .	–	–	–	–	79
	91	520	217	217	79
Repayment of an advance to a related company:					
Haichang Group	–	–	280	–	–
Repayment of an advance to a fellow subsidiary:					
Chongqing Pole Property .	–	–	–	–	828
Advance from a fellow subsidiary:					
Chongqing Pole Property .	–	–	–	–	3,473

II. NOTES TO THE FINANCIAL INFORMATION (continued)

29. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Advance from the immediate holding company of the Company:					
Haichang Property Group .	–	–	20	–	–
Repayment of advance from an intermediate holding company:					
Haichang Corporation Development.	305,891	72,167	1,747	12,978	–
Advance from an intermediate holding company:					
Haichang Corporation Development.	–	–	–	–	6,693

In addition to the above, Chongqing Caribbean had the following related party transactions:

The finance lease payables amounting to RMB nil, RMB45,281,000, RMB33,454,000 and RMB19,145,000 at 31 December 2010, 2011 and 2012 and 30 September 2013 respectively were guaranteed by Haichang Group and Haichang Corporation Development at nil consideration (note 25).

(b) Balances with related companies

Chongqing Caribbean had the following balances with its related parties at the end of each of the Relevant Periods:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Due from the immediate holding company:				
Haichang Property Group	10,000	–	–	–

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Due from a related company:				
Haichang Group	280	280	–	–

II. NOTES TO THE FINANCIAL INFORMATION (continued)

29. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with related companies (continued)

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Due from fellow subsidiaries:				
Haichang Business Operation Management	–	–	–	79
Chongqing Pole Property	91	611	828	–
	91	611	828	79

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Due to an intermediate holding company:				
Haichang Corporation Development*	357,441	285,274	283,527	287,220
Due to the immediate holding company:				
Haichang Property Group	–	–	20	20
Due to a fellow subsidiary:				
Chongqing Pole Property	–	–	–	3,473

* The balance arose from the fund advanced to finance the construction and operation of Chongqing Caribbean's theme park operation, and property development and holding.

The maximum amounts outstanding during the years ended 31 December 2010, 2011 and 2012 and the nine months ended 30 September 2013 pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Due from a related company:				
Haichang Group	280	280	–	–

II. NOTES TO THE FINANCIAL INFORMATION (continued)

29. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with related companies (continued)

Compensation to the key management

	Year ended 31 December			Nine months ended 30 September	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, allowances, bonuses, benefits and other expenses	–	–	–	–	–
Post-employment benefit	–	–	–	–	–
	–	–	–	–	–

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

31 December 2010

Financial assets

	Loans and receivables
	RMB'000
Financial assets included in prepayments, deposits and other receivables	25
Trade receivables	901
Due from the immediate holding company	10,000
Due from a related company	280
Due from fellow subsidiaries	91
Cash and bank balances	323
	11,620

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals	994
Trade payables	9,378
Due to an intermediate holding company	357,441
	367,813

II. NOTES TO THE FINANCIAL INFORMATION (continued)

30. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2011

Financial assets

	Loans and receivables
	RMB'000
Financial assets included in prepayments, deposits and other receivables	85
Trade receivables	1,048
Due from a related company	280
Due from fellow subsidiaries	611
Cash and bank balances	10,211
	12,235

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals	2,755
Finance lease payables	45,281
Trade payables	8,907
Due to an intermediate holding company	285,274
	342,217

31 December 2012

Financial assets

	Loans and receivables
	RMB'000
Financial assets included in prepayments, deposits and other receivables	163
Trade receivables	1,498
Cash and bank balances	265
Due from fellow subsidiaries	828
	2,754

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals	5,579
Finance lease payables	33,454
Trade payables	9,070
Due to the immediate holding company	20
Due to an intermediate holding company	283,527
	331,650

II. NOTES TO THE FINANCIAL INFORMATION (continued)

30. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

30 September 2013

Financial assets

	Loans and receivables
	RMB'000
Financial assets included in prepayments, deposits and other receivables	696
Trade receivables	1,437
Cash and bank balances	6,228
Due from a fellow subsidiary	79
	8,440

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in other payables and accruals	6,562
Finance lease payables	19,145
Trade payables	6,041
Due to an intermediate holding company	287,220
Due to a fellow subsidiary	3,473
Due to the immediate holding company	20
	322,461

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of Chongqing Caribbean's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

31 December 2011

Financial liabilities

	Carrying amounts	Fair values
	RMB'000	RMB'000
Finance lease payable	45,281	45,310

31 December 2012

Financial liabilities

	Carrying amounts	Fair values
	RMB'000	RMB'000
Finance lease payable	33,454	33,631

II. NOTES TO THE FINANCIAL INFORMATION (continued)

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

30 September 2013

Financial liabilities

	Carrying amounts	Fair values
	RMB'000	RMB'000
Financial lease payables	19,145	19,099

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from a related company, amount due from/to the immediate holding company, amounts due from/to fellow subsidiaries and amount due to an intermediate holding company approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the finance lease payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. Chongqing Caribbean's own non-performance risk for finance lease payables as at 31 December 2010, 2011 and 2012 and 30 September 2013 was assessed to be insignificant.

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Chongqing Caribbean's principal financial instruments comprise finance lease payables, an amount due from a related company, an amount due from the immediate holding company, an amount due to an intermediate holding company, amounts due from fellow subsidiaries, and cash and bank balances. The main purpose of these financial instruments is to raise finance for Chongqing Caribbean's operations. Chongqing Caribbean has various other financial assets and liabilities such as trade receivables, trade payables, other receivables and other payables, which arise directly from its operations.

The main risks arising from Chongqing Caribbean's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Cash and cash equivalents are the major types of Chongqing Caribbean's financial instruments subject to interest rate risk. Cash and bank balances comprise mainly cash at banks, with fixed interest rates.

Credit risk

There are no significant concentrations of credit risk within Chongqing Caribbean. The credit risk of Chongqing Caribbean's other financial assets, which comprise cash and bank balances, trade receivables, an amount due from a related company, an amount due from an intermediate holding company, amounts due from fellow subsidiaries, deposits and other receivables, arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments.

II. NOTES TO THE FINANCIAL INFORMATION (continued)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

Chongqing Caribbean's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of Chongqing Caribbean's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, was as follows:

	31 December 2010					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	9,378	–	–	–	–	9,378
Other payables and accruals	994	–	–	–	–	994
Due to an intermediate holding company	357,441	–	–	–	–	357,441
	367,813	–	–	–	–	367,813

	31 December 2011					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Finance lease payables	–	–	16,693	36,711	–	53,404
Trade payables	8,907	–	–	–	–	8,907
Other payables and accruals	2,755	–	–	–	–	2,755
Due to an intermediate holding company	285,274	–	–	–	–	285,274
	296,936	–	16,693	36,711	–	350,340

	31 December 2012					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Finance lease payables	–	5,546	16,637	14,528	–	36,711
Trade payables	9,070	–	–	–	–	9,070
Other payables and accruals	5,579	–	–	–	–	5,579
Due to the immediate holding company	20	–	–	–	–	20
Due to an intermediate holding company	283,527	–	–	–	–	283,527
	298,196	5,546	16,637	14,528	–	334,907

II. NOTES TO THE FINANCIAL INFORMATION (continued)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	30 September 2013					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Finance lease payables	–	5,303	14,771	–	–	20,074
Trade payables	1,369	908	3,764	–	–	6,041
Other payables and accruals	6,562	–	–	–	–	6,562
Due to the immediate holding company	20	–	–	–	–	20
Due to a fellow subsidiary	3,473	–	–	–	–	3,473
Due to an intermediate holding company	287,220	–	–	–	–	287,220
	298,644	6,211	18,535	–	–	323,390

Capital management

The primary objectives of Chongqing Caribbean's capital management are to safeguard Chongqing Caribbean's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise equity holders' value.

Chongqing Caribbean manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, Chongqing Caribbean may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Chongqing Caribbean is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the Relevant Periods.

Chongqing Caribbean monitors capital using a gearing ratio, which is net debt divided by the total equity plus net debt. Net debt includes finance lease payables, an amount due to the immediate holding company, an amount due to a fellow subsidiary, an amount due to an intermediate holding company, trade payables, other payables and accruals less cash and cash equivalents. The gearing ratios as at the end of the reporting periods were as follows:

	31 December			30 September
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Finance lease payables	–	45,281	33,454	19,145
Trade payables	9,378	8,907	9,070	6,041
Other payables and accruals	994	2,755	5,579	6,652
Due to the immediate holding company	–	–	20	20
Due to a fellow subsidiary	–	–	–	3,473
Due to an intermediate holding company	357,441	285,274	283,527	287,220
Less: Cash and cash equivalents	(323)	(10,211)	(265)	(6,228)
Net debt	367,490	332,006	331,385	316,323
Total equity attributable to owners of the parent	61,607	62,843	64,096	78,415
Capital and net debt	429,097	394,849	395,481	394,738
Gearing ratio	86%	84%	84%	80%

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Chongqing Caribbean in respect of any period subsequent to 30 September 2013.

Yours faithfully,
Ernst & Young

Certified Public Accountants
Hong Kong

The information set out in this appendix does not form part of the Accountants' Report prepared by Ernst &Young, Certified Public Accountant Hong Kong, the reporting accountants of the Company, as set out in Appendix IA, Appendix IB and Appendix IC to this Prospectus, and is included in this Prospectus for information only.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Set below is the unaudited pro forma combined statement of profit or loss and combined balance sheet (collectively the "Unaudited Pro Forma Combined Financial Statements") of the enlarged group resulting from the completion of the Proposed Acquisition (as defined in the Prospectus) (the "Enlarged Group") prepared in accordance Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Proposed Acquisition on the Group, as if completion of the Proposed Acquisition had taken place on 1 January 2012. The Unaudited Pro Forma Combined Financial Statements have been prepared based on the Accountants' Report of the Group, 大連海昌發現王國主題公園有限公司 ("Discoveryland") and 重慶海昌加勒比海旅遊發展有限公司 ("Chongqing Caribbean") for the year ended 31 December 2012 and the nine months ended 30 September 2013 and with certain pro forma adjustments as explained in the notes below.

The unaudited pro forma statement of profit or loss has been prepared for illustrated purposes only and, because of its hypothetical nature, may not give a true picture of the results of the Enlarged Group.

1. UNAUDITED PRO FORMA COMBINED STATEMENT OF PROFIT OR LOSS OF THE ENLARGED GROUP FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

	The Group	Discoveryland	Chongqing Caribbean	Total	Pro forma Adjustments	Notes	Pro forma Enlarged Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
	Note 1	Note 2	Note 2	A	B		A+B
REVENUE	779,168	196,710	39,715	1,015,593			1,015,593
Cost of sales	(386,318)	(118,138)	(20,595)	(525,051)			(525,051)
GROSS PROFIT	392,850	78,572	19,120	490,542			490,542
Other income and gains	211,884	1,838	13,418	227,140			227,140
Selling and marketing expenses	(51,812)	(10,690)	(4,024)	(66,526)			(66,526)
Administrative expenses	(94,972)	(22,248)	(7,620)	(124,840)			(124,840)
Other expenses	(165)	(158)	(114)	(437)			(437)
Finance costs	(282,105)	–	(2,328)	(284,433)			(284,433)
PROFIT BEFORE TAX	175,680	47,314	18,452	241,446			241,446
Income tax expenses	(71,290)	(11,783)	(4,133)	(87,206)			(87,206)
PROFIT FOR THE PERIOD	104,390	35,531	14,319	154,240			154,240
Attributable to:							
Owner of the parent	89,051	35,531	14,319	138,901			138,901
Non-controlling interests	15,339	–	–	15,339			15,339
	104,390	**35,531**	**14,319**	**154,240**			**154,240**

2. UNAUDITED PRO FORMA STATEMENT OF PROFIT OR LOSS OF FINANCIAL POSITION OF THE ENLARGED GROUP AS AT 30 SEPTEMBER 2013

	The Group	Discoveryland	Chongqing Caribbean	Total	Pro forma Adjustments	Notes	Pro forma Enlarged Group
	RMB'000 Note 1	RMB'000 Note 2	RMB'000 Note 3	RMB'000 A	RMB'000 B		RMB'000 A+B
NON-CURRENT ASSETS							
Property, plant and equipment	1,873,110	651,773	230,740	2,755,623			2,755,623
Investment properties	1,350,000	–	179,000	1,529,000			1,529,000
Prepaid land lease payments	307,142	56,494	5,871	369,507			369,507
Intangible assets	104	7,803	189	8,096			8,096
Available-for-sale investment	19,170	–	–	19,170			19,170
Deferred tax assets	54,769	–	71,028	125,797			125,797
Long-term prepayments	34,568	–	–	34,568			34,568
Total non-current assets	3,638,863	716,070	486,828	4,841,761			4,841,761
CURRENT ASSETS							
Completed properties held for sale	349,898	–	83,814	433,712			433,712
Properties under development	723,755	–	119,758	843,513			843,513
Inventories	7,970	8,457	458	16,885			16,885
Trade and bills receivables	18,933	5,179	1,437	25,549			25,549
Available-for-sale investment	200	–	–	200			200
Prepayments, deposits and other receivables	69,899	4,091	1,117	75,107			75,107
Due from the ultimate holding company	615	–	–	615			615
Due from related companies	2,186,610	9,329	79	2,196,018			2,196,018
Due from a non-controlling equity holder	58,977	–	–	58,977			58,977
Pledged deposits	2,291	–	–	2,291			2,291
Cash and cash equivalents	590,706	21,866	6,228	618,800	–	Note 4	618,800
Total current assets	4,009,854	48,922	212,891	4,271,667			4,271,667
CURRENT LIABILITIES							
Gross amount due to a contract customer	8,593	–	–	8,593			8,593
Trade and bills payables	375,290	10,067	6,041	391,398			391,398
Other payables and accruals	174,546	12,309	6,562	193,417			193,417
Due to related companies	1,172,994	78,626	290,713	1,542,333			1,542,333
Advances from customers	295,813	1,284	115	297,212			297,212
Interest-bearing bank and other borrowings	1,197,921	–	19,145	1,217,066			1,217,066
Government grants	9,463	–	8,761	18,224			18,224
Deferred revenue	7,898	–	–	7,898			7,898
Tax payables	236,639	–	–	236,639			236,639
Total current liabilities	3,479,157	102,286	331,337	3,912,780			3,912,780
NET CURRENT ASSETS/(LIABILITIES)	**530,697**	**(53,364)**	**(118,446)**	**358,887**			**358,887**
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,169,560**	**662,706**	**368,382**	**5,200,648**			**5,200,648**

2. UNAUDITED PRO FORMA STATEMENT OF PROFIT OR LOSS OF FINANCIAL POSITION OF THE ENLARGED GROUP AS AT 30 SEPTEMBER 2013 (continued)

	The Group	Discoveryland	Chongqing Caribbean	Total	Pro forma Adjustments	Notes	Pro forma Enlarged Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
	Note 1	Note 2	Note 3	A	B		A+B
NON-CURRENT LIABILITIES							
Interest-bearing bank and other borrowings	2,315,370	–	–	2,315,370			2,315,370
Government grants	588,162	–	289,967	878,129			878,129
Deferred tax liabilities	78,596	–	–	78,596			78,596
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**
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY							
Issued capital	72	413,211	10,000	423,283	(423,211)	Note 5	72
					423,211	Note 5	
Reserves	1,036,587	249,495	68,415	1,354,497	–	Note 4	1,777,708
	1,036,659	**662,706**	**78,415**	**1,777,780**			**1,777,780**
Non-controlling interests	**150,773**	**–**	**–**	**150,773**			**150,773**
TOTAL EQUITY	**1,187,432**	**662,706**	**78,415**	**1,928,553**			**1,928,553**

3. UNAUDITED PRO FORMA COMBINED STATEMENT OF PROFIT OR LOSS OF THE ENLARGED GROUP FOR THE YEAR ENDED 31 DECEMBER 2012

	The Group	Discoveryland	Chongqing Caribbean	Total	Pro forma Adjustments	Notes	Pro forma Enlarged Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
	Note1	Note 2	Note 2	A	B		A+B
REVENUE	889,014	189,332	34,538	1,112,884			1,112,884
Cost of sales	(489,347)	(136,419)	(26,416)	(652,182)			(652,182)
GROSS PROFIT	399,667	52,913	8,122	460,702			460,702
Other income and gains	309,435	7,418	15,074	331,927			331,927
Selling and marketing expenses	(76,885)	(13,247)	(4,249)	(94,381)			(94,381)
Administrative expenses	(135,113)	(29,460)	(7,590)	(172,163)			(172,163)
Other expenses	(8,764)	(249)	(81)	(9,094)			(9,094)
Finance costs	(301,296)	–	(4,866)	(306,162)			(306,162)
PROFIT BEFORE TAX	187,044	17,375	6,410	210,829			210,829
Income tax expenses	(108,171)	(2,300)	(5,157)	(115,628)			(115,628)
PROFIT FOR THE YEAR	78,873	15,075	1,253	95,201			95,201
Attributable to:							
Owner of the parent	59,617	15,075	1,253	75,945			75,945
Non-controlling interests	19,256	–	–	19,256			19,256
	78,873	**15,075**	**1,253**	**95,201**			**95,201**

4. UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP AS AT 31 DECEMBER 2012

	The Group	Discoveryland	Chongqing Caribbean	Total	Pro forma Adjustments	Notes	Pro forma Enlarged Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
	Note 1	Note 2	Note 3	A	B		A+B
NON-CURRENT ASSETS							
Property, plant and equipment	1,842,282	684,489	235,106	2,761,877			2,761,877
Investment properties	1,143,000	–	177,000	1,320,000			1,320,000
Prepaid land lease payments	315,038	57,990	6,010	379,038			379,038
Intangible assets	123	8,672	235	9,030			9,030
Available-for-sale investment	19,170	–	–	19,170			19,170
Due from a related company	500,000	–	–	500,000			500,000
Deferred tax assets	70,753		75,161	145,914			145,914
Long-term prepayments	18,247	–	–	18,247			18,247
Total non-current assets	3,908,613	751,151	493,512	5,153,276			5,153,276
CURRENT ASSETS							
Completed properties held for sale	470,871	–	83,814	554,685			554,685
Properties under development	648,047	–	119,758	767,805			767,805
Inventories	6,834	5,878	853	13,565			13,565
Trade and bills receivables	17,955	798	1,498	20,251			20,251
Available-for-sale investment	180,182	–	–	180,182			180,182
Prepayments, deposits and other receivables	72,421	3,232	533	76,186			76,186
Due from related companies	1,983,260	–	828	1,984,088			1,984,088
Due from a non-controlling equity holder	52,675	–	–	52,675			52,675
Pledged deposits	2,286	–	–	2,286			2,286
Cash and cash equivalents	404,040	1,485	265	405,790		Note 4	405,790
Total current assets	3,838,571	11,393	207,549	4,057,513			4,057,513
CURRENT LIABILITIES							
Gross amount due to a contract customer	6,212	–	–	6,212			6,212
Trade and bills payables	492,745	15,751	9,070	517,566			517,566
Other payables and accruals	174,539	8,711	5,579	188,829			188,829
Due to related companies	807,266	122,300	283,547	1,213,113			1,213,113
Advances from customers	361,506	390	16	361,912			361,912
Interest-bearing bank and other borrowings	1,436,777	–	17,967	1,454,744			1,454,744
Government grants	9,577	–	8,761	18,338			18,338
Deferred revenue	4,036	–	–	4,036			4,036
Tax payables	251,748	–	–	251,748			251,748
Total current liabilities	3,544,406	147,152	324,940	4,016,498			4,016,498
NET CURRENT ASSETS/ (LIABILITIES)	**294,165**	**(135,759)**	**(117,391)**	**41,015**			**41,015**
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,202,778**	**615,392**	**376,121**	**5,194,291**			**5,194,291**

4. UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP AS AT 31 DECEMBER 2012 (continued)

	The Group	Discoveryland	Chongqing Caribbean	Total	Pro forma Adjustments	Notes	Pro forma Enlarged Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
	Note 1	Note 2	Note 3	A	B		A+B
NON-CURRENT LIABILITIES							
Interest-bearing bank and other borrowings	2,406,470	–	15,487	2,421,957			2,421,957
Government grants	587,440	–	296,538	883,978			883,978
Deferred tax liabilities	65,008	–	–	65,008			65,008
Total non-current liabilities	3,058,918	–	312,025	3,370,943			3,370,943
NET ASSETS	**1,143,860**	**615,392**	**64,096**	**1,823,348**			**1,823,348**
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY							
Issued capital	72	413,211	10,000	423,283	(423,211)	Note 5	72
					423,211	Note 5	
Reserves	1,008,091	202,181	54,096	1,264,368	–	Note 4	1,687,579
	1,008,163	**615,392**	**64,096**	**1,687,651**			**1,687,651**
Non-controlling interests	**135,697**	–	–	**135,697**			**135,697**
TOTAL EQUITY	**1,143,860**	**615,392**	**64,096**	**1,823,348**			**1,823,348**

5. NOTES TO PRO FORMA ADJUSTMENTS

1. The balance are extracted from the audited combined financial information of the Group as of 31 December 2012 and 30 September 2013 as set out in Appendix IA to this Prospectus.

2. The balances are extracted from the audited financial information of Discoveryland as of 31 December 2012 and 30 September 2013 financial information set out in Appendix IB to this Prospectus and certain items are reclassified to conform with the Group's financial information presentation.

3. The balances are extracted from the audited financial information of Chongqing Caribbean as of 31 December 2012 and 30 September 2013 financial information set out in Appendix IC to this Prospectus and certain items are reclassified to conform with the Group's financial information presentation.

4. The proposed acquisition of Discoveryland and Chongqing Caribbean are assumed to be treated as business combinations involving entities under common control when the Company and the Discoveryland and Chongqing Caribbean are ultimately controlled by Mr. Qu and Mrs. Cheng collectively, both before and after the acquisition. The consideration to be paid by the Company for the acquisition of Discoveryland and Chongqing Caribbean are estimated to be RMB416,621,000 and RMB10,211,000, respectively. Pursuant to the Share Subscription Agreements as set out in the subsection headed "History, Reorganization and Corporate Structure" in the Prospectus, the share holders of Discoveryland and Chongqing Caribbean shall promptly repay to the Company such amount that equals to the cash payment received by them in connection with the sale of Discoveryland and Chongqing Caribbean as consideration for their equity interests.

5. The adjustment represents the elimination of share capital.

(B) INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report, prepared for the purpose of incorporation in this Prospectus, in respect of the unaudited pro forma combined financial information of the Enlarged Group, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

EY 安永

22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

28 February 2014

The Directors
Haichang Holdings Ltd.

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Haichang Holdings Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), 大連海昌發現王國主題公園有限公司 ("Discoveryland") and 重慶海昌加勒比海旅遊發展有限公司 ("Chongqing Caribbean") (hereinafter collectively the "Enlarged Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information of the Enlarged Group consists of the pro forma combined statement of profit or loss and other comprehensive income of the Enlarged Group for the year ended 31 December 2012 and nine months ended 30 September 2013, and the pro forma combined financial position of the Enlarged Group as at 31 December 2012 and 30 September 2013, and related notes as set out in Appendix IIA(A) of the prospectus dated 28 February 2014 issued by the Company (the "Pro Forma Financial Information of the Enlarged Group"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix IIA(A).

The Pro Forma Financial Information of the Enlarge Group has been compiled by the Directors to illustrate the impact of the Proposed Acquisition of Discoveryland and Chongqing Caribbean on the Enlarged Group's financial position as at 31 December 2012 and 30 September 2013 and the Enlarged Group's financial performance for the year ended 31 December 2012 and nine months ended 30 September 2013 as if the transaction had taken place at 1 January 2012. As part of this process, information about the Group's combined statement of profit or loss and other comprehensive statement for the year ended 31 December 2012 and nine months ended 30 September 2013 and combined financial position as at 31 December 2012 and 30 September 2013 have been extracted by the Directors from the Group's combined financial statements for the year ended 31 December 2012 and nine months ended 30 September 2013, on which an accountant's report has been published in Appendix IA to this prospectus, and the information about Discoveryland's and Chongqing Caribbean's statement of profit or loss and other comprehensive statement for the nine months ended 30 September 2013 and financial position as at 31 December 2012 and 30 September 2013 have been extracted by the Directors from Chongqing Caribbean's and Discoveryland's financial statements for the year ended 31 December 2012 and nine months ended 30 September 2013, on which accountant's reports have been published in Appendix IB and IC to this prospectus, respectively.

Directors' responsibility for the Pro Forma Financial Information of the Enlarged Group

The Directors are responsible for compiling the Pro Forma Financial Information of the Enlarged Group in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information of the Enlarged Group and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information of the Enlarged Group beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information of the Enlarged Group, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information of the Enlarged Group.

The purpose of Pro Forma Financial Information of the Enlarged Group included in the Prospectus is solely to illustrate the impact of the Proposed Acquisition of Discoveryland and Chongqing Caribbean on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information of the Enlarged Group has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information of the Enlarged Group provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information of the Enlarged Group reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information of the Enlarged Group has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information of the Enlarged Group.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information of the Enlarged Group has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information of the Enlarged Group as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

The information set out in this appendix does not form part of the Accountants' Report prepared by Ernst & Young, Certified Public Accountant Hong Kong, the reporting accountants of the Company, as set out in Appendix IA, Appendix IB and Appendix IC to this prospectus, and is included in this prospectus for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the "Accountants' Report" set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative statement of our unaudited pro forma adjusted combined net tangible assets of the Group which has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had taken place on 30 September 2013 and based on our audited combined net tangible assets as of 30 September 2013, as shown in the Accountants' Report, the text of which is set out in Appendix IA, Appendix IB and Appendix IC and is adjusted as detailed below:

The unaudited pro forma adjusted combined net tangible assets of the Group has been prepared for illustrative purpose only and, because of its nature, it may not give a true and fair picture of the financial position of the Group 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 30 September 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 30 September 2013 is extracted from the Accountants' Report set out in Appendix IA which is equal to the audited combined net assets attributable to owners of our Company of RMB1,036,659,000 as of 30 September 2013 less other intangible assets of RMB104,000 and deferred tax asset of RMB54,769,000 as of the same date.

(2) The forecast net proceeds from the Global Offer are based on an indicative Offer Price of HK$2.18 and HK$2.68 per Share 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 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 23 February 2014". The estimated net proceeds are converted into RMB at the rate of HK$1=RMB0.7874.

(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 Pre-IPO Share Option).

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

B. LETTER FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

EY 安永

22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

28 February 2014

The Directors
Haichang Holdings Ltd.

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Haichang Holdings Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma combined net tangible assets as at 30 September 2013, and related notes as set out on pages IIB-1 of the prospectus dated 28 February 2014 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in notes 1 to 4 of Appendix IIB(A) to this prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 September 2013 as if the transaction had taken place at 30 September 2013. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 September 2013, on which an accountant's report has been published in Appendix IA to this prospectus.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

You may find our unaudited estimated combined profit attributable to equity holders of the Company for the year ended December 31, 2013 in "Financial Information – Profit estimate for the year ended December 31, 2013" in this prospectus.

(A) BASIS ON PROFIT ESTIMATE PREPARATION

Our Directors have prepared the unaudited estimated combined profit attributable to owner of the Company for the twelve months ended December 31, 2013 (the "Profit Estimate") based the audited combined results of the Company and its subsidiaries (hereinafter collectively referred to as "the Group") for the nine months ended September 30, 2013 and the unaudited combined results of the Group for the three months ended December 31, 2013.

The Profit Estimate has been prepared on the basis of accounting policies consistent in all material respects with those normally adopted by the Company, as summarized in the Accountants' Report set out in Appendix IA of this prospectus.

(B) LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a report received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the Group's profit estimate and for the purpose of incorporation in this prospectus.

EY 安永

22nd Floor
CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

28 February 2014

The Directors
Haichang Holdings Ltd.
BNP Paribas Securities (Asia) Limited
Merrill Lynch Far East Limited

Dear Sirs,

We have reviewed the calculations of and the accounting policies adopted in arriving at the estimate of the combined profit attributable to equity holders of Haichang Holding Ltd. (the "Company," together with its subsidiaries, hereinafter collectively referred to as the "Group") for the year ended 31 December 2013 (the "Profit Estimate") as set out in the paragraph headed "Profit Estimate" under the section headed "Financial Information" in the prospectus of the Company dated 28 February 2014 (the "Prospectus") for which the directors of the Company (the "Directors") are solely responsible.

We conducted our work with reference to Auditing Guideline 3.341 Accountants' Report on Profit Forecasts issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Estimate has been prepared by the Directors based on the audited combined results of the Group for the nine months ended 30 September 2013 and the unaudited combined results of the Group for the three months ended 31 December 2013.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases made by the Directors as set out in Section A of Appendix III to the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 28 February 2014, the text of which is set out in Appendix IA to the Prospectus.

Yours faithfully,

Ernst&Young
Certified Public Accountants
Hong Kong

(C) LETTER FROM THE JOINT SPONSORS

The following is the text of a letter prepared for inclusion in this prospectus, which we have received from BNP Paribas Securities (Asia) Limited and Merrill Lynch Far East Limited, the Joint Sponsors, in connection with the estimate of our combined profit attributable to equity holders of the Company for the year ended 31 December 2013.

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

BofA Merrill Lynch

28 February 2014

The Directors
Haichang Holdings Ltd.

Dear Sirs,

We refer to the estimate of the combined profit attributable to equity holders of Haichang Holdings Ltd. (the "Company", together with its subsidiaries, herein collectively referred to as the "Group") for the year ended 31 December 2013 (the "Profit Estimate") as set out in the subsection headed "Profit Estimate For The Year Ended 31 December 2013" in the section headed "Financial Information" in the prospectus of the Company dated 28 February 2014 (the "Prospectus").

The Profit Estimate, for which the directors of the Company are solely responsible, has been prepared by them based on the audited combined results of the Group for the nine months ended 30 September 2013 and the unaudited combined results of the Group for the three months ended 31 December 2013.

We have discussed with you the bases made by the directors of the Company as set out in Appendix III to the Prospectus, to the extent applicable, upon which the Profit Estimate has been made. We have also considered the letter dated 28 February 2014 addressed to you and us from Ernst & Young regarding the accounting policies and calculations upon which the Profit Estimate has been based.

On the basis of the information comprising the Profit Estimate and the basis of the accounting policies and calculations adopted by you and reviewed by Ernst & Young, we are of the opinion that the Profit Estimate, for which you as the directors of the Company are solely responsible, has been made after due and careful enquiry.

For and on behalf of

BNP Paribas Securities (Asia) Limited	**Merrill Lynch Far East Limited**
Isadora Li	**Min Chen**
Managing Director	*Managing Director*

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this Prospectus received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of value of the property interests of the Group as at 31 December 2013.

DTZ 戴德梁行
a UGL company

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

28 February 2014

The Directors
Haichang Holdings Limited
the People's Republic of China

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions for us to value certain properties in which Haichang Holdings Limited (referred to as the "Company") and its subsidiaries (together referred to as the "Group") have interests in the People's Republic of China (the "PRC") (as more particularly described in the attached valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at 31 December 2013.

Definition of Market Value

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards (2012 Edition) issued by The Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Basis and Assumption

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

Our valuations exclude any estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the properties in the PRC, we have assumed that, unless otherwise stated, the transferable land use rights of the properties for their respective terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Group regarding the title to each of the properties and the interests of the Group in the properties. In valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Group are set out in the notes of the respective valuation certificate.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Method of Valuation

In valuing the properties in Group I which are completed properties held by the Group for investment in the PRC, property no. 7 in Group II which is a completed property held by the Group for sale in the PRC and subject to current lettings, and property no. 18 in Group V which is a completed property contracted to be acquired by the Group and held for sale in the PRC, we have used the Investment Approach by capitalizing the passing rent derived from the existing tenancies with due provision for reversionary income potential. Such method is commonly used in valuing similar types of properties of similar nature.

In valuing the properties in Groups II (except property no. 7) and IV which are completed properties held by the Group for sale in the PRC and properties held by the Group for future development in the PRC respectively, we have used the Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market. Such method is commonly used in valuing similar types of properties of similar nature.

In respect of the properties in Group III which are properties held by the Group under development in the PRC, our valuations are carried out on the basis that each of the properties will be developed and completed in accordance with the Group's latest development proposals provided to us. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposal have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In valuing the properties, we have used the Investment Approach by capitalizing the rental income derived from the committed tenancies, if any, with due provision for reversionary income potential of the properties, or wherever appropriate, by the Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market so as to assess the market value when completed of the properties. The market value when completed represents our opinion of the aggregate values of the development assuming it would have been completed at the date of valuation. In arriving at the final value of the properties, we have also taken into account the development costs expended and the costs that will be expended to complete the development. Such method is commonly used in valuing similar types of properties of similar nature.

Source of Information

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group. We have been provided by the Group with extracts of documents in relation to the titles to the properties. In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group and its legal advisor, Jun He Law Offices (君合律師事務所) regarding the title to each of the properties and the interests of the Group in the properties. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, development schemes, completion date of buildings, number of units, particulars of occupancy, site and floor areas, construction costs, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

Title investigation

We have been provided with extracts of documents relating to the titles of the properties in the PRC, but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Group and its legal advisor regarding the Group's interests in the PRC properties.

Site Inspection

Our valuers, Zhao Xuemei, He Qiuli, Han Qidong, Tang Ming, Liu Shiliang and Ren Bo of our various China offices, ranking from assistant valuer to manager, inspected the exterior and, wherever possible, the interior of each of the properties between March and August 2013 and re-inspected between December 2013 and February 2014. However, no structural survey has been made, but in the course of our valuation, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Moreover, we have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited

Andrew K.F. Chan
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS, MRICS
Senior Director, Valuation & Advisory Services

Note: Mr. Andrew K.F. Chan is a Registered Professional Surveyor who has over 26 years' of experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

Group I – Completed properties held by the Group for investment in the PRC

	Property	Market value in existing state as at 31 December 2013	Attributable interest to the Group	Market value in existing state as at 31 December 2013 attributable to the Group
		(RMB)	(%)	(RMB)
1.	The portion for investment of Haichang Xincheng, Dalian, Liaoning Province, the PRC	85,000,000	100	85,000,000
2.	The portion for investment of Yantai Fisherman's Wharf, Binhai Road, Yantai, Shandong Province, the PRC	138,000,000	100	138,000,000
3.	The portion for investment of Qingdao Polar Ocean World, 60 Donghai East Road, Qingdao, Shandong Province, the PRC	216,000,000	100	216,000,000
4.	The portion for investment of Phase 1 of Wuhan Polar Ocean World, Dongxihu District, Wuhan, Hubei Province, the PRC	330,000,000	100	330,000,000
5.	The portion for investment of Phase 1 of Chengdu Polar Ocean World, Chengdu, Sichuan Province, the PRC	213,000,000	100	213,000,000
6.	Block B, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, the PRC	394,000,000	100	394,000,000
	Sub-total of Group I :	**1,376,000,000**		**1,376,000,000**

Group II – Completed properties held by the Group for sale in the PRC

	Property	Market value in existing state as at 31 December 2013	Attributable interest to the Group	Market value in existing state as at 31 December 2013 attributable to the Group
		(RMB)	(%)	(RMB)
7.	The portion for sale of Dalian Tiger Beach Fisherman's Wharf, Dalian, Liaoning Province, the PRC	225,000,000	100	225,000,000
8.	The portion for sale of Phase 1 of Chengdu Polar Ocean World, Chengdu, Sichuan Province, the PRC	139,000,000	100	139,000,000
9.	The clubhouse of Phase 2 of Chengdu Polar Ocean World, Chengdu, Sichuan Province, the PRC	194,000,000	100	194,000,000
10.	The portion for sale of Phase 1 of Wuhan Polar Ocean World, Dongxihu District, Wuhan, Hubei Province, the PRC	48,000,000	100	48,000,000
11.	The portion for sale of Haichang Xincheng, Dalian, Liaoning Province, the PRC	81,000,000	100	81,000,000
12.	Block D, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, the PRC	398,000,000	100	398,000,000
	Sub-total of Group II :	**1,085,000,000**		**1,085,000,000**

Group III – Properties held by the Group under development in the PRC

	Property	Market value in existing state as at 31 December 2013	Attributable interest to the Group	Market value in existing state as at 31 December 2013 attributable to the Group
		(RMB)	(%)	(RMB)
13.	The office building of Phase 2 of Chengdu Polar Ocean World, Chengdu, Sichuan Province, the PRC	163,000,000	100	163,000,000
14.	Block E, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, the PRC	336,000,000	100	336,000,000
	Sub-total of Group III :	**499,000,000**		**499,000,000**

Group IV – Properties held by the Group for future development in the PRC

	Property	Market value in existing state as at 31 December 2013	Attributable interest to the Group	Market value in existing state as at 31 December 2013 attributable to the Group
		(RMB)	(%)	(RMB)
15.	Phase 2 of Wuhan Polar Ocean World, Dongxihu District, Wuhan, Hubei Province, the PRC	153,000,000	100	153,000,000
16.	Phase 3 of Wuhan Polar Ocean World, Dongxihu District, Wuhan, Hubei Province, the PRC	182,000,000	100	182,000,000
17.	Block A, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, the PRC	275,000,000	100	275,000,000
	Sub-total of Group IV :	**610,000,000**		**610,000,000**

Group V – Completed property contracted to be acquired by the Group and held for sale in the PRC

	Property	Market value in existing state as at 31 December 2013	Attributable interest to the Group	Market value in existing state as at 31 December 2013 attributable to the Group
		(RMB)	(%)	(RMB)
18.	The portion of Dalian Tiger Beach Fisherman's Wharf contracted to be acquired, Dalian, Liaoning Province, the PRC	54,000,000	100%	54,000,000
	Sub-total of Group V:	**54,000,000**		**54,000,000**
	Grand-total of Groups I to V :	**3,624,000,000**		**3,624,000,000**

VALUATION CERTIFICATE

Group I – Completed properties held by the Group for investment in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
1.	The portion for investment of Haichang Xincheng, Dalian, Liaoning Province, the PRC	The property comprises various office units on various levels of a 3-storey office podium within Phase 1 of Haichang Xincheng completed in about 2001. The property is situated in Zhongshan District as a residential project with retail podium. This commercial portion of the property has a total gross floor area of approximately 6,365.07 sq m. The land use rights of the property have been granted for terms due to expire on 26 March 2070 for mixed residential use.	As at the date of valuation, the property was subject to a tenancy to a connected party of the Group for a term of one year due to expire on 31 December 2014 at a rent of RMB2.1 per sq m per day.	RMB85,000,000 (100% interest attributable to the Group : RMB85,000,000)

Notes:

(1) Pursuant to State-owned Land Use Rights Certificate No. (2003)01095 dated 27 June 2003 issued by 大連市規劃和國土資源局 (Dalian Planning and State-owned Land Resources Management Bureau), the land use rights of the property with a site area of 101,868.9 sq m have been vested in 大連海昌房屋開發有限公司 (Dalian Haichang Housing Development Co., Ltd.).

(2) Pursuant to Building Ownership Certificates Nos. 2013200081, 2013200082 and 2013200083 all dated 7 May 2013 issued by 大連市房地產登記發證中心 (Dalian Real Estate Registration and Issuing Centre), the building ownership of the property with gross floor areas of approximately 2,374.69 sq m, 2,189.75 sq m and 1,800.63 sq m have been vested in 海昌(中國)有限公司 (Haichang (China) Co., Ltd.).

(3) According to Business Licence No. 210200400035100, 海昌(中國)有限公司 (Haichang (China) Co., Ltd.) was established with a registered capital of RMB19,067,000 as a limited company on 11 December 1996.

(4) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

 (i) The Building Ownership Certificate of the property is valid, legal and enforceable under the PRC laws;

 (ii) 海昌(中國)有限公司 (Haichang (China) Co., Ltd.) is the sole legal land user of the property;

 (iii) 海昌(中國)有限公司 (Haichang (China) Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance.

(5) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

(6) In undertaking our valuation of the property, we have made reference to lettings within the subject property as well as other relevant comparable rental evidences ranging from RMB66 per sq m to RMB68 per sq m for retail premises. The monthly market rent adopted in our valuation is approximately RMB64 per sq m which is generally consistent with the comparables after due adjustments including locality, building age, maintenance standard, size, frontage, floor level and other relevant factors.

The capitalization rate adopted in our valuation is 5.5% which is in line with the market norm of similar property types in the area.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
2.	The portion for investment of Yantai Fisherman's Wharf, Binhai Road, Yantai, Shandong Province, the PRC	The project is erected on a parcel of land with a total site area of 156,604.74 sq m. The property was completed in about 2011. The total gross floor area of the project is approximately 87,000 sq m, including Whale Shark Aquarium, Yudaishan Hot Spring. The property is close to the seaside. Nearby the Yantai Haichang Whale Shark Aquarium, which is a famous tourism attraction in Yantai, the property is characterized by tourism. This commercial portion of the property has a total gross floor area of approximately 10,648.78 sq m. The land use rights of the property have been granted for terms due to expire on 29 September 2046 for commercial use.	As at the date of valuation, about 76% the property was subject to various tenancies for terms of 10 to 15 years with the latest expiry on 15 May 2026 at a total current monthly rent of approximately RMB392,000.	RMB138,000,000 (100% interest attributable to the Group : RMB138,000,000)

Notes:

(1) Pursuant to State-owned Land Use Rights Certificate No. (2008)2031 dated 25 January 2008 issued by 煙台市人民政府 (The Yantai People's Government), the land use rights of the property with a site area of 156,604.74 sq m have been vested in 煙台漁人碼頭投資有限公司 (Yantai Fisherman's Wharf Investment Co., Ltd.).

(2) Pursuant to Grant Contract of State-owned Land Use Rights No. (2006)12073-1 and (2006)12073-2 dated 30 September 2008, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 159,111.74 sq m have been contracted to be granted to 煙台漁人碼頭投資有限公司 (Yantai Fisherman's Wharf Investment Co., Ltd.) at a consideration of RMB20,000,346.

	Contract No.	(2006)12073-1	(2006)12073-2
(i)	Location	west to Binhai Road, east, south and north to sea side	west to Binhai Road, east, south and north to sea side
(ii)	Site Area	156,604.74 sq m	2,507 sq m
(iii)	Uses	Commercial	Commercial
(iv)	Land use term	40	40
(v)	Land-transferring fees	RMB19,685,215.81	RMB315,129.9

(3) According to Planning Permit for Construction Use of Land No. (2006)0325 dated 30 September 2006 issued by 煙台市規劃局 (Yantai Planning Bureau), the proposed construction land use of the property complies with the town planning requirements and permit for construction of a site area of 210,600 sq m.

(4) According to three Planning Permits for Construction Works issued by 煙台市規劃局 (Yantai Planning Bureau), the property is in compliance with the requirements of urban planning, and the details are as follows:

Permit No.	Gross floor area (sq m)	Issue date
370613201200238	38,581.26	1 June 2012
370613201200239	15,044.4	1 June 2012
370613201200246	10,004.25	8 June 2012
Total	**63,629.91**	

(5) According to four Permits for Commencement of Construction Works issued by 煙台市建設局 (Yantai Construction Bureau), the construction works with a gross floor area of 73,251 sq m are in compliance with the requirements for works commencement and have been permitted.

Permit No.	Gross floor area (sq m)	Issue date
(2009)142	25,858	12 November 2009
(2009)143	15,910	12 November 2009
(2010)010	16,743	26 February 2010
(2010)135	14,740	9 May 2010
Total	**73,251**	

(6) According to Pre-sale Permit Nos. (2009)049 and (2009)061, the construction works with a total gross floor area of 30,117.23 sq m were permitted for pre-sale.

Permit No.	Issue date	Location	Permitted gross floor area	Permitted quantity
			(sq m)	(unit)
(2009)049	2009-7-15	Block Nos. 8, 9, 13 and 15	8,093.01	4
(2009)061	2009-11-20	Block Nos. 2, 3, 11, 16, 17, 18 and 20 to 22	22,024.22	113
Total			**30,117.23**	**117**

(7) According to Business Licence No. 370613228023094, 煙台漁人碼頭投資有限公司 (Yantai Fisherman's Wharf Investment Co., Ltd.) was established with a registered capital of RMB30,000,000 as a limited company on 15 March 2005.

(8) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 煙台漁人碼頭投資有限公司 (Yantai Fisherman's Wharf Investment Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 煙台漁人碼頭投資有限公司 (Yantai Fisherman's Wharf Investment Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(9) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Business Licence	Yes

(10) In undertaking our valuation of the property, we have made reference to lettings within the subject property as well as other relevant comparable rental evidences ranging from RMB70 per sq m to RMB92 per sq m for retail premises. The monthly market rent adopted in our valuation is approximately RMB70 per sq m which is generally consistent with the comparables after due adjustments including locality, accessibility, maintenance standard, size, floor level and other relevant factors.

The capitalization rate adopted in our valuation is 5% which is in line with the market norm of similar property types in the area.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
3.	The portion for investment of Qingdao Polar Ocean World, 60 Donghai East Road, Qingdao, Shandong Province, the PRC	The project is erected on a parcel of land with a total site area of 117,675.60 sq m. The property was completed in about 2006. The total gross floor area of the project is 39,103.14 sq m, including polar aquarium and various retail units. Portions of the retail units have been sold. The property is close to the seaside. As a part of Qingdao Polar Ocean World, which is a famous tourism attraction in Qingdao, the property is characterized by tourism. The property comprises unsold retail units of the project, with a total gross floor area of approximately 16,735.00 sq m. The land use rights of the property have been granted for terms due to expire on 20 November 2045 for tourism and recreation uses.	As at the date of valuation, the property was subject to various tenancies for terms of 20 years with the latest expiry on 31 December 2027 at a total current monthly rent of approximately RMB660,000.	RMB216,000,000 (100% interest attributable to the Group : RMB216,000,000)

Notes:

(1) Pursuant to State-owned Land Use Rights Certificate Nos. (2005)171 and (2005)172 dated 22 November 2005 issued by 青島市嶗山區人民政府 (The People's Government of Laoshan District of Qingdao), the land use rights of the property with a total site area of 117,675.60 sq m have been vested in 青島極地海洋世界有限公司 (Qingdao Polar Ocean World Co., Ltd.).

(2) According to Real Estate Title Certificate No. 2010102759 issued by 青島市嶗山區房地產開發管理局 (Real Estate Development Administration of Laoshan District of Qingdao) on 30 November 2010, the real estate title of the property with a gross floor area of 39,103.14 sq m for tourism use is vested in 青島極地海洋世界有限公司 (Qingdao Polar Ocean World Co., Ltd.).

(3) According to Business Licence No. 370200018086175, 青島極地海洋世界有限公司 (Qingdao Polar Ocean World Co., Ltd.) was established with a registered capital of RMB246,148,000 as a limited company on 26 September 2002.

(4) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 青島極地海洋世界有限公司 (Qingdao Polar Ocean World Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 青島極地海洋世界有限公司 (Qingdao Polar Ocean World Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(5) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Real Estate Title Certificate	Yes
Business Licence	Yes

(6) In undertaking our valuation of the property, we have made reference to lettings within the subject property as well as other relevant comparable rental evidences ranging from RMB152 per sq m to RMB190 per sq m for retail premises. The property is situated in a developing area and the retail atmosphere is yet to be established. The monthly market rent adopted in our valuation is approximately RMB94 per sq m which is generally consistent with the comparables after due adjustments including locality, maintenance standard, size, floor level and other relevant factors.

The capitalization rate adopted in our valuation is 4.5% which is in line with the market norm of similar property types in the area.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
4.	The portion for investment of Phase I of Wuhan Polar Ocean World, Dongxihu District, Wuhan, Hubei Province, the PRC	The property comprises 10 low-rise retail buildings within Phase I of Wuhan Polar Ocean World and was completed in about 2012. The property is situated in Dongxihu Scenic Spot, near Wuhan Polar Ocean World. The environment is good. The business types mainly include F&B and entertainment mainly. This commercial portion of the property has a total gross floor area of approximately 40,761.66 sq m. The land use rights of the property have been granted for various terms due to expire on 5 September 2046 and 27 December 2046 for commercial use.	As at the date of valuation, about 8% the property was subject to various tenancies with the latest expiry on 8 October 2033 at a total current monthly rent of approximately RMB58,000.	RMB330,000,000 (100% interest attributable to the Group: RMB330,000,000)

Notes:

(1) Pursuant to three State-owned Land Use Rights Certificates issued by 武漢市東西湖區國土資源管理局 (Wuhan Dongxihu State-owned Land and Resources Bureau), the land use rights of the property with a site area of approximately 279,476.91 sq m have been vested in 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.).

Certificate No.	Site area (sq m)	Use	Expiry date	Certificate date
030101463	38,724.15	Commercial	27 December 2046	14 February 2007
030101468	176,177.14	Commercial	05 September 2046	4 December 2007
030101464	64,575.62	Commercial	27 December 2046	14 February 2007
Total	**279,476.91**			

(2) Pursuant to three Grant Contracts of Land Use Rights, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 279,476.91 sq m have been contracted to be granted to 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.).

Contract No.	Site area (sq m)	Use	Land transfer fee (RMB)	Certificate date
WDP-2006-165-1	38,724.15	Commercial	11,668,585	02 February 2007
WDP-2006-077	176,177.14	Commercial	49,716,250.64	21 November 2007
WDP-2006-165-2	64,575.62	Commercial	19,458,299	02 February 2007
Total	**279,476.91**			

(3) Pursuant to Construction Works Completion Examination Certificate Nos. 09-13-0088 to 09-13-0096 dated 15 March 2013 and No. 09-13-0273 dated 11 November 2013 issued by Wuhan Dongxihu Urban and Rural Construction Bureau, 10 blocks of the property (401-410) were completed.

(4) According to the copy of Business Licence No. 420112000005821, 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.) was established with a registered capital of USD9,804,000 as a limited company on 26 October 2004.

(5) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(6) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Grant Contract of Land Use Rights	Yes
Construction Works Completion Examination Certificate	Yes
Business Licence	Yes

(7) In undertaking our valuation of the property, we have made reference to lettings of relevant comparable rental evidences ranging from RMB79 per sq m to RMB92 per sq m for level 1 retail premises. The property comprises various retail blocks of multiple storeys. The monthly market rent adopted in our valuation is approximately RMB49 per sq m which is generally consistent with the comparables after due adjustments including maintenance standard, size and other relevant factors.

The capitalization rate adopted in our valuation is 6% which is in line with the market norm of similar property types in area.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
5.	The portion for investment of Phase 1 of Chengdu Polar Ocean World, Chengdu, Sichuan Province, the PRC	The property is erected upon a parcel of land with a site area of 240,048.93 sq m and was completed in about 2010. The property is situated in No. 2039 Tianfu Avenue, which is far away from the city center and the commercial atmosphere is yet to be developed. This commercial portion of the property has a total gross floor area of approximately 20,545.33 sq m. The land use rights of the property have been granted for terms due to expire on 11 March 2046 for commercial use.	As at the date of valuation, the property was subject to various tenancies with the latest expiry on 15 August 2033 at a total current monthly rent of approximately RMB124,000.	RMB213,000,000 (100% interest attributable to the Group: RMB213,000,000)

Notes:

(1) Pursuant to State-owned Land Use Rights Certificate No. (2007)00046 dated 30 January 2007 issued by 雙流縣人民政府 (The Shuangliu People's Government), the land use rights of the property with a site area of approximately 240,048.93 sq m have been vested in 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.).

(2) The details of the Real Estate Title Certificates of the property are as follows:

Certificate No.	Location	Use	Gross floor area (sq m)
0342632	No. 2039-3 Tianfu Avenue south section	Commercial	3,250.00
0342632	Levels 1-5, Block 1, No. 2039 Tianfu Avenue south section	Commercial	4,891.23
0342636	Levels 1-4, Block 2, No. 2039 Tianfu Avenue south section	Commercial	11,908.96
Total			**20,050.19**

As advised by the Group, the remaining blocks of the property are in the process of obtaining the Real Estate Title Certificates.

(3) Pursuant to Planning Permit for Construction Use of Land No. (2007)30 dated 6 February 2007 issued by 雙流縣規劃管理局 (the Bureau of Planning and Management Shuangliu County), the construction site of the property with a net site area of approximately 360.16 mu is in compliance with the requirements of urban planning.

(4) Pursuant to Planning Permits for Construction Works issued by 雙流縣規劃管理局 (the Bureau of Planning and Management Shuangliu County), the property is in compliance with the requirements of urban planning, and the details of are as follows:

Permit No.	Gross floor area (sq m)	Issue date
(2007)53	43,467.54	11 September 2007
510122201231077	50,449.08	25 July 2011

(5) Pursuant to Permit for Commencement of Construction Works issued by 雙流縣建設局 (the Bureau of Construction Shuangliu County), the property has been permitted to be constructed, and the details are as follows:

Permit No.	Gross floor area (sq m)	Issue date
(2007)76	43,467.54	21 September 2007
(2011)114	5,480.00	9 August 2011
(2011)156	44,969.08	28 September 2011

(6) Pursuant to Construction Works Examination Certificate No. (2011)366 dated 19 September 2010 issued by 雙流縣建設局 (the Bureau of Construction Shuangliu County), the property was completed.

(7) According to Pre-sale Permit for Commercial Housing No. Cheng Fang Yu Shou Shuang Zi 11108 dated 15 September 2011 issued by 雙流縣房產管理局 (Shuangliu County Housing Bureau), the sales licence of Blocks 9 and 10 with a total area for sale of 5,396.59 sq m has been granted.

(8) According to Business Licence No. 510122000035627, 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.) was established with a registered capital of RMB30,305,000 as a limited company on 18 December 2003.

(9) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.) is the sole legal land user of the property;

(iii) 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance.

(10) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Real Estate Title Certificate	Yes
Business Licence	Yes

(11) In undertaking our valuation of the property, we have made reference to lettings of relevant comparable rental evidences ranging from RMB140 per sq m to RMB165 per sq m for retail premises of 1 to 2 storeys. The property comprising retail blocks of multiple storeys is located far away from the city center and the retail atmosphere is yet to be developed. The monthly market rent adopted in our valuation is approximately RMB51 per sq m which is generally consistent with the comparables after due adjustments including locality, accessibility, maintenance standard, size, floor level and other relevant factors.

The capitalization rate adopted in our valuation is 5% which is in line with the market norm of similar property types in the area.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
6.	Block B, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, the PRC	Block B comprises various retail units on various levels of 14 commercial buildings and 129 car parking spaces under construction. The property was completed in about 2013. The property is situated on the east of Henan Road and on the south of Binhe Road, Tanggu District. To the opposite of the property are Tanggu commercial center and the bund park. This commercial portion of the property has a total gross floor area of approximately 33,414.5 sq m comprising 20,881.94 sq m above ground and 12,532.56 sq m below ground. The land use rights of the property have been granted for a term due to expire on 21 March 2050 for commercial use.	As at the date of valuation, about 19% the property was subject to various tenancies for terms of 5 to 10 years with the latest expiry on 30 November 2023 at a total current monthly rent of approximately RMB188,000.	RMB394,000,000 (100% interest attributable to the Group: RMB394,000,000)

Notes:

(1) Pursuant to Real Estate Title Certificate No. 107051100696 dated 26 August 2011 issued by 天津市人民政府 (The Tianjin Municipal Government) and 天津市國土資源和房屋管理局塘沽區國土資源分局 (Tianjin State-owned Land Resources and Housing Bureau, Tanggu Branch), the land use rights of the commercial development of Tianjin Polar Ocean World with a site area of approximately 185,183.6 sq m have been vested in 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.).

(2) Pursuant to Grant Contract of State-owned Land Use Rights No. 2007059 dated 28 December 2007, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 187,601.5 sq m have been contracted to be granted to 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.) at a consideration of RMB398,280,000.

(3) Pursuant to Planning Permit for Construction Use of Land No. 2008 Tang Gu Di Rang 0001 dated 10 January 2007 issued by 天津市塘沽區規劃和國土資源局 (Tianjin Tanggu District Planning and State-owned Land Resources Management Bureau), the planning rights of the construction land with a site area of approximately 187,601.5 sq m have been granted to 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.).

(4) Pursuant to Planning Permit for Construction Works No. 2011 Bin Hai Jian Zheng 0063 dated 31 August 2011 issued by 天津濱海新區規劃及國土資源管理局 (Tianjin Binhai New Area Planning and State-owned Land Resources Management Bureau), the construction project planning rights for Blocks B and D with a total gross floor area of 42,967.6 sq m have been granted to 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.).

(5) Pursuant to Permit for Commencement of Construction Works No. 1210731201110003 dated 31 October 2011 issued by 天津市濱海新區建設和交通局塘沽分局 (Tianjin Binhai New Area Construction and Transportation Bureau, Tanggu Branch), the podium and basement of Blocks B and D with a total gross floor area of 69,806.3 sq m were approved for construction. The commencement date was 12 August 2010.

(6) Pursuant to Construction Works Completion Examination Certificate No. 2013-002 dated 9 November 2013 issued by Tianjin Binhai New District Construction and Transportation Bureau, Block B (Building No. 2 – No. 16, Jianianhua Bandao Street) and Block D (Building No. 17 – No. 30 Chengshi Lvyou Road) of Tianjin Polar Ocean World, owned by 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.) was completed with a total gross floor area of 69,806.30 sq m.

(7) According to Business Licence No. 120000400027081, 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.) was established with a registered capital of RMB203,414,800 as a limited company on 24 September 2007.

(8) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The Real Estate Title Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(9) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

Real Estate Title Certificate	Yes (Land only)
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Construction Works Completion Examination Certificate	Yes
Business Licence	Yes

(10) In undertaking our valuation of the property, we have made reference to lettings of relevant comparable rental evidences ranging from RMB120 per sq m to RMB142 per sq m for retail premises. The monthly market rent adopted in our valuation is approximately RMB106 per sq m which is generally consistent with the comparables after due adjustments including locality, accessibility, floor level and other relevant factors.

The capitalization rate adopted in our valuation is 5.5% which is in line with the market norm of similar property types in the area.

VALUATION CERTIFICATE

Group II – Completed properties held by the Group for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
7.	The portion for sale of Dalian Tiger Beach Fisherman's Wharf, Dalian, Liaoning Province, the PRC	The property comprises various retail units on levels of several 2-4-storey detached retail buildings within Phase I of Tiger Beach Fisherman's Wharf completed in about 2010. The property as a scenic spot is situated in eastern Zhongshan district with abundant sea view. The property has a total gross floor area of approximately 10,371.25 sq m. The land use rights of the property have been granted for terms due to expire on 29 September 2045 for commercial use.	As at the date of valuation, parts of the property were subject to various tenancies for terms of 3 to 15 years with the latest expiry in 2027 at a total current monthly rent of approximately RMB356,000.	RMB225,000,000 (100% interest attributable to the Group: RMB225,000,000)

Notes:

(1) Pursuant to State-owned Land Use Rights Certificate No. (2008)01093 dated 17 November 2008, No. (2008)01082 dated 10 September 2008 and No. (2008)01094 dated 17 November 2008 issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of the property with site areas of approximately 43,720.0 sq m, 11,125.7 sq m and 4,359.8 sq m have been vested in 大連世博房地產開發有限公司 (Dalian Shibo Real Estate Development Co., Ltd.).

(2) Pursuant to Real Estate Title Certificates dated 23 December 2013 issued by 大連市房地產登記發證中心 (Dalian Real Estate Registration and Issuing Centre), the building ownership of the property of Dalian Tiger Beach Fisherman's Wharf with a total gross floor area of approximately 10,371.5 sq m have been vested in 大連世博房地產開發有限公司 (Dalian Shibo Real Estate Development Ltd.).

Certificate No.	Location	Building Use	Gross floor area (sq m)
2013200370	No. 64-6, East Binhai Road, Zhongshan District	Non-residential	1,483.19
2013200365	No. 64-5, East Binhai Road, Zhongshan District	Non-residential	1,855.04
2013200364	No. 64-1, East Binhai Road, Zhongshan District	Non-residential	148.14
2013200363	No. 64-2, East Binhai Road, Zhongshan District	Non-residential	139.41
2013200362	No. 66-2, East Binhai Road, Zhongshan District	Non-residential	1,717.25

Certificate No.	Location	Building Use	Gross floor area (sq m)
2013200361	No. 62-3, East Binhai Road, Zhongshan District	Non-residential	82.30
2013200369	No. 62-8, East Binhai Road, Zhongshan District	Non-residential	1,368.83
2013200368	No. 56-7, East Binhai Road, Zhongshan District	Non-residential	104.47
2013200360	No. 56-9, East Binhai Road, Zhongshan District	Non-residential	3,089.28
2013200367	No. 56-3, East Binhai Road, Zhongshan District	Non-residential	161.88
2013200366	No. 56-2, East Binhai Road, Zhongshan District	Non-residential	151.47
2013109722	No. 56-1, East Binhai Road, Zhongshan District	Non-residential	69.99
Total			**10,371.25**

(3) According to the copy of Business Licence No. 2102001108181, 大連世博房地產開發有限公司 (Dalian Shibo Real Estate Development Co., Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on 18 July 2013.

(4) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 大連世博房地產開發有限公司 (Dalian Shibo Real Estate Development Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 大連世博房地產開發有限公司 (Dalian Shibo Real Estate Development Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(5) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Real Estate Title Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
8.	The portion for sale of Phase 1 of Chengdu Polar Ocean World, Chengdu, Sichuan Province, the PRC	The property is erected upon a parcel of land with a site area of 240,048.93 sq m and was completed in about 2010. The property is situated in No. 2039 Tianfu Avenue, which is far away from the city center and the commercial atmosphere is yet to be developed. This commercial portion of the property has a total gross floor area of approximately 10,897.23 sq m. The land use rights of the property have been granted for terms due to expire on 11 March 2046 for commercial use.	As at the date of valuation, the property was vacant.	RMB139,000,000 (100% interest attributable to the Group: RMB139,000,000)

Notes:

(1) Pursuant to State-owned Land Use Rights Certificate No. (2007)00046 dated 30 January 2007 issued by 雙流縣人民政府 (The Shuangliu People's Government), the land use rights of the property with a site area of approximately 240,048.93 sq m have been vested in 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.).

(2) The details of the Real Estate Title Certificates of certain Phase 1 retail premises are as follows:

Certificate No.	Location	Use	Gross floor area (sq m)
0342650	Levels 1-2, Block 5, No. 2039 Tianfu Avenue south section	Commercial	1,603.87
0342648	Levels 1-2, Block 4, No. 2039 Tianfu Avenue south section	Commercial	2,030.40
0342644	Levels 1-2, Block 3, No. 2039 Tianfu Avenue south section	Commercial	2,225.54
0342653	Levels 1-2, Block 6, No. 2039 Tianfu Avenue south section	Commercial	5,001.40
0342663	No. 2039 Tianfu Avenue south section	Commercial	2,180.46
0342658	Levels 1-2, Block 7, No. 2039 Tianfu Avenue south section	Commercial	11,175.42
Total			**24,217.09**

As advised by the Group, the remaining blocks of the property are in the process of obtaining the Real Estate Title Certificates.

(3) Pursuant to Grant Contract of State-owned Land Use Rights No. 51-01-06 (2006)44 dated 12 April 2006, Grant Contract of State-owned Land Use Rights No. 51-01-06 (2006)171 dated 28 November 2006 and Amendment of Grant Contract of State-owned Land Use Rights Nos. (2007) 11 dated 24 January 2007, the land use rights of the whole Chengdu Polar Ocean World development with a site area of 240,048.93 sq m, together with another lot, both of which are due to expire on 11 March 2046 for commercial use, have been contracted to be granted to 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.) at a total consideration of RMB159,664,800.

(4) Pursuant to Planning Permit for Construction Use of Land No. (2007)30 dated 6 February 2007 issued by 雙流縣規劃管理局 (the Bureau of Planning and Management Shuangliu County), the construction site of the property with a net site area of approximately 360.16 mu is in compliance with the requirements of urban planning.

(5) Pursuant to Planning Permits for Construction Works issued by 雙流縣規劃管理局 (the Bureau of Planning and Management Shuangliu County), the property is in compliance with the requirements of urban planning, and the details of are as follows:

Permit No.	Gross floor area (sq m)	Issue date
(2007)53	43,467.54	11 September 2007
510122201231077	50,449.08	25 July 2011

(6) Pursuant to Permits for Commencement of Construction Works issued by 雙流縣建設局 (the Bureau of Construction Shuangliu County), the property has been permitted to be constructed, and the details are as follows:

Permit No.	Gross floor area (sq m)	Issue date
(2007)76	43,467.54	21 September 2007
(2011)114	5,480	9 August 2011
(2011)156	44,969.08	28 September 2011

(7) Pursuant to Construction Works Completion Examination Certificate No. (2011) 366 dated 19 September 2010 issued by 雙流縣建設局 (the Bureau of Construction of Shuangliu County), the property was completed.

(8) According to Pre-sale Permit for Commercial Housing No. Cheng Fang Yu Shou Shuang Zi 11108 dated 15 September 2011 issued by 雙流縣房產管理局 (Shuangliu County Housing Bureau), the sales licence of Blocks 9 and 10 with a total area for sale of 5,396.59 sq m has been granted.

(9) According to Business Licence No. 510122000035627, 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.) was established with a registered capital of RMB30,305,000 as a limited company on 18 December 2003.

(10) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(11) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Real Estate Title Certificate	Yes (Part)
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Construction Works Completion Examination Certificate	Yes
Pre-sale Permit	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
9.	The clubhouse of Phase 2 of Chengdu Polar Ocean World, Chengdu, Sichuan Province, the PRC	The property is erected upon a parcel of land with a site area of 240,048.93 sq m and was completed in about 2012. The property is situated in No. 2039 Tianfu Avenue, which is far away from the city center and the commercial atmosphere is yet to be developed. The clubhouse has a total gross floor area of approximately 12,644.87 sq m. The land use rights of the property have been granted for terms due to expire on 11 March 2046 for commercial use.	As at the date of valuation, the property was vacant.	RMB194,000,000 (100% interest attributable to the Group: RMB194,000,000)

Notes:

(1) Pursuant to State-owned Land Use Rights Certificate No. (2007)00046 dated 30 January 2007 issued by 雙流縣人民政府 (The Shuangliu People's Government), the land use rights of the property with a site area of approximately 240,048.93 sq m have been vested in 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.).

(2) Pursuant to Grant Contract of State-owned Land Use Rights No. 51-01-06 (2006)44 dated 12 April 2006, Grant Contract of State-owned Land Use Rights No. 51-01-06 (2006)171 dated 28 November 2006 and Amendment of Grant Contract of State-owned Land Use Rights Nos. (2007) 11 dated 24 January 2007, the land use rights of the whole Chengdu Polar Ocean World development with a site area of 240,048.93 sq m, together with another lot, both of which are due to expire on 11 March 2046 for commercial use, have been contracted to be granted to 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.) at a total consideration of RMB159,664,800.

(3) Pursuant to Planning Permit for Construction Use of Land No. (2007)30 dated 6 February 2007 issued by 雙流縣規劃管理局 (the Bureau of Planning and Management Shuangliu County), the construction site of the property with a net site area of approximately 360.16 mu is in compliance with the requirements of urban planning.

(4) Pursuant to a Planning Permit for Construction Works issued by 雙流縣規劃管理局 (the Bureau of Planning and Management Shuangliu County), the property is in compliance with the requirements of urban planning, and the details are as follows:

Permit No.	Gross floor area (sq m)	Issue date
510122201131077	50,449.08	25 July 2011

(5) Pursuant to a Permit for Commencement of Construction Works issued by 雙流縣建設局 (the Bureau of Construction Shuangliu County), the property has been permitted to be constructed, and the details are as follows:

Permit No.	Gross floor area (sq m)	Issue date
(2011)156	44,969.08	28 September 2011

(6) Pursuant to Construction Works Completion Examination Certificate Nos. 2012-521 to 2012-545 dated 28 December 2012 issued by 雙流縣建設局 (the Bureau of Construction of Shuangliu County), the clubhouse and basement were completed.

(7) According to Pre-sale Permit for Commercial Housing No. Cheng Fang Yu Shou Shuang Zi 11129 dated 4 November 2011 issued by 雙流縣房產管理局 (Shuangliu County Housing Bureau), the sales licence of Blocks 11-34 with a total area for sale of 22,553.96 sq m has been granted.

(8) According to Business Licence No. 510122000035627, 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.) was established with a registered capital of RMB30,305,000 as a limited company on 18 December 2003.

(9) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(10) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Construction Works Completion Certificate	Yes
Pre-sale Permit	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
10.	The portion for sale of Phase 1 of Wuhan Polar Ocean World, Dongxihu District, Wuhan, Hubei Province, the PRC	The property is a low-rise retail building within Phase 1 of Wuhan Polar Ocean World and was completed in about 2012. As a part of Wuhan Polar Ocean World, the property is situated in Dongxihu Scenic Spot. The environment is good. The business types mainly consist of F&B and entertainment. This commercial portion of the property has a total gross floor area of approximately 5,167.00 sq m. The land use rights of the property have been granted for terms due to expire on 5 September 2046 and 27 December 2046 for commercial use.	As at the date of valuation, the property was vacant.	RMB48,000,000 (100% interest attributable to the Group: RMB48,000,000)

Notes:

(1) Pursuant to three State-owned Land Use Rights Certificates issued by 武漢市東西湖區國土資源管理局 (Wuhan Dongxihu State-owned Land and Resources Bureau), the land use rights of the Wuhan Polar Ocean World development, in which the property is located thereon, with a total site area of 279,476.91 sq m have been vested in 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.).

Certificate No.	Site area (sq m)	Use	Expiry date	Issue date
030101463	38,724.15	Commercial	27 December 2046	14 February 2007
030101468	176,177.14	Commercial	05 September 2046	4 December 2007
030101464	64,575.62	Commercial	27 December 2046	14 February 2007
	279,476.91			

(2) Pursuant to three Grant Contracts of State-owned Land Use Rights, the land use rights of the subject development, in which the property is located thereon, with a total site area of 279,476.91 sq m have been contracted to be granted to 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.).

Contract No.	**Site area** (sq m)	**Use**	**Land transfer fee** (RMB)	**Issue date**
WDP-2006-165-1	38,724.15	Commercial	11,668,585	02 February 2007
WDP-2006-077	176,177.14	Commercial	49,716,250.64	21 November 2007
WDP-2006-165-2	64,575.62	Commercial	19,458,299	02 February 2007
Total	**279,476.91**			

(3) Pursuant to Construction Works Completion Examination Certificate No. 09-13-0087 dated 15 March 2013 issued by Wuhan Dongxihu Urban and Rural Construction Bureau, the property was completed.

(4) According to Business Licence No. 420112000005821, 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.) was established with a registered capital of USD60,000,000 as a limited company on 26 October 2004.

(5) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(6) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Grant Contract of State-owned Land Use Rights	Yes
Construction Works Completion Examination Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
11.	The portion for sale of Haichang Xincheng, Dalian, Liaoning Province, the PRC	The property comprises various retail units on various levels of a 3-storey commercial podium within Phase 1 of Haichang Xincheng completed in about 2001. The property is situated in Zhongshan District as a residential project with retail podium. This commercial portion of the property has a total gross floor area of approximately 6,026.96 sq m. The land use rights of the property have been granted for terms due to expire on 26 March 2070 for mixed residential use.	As at the date of valuation, the property was vacant.	RMB81,000,000 (100% interest attributable to the Group: RMB81,000,000)

Notes:

(1) Pursuant to State-owned Land Use Rights Certificate No. (2003)01095 dated 27 June 2003 issued by 大連市規劃和國土資源局 (Dalian Planning and State-owned Land Resources Management Bureau), the land use rights of the property with a site area of 101,868.9 sq m have been vested in 大連海昌房屋開發有限公司 (Dalian Haichang Housing Development Co., Ltd.).

(2) Pursuant to Building Ownership Certificates Nos. 2013200080, 2013200084 and 2013200079 all dated 7 May 2013 issued by 大連市房地產登記發證中心 (Dalian Real Estate Registration and Issuing Centre), the building ownership of the property with gross floor areas of approximately 2,089.27 sq m, 2,378.68 sq m and 1,559.01 sq m have been vested in 海昌(中國)有限公司 (Haichang (China) Co., Ltd.).

(3) According to Business Licence No. 210200400035100, 海昌(中國)有限公司 (Haichang (China) Co., Ltd.) was established with a registered capital of RMB19,067,000 as a limited company on 11 December 1996.

(4) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The Building Ownership Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 海昌(中國)有限公司 (Haichang (China) Co., Ltd.) is the sole legal land user of the property;

(iii) 海昌(中國)有限公司有限公司 (Haichang (China) Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance.

(5) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
12.	Block D, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, The PRC	Block D comprises various retail units on various levels and 232 car parking spaces under construction. The property was completed in about 2013. The property is situated on the east of Henan Road and on the south of Binhe Road, Tanggu District. To the opposite of the property are Tanggu commercial center and the bund park. The property has a total gross floor area of approximately 29,479.21 sq m comprising 19,331.55 sq m above ground and 10,147.66 sq m below ground. The land use rights of the property have been granted for terms due to expire on 21 March 2050 for commercial use.	As at the date of valuation, the property was vacant.	RMB398,000,000 (100% interest attributable to the Group: RMB398,000,000)

Notes:

(1) Pursuant to Real Estate Title Certificate No. 107051100696 dated 26 August 2011 issued by 天津市人民政府 (The Tianjin Municipal Government) and 天津市國土資源和房屋管理局塘沽區國土資源分局 (Tianjin State-owned Land Resources and Housing Bureau, Tanggu Branch), the land use rights of the commercial development of Tianjin Polar Ocean World with a site area of approximately 185,183.6 sq m have been vested in 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.).

(2) Pursuant to Grant Contract of State-owned Land Use Rights No. 2007059 dated 28 December 2007, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 187,601.5 sq m have been contracted to be granted to 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.) at a consideration of RMB398,280,000.

(3) Pursuant to Planning Permit for Construction Use of Land No. 2008 Tang Gu Di Rang 0001 dated 10 January 2007 issued by 天津市塘沽區規劃和國土資源局 (Tianjin Tanggu District Planning and State-owned Land Resources Management Bureau), the planning rights of the construction land with a site area of approximately 187,601.5 sq m have been granted to 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.).

(4) Pursuant to Planning Permit for Construction Works No. 2011 Bin Hai Jian Zheng 0063 dated 31 August 2011 issued by 天津濱海新區規劃及國土資源管理局 (Tianjin Binhai New Area Planning and State-owned Land Resources Management Bureau), the construction project planning rights for Blocks B and D with a total gross floor area of 42,967.6 sq m have been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

(5) Pursuant to Permit for Commencement of Construction Works No. 1210731201110003 dated 31 October 2011 issued by 天津市濱海新區建設和交通局塘沽分局 (Tianjin Binhai New Area Construction and Transportation Bureau, Tanggu Branch), the podium and basement of Blocks B and D with a total gross floor area of 69,806.3 sq m were approved for construction. The commencement date was 12 August 2010.

(6) According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-001 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 17 of Tianjin Polar Ocean World with an area for sale of 2,763.79 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-002 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 18 of Tianjin Polar Ocean World with an area for sale of 2,860.72 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-003 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 19 of Tianjin Polar Ocean World with an area for sale of 2,339.0 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-004 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 20 of Tianjin Polar Ocean World with an area for sale of 2,049.81 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-005 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 21 of Tianjin Polar Ocean World with an area for sale of 2,304.89 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-006 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 22 of Tianjin Polar Ocean World with an area for sale of 1,941.07 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-007 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 23 of Tianjin Polar Ocean World with an area for sale of 2,339.0 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-008 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 24 of Tianjin Polar Ocean World with an area for sale of 2,031.77 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-009 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 25 of Tianjin Polar Ocean World with an area for sale of 2,304.26 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-010 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 26 of Tianjin Polar Ocean World with an area for sale of 2,052.11 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-011 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 27 of Tianjin Polar Ocean World with an area for sale of 814.43 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-012 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 28 of Tianjin Polar Ocean World with an area for sale of 814.43 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-013 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 29 of Tianjin Polar Ocean World with an area for sale of 814.43 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-014 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 30 of Tianjin Polar Ocean World with an area for sale of 814.43 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0435-001 dated 14 June 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 31 of Tianjin Polar Ocean World with an area for sale of 7,503.55 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0435-002 dated 14 June 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 32 of Tianjin Polar Ocean World with an area for sale of 7,966.64 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0436-001 dated 14 June 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 33 of Tianjin Polar Ocean World with an area for sale of 31,417.64 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

(7) Pursuant to Construction Works Completion Examination Certificate No. 2013-002 dated 19 November 2013 issued by Tianjin Binhai New Area Construction and Transportation Bureau. Block B and Block D of Tianjin Polar Ocean World belong to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.). The total gross floor area is 69,806.30 sq m.

(8) According to Business Licence No. 120000400027081, 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.) was established with a registered capital of RMB203,414,800 as a limited company on 24 September 2007.

(9) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The Real Estate Title Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(10) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

Real Estate Title Certificate	Yes (Land only)
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Construction Works Completion Examination Certificate	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group III – Properties held by the Group under development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
13.	The office building of Phase 2 of Chengdu Polar Ocean World, Chengdu, Sichuan Province, the PRC	The property comprises an office building to be erected upon a parcel of land with a site area of 240,048.93 sq m. The property is situated in No. 2039 Tianfu Avenue, which is far away from the city center and the commercial atmosphere is yet to be developed. Upon completion, the property will have a total gross floor area of approximately 46,125.67 sq m comprising 33,991.01 sq m above ground and 12,134.66 sq m below ground. The land use rights of the property have been granted for a term due to expire on 11 March 2046 for commercial use.	As at the date of valuation, the property was under construction and scheduled to be completed in early 2015.	RMB163,000,000 (100% interest attributable to the Group: RMB163,000,000)

Notes:

(1) Pursuant to State-owned Land Use Rights Certificate No. (2007)00046 dated 30 January 2007 issued by 雙流縣人民政府 (The Shuangliu People's Government), the land use rights of the property with a site area of approximately 240,048.93 sq m have been vested in 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.).

(2) Pursuant to Grant Contract of State-owned Land Use Rights No. 51-01-06 (2006)44 dated 12 April 2006, Grant Contract of State-owned Land Use Rights No. 51-01-06 (2006)171 dated 28 November 2006 and Amendment of Grant Contract of State-owned Land Use Rights Nos. (2007) 11 dated 24 January 2007, the land use rights of the whole Chengdu Polar Ocean World development with a site area of 240,048.93 sq m, together with another lot, both of which are due to expire on 11 March 2046 for commercial use, have been contracted to be granted to 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.) at a total consideration of RMB159,664,800.

(3) Pursuant to Planning Permit for Construction Use of Land No. (2007)30 dated 6 February 2007 issued by 雙流縣規劃管理局 (the Bureau of Planning and Management of Shuangliu County), the construction site of the property with a net site area of approximately 360.16 mu is in compliance with the requirements of urban planning.

(4) Pursuant to Planning Permit for Construction Works No. 510122201231114 dated 19 December 2012 issued by 雙流縣規劃管理局 (the Bureau of Planning and Management of Shuangliu County), the construction works of the property, with a total gross floor area of 46,124.66 sq m, are in compliance with the construction works requirements and have been approved.

(5) Pursuant to Permit for Commencement of Construction Works No. (2013)076 dated 20 June 2013 issued by 雙流縣建設局 (the Bureau of Construction of Shuangliu County), the property has been permitted to be constructed.

(6) According to the information provided by the Company, the expended construction cost of the property as at 31 December 2013 was approximately RMB60,000,000. The estimated total construction cost was approximately RMB178,000,000. In the course of our valuation, we have taken into account such costs.

(7) The market value when completed of the property as at 31 December 2013 was approximately RMB401,000,000.

(8) According to Business Licence No. 510122000035627, 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.) was established with a registered capital of RMB30,305,000 as a limited company on 18 December 2003.

(9) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 成都極地海洋實業有限公司 (Chengdu Polar Ocean Industrial Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(10) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
14.	Block E, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, The PRC	Block E comprises various retail units on various levels and 186 car parking spaces under construction. The property is situated on the east of Henan Road and on the south of Binhe Road, Tanggu District. To the opposite of the property are Tanggu commercial center and the bund park. Upon completion, the property will have a total gross floor area of approximately 59,006 sq m comprising 46,888 sq m above ground and 12,118 sq m below ground. The land use rights of the property have been granted for terms due to expire on 21 March 2050 for commercial use.	As at the date of valuation, the property was under construction and scheduled to be completed in June 2014.	RMB336,000,000 (100% interest attributable to the Group: RMB336,000,000)

Notes:

(1) Pursuant to Real Estate Title Certificate No. 107051100696 dated 26 August 2011 issued by 天津市人民政府 (The Tianjin Municipal Government) and 天津市國土資源和房屋管理局塘沽區國土資源分局 (Tianjin State-owned Land Resources and Housing Bureau, Tanggu Branch), the land use rights of the commercial development of Tianjin Polar Ocean World with a site area of approximately 185,183.6 sq m have been vested in 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.).

(2) Pursuant to Grant Contract of State-owned Land Use Rights No. 2007059 dated 28 December 2007, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 187,601.5 sq m have been contracted to be granted to 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.) at a consideration of RMB398,280,000.

(3) Pursuant to Planning Permit for Construction Use of Land No. 2008 Tang Gu Di Rang 0001 dated 10 January 2007 issued by 天津市塘沽區規劃和國土資源局 (Tianjin Tanggu District Planning and State-owned Land Resources Management Bureau), the planning rights of the construction land with a site area of approximately 187,601.5 sq m have been granted to 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.).

(4) Pursuant to Planning Permit for Construction Works No. 2012 Bin Hai Jian Zheng 0021 dated 22 March 2012 issued by 天津濱海新區規劃及國土資源管理局 (Tianjin Binhai New Area Planning and State-owned Land Resources Management Bureau), the construction project planning rights for Block E with a total gross floor area of 48,248.0 sq m have been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

(5) Pursuant to Permit for Commencement of Construction Works No. 12107071201205003 dated 16 May 2012 issued by 天津市濱海新區建設和交通局塘沽分局 (Tianjin Binhai New Area Construction and Transportation Bureau, Tanggu Branch), the podium and basement of Block E with a total gross floor area of 59,006.0 sq m were approved for construction. The commencement date was 29 September 2010.

(6) According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-001 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 17 of Tianjin Polar Ocean World with an area for sale of 2,763.79 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-002 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 18 of Tianjin Polar Ocean World with an area for sale of 2,860.72 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-003 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 19 of Tianjin Polar Ocean World with an area for sale of 2,339.0 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-004 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 20 of Tianjin Polar Ocean World with an area for sale of 2,049.81 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-005 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 21 of Tianjin Polar Ocean World with an area for sale of 2,304.89 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-006 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 22 of Tianjin Polar Ocean World with an area for sale of 1,941.07 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-007 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 23 of Tianjin Polar Ocean World with an area for sale of 2,339.0 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-008 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 24 of Tianjin Polar Ocean World with an area for sale of 2,031.77 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-009 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 25 of Tianjin Polar Ocean World with an area for sale of 2,304.26 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-010 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 26 of Tianjin Polar Ocean World with an area for sale of 2,052.11 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-011 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 27 of Tianjin Polar Ocean World with an area for sale of 814.43 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-012 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 28 of Tianjin Polar Ocean World with an area for sale of 814.43 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-013 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 29 of Tianjin Polar Ocean World with an area for sale of 814.43 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0005-014 dated 9 January 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 30 of Tianjin Polar Ocean World with an area for sale of 814.43 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0435-001 dated 14 June 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 31 of Tianjin Polar Ocean World with an area for sale of 7,503.55 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0435-002 dated 14 June 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 32 of Tianjin Polar Ocean World with an area for sale of 7,966.64 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

According to Pre-sale Permit for Commercial Housing No. Jin Guo Tu Fang Shou Xu Zi (2012) 0436-001 dated 14 June 2012 issued by 天津市國土資源及房屋管理局 (Tianjin State-owned Land Resources and Housing Bureau), the sales licence of Building 33 of Tianjin Polar Ocean World with an area for sale of 31,417.64 sq m has been granted to 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.).

(7) According to the information provided by the Company, the expended construction cost of the property as at 31 December 2013 was approximately RMB140,900,000. The estimated total construction cost was approximately RMB220,500,000. In the course of our valuation, we have taken into account such costs.

(8) The market value when completed of the property was approximately RMB567,000,000.

(9) According to Business Licence No. 120000400027081, 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.) was established with a registered capital of RMB203,414,800 as a limited company on 24 September 2007.

(10) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The Real Estate Title Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 天津極地旅遊有限公司 (Tianjin Polar Travel Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(11) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

Real Estate Title Certificate	Yes (Land only)
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Pre-sale Permit	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group IV – Properties held by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
15.	Phase 2 of Wuhan Polar Ocean World, Dongxihu District, Wuhan, Hubei Province, the PRC	According to the Company, Phase 2 of Wuhan Polar Ocean World is currently a parcel of vacant land with a site area of 89,153 sq m. As a part of Wuhan Polar Ocean World, the property is situated in Dongxihu Science Spot. The environment is good. The business types mainly consist of F&B and entertainment. The total developable gross floor area is approximately 97,384 sq m comprising 75,084 sq m above ground and 22,300 sq m below ground. The land use rights of Phase 2 have been granted for a term due to expire on 27 December 2046 for commercial use.	As at the date of valuation, the property was a vacant site pending for development.	RMB153,000,000 (100% interest attributable to the Group: RMB153,000,000)

Notes:

(1) Pursuant to three State-owned Land Use Rights Certificates issued by 武漢市東西湖區國土資源管理局 (Wuhan Dongxihu State-owned Land and Resources Bureau), the land use rights of the Wuhan Polar Ocean World development, in which the property is located thereon, with a total site area of 279,476.91 sq m have been vested in 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.).

Certificate No.	Site area (sq m)	Use	Expiry date	Issue date
030101463	38,724.15	Commercial	27 December 2046	14 February 2007
030101468	176,177.14	Commercial	05 September 2046	4 December 2007
030101464	64,575.62	Commercial	27 December 2046	14 February 2007
Total	**279,476.91**			

(2) Pursuant to three Grant Contracts of State-owned Land Use Rights, the land use rights of the subject development, in which the property is located thereon, with a total site area of 279,476.91 sq m have been contracted to be granted to 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.).

Contract No.	Site area (sq m)	Use	Land transfer fee (RMB)	Issue date
WDP-2006-165-1	38,724.15	Commercial	11,668,585	02 February 2007
WDP-2006-077	176,177.14	Commercial	49,716,250.64	21 November 2007
WDP-2006-165-2	64,575.62	Commercial	19,458,299	02 February 2007
Total	**279,476.91**			

(3) According to Business Licence No. 420112000005821, 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.) was established with a registered capital of USD60,000,000 as a limited company on 26 October 2004.

(4) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(5) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Grant Contract of State-owned Land Use Rights	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
16.	Phase 3 of Wuhan Polar Ocean World, Dongxihu District, Wuhan, Hubei Province, the PRC	According to the Company, Phase 3 of Wuhan Polar Ocean World is currently a parcel of vacant land with a site area of 67,913 sq m. As a part of Wuhan Polar Ocean World, the property is situated in Dongxihu Science Spot. The environment is good. The business types mainly consist of F&B and entertainment. The total developable gross floor area is approximately 153,158 sq m comprising 117,295 sq m above ground and 35,890 sq m below ground. The land use rights of Phase 3 have been granted for a term due to expire on 27 December 2046 for commercial use.	As at the date of valuation, the property was a vacant site pending for development.	RMB182,000,000 (100% interest attributable to the Group: RMB182,000,000)

Notes:

(1) Pursuant to three State-owned Land Use Rights Certificates issued by 武漢市東西湖區國土資源管理局 (Wuhan Dongxihu State-owned Land and Resources Bureau), the land use rights of the Wuhan Polar Ocean world development, in which the property is located thereon, with a total site area of 279,476.91 sq m have been vested in 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.).

Certificate No.	Site area (sq m)	Use	Expiry date	Issue date
030101463	38,724.15	Commercial	27 December 2046	14 February 2007
030101468	176,177.14	Commercial	05 September 2046	4 December 2007
030101464	64,575.62	Commercial	27 December 2046	14 February 2007
Total	**279,476.91**			

(2) Pursuant to three Grant Contracts of State-owned Land Use Rights, the land use rights of the subject development, in which the property is located thereon, with a total site area of 279,476.91 sq m have been contracted to be granted to 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.).

Contract No.	Site area	Use	Land transfer fee	Issue date
		(sq m)	(RMB)	
WDP-2006-165-1	38,724.15	Commercial	11,668,585	02 February 2007
WDP-2006-077	176,177.14	Commercial	49,716,250.64	21 November 2007
WDP-2006-165-2	64,575.62	Commercial	19,458,299	02 February 2007
Total	**279,476.91**			

(3) According to Business Licence No. 420112000005821, 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.) was established with a registered capital of USD60,000,000 as a limited company on 26 October 2004.

(4) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 武漢極地海洋世界投資有限公司 (Wuhan Polar Ocean World Investment Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(5) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Grant Contract of State-owned Land Use Rights	Yes
Business Licence	Yes

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
17.	Block A, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, the PRC	As advised by the Company, Block A is intended to be developed to comprise various retail units of low-rise buildings. The property is situated on the east of Henan Road and on the south of Binhe Road, Tanggu District. To the opposite of the property are Tanggu commercial center and the bund park. The total developable gross floor area is approximately 120,749 sq m comprising 82,811 sq m above ground and 37,938 sq m below ground. The land use rights of the property have been granted for terms due to expire on 21 March 2050 for commercial use.	As at the date of valuation, the property was a vacant land pending for development.	RMB275,000,000 (100% interest attributable to the Group: RMB275,000,000)

Notes:

(1) Pursuant to Real Estate Title Certificate No. 107051100696 dated 26 August 2011 issued by 天津市人民政府 (The Tianjin Municipal Government) and 天津市國土資源和房屋管理局塘沽區國土資源分局 (Tianjin State-owned Land Resources and Housing Bureau, Tanggu Branch), the land use rights of the commercial development of Tianjin Polar Ocean World with a site area of approximately 185,183.60 sq m have been vested in 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.).

(2) Pursuant to Grant Contract of State-owned Land Use Rights No. 2007059 dated 28 December 2007, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 187,601.5 sq m have been contracted to be granted to 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.) at a consideration of RMB398,280,000.

(3) Pursuant to Planning Permit for Construction Use of Land No. 2008 Tang Gu Di Rang 0001 dated 10 January 2007 issued by 天津市塘沽區規劃和國土資源局 (Tianjin Tanggu District Planning and State-owned Land Resources Management Bureau), the planning rights of the construction land with a site area of approximately 187,601.5 sq m have been granted to 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.).

(4) According to Business Licence No. 120000400027081, 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.) was established with a registered capital of RMB203,414,800 as a limited company on 24 September 2007.

(5) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The Real Estate Title Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 天津極地旅遊有限公司 (Tianjin Polar Tourism Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(6) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

Real Estate Title Certificate	Yes (Land only)
Grant Contract of State-owned Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	No
Permit for Commencement of Construction Works	No
Business Licence	Yes

VALUATION CERTIFICATE

Group V – Completed property contracted to be acquired by the Group and held for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
18.	The portion of Dalian Tiger Beach Fisherman's Wharf, contracted to be acquired, Dalian, Liaoning Province, the PRC	The property comprises various retail units on levels of several 2-4-storey detached retail buildings within Phase I of Tiger Beach Fisherman's Wharf completed in about 2010. The property as a scenic spot is situated in eastern Zhongshan district with abundant sea view. The property has a total gross floor area of approximately 2,299.49 sq m. The land use rights of the property have been granted for terms due to expire on 29 September 2045 for commercial use.	As at the date of valuation, parts of the property were subject to various tenancies for terms of 5 years with the latest expiry in 2018 at a total current monthly rent of approximately RMB43,000.	RMB54,000,000 (100% interest attributable to the Group: RMB54,000,000)

Notes:

(1) Pursuant to State-owned Land Use Rights Certificate No. (2008)01093 dated 17 November 2008, No. (2008)01082 dated 10 September 2008 and No. (2008)01094 dated 17 November 2008 issued by 大連市國土資源和房屋局 (Dalian State-owned Land Resources and Housing Bureau), the land use rights of the property with site areas of approximately 43,720.0 sq m, 11,125.7 sq m and 4,359.8 sq m have been vested in 大連世博房地產開發有限公司 (Dalian Shibo Real Estate Development Co., Ltd.).

(2) Pursuant to Real Estate Title Certificates dated 23 December 2013 issued by 大連市房地產登記發證中心 (Dalian Real Estate Registration and Issuing Centre), the building ownership of the property of Dalian Tiger Beach Fisherman's Wharf with gross floor areas of approximately 10,371.5 sq m have been vested in 大連世博房地產開發有限公司 (Dalian Shibo Real Estate Development Ltd.).

Certificate No.	Location	Building Use	Gross floor area (sq m)
2014100718	No. 50-3, East Binhai Road, Zhongshan District	Non-residential	394.20
2014100715	No. 50-2, East Binhai Road, Zhongshan District	Non-residential	208.71
2014100716	No. 60-1A, East Binhai Road, Zhongshan District	Non-residential	1,479.21
2014100717	No. 60-3, East Binhai Road, Zhongshan District	Non-residential	139.09
Total			**2,221.21**

As advised by the Group, the Group is in the course of obtaining the Real Estate Title Certificate of the remaining unit of the property with a gross floor area of 78.28 sq m.

(3) According to the copy of Business Licence No. 2102001108181, 大連世博房地產開發有限公司 (Dalian Shibo Real Estate Development Co., Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on 18 July 2013.

(4) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 大連世博房地產開發有限公司 (Dalian Shibo Real Estate Development Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 大連世博房地產開發有限公司 (Dalian Shibo Real Estate Development Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(5) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Real Estate Title Certificate	Yes
Business Licence	Yes

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this Prospectus received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of value of Chongqing Caribbean Water Park contracted to be acquired by the Group as at 31 December 2013.

DTZ 戴德梁行
a UGL company

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

28 February 2014

The Directors
Haichang Holdings Limited
the People's Republic of China

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions for us to value certain properties which Haichang Holdings Limited (referred to as the "Company") and its subsidiaries (together referred to as the "Group") have contracted to acquire in the People's Republic of China (the "PRC") (as more particularly described in the attached valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at 31 December 2013.

Definition of Market Value

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards (2012 Edition) issued by The Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Basis and Assumption

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

Our valuations exclude any estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the properties in the PRC, we have assumed that, unless otherwise stated, the transferable land use rights of the properties for their respective terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Group regarding the title to each of the properties and the interests of the Group in the properties. In valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Group are set out in the notes of the respective valuation certificate.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Method of Valuation

In valuing the property in Group I which is completed property contracted to be acquired by the Group and held for investment in the PRC, we have used the Investment Approach by capitalizing the passing rent derived from the existing tenancies with due provision for reversionary income potential. Such method is commonly used in valuing similar types of properties of similar nature.

In valuing the properties in Groups II and III which are completed property contracted to be acquired by the Group and held for sale in the PRC, and property contracted to be acquired and held by the Group for future development in the PRC respectively, we have used the Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market. Such method is commonly used in valuing similar types of properties of similar nature.

Source of Information

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group. We have been provided by the Group with extracts of documents in relation to the titles to the properties. In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group and its legal advisor, Jun He Law Offices (君合律師事務所) regarding the title to each of the properties and the interests of the Group in the properties. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, development schemes, completion date of buildings, number of units, particulars of occupancy, site and floor areas, construction costs, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

Title investigation

We have been provided with extracts of documents relating to the titles of the properties in the PRC, but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Group and its legal advisor regarding the Group's interests in the PRC properties.

Site Inspection

Our valuer, Xie Fei of our Chongqing office, senior manager, inspected the exterior and, wherever possible, the interior of the properties in February 2014. However, no structural survey has been made, but in the course of our valuation, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Moreover, we have not carried out any soil investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited

Andrew K.F. Chan
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS, MRICS
Senior Director, Valuation & Advisory Services

Note: Mr. Andrew K.F. Chan is a Registered Professional Surveyor who has over 26 years' of experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

Group I – Completed property contracted to be acquired by the Group and held for investment in the PRC

	Property	Market value in existing state as at 31 December 2013	Attributable interest to the Group	Market value in existing state as at 31 December 2013 attributable to the Group
		(RMB)	(%)	(RMB)
1.	The portion for investment of Phase 1 of Chongqing Caribbean Water Park, Huang'jueya Town, Nan'an District, Chongqing, the PRC	182,000,000	100	182,000,000
	Sub-total of Group I :	**182,000,000**		**182,000,000**

Group II – Completed property contracted to be acquired by the Group and held for sale in the PRC

	Property	Market value in existing state as at 31 December 2013	Attributable interest to the Group	Market value in existing state as at 31 December 2013 attributable to the Group
		(RMB)	(%)	(RMB)
2.	The portion for sale of Phase 1 of Chongqing Caribbean Water Park, Huang'jueya Town, Nan'an District, Chongqing, the PRC	153,000,000	100	153,000,000
	Sub-total of Group II :	**153,000,000**		**153,000,000**

Group III – Property contracted to be acquired and held by the Group for future development in the PRC

	Property	Market value in existing state as at 31 December 2013	Attributable interest to the Group	Market value in existing state as at 31 December 2013 attributable to the Group
		(RMB)	(%)	(RMB)
3.	The undeveloped portion of Phase 2 of Chongqing Caribbean Water Park, Huang'jueya Town, Nan'an District, Chongqing, the PRC	109,000,000	100	109,000,000
	Sub-total of Group IV :	**109,000,000**		**109,000,000**
	Grand-total of Groups I to IV :	**444,000,000**		**444,000,000**

VALUATION CERTIFICATE

Group I – Completed property contracted to be acquired by the Group and held for investment in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
1.	The portion for investment of Phase 1 of Chongqing Caribbean Water Park, Huang'jueya Town, Nan'an District, Chongqing, the PRC	The property comprises 7 low-rise retail buildings within Phase 1 of Haichang Caribbean. The property was completed in phases between 2009 and 2011. As a part of Chongqing Caribbean Water Park, the property is situated in Nan'an Scenic Spot. The environment is good. The business types mainly consist of F&B and entertainment. This commercial portion of the property has a total gross floor area of approximately 24,436.90 sq m. The land use rights of Phase 1 of Chongqing Caribbean Water Park have been granted for terms due to expire on 22 August 2056 for residential use and due to expire on 22 August 2046 for commercial use.	As at the date of valuation, about 21% of the property was subject to various tenancies for terms of 5 to 10 years with the latest expiry in 30 April 2019 at a total current monthly rent of approximately RMB139,000.	RMB182,000,000 (100% interest attributable to the Group: RMB182,000,000)

Notes:

(1) Pursuant to Real Estate Title Certificates dated 27 November 2013 issued by 重慶市國土資源和房產管理局 (Chongqing State-owned Land Resources and Housing Bureau), the building ownership of the property of Phase 1 of the commercial development of Chongqing Caribbean Water Park with gross floor areas of approximately 24,436.90 sq m and a site area of approximately 12,467 sq m have been vested in 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.).

The details of the Real Estate Title Certificates of the property of Phase 1 of the commercial development of Chongqing Caribbean Water Park are as follows:

Certificate No.	Location	Building Use	Gross floor area (sq m)
03850336	Levels 1-3, G4, fu No.3, No. 37 Chongwen road, Nan'an District	Others	3,645.97
03850337	Levels 1-2, G5, fu No.4, No. 37 Chongwen road, Nan'an District	Others	629.31
03850338	Levels 1-3, G6, fu No. 5, No. 37 Chongwen road, Nan'an District	Others	3,487.02
03850339	Levels B1-2, G7, fu No. 6, No. 37 Chongwen road, Nan'an District	Others	3,778.71
03850340	Levels 1-2, G8, fu No. 7, No. 37 Chongwen road, Nan'an District	Others	579.23
03850341	Levels 1-2, G9, fu No. 8, No. 37 Chongwen road, Nan'an District	Others	2,298.17
03850342	Levels 1-3, G10, fu No. 9, No. 37 Chongwen road, Nan'an District	Others	10,018.49
Total			**24,436.90**

(2) According to the copy of Business Licence No. 500108000095618 1-1-1, 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on 18 January 2012.

(3) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(4) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

Real Estate Title Certificates	Yes
Business Licence	Yes

(5) In undertaking our valuation of the property, we have made reference to lettings of relevant comparable rental evidences ranging from RMB105 per sq m to RMB130 per sq m for level 1 retail premises. The property comprising retail blocks of multiple storeys is situated in a developing area and the retail atmosphere is yet to be established. The monthly market rent adopted in our valuation is approximately RMB45 per sq m which is generally consistent with the comparables after due adjustments including locality, accessibility, maintenance standard, size and other relevant factors.

The capitalization rate adopted in our valuation is 6.5% which is in line with the market norm of similar property types in the area.

VALUATION CERTIFICATE

Group II – Completed property contracted to be acquired by the Group and held for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
2.	The portion for sale of Phase 1 of Chongqing Caribbean Water Park, Huang'jueya Town, Nan'an District, Chongqing, the PRC	The property comprises 3 low-rise retail buildings within Phase 1 of Chongqing Caribbean Water Park. The property was completed in phases between 2009 and 2011. As a part of Chongqing Caribbean Water Park, the property is situated in Nan'an Scenic Spot. The environment is good. The business types mainly consist of F&B and entertainment. This portion of the property has a total gross floor area of approximately 21,753.86 sq m. The land use rights of Phase 1 of Chongqing Caribbean Water Park have been granted for terms due to expire on 22 August 2056 for residential use and due to expire on 22 August 2046 for commercial use.	As at the date of valuation, the property was vacant.	RMB153,000,000 (100% interest attributable to the Group: RMB153,000,000)

Notes:

(1) Pursuant to Real Estate Title Certificates dated 27 November 2013 and 29 November 2013 issued by 重慶市國土資源和房產管理局 (Chongqing State-owned Land Resources and Housing Bureau), the building ownership of the property of Phase 1 of the commercial development of Chongqing Caribbean Water Park with gross floor areas of approximately 21,390.63 sq m and a site area of approximately 11,985 sq m have been vested in 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.).

The details of the Real Estate Title Certificates of the property of Phase 1 of the commercial development of Chongqing Caribbean Water Park are as follows:

Certificate No.	Location	Building Use	Gross floor area (sq m)
03850335	Levels 1-2, G1, fu No.1, No. 37 Chongwen road, Nan'an District	Others	2,548.77
03850348	Levels 1-4, G2, No. 37 Chongwen road, Nan'an District	Others	13,298.15
03850384	Levels 1-3, G6, fu No. 5, No. 37 Chongwen road, Nan'an District	Others	5,543.71
Total			**21,390.63**

(2) According to the copy of Business Licence No. 500108000095618 1-1-1, 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on 18 January 2012.

(3) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(4) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

Real Estate Title Certificates	Yes
Business Licence	Yes

VALUATION CERTIFICATE

Group III – Property contracted to be acquired and held by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2013
3.	The undeveloped portion of Phase 2 of Chongqing Caribbean Water Park, Huang'jueya Town, Nan'an District, Chongqing, the PRC	The property is a vacant land within Phase 2 of Chongqing Caribbean Water Park. As a part of Chongqing Caribbean Water Park, the property is situated in Nan'an Scenic Spot. The environment is good. The business types mainly consist of F&B and entertainment. The property has a site area of approximately 97,327 sq m. The approximate planned gross floor area is 54,094.80 sq m comprising 44,336.73 sq m above ground and 9,758.07 sq m. The land use rights of Phase 2 of Chongqing Caribbean Water Park have been granted for a term due to expire on 22 August 2046 for commercial use.	As at the date of valuation, the site was a vacant land pending for development.	RMB109,000,000 (100% interest attributable to the Group: RMB109,000,000)

Notes:

(1) Pursuant to Real Estate Title Certificate No. 106D(2013)00600 issued by 重慶市國土資源和房產管理局 (Chongqing State-owned Land Resources and Housing Bureau), the land use rights of the property of Phase 2 of Chongqing Caribbean Water Park with a site area of 97,327 sq m have been vested in 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.).

(2) Pursuant to Grant Contract of Land Use Rights No. (2013) 005 dated 28 October 2013, the land use rights of the subject development, in which the property is located thereon, with a site area of approximately 97,327 sq m have been transferred to 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.).

(3) According to the information provided by the Company, the total gross floor area of Phase II of Haichang Caribbean is 54,236 sq m, the details are set out below:

Use	**Developable Gross Floor Area**
	(sq m)
Commercial	34,755.35
Apartment	9,581.38
Car-park and ancillary	9,758.07
Total:	**54,094.80**

(4) According to the copy of Business Licence No. 500108000095618 1-1-1, 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) was established with a registered capital of RMB10,000,000 as a limited company on 18 January 2012.

(5) We have been provided with a legal opinion on the property prepared by the Group's PRC legal advisor, which contains, inter alia, the following information:

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) 重慶海昌加勒比海旅遊發展有限公司 (Chongqing Haichang Caribbean Sea Tourism Development Co., Ltd.) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(6) The status of title and grant of major approvals and licences in accordance with the information provided to us by the Group are as follows:

Real Estate Title Certificate	Yes
Grant Contract of Land Use Rights	Yes
Business Licence	Yes

SUMMARY OF THE CONSTITUTION OF THE COMPANY

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of the Companies Law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 21, 2011 under the Companies Law. The Memorandum and the Articles comprise its constitution.

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on February 23, 2014 and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix VI in the section headed "Documents available for inspection."

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on February 23, 2014 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US$500,000 divided into 5,000,000,000 shares of US$0.0001 each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

Where a Director is also a director or member of the senior management of Haichang Group, such Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution relating to any potential transaction between the

Company and Haichang Group, and such Director will absent himself from board meeting when such matters are discussed, unless expressly requested to attend by a majority of the independent non-executive directors of the Company or except in the opinion of the independent non-executive directors such Director's or any of his associates' interest in such matters discussed would not cause any conflict of interests between the Company and Haichang Group.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of traveling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company in general meeting may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares ratably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so canceled subject to the provisions of the Companies Law; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Companies Law.

2.6 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorized in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorisation shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee(s)) which he represents as that recognized clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other general meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 months (or such longer period as the Stock Exchange may authorize) shall elapse between the date of one annual general meeting of the Company and that of the next.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorized by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at any annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice or 20 clear business days' notice (whichever is longer) in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice or 10 clear business days' notice (whichever is longer) in writing. The notice shall be inclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(a) the declaration and sanctioning of dividends;

(b) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and the auditors and other documents required to be annexed to the balance sheet;

(c) the election of Directors in place of those retiring;

(d) the appointment of auditors;

(e) the fixing of, or the determining of the method of fixing of, the remuneration of the Directors and of the auditors;

(f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than 20% (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to sub-paragraph (g) below; and

(g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be canceled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favor of the Company; and

(f) a fee of such maximum as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as canceled upon the repurchase.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Law and Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other moneys payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the company on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by installments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share or other moneys due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of such fee not exceeding HK$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Directors may determine for each inspection.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on November 21, 2011 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorized share capital.

3 Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account." At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorized either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of not less than two-thirds (or such greater number as may be specified in the articles of association of the company) of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, ratably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor in Cabinet:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking is for a period of twenty years from November 30, 2011.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder, the Company's legal advisors on Cayman Islands law, have sent to the Company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents available for inspection" in Appendix VII. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was incorporated in the Cayman Islands under Cayman Companies Law as an exempted company with limited liability on November 21, 2011. We have established a principal place of business in Hong Kong at room 2404, 24th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong and have been registered with the Hong Kong Companies Registry as a non-Hong Kong company under Part XI of the Companies Ordinance on September 18, 2013 under the same address. Mr. Yu Leung Fai, our company secretary, has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong under Part XI of the Companies Ordinance.

As we were incorporated in the Cayman Islands, our corporate structure and Memorandum of Association and Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Memorandum of Association and Articles of Association is set out in the section headed "Summary of the Constitution of Our Company and Cayman Companies Law" in Appendix V to this prospectus.

2. Changes in the Share Capital of Our Group

Our Company

As of November 21, 2011, the date of incorporation of our Company, our Company had an authorized share capital of US$50,000, divided into 50,000 shares of a nominal value of US$1.00 each. One share of US$1.00 was allotted and issued to Mapcal Limited as the initial subscriber, and transferred such share to Haichang BVI on the same day, a company indirectly wholly owned by Qu Naijie.

On May 23, 2012, our Company subdivided its 50,000 issued and unissued shares with a par value of US$1.00 each into 500,000,000 Shares with a par value of US$0.0001 each. Upon completion of the sub-division of shares, Haichang BVI held 10,000 Shares, representing 100% of our then-issued share capital.

On July 19, 2012, our Company issued and allotted 84,990,000 Shares to Haichang BVI for a consideration of US$8,499. Upon completion of the allotment of Shares, Haichang BVI held 85,000,000 Shares of our Company. On the same day, our Company issued to Oriental Camellia 15,000,000 Shares, representing approximately 15.00% of the then issued share capital of our Company.

On August 24, 2012, our Company issued to Time Dynasty 14,391,996 Shares, representing approximately 12.58% of the then-issued share capital of our Company for a consideration of US$80,500,000.

On January 22, 2014, Haichang BVI transferred 3,431,760 Shares to Speedy Journey Investment Limited, a company 100% owned by Cantrust (Far East) Limited as trustee of the Management Trust, to which Qu Naijie is the settlor and a beneficiary.

On February 23, 2014, our Company increased its authorized share capital from US$50,000 divided into 500,000,000 Shares, to 5,000,000,000 Shares, by the creation of 4,500,000,000 Shares.

Immediately following completion of the Capitalization Issue and the Global Offering and assuming that the Over-allotment Option is not exercised and no Shares are issued under the Share Option Scheme, the authorized share capital of our Company will be US$500,000, divided into 5,000,000,000 Shares, of which 4,000,000,000 Shares will be issued fully paid or credited as fully paid, and 1,000,000,000 Shares will remain unissued. Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed "Resolutions in Writing of our Shareholders passed on February 23, 2014" in this Appendix, the Share Option Scheme and the Over-allotment Option, we do not have any present intention to issue any of the authorized but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed above and in this prospectus, there has been no alteration in the share capital of our Company since our incorporation.

3. Resolutions in Writing of our Shareholders passed on February 23, 2014

Pursuant to the written resolutions passed by our Shareholders on February 23, 2014:

(a) our Company increased its authorized share capital from US$50,000 divided into 500,000,000 Shares to US$500,000 divided into 5,000,000,000 Shares, by the creation of 4,500,000,000 Shares;

(b) conditional on the share premium account of our Company being credited as a result of the Global Offering, 2,885,608,004 Shares, credited as fully paid at par, be proportionally allotted and issued to the Shareholders whose names were on the register of members of our Company as of the date immediately before the Listing Date;

(c) our Company approved and adopted the Articles of Association conditional upon Listing;

(d) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, (2) the Offer Price being fixed on the Price Determination Date and (3) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

(i) the Global Offering and the Over-allotment Option were approved and the Directors were authorized to allot and issue the new Shares pursuant to the Global Offering and the Over-allotment Option;

(ii) the proposed Listing was approved and the Directors were authorized to implement the Listing;

(iii) a general unconditional mandate was granted to the Directors authorizing them to exercise all the powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements and options (including but not limited to warrants, bonds, debentures, notes and other securities convertible into Shares) which would or might require such Shares to be allotted and issued, whether during the continuance of such mandate or thereafter (otherwise pursuant to (a) a rights issue, (b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, or (c) the options to be granted under the Share Option Scheme, or (d) the exercise of any subscription or conversion rights attaching to any warrants, bonds, debentures, notes or other securities which are convertible into Shares in issue prior to the date of passing of the relevant resolution, or (e) the Global Offering, or (f) a specific authority granted by the Shareholders in general meeting), provided that the aggregate nominal value of Shares allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to an option or otherwise) shall not exceed 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering, such mandate to remain in effect during the period from the passing of the resolution until the earliest of the conclusion of our next annual general meeting, the expiration of the period within which we are required by any applicable law or the Articles of Association to hold our next annual general meeting and the passing of an ordinary resolution of the Shareholders in general meeting revoking or varying such mandate (the "**Applicable Period**");

(iv) a general unconditional mandate was granted to the Directors authorizing them to exercise all the powers of our Company to repurchase the Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering, such mandate to remain in effect during the Applicable Period;

(v) subject to the passing of resolutions set out in paragraph (iii) and (iv) above, the unconditional general mandate mentioned in paragraph (iii) above be extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (iv) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering; and

(e) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares underlying the Share Option Scheme which may be granted pursuant to the Share Option Scheme and (2) the commencement of trading of Shares on the Stock Exchange, the adoption of the Share Option Scheme was approved and the Board or any committee thereof was authorized to grant options to subscribe for Shares pursuant to the Share Option Scheme and to allot and issue Shares, procure the transfer of, and otherwise deal with Shares in connection with the Share Option Scheme.

4. Our Corporate Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the Listing. See the section headed "History, Reorganization and Corporate Structure."

5. Changes in the Share Capital of Our Subsidiaries

Our subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix IA to this prospectus. Save for the subsidiaries mentioned in the Accountants' Report, we do not have any other subsidiaries.

The following alterations in the share capital (or registered share capital, as the case may be) of our subsidiaries have taken place during our Track Record Period up to the date of this prospectus.

Haichang Asia BVI

On November 22, 2011, Haichang Asia BVI was incorporated in the British Virgin Islands with a maximum number of authorized shares of 50,000 ordinary shares of US$1.00 par value each, and allotted and issued one share of US$1.00 par value to our Company for a consideration of US$1. As a result, Haichang Asia BVI became a wholly owned subsidiary of our Company.

Haichang Holdings HK

On December 5, 2011, Haichang Holdings HK was incorporated in Hong Kong with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 par value each, and allotted and issued one share of HK$1.00 par value to Haichang Asia BVI for a consideration of HK$1. As a result, Haichang Holdings HK became an indirectly wholly owned subsidiary of our Company.

Dalian Laohutan

As of January 1, 2010, Dalian Laohutan was held by Hutan Park, Sea Rich Oil and Haichang Group Co as to 41.7%, 43.1% and 15.2% respectively.

In May 2010, Sea Rich Oil transferred its 43.1% equity interests in Dalian Laohutan to Haichang Travel for a consideration of US$12,500,000. In the same month, Haichang Group Co transferred its 15.2% equity interests in Dalian Laohutan to Haichang Travel for a consideration of US$4,400,000. Upon completion of the equity transfer, Dalian Laohutan was held by Hutan Park and Haichang Travel as to 41.7% and 58.3% respectively.

Dalian Friday Avenue

As of January 1, 2010, Dalian Friday Avenue was 100% held by Haichang Group Co.

In June 2010, Haichang Group Co transferred its entire equity interests in Dalian Friday Avenue to Haichang Travel for a consideration of RMB30,000,000. Upon completion of the equity transfer, Dalian Friday Avenue was 100% held by Haichang Travel.

Qingdao Polar

As of January 1, 2010, Qingdao Polar was 100% held by Haichang Enterprise Development.

In July 2010, Haichang Enterprise Development transferred its entire equity interests in Qingdao Polar to Haichang Travel for a consideration of RMB246,148,000. Upon completion of the equity transfer, Qingdao Polar was 100% held by Haichang Travel.

Yantai Fishermen

As of January 1, 2010, Yantai Fishermen was 100% held by Haichang Real Estate.

In November 2011, Haichang Real Estate transferred its entire interests in Yantai Fisherman to Haichang Travel for a total consideration of RMB30,000,000 following which Haichang Travel owned 100% of Yantai Fishermen.

Tianjin Polar

As of January 1, 2010, Tianjin Polar was held by Haichang Group Co and Haichang Land HK as to 64.53% and 35.47% respectively.

In June 2010, Haichang Land HK and Haichang Group Co transferred their entire interests in Tianjin Polar to Haichang Real Estate for considerations of US$10,570,000 and US$19,230,000 respectively. Upon completion of the equity transfer, Tianjin Polar was 100% held by Haichang Real Estate.

In February 2012, Haichang Real Estate transferred its entire interests in Tianjin Polar to Haichang Travel for a total consideration of RMB203,414,800, following which Haichang Travel owned 100% of Tianjin Polar.

Chengdu Polar

As of January 1, 2010, Chengdu Polar was 100% held by Haichang Real Estate.

In November 2011, Haichang Real Estate transferred its entire interests in Chengdu Polar to Haichang Travel for a total consideration of RMB30,305,000, following which Haichang Travel owned 100% of Chengdu Polar.

Wuhan Polar

As of January 1, 2010, Wuhan Polar was 100% held by Haichang Real Estate.

In October 2011, Haichang Real Estate transferred its entire interests in Wuhan Polar to Haichang Travel for a total consideration of RMB60,000,000, following which Haichang Travel owned 100% of Wuhan Polar.

On October 11, 2013, the registered capital of Wuhan Polar was increased from RMB60,000,000 to RMB460,000,000, the increased portion of which was paid by Haichang Travel.

Sanya Haichang

Sanya Haichang was established in December 2013 with an initial registered capital of RMB10,000,000, and was 100% held by Haichang Travel.

Shanghai Haichang

Shanghai Haichang was established in July 2011 with an initial registered capital of RMB10,000,000, wholly-owned by Haichang Group Co at the time of incorporation.

In January 2014, Haichang Group Co transferred its entire interests in Shanghai Haichang to Haichang Travel for a total consideration of RMB10,000,000, following which Shanghai Haichang was 100% held by Haichang Travel.

Haichang China

As of January 1, 2010, Haichang China was held by Sea Rich Oil and Haichang Housing as to 60% and 40% respectively.

In June 2012, Haichang Housing transferred its 40% equity interests in Haichang China to Sea Rich Oil for a total consideration of RMB38,000,000. Upon completion of the equity transfer, Haichang China was 100% held by Sea Rich Oil.

In July 2012, the registered capital of Haichang China was increased from RMB95,000,000 to RMB102,000,000, the increased portion of which was paid by Sea Rich Oil out of the undistributed profit.

In July 2012, Sea Rich Oil transferred its 100% equity interests in Haichang China to Haichang Holdings HK for a total consideration of RMB102,000,000. Upon completion of the equity transfer, Haichang China was 100% held by Haichang Holdings HK. On the same date, the name of Haichang China was changed from Dalian Haichang Garden Co., Ltd. to Haichang China Co., Ltd. with the issuance of a new business license under this name.

In October 2012, the registered capital of Haichang China was increased from RMB102,000,000 to RMB190,670,000, the increased portion of which was paid by Haichang Holdings HK.

Haichang Travel

As of January 1, 2010, Haichang Travel was held 100% by Haichang Enterprise Development.

In August 2012, Haichang Enterprise Development transferred its 100% equity interests in Haichang Travel to Haichang China for a total consideration of RMB10,000,000. Upon completion of the equity transfer, Haichang Travel was 100% held by Haichang China.

6. Repurchases of Our Own Securities

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below.

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on February 23, 2014, a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Cayman Companies Law or by our Articles of Association or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles of Association of our Company and the Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by our Company may be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, out of share premium account or subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Law, out of capital.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be canceled and destroyed.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for Repurchases

Our Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by our Directors at the relevant time having regard to the circumstances then pertaining.

(c) Funding of Repurchases

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with its Memorandum and Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

It is not envisaged that any repurchase of Shares pursuant to the general mandate (including repurchase of the maximum number of Shares under such mandate effected in full at anytime during the period of the mandate) would have a material adverse impact on the working capital and/or gearing position of the Company.

(d) General

The exercise in full of the repurchase mandate, on the basis of 4,000,000,000 Shares in issue immediately following the completion of the Global Offering and excluding the Shares that may be issued pursuant to the Over-allotment Option and the Shares issued or to be issued under the Share Option Scheme, could accordingly result in up to approximately 400,000,000 Shares being repurchased by our Company during the period prior to:

(i) the conclusion of our next annual general meeting; or

(ii) the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or

(iii) the date when the repurchase mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable inquiries, any of their associates currently intends to sell any Shares to our Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, the Memorandum and Articles of Association of the Company and the applicable laws of the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

No connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(a) the Time Dynasty SSA dated May 24, 2012;

(b) a supplemental agreement to the Time Dynasty SSA dated May 24, 2012 entered into between our Company, Qu Naijie, Haichang BVI, Haichang Holdings HK and Time Dynasty in relation to the rights and obligations of Time Dynasty as a shareholder of our Company;

(c) a cooperation agreement dated May 24, 2012 entered into between our Company and Time Dynasty, pursuant to which Time Dynasty agreed to provide strategic support to our Company for our development;

(d) the Oriental Camellia SSA dated July 13, 2012;

(e) a share transfer agreement dated July 18, 2012 entered into between Haichang Holdings HK and Sea Rich Oil, pursuant to which Sea Rich Oil agreed to transfer its 100% equity interests in Dalian Haichang Garden Co., Ltd.* (大連海昌花園有限公司) (now known as Haichang China) to Haichang Holdings HK for a consideration of RMB102,000,000;

(f) an indemnification agreement dated July 19, 2012 entered into between our Company and Makoto Inoue, pursuant to which our Company agreed to indemnify Makoto Inoue against certain losses and expenses in relation to his service as a Director;

(g) a share transfer agreement dated August 4, 2012 entered into between Haichang China and Haichang Enterprise Development, pursuant to which Haichang Enterprise Development agreed to transfer its 100% equity interests in Haichang Travel to Haichang China for a consideration of RMB10,000,000;

(h) the Pre-IPO Shareholders' Agreement dated August 24, 2012;

(i) five indemnification agreements dated August 24, 2012 entered into between our Company and each of Qu Naijie, Qu Naiqiang, Zhao Wenjing, Wang Xuguang and Yuan Bing, respectively, pursuant to which our Company agreed to indemnify each of Qu Naijie, Qu Naiqiang, Zhao Wenjing, Wang Xuguang and Yuan Bing, respectively against certain losses and expenses in relation to their services as Directors;

(j) a cooperation agreement dated October 26, 2012 entered into between Haichang Holdings HK and the Sanya Haitang Bay Management Committee* (三亞市海棠灣管理委員會), pursuant to which Haichang Holdings HK and the Sanya Haitang Bay Management Committee agreed to cooperate in the development of Sanya Haitang Bay Dream World;

(k) an investment agreement dated April 11, 2013 entered into between Haichang Travel and Shanghai Harbor City Development (Group) Co., Ltd.* (上海港城開發(集團)有限公司), pursuant to which Haichang Travel and Shanghai Harbor City Development (Group) Co., Ltd. agreed to cooperate in the development of Shanghai Haichang Polar Ocean World;

(l) a share transfer agreement dated September 12, 2013 entered into between Dalian Lianyun and Haichang Travel, pursuant to which Dalian Lianyun agreed to transfer its 40% equity interests in Dalian 4D-Cinema Co to Haichang Travel for a consideration of RMB8,000,000;

(m) a share transfer agreement dated September 12, 2013 entered into between Haichang Group Co and Haichang Travel, pursuant to which Haichang Group Co agreed to transfer its 9% equity interests in Dalian 4D-Cinema Co to Haichang Travel for a consideration of RMB1,800,000;

(n) a share transfer agreement dated September 23, 2013 entered into between Haichang Travel and Haichang Real Estate, pursuant to which Haichang Real Estate agreed to transfer its 100% equity interests in Chongqing Haichang Caribbean to Haichang Travel for a consideration of RMB10,210,831.35;

(o) a share transfer agreement dated September 24, 2013 entered into between Haichang Holdings HK, ORIX China, Haichang Asia HK and Haichang Group Co, pursuant to which Haichang Asia HK, ORIX China and Haichang Group Co agreed to transfer their 100% equity interests in Dalian Haichang Discoveryland to Haichang Holdings HK for a consideration of RMB416,621,420.83;

(p) a trademark transfer agreement dated September 25, 2013 entered into between Haichang China and Haichang Group Co, pursuant to which Haichang Group Co agreed to transfer 46 trademarks to Haichang China for no consideration;

(q) a trademark transfer agreement dated October 21, 2013 entered into between Haichang China and Qingdao Polar, pursuant to which Qingdao Polar agreed to transfer 15 trademarks to Haichang China for no consideration;

(r) a commercial property sale and purchase agreement and a supplemental agreement dated December 9, 2013 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.5, 1st Floor, unit no.1, block 12 (第12幢1單元1層5號房), 62-3 Binhaidong Road, Zhongshan District (中山區濱海東路62-3號), plot no. 25-37-95 (丘地號 25-37-95), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB1,810,600;

(s) a commercial property sale and purchase agreement and a supplemental agreement dated December 9, 2013 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.2, 1st Floor, unit no.1, block 12 (第12幢1單元1層2號房), 62-7 Binhaidong Road, Zhongshan District (中山區濱海東路62-7號), plot no. 25-37-95 (丘地號 25-37-95), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB2,298,340;

(t) a commercial property sale and purchase agreement and a supplemental agreement dated December 9, 2013 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.1, 1st to 3rd Floor, unit no.1, block 12 (第12幢1單元1躍3層1號房), 62-8 Binhaidong Road, Zhongshan District (中山區濱海東路62-8號), plot no. 25-37-95 (丘地號 25-37-95), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB30,114,260;

(u) a commercial property sale and purchase agreement and a supplemental agreement dated December 9, 2013 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.4, 1st Floor, unit no.1, block 6 (第6幢1單元1層4號房), 64-1 Binhaidong Road, Zhongshan District (中山區濱海東路64-1號), plot no. 25-37-89 (丘地號 25-37-89), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB3,259,080;

(v) a commercial property sale and purchase agreement and a supplemental agreement dated December 9, 2013 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.5, 1st Floor, unit no.1, block 6 (第6幢1單元1層5號房), 64-2 Binhaidong Road, Zhongshan District (中山區濱海東路64-2號), plot no. 25-37-89 (丘地號25-37-89), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB3,067,020;

(w) a commercial property sale and purchase agreement and a supplemental agreement dated December 9, 2013 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.2, 1st to 4th Floor, unit no.1, block 6 (第6幢1單元1躍4層2號房), 64-5 Binhaidong Road, Zhongshan District (中山區濱海東路64-5號), plot no. 25-37-89 (丘地號 25-37-89), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB40,810,880;

(x) a commercial property sale and purchase agreement and a supplemental agreement dated December 9, 2013 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.1, 1st to 4th Floor, unit no.1, block 6 (第6幢1單元1躍4層1號房), 64-6 Binhaidong Road, Zhongshan District (中山區濱海東路64-6號), plot no. 25-37-89 (丘地號 25-37-89), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB32,630,180;

(y) a commercial property sale and purchase agreement and a supplemental agreement dated December 9, 2013 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.1, 1st to 4th Floor, unit no.1, block 7 (第7幢1單元1躍4層1號房), 66-2 Binhaidong Road, Zhongshan District (中山區濱海東路66-2號), plot no. 25-37-90 (丘地號 25-37-90), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB37,779,500;

(z) a commercial property sale and purchase agreement and a supplemental agreement dated December 10, 2013 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.4, 1st Floor, unit no.2, block 13 (第13幢2單元1層4號房), 56-1 Binhaidong Road, Zhongshan District (中山區濱海東路56-1號), plot no. 25-37-96 (丘地號 25-37-96) , in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB1,539,780;

(aa) a commercial property sale and purchase agreement and a supplemental agreement dated December 10, 2013 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.3, 1st Floor, unit no.2, block 13 (第13幢2單元1層3號房), 56-2 Binhaidong Road, Zhongshan District (中山區濱海東路56-2號), plot no. 25-37-96 (丘地號 25-37-96), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB3,332,340;

(bb) a commercial property sale and purchase agreement and a supplemental agreement dated December 10, 2013 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.2, 1st Floor, unit no.2, block 13 (第13幢2單元1層2號房), 56-3 Binhaidong Road, Zhongshan District (中山區濱海東路56-3號), plot no. 25-37-96 (丘地號 25-37-96), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB3,561,360;

(cc) a commercial property sale and purchase agreement and a supplemental agreement dated December 10, 2013 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.1, mid-lower ground, 1st to 2nd Floor, unit no.1, block 13 (第13幢1單元半地下1躍2層1號房), 58-9 Binhaidong Road, Zhongshan District (中山區濱海東路58-9號), plot no. 25-37-96 (丘地號 25-37-96), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB67,964,160;

(dd) a share transfer agreement dated December 13, 2013 entered into between Haichang Group Co and Haichang Travel, pursuant to which Haichang Group Co agreed to transfer its 100% equity interests in Shanghai Haichang to Haichang Travel for a consideration of RMB10,000,000;

(ee) a commercial property sale and purchase agreement and a supplemental agreement dated January 24, 2014 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.3, 1st to 2nd Floor, unit no.1, block 5 (第5幢1單元1躍2層3號房), 50-3 Binhaidong Road, Zhongshan District (中山區濱海東路50-3號), plot no. 25-37-88 (丘地號25-37-88), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB8,672,400;

(ff) a commercial property sale and purchase agreement and a supplemental agreement dated January 26, 2014 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.4, 1st Floor, unit no.1, block 5 (第5幢1單元1層4號房), 50-2 Binhaidong Road, Zhongshan District (中山區濱海東路50-2號), plot no. 25-37-88 (丘地號 25-37-88), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB4,591,620;

(gg) a commercial property sale and purchase agreement and a supplemental agreement dated January 26, 2014 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.2, lower ground, 1st to 2nd Floor, unit no.1, block 11 (第11幢1單元地下1躍2層2號房), 60-1A Binhaidong Road, Zhongshan District (中山區濱海東路60-1A號), plot no. 25-37-94 (丘地號 25-37-94), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB32,542,620;

(hh) a commercial property sale and purchase agreement and a supplemental agreement dated January 26, 2014 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.1, 1st Floor, unit no.2, block 11 (第11幢2單元1層1號房), 60-4 Binhaidong Road, Zhongshan District (中山區濱海東路60-4號), plot no. 25-37-94 (丘地號 25-37-94), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB1,722,160;

(ii) a commercial property sale and purchase agreement and a supplemental agreement dated January 26, 2014 entered into between Haichang China and Shibo Real Estate, pursuant to which Shibo Real Estate agreed to transfer room no.2, 1st Floor, unit no.2, block 11 (第11幢2單元1層2號房), 60-3 Binhaidong Road, Zhongshan District (中山區濱海東路60-3號), plot no. 25-37-94 (丘地號 25-37-94), in Dalian Laohutan Fishermen's Wharf to Haichang China for a consideration of RMB3,059,980;

(jj) a cornerstone investment agreement dated February 26, 2014 entered into among our Company, CAI Global Master Fund, L.P., the Joint Global Coordinators, CCB International Capital Limited and Essence International Securities (Hong Kong) Limited, pursuant to which CAI Global Master Fund, L.P. has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 1000 shares) which may be purchased with an aggregate amount of US$12 million at the Offer Price;

(kk) a cornerstone investment agreement dated February 26, 2014 entered into among our Company, CAI Special Opportunities Fund, the Joint Global Coordinators, CCB International Capital Limited and Essence International Securities (Hong Kong) Limited, pursuant to which CAI Special Opportunities Fund has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 1000 shares) which may be purchased with an aggregate amount of US$8 million at the Offer Price;

(ll) a cornerstone investment agreement dated February 26, 2014 entered into among our Company, Mr. Kwok Ying Shing, the Joint Global Coordinators and China Merchants Securities (HK) Co., Limited, pursuant to which Mr. Kwok Ying Shing has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 1000 shares) which may be purchased with an aggregate amount of US$10 million at the Offer Price;

(mm) a deed of non-competition dated February 27, 2014 and entered into between Qu Naijie, Haichang BVI (collectively, the "Covenantors") and our Company, under which the Covenantors have given us certain non-competition undertakings referred to in the section headed "Relationship with Our Controlling Shareholders" in this prospectus;

(nn) a deed of indemnity dated February 27, 2014 and entered into between Qu Naijie, Haichang BVI (collectively, the "Indemnifiers") and our Company, under which the Indemnifiers have given certain indemnities in favour of our Group containing, among other things, taxation referred to in the paragraph headed "E. Other Information – 1. Tax and other Indemnities" in this Appendix; and

(oo) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of the Group

As of the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.

(a) Domain Names

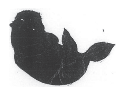
As of the Latest Practicable Date, we have registered the following domain names, which are material to our business, in the PRC:

Domain Name	Registrant
haichangholdings.com	Our Company
haichangchina.com	Haichang China
jdg.com.cn	Dalian Laohutan
cd-polar.com	Branch of Chengdu Polar
hcwhjd.com	Branch of Wuhan Polar
qdpolar.com	Qingdao Polar
ythaichang.com	Branch of Yantai Fishermen
tianjinpolar.com	Branch of Tianjin Polar

(b) Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks, which are material to our business, in the PRC:

Trademark	Class	Registered Owner	Registration Number	Registration Period
	41	Dalian Laohutan	3073865	April 28, 2003 to April 27, 2023
	35	Dalian Laohutan	3073867	May 21, 2003 to May 20, 2023
	35	Dalian Laohutan	3370169	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370189	June 7, 2004 to June 6, 2014

Trademark	Class	Registered Owner	Registration Number	Registration Period
	35	Dalian Laohutan	3370199	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370209	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370219	June 7, 2004 to June 6, 2014
	28	Dalian Laohutan	3370220	June 21, 2004 to June 20, 2014
	35	Dalian Laohutan	3370229	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370239	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370259	June 7, 2004 to June 6, 2014
	28	Dalian Laohutan	3370260	June 21, 2004 to June 20, 2014
	44	Dalian Laohutan	3370299	August 21, 2004 to August 20, 2014
LHT Pole	28	Dalian Laohutan	3370301	June 21, 2004 to June 20, 2014

Trademark	Class	Registered Owner	Registration Number	Registration Period
	35	Dalian Laohutan	3370309	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370319	June 7, 2004 to June 6, 2014
	28	Dalian Laohutan	3370447	June 21, 2004 to June 20, 2014
LHT Pole	35	Dalian Laohutan	3370458	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370468	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370489	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370499	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370509	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370519	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370529	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370549	June 7, 2004 to June 6, 2014

Trademark	Class	Registered Owner	Registration Number	Registration Period
	35	Dalian Laohutan	3370559	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370569	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370579	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370599	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370609	June 21, 2004 to June 20, 2014
	35	Dalian Laohutan	3370619	June 7, 2004 to June 6, 2014
	35	Dalian Laohutan	3370629	June 7, 2004 to June 6, 2014
老虎滩极地	35	Dalian Laohutan	3404858	July 21, 2004 to July 20, 2014
	35	Dalian Laohutan	3404878	July 21, 2004 to July 20, 2014
老虎滩极地	28	Dalian Laohutan	3404881	August 21, 2004 to August 20, 2014
海娃	35	Dalian Laohutan	3487503	September 28, 2004 to September 27, 2014
海娃	28	Dalian Laohutan	3487511	March 7, 2005 to March 6, 2015

Trademark	Class	Registered Owner	Registration Number	Registration Period
	28	Jointly owned by Dalian Laohutan and Dalian Radio Station* (大連人民廣播電台) (an Independent Third-Party)	4701097	February 7, 2009 to February 6, 2019
	28	Qingdao Polar	5454481	November 14, 2009 to November 13, 2019
	35	Qingdao Polar	5454482	September 14, 2009 to September 13, 2019
	35	Qingdao Polar	5454490	September 14, 2009 to September 13, 2019
	35	Qingdao Polar	5454493	September 14, 2009 to September 13, 2019
	35	Qingdao Polar	5454511	September 14, 2009 to September 13, 2019
	28	Qingdao Polar	5454512	September 28, 2009 to September 27, 2019
	35	Qingdao Polar	5454519	September 14, 2009 to September 13, 2019
	35	Qingdao Polar	5454527	September 14, 2009 to September 13, 2019
	35	Qingdao Polar	5454544	April 21, 2010 to April 20, 2020

Trademark	Class	Registered Owner	Registration Number	Registration Period
	28	Qingdao Polar	5454545	September 28, 2009 to September 27, 2019
	35	Qingdao Polar	5454557	September 14, 2009 to September 13, 2019
	35	Qingdao Polar	5454589	September 14, 2009 to September 13, 2019
	35	Qingdao Polar	5455153	September 14, 2009 to September 13, 2019
	35	Qingdao Polar	5455185	September 14, 2009 to September 13, 2019
爱在极地	41	Qingdao Polar	6200231	June 7, 2010 to June 6, 2020
爱在极地	35	Qingdao Polar	6200237	June 7, 2010 to June 6, 2020
	35	Qingdao Polar	6732779	September 28, 2010 to September 27, 2020

As of the Latest Practicable Date, our Group had filed applications for registration of the following trademarks which are material to our business in the PRC:

Trademark	Class	Applicant	Application Number	Application Date
	44	Haichang China	11422847	August 30, 2012
	43	Haichang China	11422860	August 30, 2012
	41	Haichang China	11422932	August 30, 2012
	16	Haichang China	11443192	September 4, 2012
	18	Haichang China	11443266	September 4, 2012
	20	Haichang China	11443352	September 4, 2012
	25	Haichang China	11449224	September 5, 2012
	28	Haichang China	11449362	September 5, 2012
	29	Haichang China	11449405	September 5, 2012

Trademark	Class	Applicant	Application Number	Application Date
	30	Haichang China	11454853	September 6, 2012
	35	Haichang China	11454920	September 6, 2012

As of the Latest Practicable Date, our Group had filed applications for registration of the following trademarks which are material to our business in Hong Kong:

Trademark	Class	Applicant	Application Number	Application Date
	16, 35, 36, 37, 39, 41, and 43	The Company	302719585	August 28, 2013
海昌	16, 35, 36, 37, 39, 41, and 43	The Company	302719594	August 28, 2013

(c) Copyrights

As of the Latest Practicable Date, our Group had registered the following copyright, which is material to our business, in the PRC:

Copyright	Type of Work	Registered Owner	ISBN Number	Registration Period
Journey to the Kingdom of Birds* (巡遊鳥兒王國)	Written work	Dalian Laohutan	ISBN 7-5632-1992-7	September 2006 to September 2056

Save as disclosed above, there are no other copyright, patent or other intellectual property rights that are material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of the Directors and the Chief Executive of Our Company

Immediately following the completion of the Global Offering and excluding the Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Shares to be allotted and issued upon the exercise for any options which may be granted under the Share Option Scheme, the interests or short positions of the Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed, will be as follows:

Name of Director	Capacity/Nature of Interest	Number of Underlying Shares	Approximate % shareholding interest immediate following the completion of the Global Offering
Qu Naijie[1]	Interests in a controlled corporation	2,229,177,000	55.73

Note:

(1) Qu Naijie holds 100% of the equity interest in Haichang BVI and is the settlor and a beneficiary of the Management Trust, and Speedy Journey Investment Limited is 100% owned by Cantrust (Far East) Limited as trustee of the Management Trust. Therefore, Qu Naijie is deemed to be interested in 2,139,177,000 Shares held by Haichang BVI as disclosed above and the number of Shares held by Speedy Journey Investment Limited (which will hold 90,000,000 Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)) in our Company, together representing approximately 74.31% in our issued share capital immediately prior to the Global Offering and approximately 55.73% immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

(b) Interests of the Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Global Offering and excluding the Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Shares to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, the following persons will have an interest or short position in the Shares which will be required to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

		Shares held immediately following the completion of the Global Offering	
Name	**Nature of interest**	**Number**	**%**
Haichang BVI	Beneficial owner	2,139,177,000	53.48
Qu Naijie(1)	Interest in a controlled corporation	2,229,177,000	55.73

Note:

(1) Qu Naijie holds 100% of the equity interest in Haichang BVI and is the settlor and a beneficiary of the Management Trust, and Speedy Journey Investment Limited is 100% owned by Cantrust (Far East) Limited as trustee of the Management Trust. Therefore, Qu Naijie is deemed to be interested in 2,139,177,000 Shares held by Haichang BVI as disclosed above and the number of Shares held by Speedy Journey Investment Limited (which will hold 90,000,000 Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)) in our Company, together representing approximately 74.31% in our issued share capital immediately prior to the Global Offering and approximately 55.73% immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

(c) Interests of the Substantial Shareholders of Any Member of Our Group (Other than Our Company)

So far as our Directors are aware, immediately following the completion of the Global Offering and excluding the Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Shares to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, the following persons will be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the following members of the Group (other than the Company):

Name of the shareholder	Name of members of the Group	Nature of interest	Approximate percentage of interests
Hutan Park	Dalian Laohutan	Beneficial owner	41.7%

2. Directors' Service Contracts

Each of our executive Directors and non-executive Directors has entered into a service agreement with us on February 23, 2014 for an initial fixed period of three years commencing from the Listing Date unless terminated earlier. The appointments of the executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association of our Company.

Each of our independent non-executive Directors has signed an appointment letter with us on February 23, 2014 for an initial fixed period of three years commencing from the Listing Date. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Associations of our Company.

Under the arrangement currently in force, the aggregate of the remuneration and benefits in kind payable to the Directors for the year ending December 31, 2014 is estimated to be approximately RMB2.04 million.

Save as disclosed above, none of the Directors has entered or has proposed to enter into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Directors' Competing Interests

Save as disclosed in the section headed "Relationship with our Controlling Shareholders" to this prospectus. None of our Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

4. Disclaimers

Save as disclosed in this prospectus:

(a) none of the Directors or chief executive of our Company has any interests or short positions in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange;

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group;

(c) none of the Directors nor any of the persons listed under the heading "Qualification of Experts" in this Appendix is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(d) none of the Directors nor any of the persons listed under the heading "Qualification of Experts" in this Appendix is materially interested in any contract or arrangement with the Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of the Group as a whole;

(e) save in connection with Underwriting Agreements, none of the persons listed under the heading "Qualification of Experts" in this Appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(f) save as contemplated under the Underwriting Agreements, none of our Directors, their respective associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company, has any interest in our Company's five largest customer and five largest suppliers.

D. SHARE OPTION SCHEME

1. Summary of terms

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by a resolution in writing passed by the our Shareholders on February 23, 2014. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules:

(i) Purposes of the scheme

The purpose of the Share Option Scheme is to enable us to grant options to selected participants as incentives or rewards for their contribution to us. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable us to reward the employees, the Directors and other selected participants for their contributions to us. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of us so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

(ii) Who may join

The Directors may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

(aa) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of our Company, any of our subsidiaries or any entity ("**Invested Entity**") in which any member of us holds an equity interest;

(bb) any non-executive directors (including independent non-executive directors) of our Company, any of our subsidiaries or any Invested Entity;

(cc) any supplier of goods or services to any member of us or any Invested Entity;

(dd) any customer of any member of us or any Invested Entity;

(ee) any person or entity that provides research, development or other technological support to any member of us or any Invested Entity;

(ff) any shareholder of any member of us or any Invested Entity or any holder of any securities issued by any member of us or any Invested Entity;

(gg) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of us or any Invested Entity;

(hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of us;

and, for the purposes of the Share Option Scheme, the offer for the grant of option may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

For avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of us to any person who falls within any of the above classes of participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to an offer for the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his contribution to the development and growth of us.

(iii) Maximum number of the Shares

(aa) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by us must not in aggregate exceed 30% of the share capital of our Company in issue from time to time.

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

(cc) Subject to (aa) above but without prejudice to (dd) below, our Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of us must not exceed 10% of the Shares in issue as at the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, canceled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of us) previously granted under the Share Option Scheme and any other share option scheme of us will not be counted. The circular sent by our Company to the Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(dd) Subject to (aa) above and without prejudice to (cc) above, our Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in (cc) above to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a generic description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2) (d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iv) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of us (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being ("**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders in general meeting of our Company with such grantee and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(v) Grant of options to the Directors, chief executive of our Company or Substantial Shareholders or their respective associates

(aa) Any grant of options under the Share Option Scheme to a Director, chief executive of our Company or Substantial Shareholder or any of their respective associates must be approved by independent non-executive Directors (excluding independent non-executive Director who or whose associate is the proposed grantee of the options).

(bb) Where any grant of options to a Substantial Shareholder or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of each offer for the grant, in excess of HK$5 million;

such further grant of options must be approved by Shareholders in general meeting. Our Company must send a circular to the Shareholders. All connected persons of our Company must abstain from voting in favor at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a Substantial Shareholder or an independent non-executive Director or any of their respective associates must be approved by the Shareholders in general meeting.

(vi) Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) Performance targets

Unless the Directors otherwise determined and stated in the offer for the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(viii) Subscription price for the Shares and consideration for the option

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

A nominal consideration of HK$1.00 is payable on acceptance of the grant of an option.

(ix) Ranking of the Shares

The Shares allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles of Association for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the reopening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been entered on the register of members of our Company as the holder thereof.

Unless the context otherwise requires, references to "Shares" in this paragraph include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, reclassification or re-construction of the share capital of our Company from time to time.

(x) Restrictions on the time of the offer for the grant of options

No offer for grant of options shall be made after inside information has come to the Company's knowledge until it has announced the information. In particular, it may not grant any option during the period commencing one month immediately before the earlier of (aa) the date of the board meeting (as such date is first notified to the Exchange under the Listing Rules) for approving the issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (bb) the deadline for the issuer to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no offer for the grant of options may be made.

The Directors may not make any offer for the grant of option to a participant who is a Director during the periods or times in which Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(xi) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(xii) Rights on ceasing employment

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or the termination of his employment on one or more of the grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and shall not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with us or the Invested Entity whether salary is paid in lieu of notice or not.

Eligible Employee means any employee (whether full time or part time employee, including any executive Director but not any non-executive Director) of our Company, any of our subsidiaries or any Invested Entity.

(xiii) ***Rights on death, ill-health or retirement***

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with us or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as the Directors may determine.

(xiv) ***Rights on dismissal***

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offense (other than an offense which in the opinion of the Directors does not bring the grantee or us or the Invested Entity into disrepute), his option (to the extent not already exercised) will lapse automatically on the date of cessation to be an Eligible Employee.

(xv) Rights on breach of contract

If the Directors shall at their absolute discretion determine that (aa) (1) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and us or any Invested Entity on the other part; or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of us by reason of the cessation of its relations with us or by other reason whatsoever; and (bb) the option granted to the grantee under the Share Option Scheme shall lapse as a result of any event specified in sub-paragraph (1), (2) or (3) above, his option will lapse automatically on the date on which the Directors have so determined.

(xvi) ***Rights on a general offer, a compromise or arrangement***

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavors to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date which such offer (or, as the case may be, revised offer) closed or the relevant date for entitlements under such scheme of arrangement, as the case may be.

(xvii) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolutions to be considered and/or passed whereupon he shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation pari passu with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

(xviii) Grantee being a company wholly owned by eligible participants

If the grantee is a company wholly owned by one or more eligible participants:

(aa) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, mutatis mutandis, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant eligible participant; and

(bb) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that the Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xix) Adjustments to the subscription price

In the event of a capitalization issue, rights issue, subdivision or consolidation of Shares or reduction of capital of our Company while an option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being of or an independent financial advisor to our Company as fair and reasonable will be made to the number or nominal amount of Shares to which the Share Option Scheme or any option relates (insofar as it is/they are unexercised) and/or the subscription price of the option concerned and/or (unless the grantee of the option elects to waive such adjustment) the number of Shares comprised in an option or which remains comprised in an option, provided that (aa) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (bb) the issue of Shares or other securities of us as consideration in a transaction may not be regarded as a circumstance requiring adjustment; (cc) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (dd) any adjustment must be made in compliance with the Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any adjustment made on a capitalization issue, such auditors or independent financial advisor must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(xx) Cancellation of options

Any cancellation of options granted but not exercised must be subject to the prior written consent of the relevant grantee and the approval of the Directors.

When our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so canceled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant sub-paragraphs (iii) (cc) and (dd) above.

(xxi) Termination of the Share Option Scheme

Our Company may by resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xxii) Rights are personal to the grantee

An option is personal to the grantee and shall not be transferable or assignable.

(xxiii) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(aa) the expiry of the option period in respect of such option;

(bb) the expiry of the periods or dates referred to in paragraph (xii), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii); and

(cc) the date on which the Directors exercise our Company's right to cancel the option by reason of a breach of paragraph (xxii) above by the grantee.

(xxiv) Miscellaneous

(aa) The Share Option Scheme is conditional on the Listing Committee granting the listing of, and permission to deal in, such number of Shares to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.

(bb) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders in general meeting.

(cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(ee) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders in general meeting.

2. Present status of the Share Option Scheme

(i) Approval of the Listing Committee required

The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number being not less than that of the General Scheme Limit.

(ii) Application for approval

Application has been made to the Listing Committee for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(iii) Grant of option

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(iv) Value of options

The Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. The Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

E. OTHER INFORMATION

1. Tax and other Indemnities

Our Controlling Shareholders have entered into a deed of indemnity dated February 27, 2014 (the "**Deed of Indemnity**") with and in favor of our Company (for itself and as trustee for its subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any claim to which our Company or any member of our Group may be subject and payable on or before the date on which the Global Offering becomes unconditional.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries under the laws of the Cayman Islands, BVI, Hong Kong or the PRC, being jurisdictions in which one or more of the companies comprising the Group are incorporated.

2. Litigation

As of the Latest Practicable Date, save as disclosed in this prospectus, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on our business, financial condition or results of operations.

3. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options to be granted under the Share Option Scheme). All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Joint Sponsors satisfy the Independence Criteria according to the Independence Criteria applicable to sponsors set out in Rule 3.07 of the Listing Rules.

4. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since September 30, 2013 (being the date to which the latest audited combined financial statements of the Group were prepared).

5. Qualification of Experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

Name	Qualification
BNP Paribas Securities (Asia) Limited	Licensed to conduct type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 6 (advising on corporate finance), and type 7 (providing automated trading services) of the regulated activities as defined under the SFO, acting as one of the Joint Sponsors
Merrill Lynch Far East Limited	Licensed to conduct type 1 (dealing in securities), type 2 (dealing in future contract), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO, acting as one of the Joint Sponsors
Jun He Law Offices	PRC legal advisor
Maples and Calder	Cayman Islands attorneys-at-law
Ernst & Young	Certified public accountants
DTZ Debenham Tie Leung Limited	Property valuer

6. Consents of Experts

Each of BNP Paribas Securities (Asia) Limited, Merrill Lynch Far East Limited, Jun He Law Offices, Maples and Calder, Ernst & Young and DTZ Debenham Tie Leung Limited has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or valuation certificates and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

7. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

8. Preliminary Expenses

The preliminary expenses incurred by our Company in relation to our incorporation were approximately US$9,072 and were paid by us.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance so far as applicable.

10. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;

(iv) no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;

(v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;

(b) Our Directors confirm that:

(i) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this prospectus; and

(ii) our Company has no outstanding convertible debt securities or debentures.

(c) Our principal register of members will be maintained by our principal registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands and our Hong Kong register of members will be maintained by the Hong Kong Share Registrar in Hong Kong. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

(d) No company within our Group is presently listed on any stock exchange or traded on any trading system.

(e) All necessary arrangements have been made enabling our Shares to be admitted into CCASS for clearing and settlement.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the **WHITE, YELLOW** and **GREEN** Application Forms;

(b) a copy of each of the material contracts referred to in the paragraph headed "Summary of Material Contracts" in Appendix VI to this prospectus; and

(c) the written consents referred to in the paragraph headed "Consents of Experts" in Appendix VI to this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Milbank, Tweed, Hadley & McCloy at 30/F, Alexandra House, 18 Chater Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association;

(b) the accountants' reports, the report on the unaudited pro forma financial information of the enlarged group and the report on the unaudited pro forma financial information prepared by Ernst & Young, the texts of which are set out in Appendices IA, IB, IC, IIA(B) and IIB(B) to this prospectus;

(c) the audited combined financial statements of the Group for the financial years ended December 31, 2010, 2011 and 2012 and the nine months ended September 30, 2013;

(d) the letters from Ernst & Young and the Joint Sponsors relating to the profit estimate, the text of which is set out in Appendix III to this prospectus;

(e) the property valuation reports prepared by DTZ Debenham Tie Leung Limited, the texts of which are set out in Appendices IVA and IVB to this prospectus;

(f) the PRC legal opinions issued by Jun He Law Offices, our legal advisor on PRC law, in respect of our general matters and property interests of the Group;

(g) the letter of advice prepared by Maples and Calder, our Cayman legal advisor, summarizing certain aspects of the Cayman Companies Law referred to in Appendix V to this prospectus;

(h) the material contracts referred to in the paragraph headed "Summary of Material Contracts" in Appendix VI to this prospectus;

(i) the written consents referred to in the paragraph headed "Consents of Experts" in Appendix VI to this prospectus;

(j) the service contracts and letters of appointment referred to in the paragraph headed "Directors' Service Contracts" in Appendix VI to this prospectus;

(k) the Cayman Companies Law; and

(l) the rules of our Share Option Scheme.

海昌控股有限公司
HAICHANG HOLDINGS LTD.