海昌控股有限公司
HAICHANG HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 2255

Annual Report
2013

CONTENTS

COMPANY PROFILE

Haichang Holdings Ltd. (the "Company") is a leading developer and operator of theme parks and ancillary commercial properties in China. Its 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 the theme parks. According to Euromonitor, the Company is the largest marine theme park operator in China in terms of admission attendance (measured by the number of visitors based on actual admission) in 2012. The admission attendance of the six theme parks amounted to approximately 8.4 million visitors in 2013. The Company currently operates six marine theme parks located in Dalian, Qingdao, Tianjin, Yantai, Wuhan and Chengdu, respectively. As part of the reorganization, the Company will complete the acquisitions of the Additional Theme Parks, namely Dalian Discoveryland and Chongqing Caribbean Water Park, by the end of 2014. The Company successfully listed its shares on The Stock Exchange of Hong Kong Limited on 13 March 2014. Additional information about the Company is available on the Company's website at www.haichangholdings.com.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Wang Xuguang (王旭光)
Zhao Wenjing (趙文敬)
Qu Naiqiang (曲乃強)

Non-executive Directors

Qu Naijie (曲乃杰)
Makoto Inoue (井上亮)
Yuan Bing (袁兵)

Independent Non-executive Directors

Fang Hongxing (方紅星)
Wei Xiaoan (魏小安)
Sun Jianyi (孫建一)

COMPANY SECRETARY

Yu Leung Fai (HKICPA, AICPA)

AUTHORIZED REPRESENTATIVES

Wang Xuguang
Yu Leung Fai (HKICPA, AICPA)

LEGAL ADVISOR

As to Hong Kong Law
Milbank Tweed Hadley & McCloy

As to PRC Law
Liaoning Think Tank Law Firm

COMPLIANCE ADVISOR

Guotai Junan Capital Limited

AUDITOR

Ernst & Young
Certified Public Accountants

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

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

CAYMAN ISLANDS SHARE REGISTRAR MAPLES FUND

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
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKS

Industrial and Commercial Bank of China,
Qingdao South 4th Branch
Industrial and Commercial Bank of China,
Wuhan East Lake District Branch
Industrial and Commercial Bank of China,
Chengdu Hi-tech Industrial Development Zone Branch
Industrial and Commercial Bank of China,
Dalian Economic and Technological Development Zone Branch
Industrial and Commercial Bank of China,
Tianjin Economic Development Zone Branch
China Construction Bank,
Dalian Zhongshan District Branch
Bank of Dalian, Zhongshan Branch,
First Central Branch
BNP Paribas, Hong Kong Branch

STOCK CODE

2255

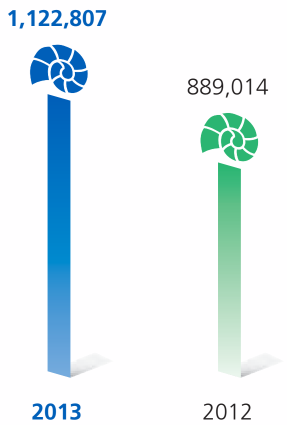
COMPANY WEBSITE

http://www.haichangholdings.com

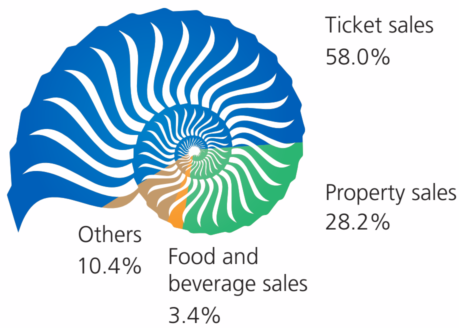
FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 26.3% to approximately RMB1,122.8 million.
- Profit for the year increased by approximately 28.0% to approximately RMB100.9 million.
- Profit attributable to owners of the parent increased by approximately 44.4% to approximately RMB86.1 million.

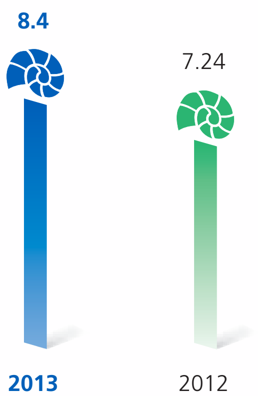
Revenue (RMB'000) *(audited)*



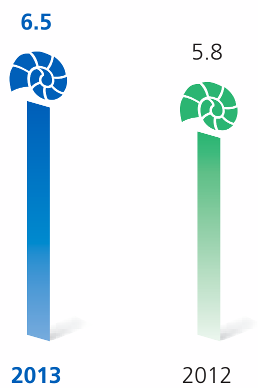
Revenue per segment



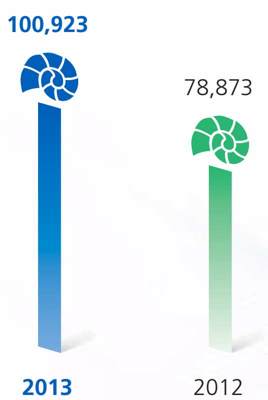
Admission Attendance (Million)



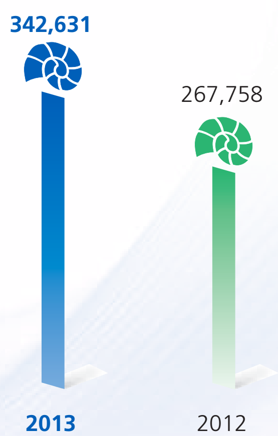
Ticket Attendance (Million)



Profit (RMB'000) *(audited)*



EBITDA (RMB'000)



FINANCIAL HIGHLIGHTS

A summary of the results and of the assets and liabilities of the Group for the last four financial years, as extracted from the published audited financial statements, is set out below.

	For the year ended 31 December			
	2010 *RMB'000*	2011 *RMB'000*	2012 *RMB'000*	**2013** ***RMB'000***
Results				
Revenue	799,212	683,731	889,014	**1,122,807**
Gross profit	417,224	299,658	399,667	**507,011**
Profit before tax	294,729	116,080	187,044	**181,355**
Income tax expenses	(111,619)	(70,590)	(108,171)	**(80,432)**
Profit after tax for the year	183,110	45,490	78,873	**100,923**
Attributable to:				
Owner of the parent	148,775	30,043	59,617	**86,108**
Non-controlling interests	34,335	15,447	19,256	**14,815**

	As of 31 December			
	2010 *RMB'000*	2011 *RMB'000*	2012 *RMB'000*	**2013** ***RMB'000***
Assets and liabilities				
Non-current assets	2,322,999	3,239,356	3,908,613	**3,647,345**
Current assets	2,638,131	4,318,903	3,838,571	**3,112,851**
Current liabilities	2,564,128	3,830,159	3,544,406	**2,712,798**
Non-current liabilities	1,455,887	3,064,909	3,058,918	**3,103,878**
Shareholders' equity	941,115	663,191	1,143,860	**943,520**

OUR
THEME PARKS

6 Tianjin Polar Ocean World

7 Chengdu Polar Ocean World

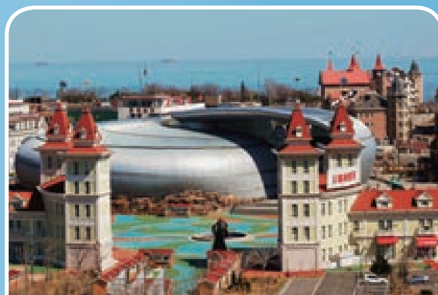
8 Wuhan Polar Ocean World

9 Chongqing Caribbean Water Park (to be acquired)

10 Sanya Haitang Bay Dream World (under planning)


1 Dalian Discoveryland (to be acquired)


2 Dalian Laohutan Ocean Park


3 Yantai Whale Shark Aquarium


4 Qingdao Polar Ocean World


5 Shanghai Haichang Polar Ocean World (under planning)

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board, I am pleased to present the first annual report of Haichang Holdings Ltd. ("Haichang Holdings" or the "Company") and its subsidiaries (collectively the "Group" or "We") after listing.

For the year ended 31 December 2013 (the "Year"), the Group recorded a turnover of RMB1,122,800,000, representing an increase of 26.3% as compared with last year; profit for the Year increased by 28% to approximately RMB100,900,000; profit attributable to owners of the parent increased by 44.4% to approximately RMB86,100,000; admission attendance of the six theme parks during the Year increased by 16% to 8.4 million visitors, and ticket attendance increased by 12.1% to 6.5 million visitors.

For the operation of theme parks, our operating revenue and profit grew substantially through various measures such as strengthening brand promotion, promoting off season marketing, providing innovative offerings and services and developing on-line sales channels. Our expenditure was effectively controlled by intensively implementing our standardized management system. For the development of ancillary commercial properties, we endeavored to optimize our property portfolio capitalizing on the comprehensive infrastructure facilities in the surrounding area and the cooperation with effective tenancy marketing agencies.

Over the past year, the synergy arising from the theme parks and ancillary commercial properties was recognized by the market and generated attractive returns. We firmly believe that, rather than adopting a single business model to engage in the development and operation of theme parks, this synergetic business model will be more beneficial to us in the long term with more promising growth prospects.

Looking into the year 2014, with the continuous implementation of more profound macroeconomic reforms, structural optimization of industries and favorable trend of industrial upgrade in China, the overall economy will achieve a more stable and healthy growth. As the overall infrastructure facilities are enhanced, especially the popularity of high-speed railway, airport and information networks, travelling for people will be much more convenient than before. The implementation of National Travel Leisure Outline and the Tourism

Law of the PRC is also conducive to the long-term development of the tourism industry. Besides, the increasing urbanization will also stimulate consumer demand and thus expanding the consumer base in the market. Benefiting from the rapid development of the tourism market, our business layout nationwide will have more growth opportunities, thus highlight our competitive advantages.

In addition to the planned acquisitions of two additional theme parks, namely Dalian Discoveryland and Chongqing Caribbean Water Park, we will continue to focus on the development of two new projects, Shanghai Polar Ocean World and Sanya Haitang Bay Dream World, and actively negotiate with governmental authorities for a comprehensive cooperation plan for the standardized operation of Dalian Laohutan Marine Park. Besides, we will also carefully assess new development opportunities to add momentum to the Company's sustainable development.

Adhering to our existing development strategy, we will continue to promote our national theme park brand, increase the profitability of our existing theme parks, innovate and expand our portfolio and offerings, further strengthen the development of ancillary commercial properties, and support species preservation, sustainability and animal care, with a view to maintaining our position as a leading developer and operator of theme parks and ancillary commercial properties in China.

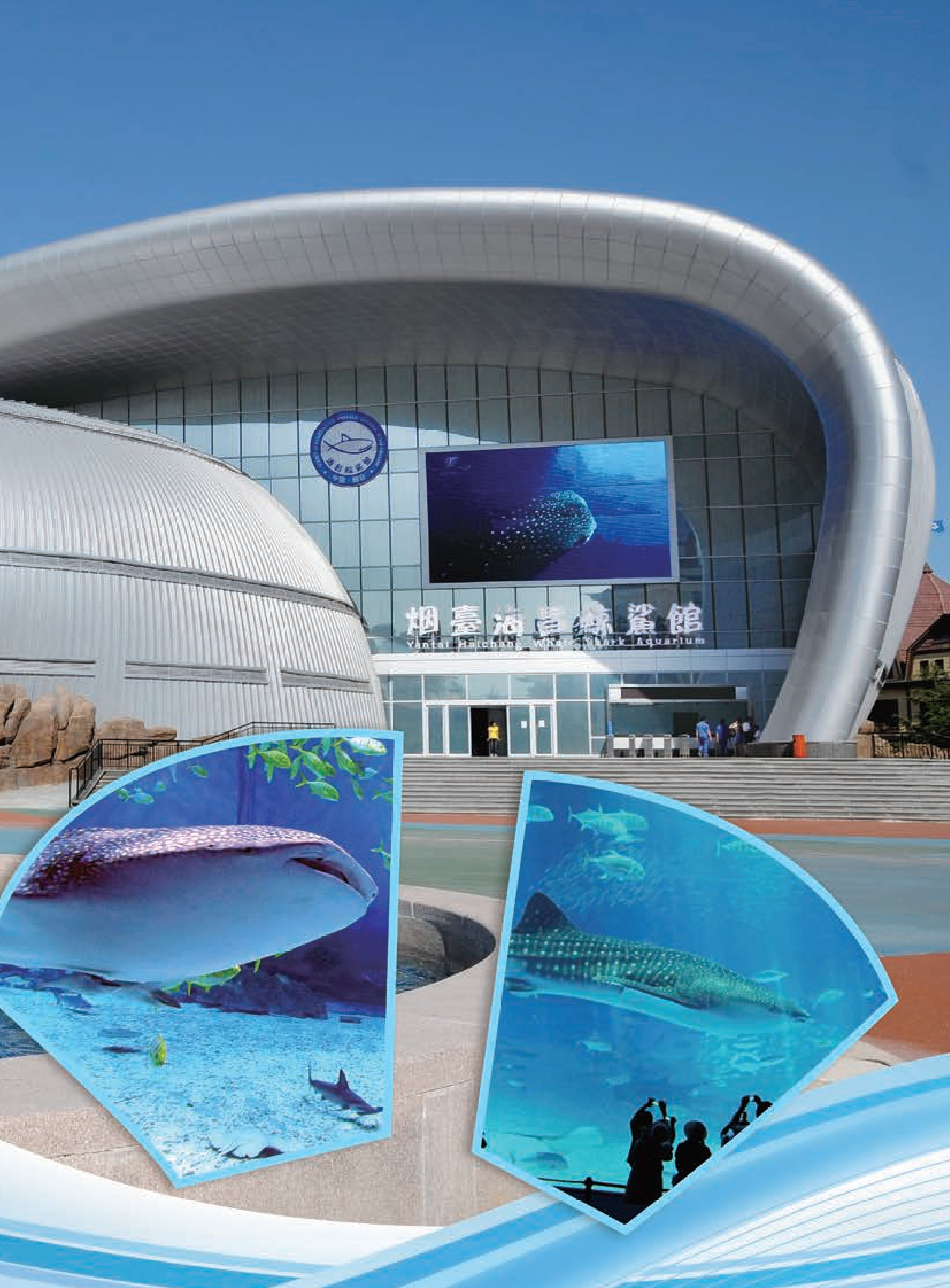
As a corporate citizen, we are committed to providing more welfare and sustainable development opportunities for our staff and use our best endeavors to support the disadvantaged. We also continue to promote and achieve a harmonious relationship between mankind and nature, support animal-related environmental initiatives and practice our own animal-friendly principles. We also fulfill our social responsibility by sharing knowledge of marine animals as well as through animal rescue and research.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to the management and all staff for their hard work, and thank our shareholders and business partners for their support and trust. Looking forward, the Group will make persistent efforts to reward shareholders with outstanding results.

Qu Naijie
Chairman

23 April 2014


烟臺海昌鯨鯊館
Yantai Haichang Whale Shark Aquarium

MANAGEMENT'S DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

The Chinese 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 citizens have adopted traveling as part of their lifestyle and, with more developed transportation infrastructure, traveling within China has become much more convenient than before. 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Outlook of the PRC Theme Park Market

The Chinese theme park industry is expected to continue its stable growth and annual attendance is projected to increase as well. The Chinese 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.

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 Chinese theme park industry is expected to rise at a compound annual growth rate (CAGR) of approximately 6.7% to approximately 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	2013E	2014E	2015E	CAGR% 13-15E
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

Outlook of PRC Marine Theme Park Market

It is expected that China's marine theme park industry will continue to grow at a steady rate. 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

Rising urbanization rate

From 2008 to 2012, China's urbanization rate increased from 47.0% to 52.6%. Urbanization is a key driver of the theme park industry growth as urban residents have significantly higher per capita disposal income than rural residents. As an increasing number of people migrate from rural to urban areas, the consumption pattern of these migrants is expected to change, leading to the growth in number of domestic tourist and demand in the tourism market. Also, it is expected that the transformation and steady growth of China's economy will be favourable to the development of the tourism industry in the long run.

Regulatory and Government Support

It is expected that the PRC government will continue to attach great importance to the tourism industry. For example, 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.

BUSINESS REVIEW

Haichang Holdings Ltd. (the "Company", and together with its subsidiaries, the "Group") is a leading developer and operator of theme parks and ancillary commercial properties in the PRC. The Group's 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 the theme parks. The Group currently operates six marine theme parks with a focus on polar animals across the PRC located in Dalian, Qingdao, Tianjin, Yantai, Wuhan and Chengdu. The Group will complete the acquisitions of Dalian Discoveryland and Chongqing Caribbean Water Park (the "Additional Theme Parks") by the end of 2014. Prior to the acquisitions, the Additional Theme Parks had been operated by the senior management team of the Group, together with the other marine theme parks of the Group, since their inception.

The Group has recorded an increase in the admission attendance and ticket attendance of the six theme parks in 2013. The admission attendance (measured by the number of visitors based on actual admissions) of the six theme parks of the Group increased by 16% from approximately 7.24 million visitors in 2012 to approximately 8.4 million visitors in 2013. The ticket attendance (measured by the number of visitors based on ticket sales) of the six theme parks of the Group increased by 12.1% from approximately 5.8 million visitors in 2012 to approximately 6.5 million visitors in 2013.

For the two months ended 28 February 2014, the admission attendance of the six theme parks of the Group increased by 37.1% from approximately 507,000 visitors for the two months ended 28 February 2013 to approximately 695,000 visitors for the same period in 2014. The ticket attendance of the six theme parks of the Group increased by 31.8% from approximately 333,000 visitors for the two months ended 28 February 2013 to approximately 439,000 visitors for the same period in 2014.

The key assets of the Group are a large and diverse animal collection, amounting to more than 40,000 marine and polar animals and fish, which are showcased creatively in the theme parks. To offer the park visitors an integrated travel experience and benefit from the potential appreciation in value of the properties adjacent to the theme parks, the Group develops, sells and selectively holds ancillary commercial properties adjacent to the 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 the Group with additional sources of funds through property sales and rental income to further develop and upgrade the theme parks.

The park operations of the Group have experienced significant revenue growth in 2013. Revenue from the park operations segment increased from RMB633.4 million in 2012 to RMB713.4 million in 2013. Revenue from the property development and holding segment amounted to RMB250.1 million and RMB348.6 million in 2012 and 2013, respectively. The total revenue was RMB889.0 million and RMB1,122.8 million in 2012 and 2013, respectively.

BUSINESS OUTLOOK

The Group will continue to focus on the development of its two pipeline projects, Sanya Haitang Bay Dream World and Shanghai Haichang Polar Ocean World. The development will be funded by the net proceeds from Listing, in the manner disclosed in the section headed "Future Plans and Use of Proceeds" of the prospectus of the Company dated 28 February 2014 in respect of the global offering of its Shares (the "Prospectus"). The Group is exploring with Dalian Laohutan Marine Park ("Hutan Park") (the state-owned enterprise which holds 41.7% interests in Dalian Laohutan Ocean Park Co., Ltd that operates Dalian Laohutan Ocean Park) about management and operation strategies to further enhance the existing cooperation between Hutan Park and the Group.

Sanya Haitang Bay Dream World

Sanya Haitang Dream World is planned to be an international tourist destination situated on the "national seashore" of the Sanya Haitang Bay of approximately 980,000 sq.m. The project is expected to provide entertainment programs to visitors and be positioned as a world-class, large-scale integrated project that blends theme park attractions, leisure, dining, shopping, culture and entertainment. In respect of the project land for the tourism-related part of the project, the Group entered into a land lease contract with the local government authority on January 16, 2014, following which the Group has started developing the tourism-related portion of the project. In respect of the project land for the ancillary commercial properties, the Group expects the local government authority to announce the land tender, auction or listing-for-sale procedures for the relevant project land in phases in 2014. If the Group can obtain the land use rights for the ancillary commercial properties as currently expected, the construction of the ancillary commercial properties will also commence in 2014.

Shanghai Haichang Polar Ocean World

Shanghai Haichang Polar Ocean World is expected to be developed into a flagship marine theme park with ancillary commercial properties along the east side of Dishui Lake, Lingang New City of Shanghai and to occupy land of approximately 500,000 sq.m.

The marine theme park will showcase marine animals from the north and south poles, marine fish and marine wildlife together with large-scale amusement equipments, special effects films, animal performances and water-borne parades.

According to the 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, the Group expects to acquire two parcels of land with a site area of approximately 500,000 sq.m. The Group has engaged international design firms and completed a detailed product positioning strategy and has commenced the conceptual planning. The Group has been consulting with the relevant local government authorities and Harbor City and understand that the relevant land tender, auction or listing-for-sale procedures are expected to be carried out in 2014 in phases. If the Group can obtain the relevant land use rights in such procedures, the construction of the project is expected to commence in 2014.

Dalian Laohutan Ocean Park

The Group and Hutan Park is exploring different management and operation strategies with a view to further improve efficiency and profitability and enhance the existing cooperation between the Group and Hutan Park on the development and operation of Dalian Laohutan Ocean Park and any potential cooperation and project regarding Dalian Laohutan Park. On 15 April 2014, Haichang (China) Co., Ltd. ("Haichang China"), Dalian Laohutan Ocean Park Co., Ltd ("Dalian Laohutan") and Hutan Park entered into a cooperation framework agreement to record both parties' intention to strengthen and extend the scope of their existing cooperation. The Group will promptly announce the details of the cooperation plan when it is crystallized.

The Group plans to continue growing its portfolio of theme parks as a leading integrated theme park developer and operator in China focusing on marine theme parks. Its strategies include the following:

Promote Its National Theme Park Brand

Keenly aware of the benefits of owning a nationwide, unified brand, the Group has developed a new branding system in 2013. Its focus is to establish the Haichang Holdings and Haichang China brands as leading PRC providers of leisure tourism products with a portfolio comprising primarily marine theme parks.

Increase the Profits of Its Existing Theme Parks

Leveraging its experience in the theme park industry, the Group aims to continue to improve the variety of its offerings to provide its 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 its performances, offering more interactive opportunities with its animals and upgrading its products through advanced technology.

In addition, to attract more visitors during off seasons, the Group plans to adopt a dynamic pricing model and a series of seasonal promotions. To the extent permitted by the natural conditions at its theme parks, it plans to offer more attractions during the winter season (such as interactive attractions on artificial snow) and promote its theme parks as the choice facilities for film and television program production.

Expand Its Portfolio and Offerings

The Group will continue its efforts in exploring new theme park projects in strategically located cities across China to expand its investment portfolio and increase its revenue. It intends to develop the planned Shanghai Haichang Polar Ocean World into its 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 its existing theme parks and bolstering its national brand names of *Haichang Holdings* and *Haichang China* as the innovator and leader in the marine theme park industry. It also intends to develop the Sanya Haitang Bay DreamWorld into a marine- themed destination resort in Sanya to capitalize on the growing number of tourists expected in the Haitang Bay area.

In addition, the Group will continue to proactively identify and assess other project opportunities in China to further diversify its portfolio of theme parks with appropriate localization in other regions with high economic growth potential and strong consumer demand. It is currently assessing investment opportunities in mature markets of first-tier cities in China and is also exploring the prospects of replicating its project development model in the western region and second-tier cities in China.

Further Strengthen Ancillary Commercial Property Development

As an integral part of its project development process, the Group will continue to develop ancillary commercial properties adjacent to its existing and planned theme parks to generate an optimal mix of income from selling, leasing and operating the properties that best suits its overall branding and development strategy. Its 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. It has cooperated with leading retail property management organizations in conducting the research, design, operation and management of the ancillary commercial properties of its theme parks. It plans 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.

Support Species Preservation, Sustainability and Animal Welfare

The Group's corporate mission is to promote a friendly and harmonious relationship with nature through its support of animal-related environmental initiatives and its own principled animal- friendly practices. Not only will it continue to adhere to its mission in its daily operations from animal collection, transportation to husbandry and breeding, it will also actively participate in organized animal rescue efforts by sharing its expertise and resources. It also intends to continue its investments in marine and polar animals including the establishment of specialized research institutions.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2013, the Group recorded a turnover of approximately RMB1,122.8 million (2012: RMB889.0 million), representing an approximately 26.3% increment compared with last year. The increase in turnover was attributed to increases in revenue generated from our park operations and property development and holding segment.

Revenue generated from park operations increased by 12.6% from RMB633.4 million in 2012 to RMB713.4 million in 2013, primarily due to an increase in ticket sales and higher in-park consumption relating to food and beverage sales, which was mainly driven by the increase in the number of ticket attendance. For the year ended December 31, 2013, the ticket attendance of the six theme parks increased to approximately 6.5 million in 2013 from approximately 5.8 million in 2012.

Revenue generated from our property development and holding segment increased by 39.4% from RMB250.1 million in 2012 to RMB348.6 million in 2013, primarily due to an increase of 37.7% in revenue from property sales from RMB230.3 million to RMB317.2 million during the same period. The Group started to recognize sales of its commercial street properties in Tianjin in December 2013 while the sales of its commercial properties in Chengdu which comprised the majority of its property sales in 2012 stayed relatively stable in 2013.

Cost of sales

The Group's cost of sales increased by 25.8% from RMB489.3 million in 2012 to RMB615.8 million in 2013, which was in line with the increase in the revenue.

Gross Profit

The Group's overall gross profit increased by approximately 26.9% to RMB507.0 million (2012: RMB399.7 million) and overall gross profit margin slightly improved to 45.2% (2012: 45.0%). Segment gross profit of our park operations increased by 29.7% to RMB351.6 million and segment margin of our park operations was significantly improved from 42.8% in 2012 to 49.3% in 2013.

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 in 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 20.8% to RMB155.0 million (2012: RMB128.3 million). Segment gross margin of our property development and holding segment was 44.5% (2012: 51.3%). 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 in 2013 compared to the prior period.

Other Income and Gains

The Group's other income and gains decreased by 14.7% from RMB309.4 million in 2012 to RMB264.0 million in 2013, mainly due to less fair value gains on investment properties in 2013.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by 5.2% from RMB76.9 million in 2012 to RMB80.9 million in 2013, mainly due to the increase of commission expenses in relation to more group ticket sales from travel agents in 2013.

Administrative Expenses

The Group's administrative expenses increased by 15.4% from RMB135.1 million in 2012 to RMB155.9 million in 2013, mainly due to the increased cash incentive we granted to employees because of their satisfactory performance in 2013 and certain expenses in connection with the Global Offering.

Finance Costs

The Group's finance costs increased by 16.8% from RMB301.3 million in 2012 to RMB352.0 million in 2013, mainly due to the relatively higher average carrying amount of the bank loans and other borrowings during the year of 2013 compared to the prior period.

Income Tax Expenses

The Group's income tax expenses decreased by 25.6% from RMB108.2 million in 2012 to RMB80.4 million in 2013, mainly due to a decrease in deferred tax in relation to less tax loss not recognized in 2013 compared to the prior period.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 28.0% from RMB78.9 million in 2012 to RMB100.9 million in 2013, while the net margin increase from 8.9% in 2012 to 9.0% in 2013. During the same period, the profit attributable to owners of the parent increased by 44.4% from RMB59.6 million in 2012 to RMB86.1 million in 2013.

Liquidity and financial resources

As at 31 December 2013, the Group had current assets of RMB3,112.9 million (2012: RMB3,838.6 million). The Group had cash and bank deposits of RMB495.9 million (2012: RMB404.0 million). The increase in cash and bank deposits by the end of 2013 was mainly attributable to the increase in the revenue generated from our park operations. The current ratio of the Group was approximately 1.15 (2012: 1.08).

Total equity of the Group as at 31 December 2013 was approximately RMB943.5 million (2012: RMB1,143.9 million). The decrease in total equity is mainly due to the settlement made by the Group to Dalian Shibo Real Estate Development Co., Ltd. in December 2013, (the transaction as detailed in note 2 of the Events after Balance Sheet Date) which is recognized as deemed distribution to the equity holders. The total interest bearing bank and other borrowings of the Group stood at RMB3,371.8 million as at 31 December 2013 (2012: RMB3, 843.2m), all of which was denominated in RMB. The repayment schedule of the Group's interest-bearing bank and other borrowings as at 31 December 2013 and 2012 is summarized below:

	31 December 2013		31 December 2012	
	RMB'000	**(%)**	RMB'000	(%)
Within one year or on demand	**931,448**	**27.6%**	1,436,777	37.4%
In the second year	**525,097**	**15.6%**	985,335	25.6%
In the third to fifth years, inclusive	**1,557,838**	**46.2%**	491,896	12.8%
Over five years	**357,398**	**10.6%**	929,239	24.2%
Total	**3,371,781**	**100.0%**	3,843,247	100.0%

As indicated by the above figures, the Group has maintained stable financial resources to execute its future commitments and future investments for expansion. The board of directors of the Company (the "Board") believes that the existing financial resources will be sufficient to execute future expansion plans and, if necessary, the Group will be able to obtain additional financing with favourable term.

Capital structure

The share capital of the Company comprises ordinary shares for the year ended 31 December 2013.

Contingent Liabilities

	31 December 2013 RMB'000	31 December 2012 RMB'000
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties*	**87,657**	126,075
Guarantees given to banks in connection with facilities granted to related companies**	**449,449**	496,582
	537,106	622,657

* 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 year (2012: nil) in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The directors of the Company (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.

Capital Commitments

As at 31 December 2013, the Group had capital commitments of approximately RMB358.2 million (2012: RMB533.9 million), which shall be funded through a variety of means, including cash generated from operations, bank financing and IPO proceeds.

Foreign Exchange Risk

The Group mainly operates in the PRC. Other than the foreign currency denominated bank deposits, bank borrowings and senior note, the Group does not have any other material direct exposure to foreign exchange fluctuations. Appreciation in RMB would have a positive effect on the value on paying interest and repayment of foreign currency bank borrowings. During the year ended 31 December 2013, though the exchange rates of RMB against U.S. dollar and the Hong Kong dollar kept on increasing, the Directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Pledge of Assets

The Group's bank loans were secured by the pledges of the Group's property, plant and equipment, investment properties, prepaid land lease payments, properties under development and pledged bank balances, with a total carrying value of RMB1,942.8 million at the end of 2013 (as at 31 December 2012: RMB1,905.1 million). Details of the assets pledged for the secured bank borrowings are set out in the note 32 of the consolidated financial statements.

Net Gearing Ratio

As at 31 December 2013, the Group's net gearing ratio was 233%. 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 ratio increased in the year of 2013 mainly because of the decrease of total equity as a result of the acquisitions of commercial properties in Dalian Laohutan Fishermen's Wharf.

Events after Balance Sheet Date

Below are the major events occurred after balance sheet date:

1. Subsequent to 31 December 2013, the balance of amounts due from the related companies, an amount due from a non-controlling equity holder, and amounts due to the related companies as at 31 December 2013 have been substantially settled by other means and the following agreements:

    (a) In February 2014, the Group entered into a debt transfer agreement with Sea-Rich Oil (S) Pte Ltd and Dalian Haichang (Group) Co., Ltd, in which, Sea-Rich Oil (S) Pte Ltd agreed to transfer its receivable of RMB862,000 from the Group to Dalian Haichang (Group) Co., Ltd.

    (b) In February 2014, the Group entered into a debt transfer agreement with Hong Kong Haichang Land Limited and Hong Kong Oriental Investment (Holding) Ltd, in which, Hong Kong Haichang Land Limited agreed to transfer its receivable of US$150,000 due from the Group to Hong Kong Oriental Investment (Holding) Ltd.

    (c) In February 2014, the Group entered into a debt transfer agreement with Sea-Rich Oil (S) Pte Ltd and Hong Kong Oriental Investment (Holding) Ltd, in which, Sea-Rich Oil (S) Pte Ltd agreed to transfer its receivable of US$10,160,000 from the Group to Hong Kong Oriental Investment (Holding) Ltd.

2. The Group entered into purchase and sales agreements in relation to the purchase of 17 properties from Dalian Shibo Real Estate Development Co., Ltd., a company in which Mr. Qu has indirect beneficial interest as an equity holder, for a total consideration of RMB278,756,000 in December 2013 and January 2014. As at the date of this annual report, the transaction has been already completed.

3. The Group entered into a land lease contract with the local government authority of Sanya, Hainan province in January 2014 with a lease term from January 2014 to January 2034. The initial annual rental fee since January 2014 is RMB3,000,000 with an increment rate of 10% every five years during the lease term.

4. 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$0.0001 each by the creation of 4,500,000,000.

5. Several cornerstone investment agreements were entered into in February 2014 among the Company and certain investors who have agreed to subscribe for such number of new shares with an aggregate amount of US$30 million in aggregate at the price of global offering.

6. A deed of indemnity dated 27 February 2014 was entered into between Mr. Qu, Haichang Group Limited and the Company, under which Mr. Qu and Haichang Group Limited have given certain indemnities in favour of the Group containing, among other things, taxation.

7. In February 2014, the Company issued 2,885,608,004 shares credited as fully paid to the shareholders whose names were on the register of members of the Company as of the date immediately before the listing date of the Company's global offering.

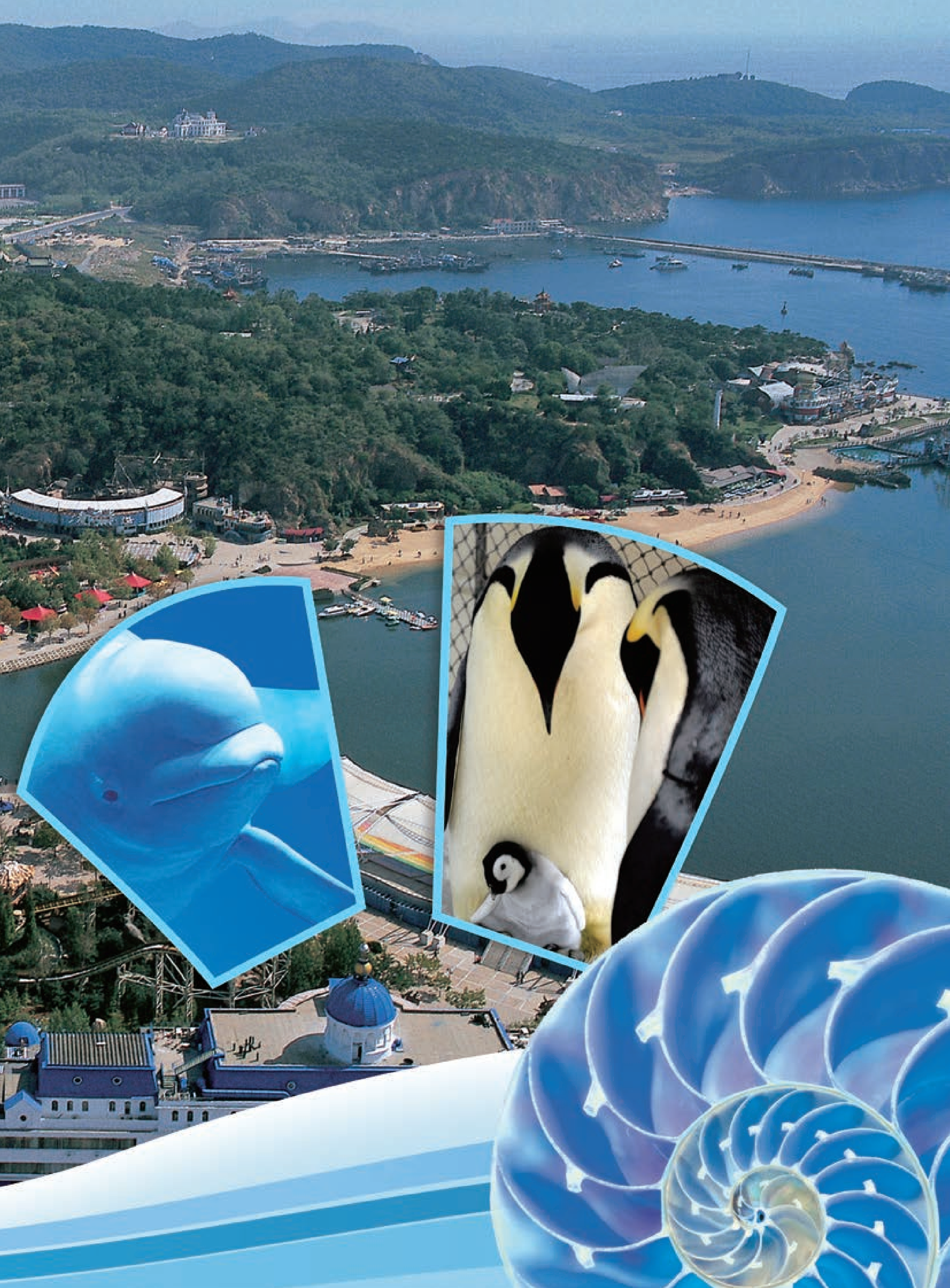
8. On 13 March 2014, the shares of the Company were listed on the Main Board of the Stock Exchange, pursuant to which 1,000,000,000 new shares of HK$2.45 each were issued by the Company.

9. In connection with the Global Offering, the Company has granted the Over-allotment Option to the Joint Global Coordinators (on their own behalf), exercisable at the sole discretion of the Joint Global Coordinators. As at the date of this announcement, the Over-allotment Option has not been exercised. In the event that the Over-allotment Option is exercised, an announcement will be made.

EMPLOYEES AND REMUNERATION POLICY

When taking into account the Additional Theme Parks, the Group had approximately 2,300 full-time employees and approximately 400 temporary workers in the PRC as at 31 December 2013. The Group offers a comprehensive and competitive remuneration, retirement schemes and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group is required to make contribution to a social insurance scheme in the PRC. The Group and its employees in the PRC are required to make contribution to a social insurance scheme in the PRC. The Group and its employees in the PRC are required to make contribution to fund the endowment insurance and unemployment insurance at the rates specified in the relevant PRC laws and regulations.

Since the Company is a listed company now, it confirms that the emolument policy is recommended by the Remuneration Committee and approved by the Board, having regard to comparable market statistics.



DIRECTORS AND SENIOR MANAGEMENT

AN OVERVIEW OF DIRECTORS AND SENIOR MANAGEMENT

The Board currently consists of nine Directors, three of whom are independent non-executive Directors. The Directors were appointed by the Board. According to the Articles of Association of the Company, not less than one-third of the Directors must retire from office by rotation at the annual general meeting provided that every Director is subject to retirement by rotation at least once every three years and any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board will hold office until the next following annual general meeting of the Company after his/her appointment.

The Board is responsible and has general powers for the management and conduct of the Company's business. The following table sets out certain information concerning the directors:

Name	Age	Position/Title	Date of appointment(s)	Job Responsibilities and Relationship with other Directors
Executive Directors				
Wang Xuguang (王旭光)	45	Executive Director and Chief Executive Officer	19 July 2012	Primarily responsible for the strategic decision making and the management of the Group. He also serves on the remuneration committee.
Zhao Wenjing (趙文敬)	59	Executive Director and Joint President	19 July 2012	Primarily responsible for human resources management and the business of the theme parks.
Qu Naiqiang (曲乃強)	51	Executive Director and Joint President	19 July 2012	Primarily responsible for managing the development and construction of the theme parks and the ancillary commercial real estate development. He is the brother of Qu Naijie.
Non-executive Directors				
Qu Naijie (曲乃杰)	53	Non-executive Director and Chairman	21 November 2011	Primarily responsible for the overall strategic planning and overseeing the general corporate, financial and compliance affairs of the Group. He also serves on the nomination committee. He is the brother of Qu Naiqiang.

Name	Age	Position/Title	Date of appointment(s)	Job Responsibilities and Relationship with other Directors
Makoto Inoue (井上亮)	61	Non-executive Director	19 July 2012	Primarily responsible for the strategic planning for and overseeing of the general corporate, financial and compliance affairs of the Group.
Yuan Bing (袁兵)	45	Non-executive Director	24 August 2012	Primarily responsible for the strategic planning for and overseeing of the general corporate, financial and compliance affairs of the Group. He also serves on the risk management and corporate governance committee.
Independent Non-executive Directors				
Fang Hongxing (方紅星)	41	Independent Non-executive Director	23 February 2014	Serves on the audit, remuneration, risk management and corporate governance and independent board committees; primarily responsible for supervising and providing independent judgment to the Board.
Wei Xiaoan (魏小安)	62	Independent Non-executive Director	23 February 2014	Serves on the audit, nomination, risk management and corporate governance and independent board committees; primarily responsible for supervising and providing independent judgment to the Board.
Sun Jianyi (孫建一)	61	Independent Non-executive Director	23 February 2014	Serves on the audit, nomination, remuneration and independent board committees; primarily responsible for supervising and providing independent judgment to the Board.

EXECUTIVE DIRECTORS

Wang Xuguang (王旭光), aged 45, was appointed to the Board on 19 July 2012 and his title was designated as the executive Director on 23 February 2014. Mr. Wang is also the Chief Executive Officer of the Company, primarily responsible for the strategic decision making and the management of the 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 Dalian Haichange (Group) Co., Ltd ("Haichang Group Co") in February 2007 as a director and the president. He was further appointed as a director and the general manager of Dalian Haichang Corporation Development Co., Ltd. ("Haichang Enterprise Development") in February 2010. From October 2010 to February 2012, he also served as the president of Dalian Haichang Real Estate Group Co., Ltd. ("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 Holdings (Asia) Ltd. ("Haichang Asia BVI") and Haichang Holdings (Hong Kong) Limited ("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 the Board on 19 July 2012 and his title was designated as the executive Director on 23 February 2014. Mr. Zhao is also a Joint President of the Company, primarily responsible for human resources management and the business of the 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 Ocean Park Co., Ltd ("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 Dalian Haichang Travel Group Co., Ltd. ("Haichang Travel") and Haichang (China) Co., Ltd. ("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 Ocean World Co., Ltd. ("Qingdao Polar") and Dalian Friday Avenue Commercial Service Co., Ltd ("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 the Board on 19 July 2012 and his title was designated as the executive Director on 23 February 2014. Mr. Qu is the younger brother of Qu Naijie, the founder, the Controlling Shareholder, the chairman of the Board and the non-executive Director. Mr. Qu is also a Joint President of the Company, primarily responsible for managing the development and construction of the 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 Dalian Haichang Housing Development Co., Ltd. ("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 Ocean Industrial Co., Ltd ("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 Ocean World Investment Co., Ltd. ("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 the Board on 21 November 2011 and his title was designated as the non-executive Director on 23 February 2014. Qu Naijie is the elder brother of Mr. Qu Naiqiang, the executive Director and Joint President. Qu Naijie is the founder of the Group, the chairman of the Board and the Controlling Shareholder. He is primarily responsible for the overall strategic planning, the general corporate and financial and compliance affairs of the 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's Wharf Investment Co., Ltd. ("Yantai Fishermen"), Tianjin Polar Tourism Co., Ltd. ("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 the Board on 19 July 2012 and was designated as the non-executive Director on 23 February 2014. He is primarily responsible for the strategic planning for and overseeing of the general corporate, financial and compliance affairs of the 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 the Board on 24 August 2012 and his title was designated as the non-executive Director on 23 February 2014. He is primarily responsible for the strategic planning for and overseeing of the general corporate, financial and compliance affairs of the 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 the independent non-executive Director on 23 February 2014. He is primarily responsible for supervising and providing independent judgment to the 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 the independent non-executive Director on 23 February 2014. He is primarily responsible for supervising and providing independent judgment to the 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 61, was appointed as the independent non-executive Director on 23 February 2014. He is primarily responsible for supervising and providing independent judgment to the 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

The senior management is responsible for the day-to-day management of the business. The following table sets out certain information concerning the senior management.

Name	Age	Position/Title
Li Xin (李昕)	42	Chief Financial Officer
Gao Jie (高杰)	41	Chief Investment Officer
Tan Guangyuan (譚廣元)	41	Technical Director
Wang Wei (王煒)	45	Operation Director
Wang Zan (王瓚)	38	Planning Design Director
Liu Jiabin (劉家斌)	44	Project Construction Director
Zheng Fang (鄭芳)	36	Marketing Director

Li Xin (李昕), aged 42, has been serving as the 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 the 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 41, has been serving as the 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 the 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 45, has been serving as the 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 the 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 the 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 36, has been serving as the 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 the 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 37, 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.

DIRECTORS' REPORT

The directors (the "Directors") of Haichang Holdings Ltd. (the "Company") are pleased to present their report together with the audited combined financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013.

CORPORATE INFORMATION AND GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 21 November 2011 as an exempted company with limited liability under the Companies Law (2012 Revision) of the Cayman Islands (the "Companies Law"). The Company's shares (the "Shares") were listed (the "Listing") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 March 2014 (the "Listing Date").

PRINCIPAL ACTIVITIES

The Group is principally engaged in development and operation of theme parks and ancillary commercial properties in China. There were no significant changes in the nature of the principal activities of the Group during the year ended 31 December 2013.

HUSBANDRY AND CARE OF ANIMALS

1. International and domestic standards serving as the basis for the purchase of animals

In the process of importing animals from abroad, the Group has fully complied with relevant laws and regulations of China and the animal exporting countries (regions) in strict accordance with the procedures as required by the competent authorities.

The following table shows the procedures to be followed and the qualification documents to be obtained in the course of importing animals.

Animal importing procedures	Name of document	Institution to review and approve
Obtaining import and export permits	Provincial or national approvals	Reporting to the national department in charge of forestry and fishery for administrative review and approval upon review and approval by the provincial department in charge of forestry and fishery
	"CITES Permit" or "Certificate for Non-regulated Species"	The Endangered Species Import and Export Management Office or jurisdictional office to issue the certificates
Obtaining import quarantine certificate	"Certificate for Animal Quarantine Premises"	Municipal animal quarantine departments to verify, review and approve post-entry animal quarantine premises
	"Import Quarantine Certificate"	Upon review and approval by the provincial department in charge of animal quarantine, reporting to the General Administration of Quality Supervision, Inspection and Quarantine for review and approval and, when approved, the provincial department in charge of animal quarantine to issue certificates

Animal importing procedures	Name of document	Institution to review and approve
Obtaining tax exemption certificate	"Tax Exemption Certificate"	Reporting to the Endangered Species Import and Export Management Office for review and approval upon review and approval by the provincial department in charge of forestry and fishery
	"Tax Exemption Certificate for Goods"	Territorial customs office to issue the certificates
Obtaining customs clearance	"Customs Clearance"	The owner to submit a bill of entry when the goods are imported and the inspection and customs department to issue customs clearance upon inspection

2. International and domestic standards serving as the basis for the rearing of animals

In terms of living environment, the Group has referred to international practices including some sections in the regulations of the U.S. Department of Agriculture concerning the administration of marine mammals, such as 3.104 Space Requirement, 3.106 Water Quality and Sterilization of Marine Mammal Pool Waters as well as Chapter 35 Water Quality of the CRC Handbook of Marine Mammal Medicine.

In terms of animal rearing administration, the Group has referred to the U.S. Department of Agriculture's Handling Fish Fed to Fish-eating Animals and CRC Handbook of Marine Mammal Medicine – Chapter 36 Nutrition and Energetics, etc.

On the other hand, in recent years, the Chinese Ministry of Agriculture has successively introduced specifications and standards on the administration of aquatic mammal rearing, such as "Requirements for Aquatic Mammal Rearing Facilities" (SC/T 6073-2012), "Requirements for the Classification of Aquatic Mammal Domestication Techniques in Aquariums" (SC/T 9410-2012), "Water Quality for Aquatic Mammals in Aquariums" (SC/T 9411-2012) and "Specifications for Studbook Keeping of Aquatic Mammals" (SC/T 9409-2012), under which stringent specifications and requirements on animal rearing ranging from space requirement, environmental conditions to business qualifications are proposed. The Group has conducted relevant animal rearing and administration work within the framework of these specifications and requirements.

3. Company's decision on whether to join international organizations such as WAZA

In the international arena, as of now, the Group has joined the International Marine Animal Trainer's Association (IMATA), the International Association for Aquatic Animal Medicine (IAAAM), the European Association for Aquatic Mammals (EAAM) and the Animal Behavior Management Alliance (ABMA). These three bodies are relatively authoritative in the world in terms of marine animal training and healthcare as well as animal behavior management and environment enrichment. Being the member of these bodies and through the participation in relevant conferences and activities, the Group may share many of the overseas advanced technologies and experiences and can timely obtain cutting-edge technical information of the world.

In China, the Group is currently serving as the Vice Chairman of the National Aquatic Wildlife Conservation Association and the Deputy Director of the Aquarium Professional Committee of the Chinese Association of Natural Science Museums. These two bodies are most authoritative in their respective fields. With the Group's position in these two bodies, the Group has actively participated in various academic and management activities and has prepared a number of industry standards, hence playing a leading role in the industry.

As disclosed in the prospectus of the Company dated 28 February 2014 in respect of the global offering of its Shares (the "Prospectus"), the Company is currently consulting relevant domestic government departments and industrial associations and has deepened mutual understanding with WAZA through various means in assessing the likelihood of further contact with and participation in the organization.

RESULTS

The results of the Group for the year ended 31 December 2013 are set out in the combined statement of profit or loss on page 67 of this annual report.

FINAL DIVIDEND

The board of Directors of the Company (the "Board") does not recommend payment of any dividend in respect of the year ended 31 December 2013.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from Listing, after deducting underwriting fees and related expenses, amounted to HK$2,374,427,521.54, which sum is intended to be applied in the manner disclosed in the Prospectus. As at the date of this annual report, part of the proceeds have been applied as follows:

(i) the Group had disbursed approximately HK$1,369,000 for lease of office space; and

(ii) the Group had paid legal expenses of approxiamtely HK$5,618,000 in connection with the Listing; and

(iii) the Group had pre-paid design fees of approximately HK$1,554,000 for the Shanghai Project; and

(iv) the Group had paid other miscellaneous fees of approximately HK$63,000.

The balance of the unutilized proceeds, deposited in normal interest bearing saving accounts, is expected to be applied by the Company as stated in the section headed "Future Plans and Use of Proceeds" of the Prospectus. Based on the current progress of Shanghai Haichang Polar Ocean World and Sanya Haitang Bay Dream World projects, including the required approval procedures regarding site selection, land grant, and the planning and design, the Company estimates that the capital expenditure on these two projects for 2014 will account for a relatively small proportion of the unutilized proceeds and therefore, the Directors will consider utilizing the unused portion of proceeds from Listing to repay the Company's existing bank loans and other borrowings and interests accrued thereon if they consider that it is commercially desirable and in the interests of the shareholders as a whole for the Company to do so. The Company is also negotiating with related banks regarding the facility arrangements to ensure sufficient financial support to Shanghai Haichang Polar Ocean World and/or Sanya Haitang Bay Dream World if necessary.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2013, the percentage of purchases attributable to the Group's major suppliers are as follows:

– the largest supplier: 9.6%

– five largest suppliers in aggregate: 35.6%

The percentages of sales for the year attributable to the Group's major customers are as follows:

– the largest customer: 5.0%

– five largest customers in aggregate: 17.2%

As far as the Company is aware, none of the Directors nor his connected persons and none of the shareholders possessing over 5% of the interest in the capital of the Company possessed any interest in the abovementioned suppliers and customers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year ended 31 December 2013 are set out in note 14 to the combined financial statements in this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2013 are set out in note 36 to the combined financial statements in this annual report.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 23 February 2014 (the "Share Option Scheme"). Pursuant to the Share Option Scheme, 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:

(a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of our subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest;

(b) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(c) any supplier of goods or services to any member of the Group or any Invested Entity;

(d) any customer of any member of the Group or any Invested Entity;

(e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(g) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity;

(h) 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 the Group;

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.

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 the Company must not in aggregate exceed 30% of the share capital of the Company in issue from time to time.

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 the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 2% of the Shares in issue on the Listing Date, being 80,000,000 Shares ("General Scheme Limit").

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 the Company (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the 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 the 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.

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.

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.

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.

No share options had been granted by the Company under the Share Option Scheme for the year ended 31 December 2013 and no expenses were recognized by the Group for 2013 (2012: nil).

MANAGEMENT TRUST

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 the Group. The group of eligible persons comprises persons who are currently employees of the Group and any such persons who have contributed or will contribute to the operations and development of the Group, and these Beneficiaries may hold up to approximately 2.25% of the share capital of the Company. Cantrust (Far East) Limited as trustee has the discretionary powers to, among others, allocate all or a portion of the trust fund of the Management Trust (including the Shares held by Speedy Journey Investment Limited), but 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. During the year ended 31 December 2013 and as at the Listing Date, no decision had been made by Qu Naijie or the trustee with respect to any such distribution.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2013 are set out on page 71 in the combined statement of changes in equity of this annual report and in note 37 to the combined financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2013, calculated under the Companies Law, amounted to RMB487,505,000 representing share premium of RMB509,596,000, setting off by accumulated losses of RMB22,091,000.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2013 are set out in note 32 to the combined financial statements in this annual report.

DIRECTORS

The Directors in office during the year and as at the date of this report were as follows:

Executive Directors

Wang Xuguang (王旭光) *(Chief Executive Officer)* (appointed on 19 July 2012)
Zhao Wenjing (趙文敬) (appointed on 19 July 2012)
Qu Naiqiang (曲乃強) *(Joint President)* (appointed on 19 July 2012)

Non-executive Directors

Qu Naijie (曲乃杰) *(Chairman)* (appointed on 21 November 2011)
Makoto Inoue (井上亮) (appointed on 19 July 2012)
Yuan Bing (袁兵) (appointed on 19 July 2012)

Independent Non-executive Directors

Fang Hongxing (方紅星) (appointed on 23 February 2014)
Wei Xiaoan (魏小安) (appointed on 23 February 2014)
Sun Jianyi (孫建一) (appointed on 23 February 2014)

Further details of the Directors and senior management are set forth in the section "Directors and Senior Management" of this annual report.

In accordance with the articles of association of the Company, any Director appointed by the Board either to fill a casual vacancy or as an addition to the Board will hold office until the next following annual general meeting of the Company after his/her appointment.

In accordance with article 16.18 of the articles of association of the Company, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) will retire from office by rotation and will be eligible for re-election and re-appointment at every annual general meeting, provided that every Director shall be subject to retirement by rotation at least once every three years.

Details of the Directors to be re-elected at the forthcoming annual general meeting of the Company are set out in the circular to shareholders.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 26 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received the confirmation of each of the independent non-executive Directors of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company considers all of the independent non-executive Directors to be independent in accordance with Rule 3.13 of the Listing Rules.

SERVICE AGREEMENTS OF DIRECTORS

There was no service agreement entered by the Company and any Directors to be re-elected in the forthcoming annual general meeting which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No Director had any material interest, either directly or indirectly, in any contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party subsisted at the end of the year or at any time during the year ended 31 December 2013.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Saved as disclosed in the Prospectus, Qu Naijie and Haichang Group Limited (the "Controlling Shareholders") do not have any material interest, either directly or indirectly, in any contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party subsisted at the end of the year or at any time during the year ended 31 December 2013.

MANAGEMENT CONTRACTS

Save as disclosed in the Prospectus, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2013.

EMOLUMENT POLICY

A remuneration committee was set up to develop the Group's emolument policy and structure for remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five highest paid individuals are set out in note 9 to the combined financial statements in this annual report.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed in the section headed "Directors and Senior Management" in this annual report, there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since the Listing Date.

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

As the Company was not listed on the Stock Exchange as at 31 December 2013, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance ("SFO") and section 352 of the SFO were not applicable to the Directors or chief executive of the Company as at 31 December 2013.

As at the Listing Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

Name of Director	Capacity/Nature of Interest	No. of Underlying Shares	Approximate Percentage of Total Issued Shares
Qu Naijie (Note 1)	Interest in a controlled corporation	2,229,177,000(L)	55.73

Note 1: Qu Naijie holds 100% of the equity interest in Haichang Group Limited 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 90,000,000 Shares held by Speedy Journey Investment Limited in the Company, together representing approximately 55.73% of the total issued shares.

(L) denotes a long position in shares of the Company

Save as disclosed above, as at the Listing Date, so far as is known to any Director or the chief executive of the Company, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As the Company was not listed on the Stock Exchange as at 31 December 2013, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable to the Company as at 31 December 2013.

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

Name	Nature of Interest	No. of Shares	Approximate Percentage of Total Issued Shares
Haichang Group Limited	Beneficial owner	2,139,177,000(L)	53.48%
Qu Naijie (Note 1)	Interest in a controlled corporation	2,229,177,000(L)	55.73%
Time Dynasty Limited	Beneficial owner	377,439,000(L)	9.44%
Hony Capital Fund V GP Limited	Interest in a controlled corporation	377,439,000(L)	9.44%
Hony Capital Fund V GP, L.P.	Interest in a controlled corporation	377,439,000(L)	9.44%
Hony Capital Fund V L.P.	Interest in a controlled corporation	377,439,000(L)	9.44%
Hony Capital Management Limited	Interest in a controlled corporation	377,439,000(L)	9.44%
Hony Managing Partners Limited	Interest in a controlled corporation	377,439,000(L)	9.44%
Zhao John Huan	Interest in a controlled corporation	377,439,000(L)	9.44%
Oriental Camellia Investment Limited	Beneficial owner	393,384,000(L)	9.83%
ORIX (China) Investment Company Limited	Interest in a controlled corporation	393,384,000(L)	9.83%
ORIX Corporation	Interest in a controlled corporation	393,384,000(L)	9.83%

Note 1: Qu Naijie holds 100% of the equity interest in Haichang Group Limited 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 90,000,000 Shares held by Speedy Journey Investment Limited in the Company, together representing approximately 55.73% of the total issued shares.

(L) denotes a long position in shares of the Company

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

INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS OF ANY MEMBER OF THE GROUP (OTHER THAN THE COMPANY)

So far as the Directors are aware, as at the Listing Date, the persons other than the Directors and the chief executive who were directly interested in 10% or more of the issued and outstanding share capital of the subsidiaries of the Company then in issue carrying rights to vote in all circumstances at general meetings of each relevant subsidiary, were as follows:

Member of our Group	Person with 10% or more interest (other than us)	Capacity	Percentage of the substantial shareholder's interest
Dalian Laohutan Ocean Park Co., Ltd (大連老虎灘海洋公園有限公司)	Dalian Laohutan Marine Park (大連老虎灘海洋公園)	Beneficial owner	41.7%

Other than as disclosed above, as at the Listing Date, the Directors are not aware of any person who have an interest or a short position in the Shares which will be required to be disclosed to the 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 voting rights to vote in all circumstances at general meetings of any other member of the Group.

PRE-EMPTIVE RIGHTS

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

DEED OF NON-COMPETITION FROM THE CONTROLLING SHAREHOLDERS

On 27 February 2014, each of the Controlling Shareholders entered into a Deed of Non-competition (the "Deed of Non-competition") in favor of the Company pursuant to which the Controlling Shareholders have irrevocably and unconditionally, jointly and severally, warranted and undertaken to the Company that, during the effective period of the Deed of Non-competition, 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 the 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 the 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).

In addition, in any city or region where the Group has developed any business operations or holds any business interests, the 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 identified by or offered to the Controlling Shareholders or their subsidiaries or associates is first referred to the Group in the manner as described in the Deed of Non-competition. Furthermore, the Controlling Shareholders have also given undertakings relating to the sale schedules of its residential properties pursuant to the mechanism in the Deed of Non-Competition. The Group was also granted an option to purchase and/or operate and manage the property development business in the PRC retained by the Controlling Shareholders in the manner as detailed in the Deed of Non-competition.

An independent board committee ("Independent Board Committee") consisting exclusively of independent non-executive directors is set up to monitor the execution and the performance of obligations of the Deed of Non-competition by the Controlling Shareholders. Details of its functions and powers are set out in the Corporate Governance Report of this annual report.

Details of the Deed of Non-competition were disclosed in the Prospectus under section headed "Relationship with our Controlling Shareholders".

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as described in the Prospectus and this annual report, during the year ended 31 December 2013 and as at the Listing Date, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete with the businesses of the Group and which is required to be disclosed pursuant to the Listing Rules.

CONNECTED TRANSACTIONS

As the Company was not listed on the Stock Exchange as at 31 December 2013, the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions were not applicable to the Company for the year ended 31 December 2013. As at the Listing Date, the Group, through Haichang (China) Co., Ltd. ("Haichang China"), has entered into certain transactions with Dalian Haichang Corporation Development Co., Ltd ("Haichang Enterprise Development"), a connected person of the Company, and the transactions are expected to continue on a continuing or recurring basis after the Listing, thereby constituting continuing connected transactions of the Company under the Listing Rules. These transactions are entered into in the ordinary course of business and on normal commercial terms.

Connected Person

As at the Listing Date, Qu Naijie, the Controlling Shareholder and the 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 the Company for the purpose of the Listing Rules.

Lease with Haichang Enterprise Development

On 27 September 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.

The 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 1 January 2014 to 31 December 2015. The Directors considered that the continuation of the Lease is beneficial to the Company and the Shareholders as a whole as Haichang China can utilize its excess office space to create an additional source of income for the Group.

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 annual caps for the Lease for each of the three years ending 31 December 2013, 2014 and 2015 are RMB2,800,000, RMB4,800,000 and RMB4,800,000 respectively. The 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. During the year ended 31 December 2013, the annual cap for the Lease has not been exceeded.

Details of the transaction were fully disclosed in the Company's Prospectus under the section headed "Connected Transactions".

Project Management Framework Agreement

As one of the principal businesses of the Group is the development and construction of theme parks and ancillary commercial properties, the Group has developed significant experience throughout the years and has retained its 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 the 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 24 January 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 31 December 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 the Group for each project will be negotiated on an arm's length basis. The Directors considered that this transaction is beneficial to the Group and Shareholders as a whole as it can generate an additional income stream for the Group.

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 31 December 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. During the year ended 31 December 2013, the annual cap for the Project Management Framework Agreement has not been exceeded.

Details of the transaction were fully disclosed in the Company's Prospectus under the section headed "Connected Transactions".

A summary of the related party transactions entered into by the Group during the year ended 31 December 2013 is contained in Note 43 to the combined financial statements.

The Company has complied with the disclosure requirements, to the extent they are not waived by the Stock Exchange, in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2013.

POST BALANCE SHEET EVENTS

Please see the section headed "Management Discussion and Analysis" in this annual report for a summary of the major events that have occurred in relation to the Company since the balance sheet date.

AUDITORS

The combined financial statements of the Company for the year ended 31 December 2013 have been audited by Ernst & Young, the auditors of the Company.

During the preceding three years, there has been no change in the Company's auditors.

AUDIT COMMITTEE

The audit committee has reviewed together with the management the accounting principles and policies adopted by the Group and the audited combined financial statements for the year ended 31 December 2013.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. As the Company was not listed on the Stock Exchange as at 31 December 2013, the provisions under the Listing Rules in relation to compliance with the Model Code by the Directors were not applicable to the Company or the Directors for the year ended 31 December 2013.

PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, the Company has maintained the public float as required by the Listing Rules up to the date of this annual report.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting ("AGM") of the Company is scheduled to be held on 25 June 2014. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 23 June 2014 to 25 June 2014, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 20 June 2014.

On behalf of the Board
Mr. Wang Xuguang
Executive Director and Chief Executive Officer

23 April 2014

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Haichang Holdings Ltd. (the "Company") and its subsidiaries (together, the "Group") are committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has been in compliance with the mandatory code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") since the Companies' shares (the "Shares") were listed (the "Listing") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 March 2014 (the "Listing Date"). The key corporate governance principles and practices of the Company are outlined later in this annual report.

The shares of the Company were listed on the Stock Exchange with effect from the Listing Date. As the Company was not a listed company during the year ended 31 December 2013, the CG Code was not applicable to it during that period. The CG Code has been applicable to the Company with effect from the Listing Date.

THE BOARD

Responsibilities

The board of directors of the Company (the "Board") is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established five Board committees, namely the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee"), the risk management and corporate governance committee (the "Risk management and Corporate Governance Committee") and the independent board committee (the "Independent Board Committee") (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

Board Composition

As at the date of this annual report, the Board comprises nine members, consisting of three executive directors (the "Executive Directors"), three non-executive directors (the "Non-executive Directors") and three independent non-executive directors (the "Independent Non-executive Directors") as set out below:

Executive Directors

Wang Xuguang (王旭光)
Zhao Wenjing (趙文敬)
Qu Naiqiang (曲乃強)

Non-executive Directors

Qu Naijie (曲乃杰)
Makoto Inoue (井上亮)
Yuan Bing (袁兵)

Independent Non-executive Directors

Fang Hongxing (方紅星)
Wei Xiaoan (魏小安)
Sun Jianyi (孫建一)

The biographies of the directors of the Company (the "Directors") are set out under the section headed "Directors and Senior Management" of this annual report.

Since the Listing Date and up to the date of this annual report, the Company has been in compliance with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with the requirement of Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

The Company has received the confirmation from each of the Independent Non-executive Directors on his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

All Directors, including Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Management and Corporate Governance Committee and the Independent Board Committee.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors have been provided with the relevant training to ensure that they have a proper understanding of the business and operations of the Company and that they are fully aware of their responsibilities and obligations as a Director of a listed company as well as the compliance practice under the Listing Rules.

The attendance record of professional training received by the Directors in preparation for the Company's listing on the Hong Kong Stock Exchange is as follows:

Director	**Date of attendance of directors' training**
Wang Xuguang (王旭光)	26 September 2013
Zhao Wenjing (趙文敬)	26 September 2013
Qu Naiqiang (曲乃強)	26 September 2013
Qu Naijie (曲乃杰)	26 September 2013
Makoto Inoue (井上亮)	24 September 2013
Yuan Bing (袁兵)	26 September 2013
Fang Hongxing (方紅星)	26 September 2013
Wei Xiaoan (魏小安)	22 February 2014
Sun Jianyi (孫建一)	26 September 2013

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

As required by code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. The chairman of the Board and the chief executive officer of the Company are currently two separate positions held by Mr. Qu Naijie and Mr. Wang Xuguang respectively with distinct responsibilities. The chairman of the Board is responsible for overall strategic planning and overseeing the general corporate, financial and compliance affairs of the Group. The chief executive officer is primarily responsible for the strategic decision making and the management of the Group.

NON-EXECUTIVE DIRECTORS – TERM OF APPOINTMENT

None of the non-executive Directors are appointed for a specific term of longer than three years.

DIRECTORS' SERVICE AGREEMENTS

None of the Directors who is proposed for re-election at the forthcoming annual general meeting has any service agreement which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The rules and procedures governing the appointment, retirement, re-election and removal of Directors are set out in the articles of association of the Company (the "Articles of Association"). The Nomination Committee is responsible for reviewing the Board structure, size and composition and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

NOMINATION, APPOINTMENT, RETIREMENT AND RE-ELECTION

In accordance with the Articles of Association, at least 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 and shall be eligible for re-election and re-appointment at every AGM provided that each Director shall be subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the next AGM after appointment.

BOARD MEETINGS

The Board intends to hold board meetings regularly at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days will be given for all regular board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular board meetings.

For other Board and Board Committee meetings, reasonable notice will generally be given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and Board Committee meetings are/will be recorded in sufficient detail to include the matters considered by the Board and the Board Committee and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held.

No Board meeting was held during the year ended 31 December 2013 and the matters of the Company was considered by written resolutions of the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. As the Company was not listed on the Stock Exchange as at 31 December 2013, the provisions under the Listing Rules in relation to compliance with the Model Code by the Directors were not applicable to the Company for the year ended 31 December 2013.

DELEGATION BY THE BOARD

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

CORPORATE GOVERNANCE FUNCTION

The Board recognizes that corporate governance should be the collective responsibility of Directors and delegated the corporate governance duties to the Audit Committee which include:

(a) to develop and review the Company's policy and practices on corporate governance;

(b) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(c) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(d) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

NOMINATION COMMITTEE

As at the date of this annual report, 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.

The principal duties of the Nomination Committee include the following:

- to review, at least once a year, the structure, size and composition (including the skills, knowledge and experience) of the Board and to make recommendation on any proposed changes to the Board due to the implementation of the corporate strategies of the Company;

- to identify individual who has the suitable qualifications to become a director and to nominate such person to act as a director or to provide recommendation to the Board in relation to this;

- to assess the independence of independent non-executive directors;

- to make recommendation to the Board on the appointment or re-appointment of directors and the succession plan of directors (particularly, the Chairman of the Board and the President of the Group/Chief Executive Officer);

- to review and monitor the training and continuous professional development of directors and senior management; and

- to formulate a policy concerning the diversity of Board members and to disclose such policy or a summary of such in the corporate governance report.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The Nomination Committee was established on 23 February 2014. Therefore, no meeting of the Nomination Committee was held during the year ended 31 December 2013.

REMUNERATION COMMITTEE

As at the date of this annual report, the Remuneration Committee consists of three members, being Wang Xuguang, our executive Director, Sun Jianyi and Fang Hongxing, our independent non-executive Directors. Sun Jianyi is the chairman of the Remuneration Committee.

The principal duties of the Remuneration Committee include the following:

- to consult the chairman and/or chief executive officer for their remuneration proposals for other executive directors and senior management. The Remuneration Committee should have access to independent professional advice if necessary;

- to make recommendation to the Board on the Company's policy and structure for remuneration of all directors and senior management (including grant of share options to employees pursuant to the Company's share option scheme) and on the establishment of a formal and transparent procedure for developing the remuneration policy;

- to review and approve the remuneration proposals for senior management with reference to the corporate goals and objectives established by the Board;

- to determine, when the Board delegates its responsibilities, the remuneration packages for a particular executive director and senior management, including non-pecuniary benefits, pension rights and amount of compensation (including compensation payable for loss or termination of office or appointment);

- to make recommendation to the Board on the remuneration of non-executive directors;

- to consider the salaries paid by and the time commitment and responsibilities requested by companies of similar nature and the employment criteria for other positions of the Group;

- to review and approve the compensation payable to the executive directors and senior management for loss or termination of office or appointment such that it is consistent with the contractual terms or is otherwise fair, reasonable and not excessive;

- to review and approve the compensation arrangements in relation to dismissal or removal of directors for misconduct such that they are consistent with the contractual terms or are otherwise reasonable and appropriate; and

- to ensure that no director or any of his associates shall be involved in deciding his own remuneration.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The Remuneration Committee was established on 23 February 2014. Therefore, no meeting of the Remuneration Committee was held during the year ended 31 December 2013.

AUDIT COMMITTEE

As at the date of this annual report, 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 include:

Relationship with the external auditor

- to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to deal with any issues of its resignation or dismissal;

- to review and monitor the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee shall discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit process commences;

- to monitor the compliance of the Company's policy on the engagement of the external auditor for the performance of non-audit services and the hiring of employees or former employees of the external auditor;

- to act as the key representative body for overseeing the relationship between the Company and the external auditor;

Financial information for public disclosure

- to monitor the completeness of the Company's interim and annual reports and financial statements, and to review significant financial reporting judgments contained in the reports and statements before recommending them to the Board for approval, with particular emphasis on:

  (i) any changes in the accounting policies and practice of the Group;

  (ii) major judgmental areas (including those in the representation letter from the Company to the external auditor);

  (iii) significant account adjustments resulting from the audit process;

  (iv) the going concern assumptions and any qualifications;

  (v) compliance with accounting and auditing standards; and

  (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

- to consider any significant or unusual items that are, or should be, reflected in the reports and financial statements and give due consideration to any matters and reservations that have been raised by the staffs of the Company who are responsible for the accounting and financial reporting functions, the Chief Compliance Officer of the Group and internal and external auditors;

Monitoring of the financial reporting system and internal control procedures

- to review the Company's financial control, internal control and risk management systems;

- to discuss the internal control system with the management to ensure that the management has performed its duty to establish an effective internal control system. Such discussion should include the adequacy of resources, employees' qualifications and experience in accounting and financial reporting functions, and training programmes for employees and its budget;

- to consider major investigation findings on internal control matters and the management's response to these findings, either on its own initiative or at the request of the management;

- to ensure co-ordination between the internal and external auditors, that the internal audit function is adequately resourced and has appropriate standing within the Company and to review and monitor its effectiveness (including the internal audit plans and procedures);

- to review the Group's financial and accounting policies and practice;

- to review the external auditor's letter to the management, any material queries raised by the auditor to the management with respect to accounting records, financial accounts or control systems and the management's response to such queries;

- to ensure that the Board shall provide a timely response to the issues raised in the external auditor's letter to the management;

Corporate governance functions

- to monitor the Company's corporate governance and to report to the Board on the Company's compliance with the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules;

- to develop and review the Company's policies and practice on corporate governance and make recommendations to the Board;

- to review and monitor the Company's policies and practice on compliance with the legal and regulatory requirements;

- to develop, review and monitor the code of conduct and business ethics for the directors and employees of the Company;

General

- to consider other matters, as defined by the Board.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The Audit Committee was established on 23 February 2014. Therefore, no meeting of the Audit Committee was held during the year ended 31 December 2013.

RISK MANAGEMENT AND CORPORATE GOVERNANCE COMMITTEE

As at the date of this annual report, 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 the 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 the 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 the Board.

The written terms of reference of the Risk Management and Corporate Governance Committee are available on the websites of the Stock Exchange and the Company.

The Risk Management and Corporate Governance Committee was established on 23 February 2014. Therefore, no meeting of the Risk Management and Corporate Governance Committee was held during the year ended 31 December 2013.

INDEPENDENT BOARD COMMITTEE

As at the date of this annual report, 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. The Independent Board Committee include:

Undertakings in relation to the development of properties

- When the Controlling Shareholders, in accordance with the Deed of Non-Competition, refer to the Group any opportunity to develop, operate, participate and/or otherwise hold any right or interest in any business relating to any properties (the "New Opportunity"), the Independent Board Committee shall consider the New Opportunity in accordance with the terms of the Deed of Non-Competition.

- If the Independent Board Committee considers that the pursuit of the New Opportunity would be in the best interests of the Group, the Committee shall consent to the pursuit of the New Opportunity by the Group.

- If the Independent Board Committee is of the view that the pursuit of the New Opportunity by the Controlling Shareholders will not constitute potential competition with the business of the Group or pursuit of the New Opportunity is not in the interests of our Group, the Committee shall consent to the pursuit of the New Opportunity by the Controlling Shareholders and it shall have the power to impose conditions and restrictions on the development of the properties by the Controlling Shareholders in order to prevent any form of potential competition.

- The Independent Board Committee shall disclose the consideration factors and its conclusion in relation to the New Opportunity in the annual report or interim report of the Company.

Undertakings in relation to the Sale Schedules of Residential Properties

- According to the Deed of Non- Competition, in any city or region where the Group has developed any serviced apartment projects for sale, the Controlling Shareholders, their subsidiaries or associates shall, in the event that they have plans to launch the sale of any residential projects in the same city or region (the "Sale of Residential Properties"), notify the Group the detailed sale terms and all relevant information in writing and the Committee shall have the right to veto the Sale of Residential Properties if it considers that the Sale of Residential Properties would compete against the sale schedule of any projects of the Group.

- If the Group decides to launch its sale of serviced apartment projects in the relevant city or region, the Group shall notify the Controlling Shareholders in writing and the Controlling Shareholders or their subsidiaries or associates can only launch the Sale of Residential Properties after a time gap of six months (the "Time Gap") from the date on which the Group launches its sale of serviced apartment projects in the same city or region.

- If the Independent Board Committee is of the view that a longer period of time is necessary for the Group to complete the sale of a significant portion of its serviced apartments before the Controlling Shareholders or their subsidiaries or associates launch the Sale of Residential Properties, the Committee shall have the power to extend the Time Gap.

- The Independent Board Committee shall disclose the consideration and its conclusion in relation to the above in the annual report or interim report of the Company.

Option To Purchase And/Or Operate And Manage Excluded Business

- If the Independent Board Committee considers that the properties developed, operated or owned by the Controlling Shareholders or their subsidiaries or associates (the "Excluded Business") or any part of their new businesses will constitute competition against the Group, the Group shall be entitled to (1) an option to purchase any equity interests, assets or other interests which forms part of such business and/or (2) an exclusive right to operate and manage such business.

- The Committee shall review, consider and decide whether the Group should exercise the option to purchase and/or operate and manage the Excluded Business or the new business.

- If the Committee decides to exercise the option, it shall have the power to impose conditions and/or restrictions in order to ensure that the exercise of the option is in line with the Group's business strategy and business model.

- The Committee shall disclose the consideration and its conclusion to exercise or not to exercise the above rights in the annual report or interim report of the Company.

Corporate Governance Functions

- For corporate governance, the Independent Board Committee shall, on an annual basis:

  - review the compliance with and enforcement of the Deed of Non-Competition by the Controlling Shareholders. The Independent Board Committee shall disclose the results of its review in the annual report of the Company or by way of announcement to the public; and

  - review all of its decisions made pursuant the Deed of Non-Competition in such year. The Independent Board Committee shall disclose its decisions and the basis for them in the annual report of the Company or by way of announcement to the public.

The written terms of reference of the Independent Board Committee are available on the websites of the Stock Exchange and the Company.

The Independent Board Committee was established on 23 February 2014. Therefore, no meeting of the Independent Board Committee was held during the year ended 31 December 2013.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2013, in accordance with the basis of presentation set out in note 2.2 and the accounting policies set out in note 3.2 to the combined financial statements.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

DIRECTORS' LIABILITY INSURANCE

The Company has arranged appropriate insurance cover in respect of legal action against its Directors.

INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board to maintain an adequate internal control system to safeguard shareholder investments and Company assets and review the effectiveness of such system on an annual basis.

The Board has conducted a review of the effectiveness of the internal control system of the Company and considers the internal control system to be effective and adequate.

AUDITOR'S REMUNERATION

For the year ended 31 December 2013, the total remuneration paid or payable to the Company's auditors, Ernst & Young, for audit and audit related services totalling RMB1,633,000.

In addition, Ernst & Young was appointed as the Company's reporting accountant for its initial public offering of Shares, in relation to which total fees paid or payable to Ernst & Young during the year ended 31 December 2013 was RMB7,147,000.

An analysis of the remuneration paid or payable to Ernst & Young is set out below:

Items of auditors' services	**Amount** (RMB)
Audit services:	
Annual audit service	1,633,000
Reporting accountant's services in relation to listing	7,147,000
Non-audit service:	n.a.
Total	8,780,000

COMPANY SECRETARY

Mr. Yu Leung Fai, the company secretary, was engaged through an external service provider. He is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures and applicable laws, rules and regulations are followed. In compliance with Rule 3.29 of the Listing Rules, Mr. Yu Leung Fai will participate in relevant professional training of not less than 15 hours in each financial year.

REMUNERATION OF THE SENIOR MANAGEMENT

Details of the remuneration of Directors and the 5 highest paid employees required to be disclosed under Appendix 16 of the Listing Rules have been set out in Notes 9 to the financial statements.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

To promote effective communication with its Shareholders and encourage their participation in general meetings, the Company has established a shareholders' communication policy and maintains a website at www.haichangholdings.com, where up-to-date information on the Company's business operations and developments is available.

SHAREHOLDERS' RIGHTS

The Company intends to avoid bundling of resolutions at general meetings such that a separate resolution shall be proposed for each substantially separate issue at general meetings.

All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each shareholder meeting.

CONVENING OF EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

In accordance with the Articles of Association, one or more Shareholders of the Company may convene an extraordinary general meeting provided that they deposit a written requisition at the principal office of the Company and such requisitioning Shareholders hold as at the date of deposit of such requisition not less than 10% of the paid up capital of the Company which carries voting rights at general meetings of the Company.

Shareholders may put forward proposals for consideration at a general meeting in accordance with the Companies Law of the Cayman Islands and the Articles of Association.

As regards proposing a person for election as a Director, the procedures are available on the websites of the Company and the Stock Exchange. The contact details of the Company:

Email: invest.department@haichanggroup.cn;
Postal address: Room 2404, 24/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong

CHANGE IN CONSTITUTIONAL DOCUMENTS

A restated Memorandum and Articles of Association was adopted by the Company on 23 February 2014 and became effective on the Listing Date.

INVESTOR RELATIONS

The Company believes that maintaining communications with shareholders and potential investors at all times and making timely information disclosure can strengthen the investors' understanding and recognition of the Company, enhance the transparency of the Company and enhance the corporate governance.

The Company attaches great importance to the relationship between the shareholders and potential investors. We will treat all the shareholders and the potential investors of the Company equally and avoid selective information disclosure. We actively seek the opinions and advice of investors to achieve two-way communication of the Company with its shareholders and potential investors, enabling a constructive interaction between them.

FEBRUARY

Organised the listing press conference
Organised the listing investor conference
Organised the deal roadshow in Hong Kong

MARCH

Organised deal roadshows in Singapore, London, Boston and New York
Published the results announcement for 2013
Organised the media exchange
Organised the analyst meeting

APRIL

Participated in the non-deal roadshow in Hong Kong
Participated in the investor luncheon in Hong Kong organised by BNP Paribas and Bank of America Merrill Lynch

INDEPENDENT AUDITORS' REPORT

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To the shareholders of Haichang Holdings Ltd.
(Incorporated in the Cayman Islands with limited liability)

We have audited the combined financial statements of Haichang Holdings Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 67 to 160, which comprise the combined and company statements of financial position as at 31 December 2013, and the combined statements of profit or loss, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. These combined financial statements have been prepared in accordance with the basis of presentation set out in note 2.2 and the accounting policies set out in note 3.2 to the combined financial statements.

DIRECTORS' RESPONSIBILITY FOR THE COMBINED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of these financial statements in accordance with the basis of presentation set out in note 2.2 and the accounting policies set out in note 3.2 to the combined financial statements and the disclosure requirement of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these combined financial statements based on our audit. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of combined financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements for the year ended 31 December 2013 in accordance with the basis of presentation set out in note 2.2 and accounting policies set out in note 3.2 to the combined financial statements, and the disclosure requirement of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants
Hong Kong
31 March 2014

COMBINED STATEMENTS OF PROFIT OR LOSS

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
REVENUE	6	**1,122,807**	889,014
Cost of sales		**(615,796)**	(489,347)
GROSS PROFIT		**507,011**	399,667
Other income and gains	6	**264,041**	309,435
Selling and marketing expenses		**(80,914)**	(76,885)
Administrative expenses		**(155,934)**	(135,113)
Other expenses		**(864)**	(8,764)
Finance costs	8	**(351,985)**	(301,296)
PROFIT BEFORE TAX	7	**181,355**	187,044
Income tax expenses	10	**(80,432)**	(108,171)
PROFIT FOR THE YEAR		**100,923**	78,873
Attributable to:			
Owners of the parent		**86,108**	59,617
Non-controlling interests		**14,815**	19,256
		100,923	78,873
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic (RMB cents)	13	**2.87**	3.55

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013 RMB'000	2012 RMB'000
PROFIT FOR THE YEAR	**100,923**	78,873
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operation	**1,120**	378
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**1,120**	378
Items not to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operation	**(15,158)**	(3,567)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**(15,158)**	(3,567)
Other comprehensive income	**(14,038)**	(3,189)
TOTAL COMPREHENSIVE INCOME	**86,885**	75,684
Attributable to:		
Owners of the parent	**72,070**	56,428
Non-controlling interests	**14,815**	19,256
	86,885	75,684

COMBINED STATEMENTS OF FINANCIAL POSITION

31 December 2013

	Notes	31 December 2013 RMB'000	31 December 2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**1,865,012**	1,842,282
Investment properties	15	**1,376,000**	1,143,000
Prepaid land lease payments	16	**304,692**	315,038
Intangible assets	17	**376**	123
Available-for-sale investment	18	**19,170**	19,170
Due from a related company	27, 43(b)	**–**	500,000
Deferred tax assets	19	**63,090**	70,753
Long-term prepayments	26	**19,005**	18,247
Total non-current assets		**3,647,345**	3,908,613
CURRENT ASSETS			
Completed properties held for sale	21	**527,651**	470,871
Properties under development	22	**476,257**	648,047
Inventories	24	**8,200**	6,834
Trade receivables	25	**26,791**	17,955
Available-for-sale investment	18	**200**	180,182
Prepayments, deposits and other receivables	26	**54,348**	72,421
Due from the ultimate holding company	27, 43(b)	**610**	–
Due from related companies	27, 43(b)	**1,460,891**	1,983,260
Due from a non-controlling equity holder	27, 43(b)	**59,675**	52,675
Pledged bank balances	28	**2,292**	2,286
Cash and cash equivalents	28	**495,936**	404,040
Total current assets		**3,112,851**	3,838,571
CURRENT LIABILITIES			
Gross amount due to a contract customer	23	**13,417**	6,212
Trade and bills payables	29	**360,175**	492,745
Other payables and accruals	30	**227,709**	174,539
Due to related companies	27, 43(b)	**787,292**	807,266
Advances from customers	31	**145,838**	361,506
Interest-bearing bank and other borrowings	32	**931,448**	1,436,777
Government grants	34	**9,516**	9,577
Deferred revenue	35	**5,354**	4,036
Tax payables	10	**232,049**	251,748
Total current liabilities		**2,712,798**	3,544,406
NET CURRENT ASSETS		**400,053**	294,165
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,047,398**	4,202,778

continued/...

COMBINED STATEMENTS OF FINANCIAL POSITION

31 December 2013

	Notes	**31 December 2013 *RMB'000***	31 December 2012 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*32*	**2,440,333**	2,406,470
Government grants	*34*	**585,703**	587,440
Deferred tax liabilities	*19*	**77,842**	65,008
Total non-current liabilities		**3,103,878**	3,058,918
NET ASSETS		**943,520**	1,143,860
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Issued capital	*36*	**72**	72
Reserves	*37*	**805,520**	1,008,091
		805,592	1,008,163
Non-controlling interests		**137,928**	135,697
TOTAL EQUITY		**943,520**	1,143,860

Wang Xuguang
Director

Zhao Wenjing
Director

COMBINED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2013

		Attributable to owners of the parent								
	Note	Issued capital RMB'000	Share premium RMB'000 (note 36)	Capital reserve RMB'000 (note 36)	Statutory reserves RMB'000 (note 37(a))	Exchange fluctuation reserve RMB'000 (note 37(b))	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity 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 year		**–**	**–**	**–**	**–**	**–**	**86,108**	**86,108**	**14,815**	**100,923**
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**(14,038)**	**–**	**(14,038)**	**–**	**(14,038)**
Total comprehensive income for the year		**–**	**–**	**–**	**–**	**(14,038)**	**86,108**	**72,070**	**14,815**	**86,885**
Acquisition of non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(12,467)**	**(12,467)**
Deemed distribution to the then equity holders	*37(c)*	**–**	**–**	**(274,641)**	**–**	**–**	**–**	**(274,641)**	**(117)**	**(274,758)**
Transfer to statutory reserve		**–**	**–**	**–**	**23,050**	**–**	**(23,050)**	**–**	**–**	**–**
At 31 December 2013		**72**	**509,596***	**55,939***	**80,569***	**(17,227)***	**176,643***	**805,592**	**137,928**	**943,520**
At 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	*36*	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	*37(c)*	–	–	(166,776)	–	–	–	(166,776)	(65)	(166,841)
Deemed contribution from the equity holders	*37(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		72*	509,596*	330,580*	57,519*	(3,189)*	113,585*	1,008,163*	135,697	1,143,860

* These reserve accounts comprise the combined reserves of RMB805,520,000 and RMB1,008,091,000 as at 31 December 2013 and 2012, respectively.

COMBINED STATEMENTS OF CASH FLOWS

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**181,355**	187,044
Adjustments for:			
Depreciation of items of property, plant and equipment	14	**114,735**	112,893
Amortisation of intangible assets	17	**28**	24
Amortisation of prepaid land lease payments	16	**10,379**	9,962
Reversal of provision for inventories	24	**(923)**	(363)
Loss/(gain) on disposal of items of property, plant and equipment	7	**1,357**	(11,765)
Changes in fair value of investment properties	15	**(66,957)**	(143,149)
Gain on revaluation upon reclassification from properties under development to investment properties	22	**–**	(3,551)
Gain on revaluation upon reclassification from completed properties held for sale to investment properties	21	**(17,078)**	–
Impairment of trade and bills receivables	25	**489**	3,214
Finance costs	8	**351,985**	301,296
Interest income	7	**(149,811)**	(124,285)
		425,559	331,320
Increase in properties under development		**(52,924)**	(199,421)
Decrease in completed property held for sale		**191,200**	121,805
Increase in a gross amount due (from)/to a contract customer		**7,205**	6,212
(Increase)/decrease in inventories		**(443)**	915
Increase in trade receivables		**(9,325)**	(4,351)
(Increase)/decrease in prepayments, deposits and other receivables		**18,040**	(13,270)
(Decrease)/increase in advances from customers		**(215,668)**	93,703
Decrease in trade and bills payables		**(132,570)**	(71,635)
(Decrease)/increase in other payables and accruals		**53,170**	(48,520)
Increase in government grants		**(1,798)**	(10,036)
Increase in deferred revenue		**1,318**	4,036
Cash generated from operations		**283,764**	210,758
Interest received		**110,460**	81,865
Tax paid		**(79,634)**	(100,162)
Net cash flows from operating activities		**314,590**	192,461

continued/...

COMBINED STATEMENTS OF CASH FLOWS

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(138,822)**	(78,193)
(Increase)/decrease in long-term prepayments		**(758)**	22,075
Increase in prepaid land lease payment	*16*	**–**	(5,469)
(Increase)/decrease in available-for-sale investments		**179,982**	(180,201)
Increase in an amount due from the ultimate holding company		**(610)**	–
(Increase)/decrease in amounts due from related companies		**1,008,331**	(153,392)
(Increase)/decrease in an amount due from a non-controlling equity holder		**(7,000)**	22,880
Proceeds from disposal of items of property, plant and equipment		**–**	19,747
Proceeds from disposal of prepaid land lease payments		**–**	12,362
Purchase of intangible assets	*17*	**(281)**	(62)
Disposal of subsidiaries	*38*	**–**	(615)
Additions to investment properties	*15*	**(105,043)**	(106,873)
Net cash flows from/(used in) investing activities		**935,799**	(447,741)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		**–**	509,668
Increase/(decrease) in amounts due to related companies		**(19,974)**	21,205
Increase/(decrease) of finance lease payables		**45,695**	(40,169)
Deemed distribution to the then equity holders		**(247,874)**	(112,375)
New bank and other loans		**1,060,000**	1,381,800
Repayment of bank and other loans		**(1,577,161)**	(841,419)
Decrease/(increase) in pledged deposits		**(6)**	1,346
Dividends paid		**–**	(6,653)
Interest paid		**(419,173)**	(369,628)
Net cash flows used in/(from) financing activities		**(1,158,493)**	543,775
NET INCREASE IN CASH AND CASH EQUIVALENTS		**91,896**	288,495
Cash and cash equivalents at beginning of year		**404,040**	115,545
CASH AND CASH EQUIVALENTS AT END OF YEAR		**495,936**	404,040
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the statement of financial position		**495,936**	404,040
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 FLOW		**495,936**	404,040

STATEMENTS OF FINANCIAL POSITION

31 December 2013

	Notes	**31 December 2013 RMB'000**	31 December 2012 RMB'000
NON-CURRENT ASSETS			
Investment in a subsidiary	20	**–**	–
CURRENT ASSETS			
Due from the ultimate holding company	43(b)	**610**	–
Due from subsidiaries	43(b)	**471,005**	491,794
Cash and cash equivalents	28	**2,481**	2,550
Total current assets		**474,096**	494,344
CURRENT LIABILITIES			
Other payables	30	**2,596**	57
Due to related companies	43(b)	**2,134**	2,200
Total current liabilities		**4,730**	2,257
NET CURRENT ASSETS		**469,366**	492,087
TOTAL ASSETS LESS CURRENT LIABILITIES		**469,366**	492,087
EQUITY			
Issued capital	36	**72**	72
Reserves	37	**469,294**	492,015
TOTAL EQUITY		**469,366**	492,087
NET ASSETS		**469,366**	492,087

Wang Xuguang
Director

Zhao Wenjing
Director

NOTES TO THE COMBINED FINANCIAL STATEMENTS

Year ended 31 December 2013

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 Company's subsidiaries are principally engaged in the development, construction and operation of theme parks, property development and investment and hotel operations in the People's Republic of China (the "PRC"). In the opinion of the directors of the Company, the Company's immediate and ultimate holding company was Haichang Group Limited, a company incorporated in the British Virgin Islands (the "BVI"), at 31 December 2013.

2.1 BASIS OF PREPARATION

These financial statements have 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 and the disclosure requirements of the Hong Kong Companies Ordinance except for those disclosed in note 2.2 to the financial statements. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

For the purpose of these financial statements, the Group has adopted at the beginning of the financial years presented, all the IFRS and IASs that have been issued and effective for the financial years presented.

2.2 BASIS OF PRESENTATION

Pursuant to the group reorganisation (the "Reorganisation") as more fully explained in the section "History, Reorganisation and Corporate Structure" in the Company's prospectus dated 28 February 2014 for 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 became the holding company of the companies now comprising the Group in January 2014.

The shares of the Company were listed on the Stock Exchange on 13 March 2014. As the Reorganisation took place and completed subsequent to the reporting period, the Company together with its subsidiaries should only be regarded and accounted for as a continuing group in the preparation of the Group's financial statements commencing from the year ending 31 December 2014 as financial statements should not incorporate a combination which occurs after the reporting date. Nevertheless, for the benefit of the shareholders, the combined financial statements of the Group for the current year and the related notes thereto have been presented in these financial statements on the principle of pooling of interest method accounting such that the Company was treated as the holding company of its subsidiaries for the financial years presented rather than from the subsequent date of completion of the Reorganisation.

The combined financial statements have been prepared by applying the principle of pooling of interest method accounting as if the Reorganisation had been completed as at the beginning of the year ended 31 December 2012 because the Company's acquisition of the companies now comprising the Group should be regarded as a business combination under common control as the Company and the companies now comprising the Group were under common control both before and after the completion of the Reorganisation.

2.2 BASIS OF PRESENTATION (continued)

The combined financial statements have incorporated the financial statements of the Company and its subsidiaries for the years ended 31 December 2012 and 2013. As explained above, although 上海海昌極地海洋世界有限公司 and the property holding and investment business of 大連世博房地產開發有限公司 (a related company of the Company) were acquired by the Company through the Reorganisation and completed in January 2014, their acquisitions were accounted for using the pooling of interest method accounting.

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 year ended 31 December 2013 and 2012 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 and/or businesses 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 2013 and 2012 have been prepared to present the assets and liabilities of the subsidiaries and/or year 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.

Equity interests in subsidiaries and/or businesses held by parties other than the controlling shareholders prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

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 these financial statements.

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) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – *Investment Entities*[1]
IFRS 14	Interim standards on regulatory deferral accounts[4]
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 36 Amendments	Amendments to IAS 36 *Impairment of Assets and Recoverable amount Disclosures for Non-Financial Assets*[1]
IAS 39 Amendments	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
Annual Improvements 2010-2012 cycle	Amendments to a number of IFRSs issued in December 2013[2]
Annual Improvements 2011-2013 cycle	Amendments to a number of IFRSs issued in December 2013[2]
IFRIC – Int 21	*Levies*[1]

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
4 Effective for annual periods beginning on or after 1 January 2016

3.1 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

IFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace IAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of IAS 39.

In October 2010, the IASB issued additions to IFRS 9 to address financial liabilities (the "Additions") and incorporated in IFRS 9 the current derecognition principles of financial instruments of IAS 39. Most of the Additions were carried forward unchanged from IAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the IASB added to IFRS 9 the requirements related to hedge accounting and made some related changes to IFRS 39 and IFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to IFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to IFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other IFRS 9 requirements at the same time.

Amendments to IAS 36 "Impairment of assets" on recoverable amount disclosures for non-financial assets, these amendments require additional disclosure of fair value information should be recoverable amount of impaired assets to be based on fair value less costs of disposal. In addition, it removes the requirements of disclosing recoverable amounts in annual impairment test of goodwill and intangible assets with indefinite useful lives if not impaired.

3.1 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IAS 39 is aimed to be replaced by IFRS 9 in its entirety. Before this entire replacement, the guidance in IAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of IFRS 9 was removed by the IASB in December 2013 and a mandatory effective date will be determined after the entire replacement of IAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the financial standard including all phases is issued.

Amendments to IFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with IFRS 9 rather than consolidate them. Consequential amendments were made to IFRS 12 and IAS 27 (2011). The amendments to IFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in IFRS 10.

IFRIC Interpretation 21 clarifies that an entity recognizes a liabilities for a levy when the activity that triggers payment, as identified by the relevant legislation occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The Group is considering the impact of the above interpretation on the Group's combined financial statements.

The IAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to setoff" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in IAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

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).

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.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 categorised 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 categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, properties held for sales, 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 in those expense categories with the function of the impaired asset.

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 an 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.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, 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.

3.2 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 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 animal	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 derecognised 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 derecognised 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.

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.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement (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 derecognised, 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 derecognised (i.e., removed from the Group's combined 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.

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 derecognised when they are assessed as uncollectible.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

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.

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 companies and interest-bearing bank and other borrowings.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings
After initial recognition, interest-bearing loans and other 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 derecognised 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.

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 derecognised 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.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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 by the end of the reporting period.

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.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Employee retirement 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 18% to 20% 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.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. All 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 measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

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 prevailing at the end of the reporting period and their statement of profit or loss 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.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

(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.

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) Combination of entity in which the Group holds less than a majority of voting rights

The Group considers that it controls 大連老虎灘四維影院有限公司 (“4D Cinema”) even though it owns less than 50% of the voting rights. This is because the Group has been delegated the equity holder’s right from the other equity holder to control and operate 4D Cinema.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

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) 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 meters sold during the year multiplied by the average cost per square meter 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(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

(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 2013 was RMB1,376,000,000 (2012: RMB1,143,000,000). 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

(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, the differences will impact on the carrying value of receivables and impairment charge/write-back of impairment in the period in which the 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, the differences will impact on the carrying value of completed properties held for sale and provision charge/write-back.

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 theme parks;

(b) property development and holding segment engages in properties sales and 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 receivables, prepayments, deposits and other receivables, deferred tax assets, an amount due from the ultimate holding company, amounts due from related companies, 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 Group's liabilities are managed on a group basis except for the gross amount due to a contract customer which is a segment liability.

No further geographical segment information is presented as over 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.

5. OPERATING SEGMENT INFORMATION (continued)

Operating segments

Year ended 31 December 2013

	Park operations *RMB'000*	Property development and holding *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	713,384	348,621	60,802	1,122,807
Intersegment sales	4,891	–	–	4,891
Total revenue	718,275	348,621	60,802	1,127,698
Reconciliation:				
Elimination of intersegment sales				(4,891)
Revenue from continuing operations				1,122,807
Segment results	351,605	155,009	397	507,011
Reconciliation				
Unallocated income				264,041
Unallocated expenses				(237,712)
Finance costs				(351,985)
Profit before tax				181,355

NOTES TO THE COMBINED FINANCIAL STATEMENTS
Year ended 31 December 2013

5. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

31 December 2013

	Park operations *RMB'000*	Property development and holding *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment assets	**2,206,833**	**2,379,908**	**–**	**4,586,741**
Reconciliation:				
Corporate and other unallocated assets				**2,173,455**
Total assets				**6,760,196**
Segment liabilities	**–**	**–**	**13,417**	**13,417**
Reconciliation:				
Corporate and other unallocated liabilities				**5,803,259**
Total liabilities				**5,816,676**
Other segment information				
Impairment losses recognised in the statement of profit or loss	**489**	**–**	**–**	**489**
Depreciation and amortisation				
Unallocated				**28**
Segment	**125,114**	**–**	**–**	**125,114**
Capital expenditure*				
Unallocated				**281**
Segment	**138,822**	**105,043**	**–**	**243,865**

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

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
Reconciliation:				
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

5. OPERATING SEGMENT INFORMATION (continued)

Operating segments (continued)

31 December 2012

	Park operations *RMB'000*	Property development and holding *RMB'000*	Others *RMB'000*	Total *RMB'000*
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
Reconciliation:				
Corporate and other unallocated liabilities				6,597,112
Total liabilities				6,603,324
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 and investment properties.

Information about major customers

No information about major customers is presented as no single customer contributed over 10% of the Group's revenue for the year ended 31 December 2013.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents income from the sale of tickets for 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 2013 and 2012, net of business tax and other surcharges.

	Notes	**2013** **RMB'000**	2012 RMB'000
Revenue			
Ticket sales		**651,020**	577,353
Property sales		**317,178**	230,305
Food and beverage sales		**37,764**	33,373
Sale of merchandise		**24,600**	22,681
Rental income	7	**31,443**	19,789
Construction contracts		**58,335**	3,480
Income from hotel operations		**2,467**	2,033
		1,122,807	889,014
Other income			
Government grants	34	**18,913**	17,511
Interest income	7	**4,183**	547
Interest income from related companies	7	**145,628**	123,738
Income from insurance claims		**7,672**	7,757
Others		**3,610**	1,297
		180,006	150,850
Gains			
Fair value gains on investment properties	15	**66,957**	143,149
Gain on disposal of items of property, plant and equipment		**–**	11,765
Gain on revaluation upon reclassification from properties under development to investment properties	22	**–**	3,551
Gain on revaluation upon reclassification from completed properties held for sale	21	**17,078**	–
Others		**–**	120
		84,035	158,585
		264,041	309,435

7. PROFIT BEFORE TAX

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

	Notes	2013 RMB'000	2012 RMB'000
Cost of properties sold	21	**191,200**	121,805
Cost of merchandise sold		**10,859**	12,117
Cost of services provided		**413,737**	355,425
Depreciation	14	**114,735**	112,893
Amortisation of prepaid land lease payments	16	**10,379**	9,962
Direct operating expenses arising on rental earning properties		**826**	445
Amortisation of intangible assets	17	**28**	24
Reversal of provision for inventories	24	**(923)**	(363)
Impairment of trade receivables	25	**489**	3,214
Minimum lease payments under operating leases in respect of properties		**1,970**	2,346
Foreign exchange differences, net		**243**	2,173
Employee benefit expense (excluding directors' remuneration):			
Wages and salaries		**100,517**	110,877
Bonuses		**17,328**	12,758
Retirement benefit scheme contributions		**13,005**	12,789
		130,850	136,424
Fair value gains on investment properties	15	**(66,957)**	(143,149)
Gain on revaluation upon reclassification from properties under development to investment properties	22	**–**	(3,551)
Gain on revaluation upon reclassification from completed properties held for sale to investment properties	21	**(17,078)**	–
Rental income	6	**(31,443)**	(19,789)
Interest income	6	**(4,183)**	(547)
Interest income from related companies	6	**(145,628)**	(123,738)
Loss/(gain) on disposal of items of property, plant and equipment		**1,357**	(11,765)

8. FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings	**401,030**	358,357
Interest on finance leases	**18,143**	11,271
Total interest expenses on financial liabilities not at fair value through profit or loss	**419,173**	369,628
Less: Interest capitalised	**(67,188)**	(68,332)
	351,985	301,296

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

Directors' remuneration for 2013 and 2012, 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:

	2013	2012
	RMB'000	*RMB'000*
Fees	**–**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**150**	–
Performance-related bonuses	**–**	–
Retired benefit scheme contributions	**–**	–
	150	–
	150	–

(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 remuneration payable to the independent non-executive directors during 2013 and 2012.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (continued)

(b) Chief executive, executive directors and non-executive directors

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance-related bonuses RMB'000	Equity-settled share option expense RMB'000	Retirement benefit scheme contributions RMB'000	Total remuneration RMB'000
Year ended 31 December 2013						
Chief executive:						
Mr. Wang Xuguang	–	–	–	–	–	–
Executive directors:						
Mr. Zhao Wenjing	–	150	–	–	–	150
Mr. Qu Naiqiang	–	–	–	–	–	–
	–	150	–	–	–	150
Non-executive directors:						
Mr. Qu Naijie	–	–	–	–	–	–
Mr. Makoto Inoue	–	–	–	–	–	–
Mr. Yuan Bing	–	–	–	–	–	–
	–	–	–	–	–	–
Year ended 31 December 2012						
Chief executive:						
Mr. Wang Xuguang	–	–	–	–	–	–
Executive directors:						
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 2013 and 2012.

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (continued)

(c) Five highest paid employees

Details of the remuneration of the five highest paid employees for the year ended 31 December 2013 who are neither a director nor chief executive of the Company are as follows:

	2013	2012
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kinds	**1,363**	1,163
Performance-related bonuses	**696**	574
Retirement benefit scheme contributions	**157**	133
	2,216	1,870

The remuneration of all the non-director and non-chief executive highest paid employees fell within the band of nil to RMB1,000,000.

10. INCOME TAX

Provision for PRC corporate income tax has been provided at the applicable income tax rate of 25% for the year ended 31 December 2013 (2012: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

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

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

10. INCOME TAX (continued)

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

	2013	2012
	RMB'000	*RMB'000*
Current – Mainland China:		
Charge for the year	**40,416**	42,335
LAT	**19,519**	11,154
	59,935	53,489
Deferred tax (note 19)	**20,497**	54,682
Total tax charge for the year	**80,432**	108,171

A reconciliation of the tax expense applicable to profit before tax using the statutory rate to the tax expense is as follows:

	2013	2012
	RMB'000	*RMB'000*
Profit before tax	**181,355**	187,044
At the statutory income tax rate	**45,339**	46,761
Tax losses not recognised	**22,434**	51,158
Tax losses utilised from previous periods	**–**	(407)
Income not subject to tax	**(13,254)**	(10,605)
Expenses not deductible for tax	**11,274**	12,899
Sub-total	**65,793**	99,806
Provision for LAT	**19,519**	11,154
Tax effect on LAT	**(4,880)**	(2,789)
Tax charge for the year	**80,432**	108,171

10. INCOME TAX (continued)

Tax payables in the combined statements of financial position represent:

Tax payables

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
PRC corporate income tax	**187,677**	184,648
LAT	**44,372**	67,100
	232,049	251,748

11. DIVIDENDS

The Company does not recommend the payment of any dividend in respect of the year (2012: RMB6,653,000)

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company for the year ended 31 December 2013 amounted to RMB8,077,000 (2012: RMB13,957,000) which has been dealt with in the financial statements of the Company.

13. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent for the year, and the weighted average number of ordinary shares issued during the year on the assumption that the capitalization issue of 2,885,608,004 shares (note 47) have been effective on 1 January 2012. The attributable shares used to calculate the weighted average number of ordinary shares for 2012 resulting from the capitalisation issue was 1,616,923,042 shares.

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

	2013 *RMB'000*	2012 *RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	**86,108**	59,617
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,000,000,000**	1,681,021,511

There were no potentially dilutive ordinary shares in issue during the year and therefore the diluted earnings per share is not presented.

14. PROPERTY, PLANT AND EQUIPMENT

	Park and other buildings *RMB'000*	Machinery *RMB'000*	Motor vehicles *RMB'000*	Office equipment and furniture *RMB'000*	Live animals *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost							
At 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	**51,521**	**42,767**	**5,355**	**6,505**	**16,266**	**16,408**	**138,822**
Transfers	**3,678**	**–**	**–**	**–**	**–**	**(3,678)**	**–**
Disposals	**–**	**(1,097)**	**(1,167)**	**(356)**	**(6,886)**	**–**	**(9,506)**
At 31 December 2013	**1,673,230**	**639,643**	**24,033**	**56,252**	**132,674**	**29,828**	**2,555,660**
Accumulated depreciation							
At 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	**(59,275)**	**(27,551)**	**(3,101)**	**(4,335)**	**(20,473)**	**–**	**(114,735)**
Disposals	**–**	**1,096**	**1,049**	**273**	**5,731**	**–**	**8,149**
At 31 December 2013	**(200,666)**	**(325,061)**	**(15,672)**	**(44,241)**	**(105,008)**	**–**	**(690,648)**
Net carrying amount							
At 31 December 2013	**1,472,564**	**314,582**	**8,361**	**12,011**	**27,666**	**29,828**	**1,865,012**
At 31 December 2012	1,476,640	299,367	6,225	9,924	33,028	17,098	1,842,282

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

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Included in the property, plant and equipment as at 31 December 2013 was certain machinery with a net carrying amount of RMB188,162,000 (2012: RMB154,152,000) which were held under finance leases.

The Group's property, plant and equipment with carrying values of RMB1,086,965,000 (2012: RMB1,237,807,000) were pledged to secure banking facilities granted to the Group at 31 December 2013 (note 32).

15. INVESTMENT PROPERTIES

	Completed	Under construction	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2013	**819,000**	**324,000**	**1,143,000**
Additions	**64,162**	**40,881**	**105,043**
Reclassification from completed properties held for sale (note 21)	**61,000**	**–**	**61,000**
Transfer upon completion	**364,881**	**(364,881)**	**–**
Net gain from fair value adjustments (note 6)	**66,957**	**–**	**66,957**
At 31 December 2013	**1,376,000**	**–**	**1,376,000**
At 1 January 2012	448,000	424,000	872,000
Additions	1,303	105,570	106,873
Reclassification from properties under development (note 22)	20,978	–	20,978
Transfer upon completion	203,294	(203,294)	–
Net gain/(loss) from fair value adjustments (note 6)	145,425	(2,276)	143,149
At 31 December 2012	819,000	324,000	1,143,000

The Group's investment properties are situated on parcels of land in Mainland China that are held under medium term leases. Certain investment properties are leased to third parties under operating leases, the summary details of which are included in note 41(a).

In 2012, the Group transferred certain properties under development to investment properties. The properties were revalued at the date of change in use by Debenham Tie Leung Shenzhen Valuation Company Ltd – Beijing Branch ("DTZ"), independent firm of professional valuers. The difference between the fair value of the property at that date and its then carrying amount of RMB3,551,000 was recognised in the statement of profit or loss for the year ended 31 December 2012.

15. INVESTMENT PROPERTIES (continued)

In 2013, the Group transferred certain completed properties held for sale to investment properties. The properties were revalued at the dates of changes in use by DTZ. The difference between the fair values of the properties at those dates and their then carrying amounts of RMB17,078,000 were recognised in the statement of profit or loss for the year ended 31 December 2013.

The Group's investment properties as at 31 December 2013 were revalued by DTZ by the income approach.

Included in the completed investment properties were certain buildings with carrying values of RMB336,000,000 (2012: RMB321,000,000), for which the property certificates have not been obtained as at 31 December 2013.

The Group's investment properties with carrying values of RMB544,116,000 (2012: RMB393,116,000) were pledged to secure general banking facilities granted to the Group at 31 December 2013 (note 32).

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 2013 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	–	–	**1,376,000**	**1,376,000**

15. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

During the year ended 31 December 2013 (2012: nil), 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 2013 *RMB'000*	31 December 2012 *RMB'000*
Carrying amount at 1 January	**1,143,000**	872,000
Additions	**105,043**	106,873
Reclassification from properties under development	**–**	20,978
Reclassification from completed properties held for sale	**61,000**	–
Net gain from fair value adjustments recognised in other income in profit or loss	**66,957**	143,149
Carrying amount at 31 December	**1,376,000**	1,143,000

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 2013	Income method	Market monthly rental rate (RMB/sq.m.)	70-139
		Capitalisation rate	4.0%-5.75%

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.

15. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

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.

16. PREPAID LAND LEASE PAYMENTS

	31 December 2013	31 December 2012
	RMB'000	*RMB'000*
Carrying amount at beginning of the year	**324,995**	341,850
Additions	**–**	5,469
Disposal	**–**	(12,362)
Amortised during the year	**(10,379)**	(9,962)
Carrying amount at end of year	**314,616**	324,995
Current portion included in prepayments, deposits and other receivables (note 26)	**(9,924)**	(9,957)
Non-current portion	**304,692**	315,038

The Group's parcels of leasehold land are situated in Mainland China and are held under long term leases.

The leasehold interests in land of RMB228,740,000 (2012: RMB208,481,000) were pledged for certain borrowings granted to the Group as at 31 December 2013 (note 32).

The Group experienced delays in the commencement of construction of certain parcels of land in Mainland China with carrying values at 31 December 2013 of RMB38,859,000 (2012: RMB43,067,000). 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 the Company's legal counsel advice, the directors of the Company are of opinion that the payment of a penalty is remote and no provision is required. As at 31 December 2013, the construction of the relevant park and ancillary facilities on the parcels of land were completed.

17. INTANGIBLE ASSETS

Intangible assets comprised computer software with useful lives of 5 to 10 years. The movements in intangible assets are analysed as follows:

	2013	2012
	RMB'000	*RMB'000*
Software		
At 1 January		
Cost	**224**	162
Accumulated amortisation	**(101)**	(77)
Net carrying amount	**123**	85
Cost at 1 January, net of accumulated amortisation	**123**	85
Additions	**281**	62
Amortisation provided during the year	**(28)**	(24)
At the end of the year, net of accumulated amortisation	**376**	123
At the end of the year		
Cost	**505**	224
Accumulated amortisation	**(129)**	(101)
Net carrying amount	**376**	123

18. AVAILABLE-FOR-SALE INVESTMENTS

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Current		
Bank structured products, at fair value	**200**	180,182

The balance represented principal-protected structured products with maturity within one year.

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Non-current		
Unlisted equity investments, at cost	**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 investment was 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.

19. DEFERRED TAX ASSETS/LIABILITIES

The movements in deferred tax liabilities and assets are as follows:

Deferred tax liabilities

	Interest capitalised *RMB'000*	Rental income recognised *RMB'000*	Depreciation allowance of investment properties *RMB'000*	Depreciation allowance in excess of related depreciation *RMB'000*	Change in fair value of investment properties *RMB'000*	Total *RMB'000*
As at 1 January 2013	**38,003**	**2,284**	**8,397**	**6,246**	**127,627**	**182,557**
Charged/(credited) to the statement of profit or loss (note 10)	**(8,595)**	**1,487**	**2,235**	**(1,492)**	**21,009**	**14,644**
As at 31 December 2013	**29,408**	**3,771**	**10,632**	**4,754**	**148,636**	**197,201**
As at 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	38,003	2,284	8,397	6,246	127,627	182,557

Deferred tax assets

	Tax losses *RMB'000*	Advances from customers on presale of properties *RMB'000*	Government grants *RMB'000*	Impairment of assets *RMB'000*	Accruals and other payables *RMB'000*	Depreciation *RMB'000*	Total *RMB'000*
As at 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)	**(8,982)**	**(1,320)**	**(308)**	**(232)**	**3,430**	**1,559**	**(5,853)**
As at 31 December 2013	**2,260**	**5,005**	**148,697**	**204**	**24,282**	**2,001**	**182,449**
As at 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	11,242	6,325	149,005	436	20,852	442	188,302

19. DEFERRED TAX ASSETS/LIABILITIES (continued)

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 2013 ***RMB'000***	31 December 2012 *RMB'000*
Net deferred tax assets recognised in the combined statements of financial position	**63,090**	70,753
Net deferred tax liabilities recognised in the combined statements of financial position	**(77,842)**	(65,008)
	(14,752)	5,745

Deferred tax assets have not been recognised in respect of the following items:

	31 December 2013 ***RMB'000***	31 December 2012 *RMB'000*
Tax losses not recognised for deferred tax assets	**292,300**	202,564

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 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 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 2013, no deferred tax has been recognised 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 directors of the Company, these subsidiaries will not distributed such earnings derived up to 31 December 2013. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised is approximately RMB217,633,000 as at 31 December 2013 (2012: RMB137,990,000).

20. INVESTMENT IN SUBSIDIARIES

	2013 RMB'000	2012 RMB'000
Unlisted shares, at cost	–	–
Shares listed in Hong Kong, at cost	–	–
	–	–

Particulars of the Company's subsidiaries as at the date of this report are set out below:

Name	Place and date of incorporation/ establishment and business	Nominal value of issued ordinary/ paid up capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Haichang Holdings (Asia) Ltd ("Haichang Asia")	British Virgin Islands 22 November 2011	US$50,000	100%	–	Investment holding
Haichang Holdings (Hong Kong) Ltd ("Haichang Hong Kong")	Hong Kong 5 December 2011	HK$1	–	100%	Investment holding
海昌(中國)有限公司 ("Haichang China")#	Mainland China 11 December 1996	RMB19,067,000	–	100%	Investment holding
大連海昌旅遊集團有限公司 ("Dalian Tourism")#	Mainland China 2 February 2010	RMB10,000,000	–	100%	Investment holding
大連老虎灘海洋公園有限公司 ("LHT")*#	Mainland China 9 November 2001	RMB240,584,000	–	58.3%	Park operation
青島極地海洋世界有限公司 ("Qingdao Park")#	Mainland China 26 September 2002	RMB246,148,000	–	100%	Park operation
大連星期五大道商業服務有限公司 ("Friday Avenue")#	Mainland China 13 May 2003	RMB30,000,000	–	100%	Property development
成都極地海洋實業有限公司 ("Chengdu Park")#	Mainland China 18 December 2003	RMB30,305,000	–	100%	Park operation, property development and investment

20. INVESTMENT IN SUBSIDIARIES (continued)

Name	Place and date of incorporation/ establishment and business	Nominal value of issued ordinary/ paid up share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
武漢極地海洋世界投資有限公司 ("Wuhan Park")#	Mainland China 25 October 2004	RMB60,000,000	–	100%	Park operation, property development and investment
煙臺漁人碼頭投資有限公司 ("Yantai Park")#	Mainland China 15 March 2005	RMB30,000,000	–	100%	Park and hotel operations
天津極地旅遊有限公司 ("Tianjin Park")#	Mainland China 24 September 2007	RMB204,889,025	–	100%	Park operation, property development and investment
4D Cinema**#	Mainland China 25 May 2001	RMB20,000,000	–	49%	Park operation
上海海昌極地世界有限公司 ("Shanghai Haichang")***#	Mainland China 19 July 2011	RMB10,000,000	–	100%	Park development and operation

Haichang China is a wholly-owned foreign investment enterprise and its registered capital was fully paid up at 31 December 2013.

* 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.

** 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.

*** The Group acquired a 100% equity interests in Shanghai Haichang from 大連海昌集團有限公司 in January 2014.

\# The type of the subsidiary is limited liability company.

20. INVESTMENT IN SUBSIDIARIES (continued)

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

LHT

	2013	2012
Percentage of equity interest held by non-controlling interests	**41.7%**	41.7%

	2013 RMB'000	2012 RMB'000
Profit for the period allocated to non-controlling interests	**13,398**	10,601
Accumulated balances of non-controlling interests at the reporting dates	**114,846**	101,448
Revenue	**148,559**	141,386
Other income and gains	**53,663**	51,697
Cost of sales	**68,277**	71,397
Total expense	**74,318**	74,493
Income tax expense	**14,967**	11,858
Total comprehensive income for the year	**44,660**	35,335
Current assets	**729,129**	681,150
Non-current assets	**111,974**	116,631
Current liabilities	**52,957**	54,295
Non-current liabilities	**500,000**	500,000
Net cash flows from operating activities	**45,321**	54,998
Net cash used in investing activities	**(5,050)**	(7,406)
Net cash flows used in financing activities	**(42,212)**	(43,969)
Net increase/(decrease) in cash and cash equivalents	**(1,941)**	3,623

21. COMPLETED PROPERTIES HELD FOR SALE

	31 December 2013	31 December 2012
	RMB'000	*RMB'000*
Carrying amount at beginning of year	**470,871**	416,011
Transfer from properties under development (note 22)	**291,902**	176,665
Fair value change on completed properties held for sale	**17,078**	–
Reclassification to investment properties (note 15)	**(61,000)**	–
Recognised in the current year (note 7)	**(191,200)**	(121,805)
Carrying amount at end of year	**527,651**	470,871

22. PROPERTIES UNDER DEVELOPMENT

	31 December 2013	31 December 2012
	RMB'000	*RMB'000*
Carrying amount at 1 January	**648,047**	574,682
Additions	**120,112**	267,753
Fair value change on properties under development reclassified to investment properties (note 6)	**–**	3,551
Reclassification to investment properties (note 15)	**–**	(20,978)
Transfer to completed properties held for sale (note 21)	**(291,902)**	(176,665)
Disposal of subsidiaries (note 38)	**–**	(296)
Carrying amount at 31 December	**476,257**	648,047

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 at 31 December 2013 of RMB82,441,000 (2012: RMB65,194,000) were pledged to secure bank loans granted to the Group at 31 December 2013 (note 32).

As at 31 December 2013, the Group pledged its properties under development amounting to RMB297,922,000 (2012: RMB496,582,000) for the Company's loans granted to 大連海昌企業發展有限公司 ("Haichang Corporation Development"), a company of which Mr. Qu Naijie ("Mr Qu", a director and shareholder of the Company) has beneficial interests as equity holder (note 43(a)(xii)).

As at 31 December 2013, the Group pledged its properties under development amounting to RMB286,270,000 (2012: Nil) for the 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 an equity holder (note 43(a)(xii)).

23. CONSTRUCTION CONTRACTS

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Gross amounts due to a contract customer	**(13,417)**	(6,212)
Contract costs incurred plus recognised profits less recognised losses to date	**66,993**	8,788
Less: Progress billings	**(80,410)**	(15,000)
	(13,417)	(6,212)

24. INVENTORIES

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Merchandise	**9,019**	8,576
Provision for impairment	**(819)**	(1,742)
	8,200	6,834

25. TRADE RECEIVABLES

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Trade receivables	**30,494**	21,169
Less: provision for doubtful debts	**(3,703)**	(3,214)
	26,791	17,955

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.

25. TRADE RECEIVABLES (continued)

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 2013 *RMB'000*	31 December 2012 *RMB'000*
Within 90 days	**13,509**	3,944
Over 90 days and within one year	**2,603**	4,472
Over one year	**10,679**	9,539
	26,791	17,955

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

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
At 1 January	**3,214**	–
Impairment losses recognised (note 7)	**489**	3,214
	3,703	3,214

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

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Neither past due nor impaired	**24,415**	14,536
Past due within one year	**2,333**	3,378
Past due over one year	**43**	41
	26,791	17,955

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.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Prepayments	**30,367**	26,563
Deposits and other receivables	**33,062**	54,148
Current portion of prepaid land lease payments (note 16)	**9,924**	9,957
	73,353	90,668
Less: non-current portion	**(19,005)**	(18,247)
	54,348	72,421

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

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
At 1 January and 31 December	**10,531**	10,531

The carrying amount of deposits and other receivables approximates to their fair value due to their relatively short maturity term.

27. DUE FROM/TO RELATED COMPANIES/A NON-CONTROLLING EQUITY HOLDER/ ULTIMATE HOLDING COMPANY

As at 31 December 2013, the amount due from Haichang Group of RMB530,000,000 (2012: RMB1,030,000,000) was unsecured, bore interest of 13.56% (2012:15% to 16.9%) per annum (note 43(a)(ix)). As at 31 December 2012, the amounts of RMB530,000,000, RMB200,000,000, RMB100,000,000 and RMB200,000,000 due from Haichang Group were due to be repaid on 30 July 2013, 17 June 2014, 8 July 2014 and 25 November 2014, respectively. During the year ended 31 December 2013, amount of RMB500,000,000 due from Haichang Group was settled and an amount of RMB530,000,000 due from Haichang Group had been extended to 4 June 2014, which has been subsequently settled.

As at 31 December 2013, an amount of RMB700,000,000 due from Haichang Corporation Development bore no interest, was unsecured and due to be repaid in 2014, which has been subsequently settled.

Except for the above, amounts with related companies, a non-controlling equity holder and ultimate holding company 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.

28. PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

The Group

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Cash and bank balances	**498,228**	406,326
Denominated in RMB	**218,800**	375,776
Denominated in US$	**279,428**	30,550
Cash and bank balances	**498,228**	406,326

The Company

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Cash and bank balances	**2,481**	2,550
Denominated in US$	**2,481**	2,550

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 2013 *RMB'000*	31 December 2012 *RMB'000*
Cash and bank balances	**498,228**	406,326
Less: pledged bank balances	**(2,292)**	(2,286)
Cash and cash equivalents	**495,936**	404,040

Bank deposits of RMB207,000 were pledged as security for bill facilities granted to the Group at 31 December 2013 (2012: RMB207,000) (note 29). Bank deposits of RMB539,000 at 31 December 2013 (2012: RMB537,000) were pledged as security for the Group's bank borrowings (note 32). Bank deposits of 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 2013 (2012: RMB1,542,000).

28. PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS (continued)

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

The Company

	31 December 2013	31 December 2012
	RMB'000	*RMB'000*
Cash and bank balances	**2,481**	2,550

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.

29. TRADE AND BILLS PAYABLES

	31 December 2013	31 December 2012
	RMB'000	*RMB'000*
Less than one year	**55,578**	322,723
Over one year	**304,597**	170,022
	360,175	492,745

The bills payable were secured by the pledge of the Group's time deposits of and RMB207,000 at 31 December 2013 (2012: RMB207,000) (note 28).

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

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

30. OTHER PAYABLES AND ACCRUALS

The Group

	31 December 2013 RMB'000	31 December 2012 RMB'000
Other payables	**215,076**	169,331
Accruals	**12,633**	5,208
	227,709	174,539

The Company

	31 December 2013 RMB'000	31 December 2012 RMB'000
Other payables	**2,596**	57

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.

31. ADVANCES FROM CUSTOMERS

Advances from customers mainly represented sales proceeds received from buyers in connection with the Group's pre-sale properties.

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Finance lease payables (note 33)	**133,825**	88,130
Others loans – unsecured (note 43a(viii))	**–**	583,000
Other loans – secured	**917,838**	1,301,800
Bank loans – secured	**2,320,118**	1,870,317
	3,371,781	3,843,247
Current:		
Finance lease payables (note 33)	**107,914**	51,315
Others loans – unsecured (note 43a(viii))	**–**	583,000
Other loans – secured	**140,743**	–
Bank loans – secured	**158,000**	491,923
Current portion of non-current loans – secured	**524,791**	310,539
	931,448	1,436,777
Non-current:		
Finance lease payables (note 33)	**25,911**	36,815
Other loans – secured	**778,195**	1,301,800
Bank loans – secured	**1,636,227**	1,067,855
	2,440,333	2,406,470
Repayable:		
Within one year or on demand	**931,448**	1,436,777
In the second year	**525,097**	985,335
In the third to fifth years, inclusive	**1,557,838**	491,896
Over five years	**357,398**	929,239
	3,371,781	3,843,247

32. 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 31 December 2013 and 2012 as follows:

	Notes	**31 December 2013** *RMB'000*	31 December 2012 *RMB'000*
Property, plant and equipment	*14*	**1,086,965**	1,237,807
Investment properties	*15*	**544,116**	393,116
Prepaid land lease payments	*16*	**228,740**	208,481
Properties under development	*22*	**82,441**	65,194
Pledged bank balances	*28*	**539**	537

Dalian Tourism pledged its equity interests in certain of its subsidiaries for certain borrowings amounting to nil granted to the Group at 31 December 2013 (2012: RMB500,000,000).

Tianjin Park pledged its right for park operation and income received for certain borrowings amounting to RMB335,900,000 granted to the Group at 31 December 2013 (2012: RMB406,000,000).

LHT pledged its right for park operation rights and income received for certain borrowings amounting to RMB500,000,000 granted to the Group at 31 December 2013 (2012: RMB500,000,000).

Yantai Park pledged its right for park operation rights and income received and Qingdao Park pledged its 100% equity interest and income from property rights for certain borrowings amounting to RMB186,500,000 granted to the Group at 31 December 2013 (2012:RMB200,000,000).

Qingdao Park pledged its trade receivables arising from sales from January 2010 to January 2025 for certain borrowings amounting to RMB550,080,000 granted to the Group at 31 December 2013 (2012: RMB600,060,000). As at 31 December 2013, the related trade receivables amounted to RMB14,922,000 (2012: RMB13,290,000).

(ii) Borrowings of nil at 31 December 2013 (2012: RMB590,000,000) were secured by certain related companies' buildings and land lease interest (note 43(a)(x)).

(iii) Certain related companies and Mr. Qu executed guarantees for certain borrowings amounting to RMB631,800,000 granted to the Group at 31 December 2013 (2012: RMB1,407,800,000) (note 43(a)(xi)).

As at 31 December 2013, certain other non-current loans of RMB530,000,000 (2012: RMB1,030,000,000) granted to the Group were applied and lent to Haichang Group at a similar interest rate (note 27).

All the Group's borrowings are denominated in RMB.

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

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.

The bank and other borrowings balances of the Group bear interest at floating rates, except for bank and other borrowings of RMB1,520,024,000 at 31 December 2013 (2012: RMB2,106,060,000) bear interest at fixed rates.

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

Year ended 31 December 2013	6.55% to 15.00%
Year ended 31 December 2012	5.90% to 15.00%

33. FINANCE LEASE PAYABLES

The Group carried out sale and lease back transactions for certain of its machinery to obtain borrowings. The sale and lease back are classified as finance leases and have remaining lease terms of three years.

	Minimum lease payments 31 December 2013	**Present value of minimum lease payments 31 December 2013**	Minimum lease payments 31 December 2012	Present value of minimum lease payments 31 December 2012
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Amounts payable:				
Within one year	**126,776**	**107,913**	62,844	51,315
In the second year	**79,643**	**11,791**	41,154	36,815
In the third year	**19,249**	**14,121**	–	–
Total minimum finance lease payments	**225,668**	**133,825**	103,998	88,130
Future finance charges	**(91,843)**		(15,868)	
Total net finance lease payables (note 32)	**133,825**		88,130	
Portion classified as current liabilities (note 32)	**(107,914)**		(51,315)	
Non-current portion (note 32)	**25,911**		36,815	

33. FINANCE LEASE PAYABLES (continued)

The fair value of the Group's finance lease payables approximated to RMB137,263,000 at 31 December 2013 (2012: RMB94,419,000).

The finance lease payables amounting to nil at 31 December 2013 (2012: RMB88,130,000) and were guaranteed by Haichang Group and Haichang Corporation Development (note 43(a)(xiii)).

34. GOVERNMENT GRANTS

	31 December 2013 ***RMB'000***	31 December 2012 *RMB'000*
Carrying amount at beginning of year	**597,017**	607,053
Received during the year	**17,115**	7,475
Recognised in profit or loss (note 6)	**(18,913)**	(17,511)
Carrying amount at end of year	**595,219**	597,017
Current	**9,516**	9,577
Non-current	**585,703**	587,440
	595,219	597,017

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.

35. DEFERRED REVENUE

Deferred revenue represents the presale of parks' tickets.

36. ISSUED CAPITAL

Shares

	Notes	Number of ordinary shares: Nominal value of US$1 each	Number of ordinary shares: Nominal value of US$0.0001 each	US$
Authorised:				
1 January 2012	*1*	50,000	–	50,000
Subdivision	*2*	(50,000)	500,000,000	–
At 31 December 2012, 1 January 2013 and 31 December 2013		–	500,000,000	50,000

	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				
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 31 December 2013		–	114,391,996	12

	31 December 2013 ***RMB'000***	31 December 2012 *RMB'000*
Issued and fully paid:		
Ordinary shares of US$0.0001 each	**72**	72

36. ISSUED CAPITAL (continued)

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 of the Company, 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.

37. RESERVES

Group

The amounts of the Group's reserves and the movements therein are presented in the combined statements of changes in equity.

(a) Capital reserve

The amounts represent deemed contribution from equity holders less deemed distribution to equity holders, consideration paid by the Group to non-controlling equity holders over their then share of net assets of subsidiaries acquired, and 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 this 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, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after these usages.

37. RESERVES (continued)

Group (continued)

(c) Deemed distribution to the equity holders

In July 2012, Haichang Asia acquired the entire equity interest 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 a deemed distribution to the equity holders.

In August 2012, Haichang China acquired the entire equity interest in Dalian Tourism from Haichang Corporation Development at a consideration of RMB10,000,000 and the consideration paid was recognised in equity directly as a deemed distribution to the equity holders.

In September 2013, Dalian Tourism acquired a 9% and 40% equity interest in 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, respectively, and the considerations were recognised in equity directly as a deemed distribution to the equity holders.

As at 31 December 2013, the Group granted loans to Haichang Corporation Development at a below market interest rate which resulted in a deemed distribution of RMB39,351,000 (2012: RMB54,466,000) upon discounting to net present value during the year ended 31 December 2013.

In December 2013 and January 2014, Haichang China entered into purchase and sales agreements in relation to the purchases of certain properties 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) which constituted as a business of property investment and holding ("Shibo Business") and has been accounted for as a business combination under common control since the earliest date of combination. The net assets of Shibo Business so combined to the Group has been accounted for as deemed contribution from the equity holder since 1 January 2012. The operating profit of RMB664,000 generated from operation of Shibo Business for the year ended 31 December 2013 (2012: RMB310,000) were recognised in equity directly as deemed distribution to the equity holders, respectively.

In December 2013, settlement made by the Group to 大連世博房地產開發有限公司 of RMB224,826,000 in relation to the acquisition consideration of Shibo Business was accounted for as a deemed distribution to the equity holders.

The above transactions resulted in an aggregate deemed distribution to the equity holders of RMB274,641,000 for the year ended 31 December 2013 (2012: RMB166,776,000) and are recognised in the capital reserve account.

37. RESERVES (continued)

Group (continued)

(d) Deemed contribution from the equity holders

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 same 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 interest in 三亞海昌旅業發展有限公司 ("Sanya Development") to 大連海昌房地產集團有限公司 ("Haichang Property Group") at a consideration of RMB20,000,000 which resulted in a deemed capital contribution of RMB68,830,000 recognised in the capital reserve (note 38).

The above transactions resulted in an aggregate deemed contribution from the equity holders of nil for the year ended 31 December 2013 (2012: RMB75,830,000) recognised in the capital reserve account.

(e) Reserves of the Company

	Share premium RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 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 year	–	–	(8,077)	(8,077)
Other comprehensive income				
Exchange difference on translation	–	(14,644)	–	(14,644)
Total comprehensive loss	–	(14,644)	(8,077)	(22,721)
At 31 December 2013	509,596	(18,211)	(22,091)	469,294

38. DISPOSAL OF SUBSIDIARIES

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 22)	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)

39. MAJOR NON-CASH TRANSACTION

During the years ended 31 December 2013, the Group capitalised borrowing costs of RMB67,188,000 (2012: RMB68,332,000) with the corresponding increase in the amount of the properties under development, which did not result in cash flows.

40. CONTINGENT LIABILITIES

	31 December 2013 RMB'000	31 December 2012 RMB'000
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties*	**87,657**	126,075
Guarantees given to banks in connection with facilities granted to related companies**	**449,449**	496,582
	537,106	622,657

* 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 year (2012: nil) 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. Subsequent to 31 December 2013, the guarantees have been released (note 43(a)(xii)).

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

	31 December 2013 RMB'000	31 December 2012 RMB'000
Within one year	**17,114**	11,819
In the second to fifth years, inclusive	**69,093**	54,770
After five years	**145,635**	117,570
	231,842	184,159

41. OPERATING LEASE COMMITMENTS (continued)

(b) As lessee

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

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

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Within one year	**1,608**	1,729
In the second to fifth years, inclusive	**4,511**	6,014
	6,119	7,743

42. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 41 above, the Group had the following capital commitments at the end of the reporting period:

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Contracted, but not provided for:		
Properties under development, buildings and machinery	**306,352**	497,657
Authorised but not contracted	**51,803**	36,288
	358,155	533,945

43. 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	Director and beneficial shareholder of the Company
程春萍 ("Ms. Cheng")	Wife of Mr. Qu and beneficial shareholder 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 ("Tianjin Haichang Property")	Mr. Qu and Mrs. Cheng are beneficial equity holders
Haichang Group	Mr. Qu and Ms. Cheng are beneficial equity holders
Haichang Property Group	Mr. Qu and Ms. Cheng are beneficial equity holders
成都海昌置業有限公司 ("Chengdu Haichang Property")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連海昌房屋開發有限公司 ("Haichang Property Development")	Mr. Qu and Ms. Cheng are beneficial equity holders
武漢物業管理有限公司 ("Wuhan Property Management ")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連東方水城發展有限公司 ("Water Town")	Mr. Qu and Ms. Cheng are beneficial equity holders
武漢創富房地產發展有限公司 ("Wuhan Chuangfu")	Mr. Qu and Ms. Cheng are beneficial equity holders
成都融信置地有限公司 ("Chengdu Rongxin Property")	Mr. Qu and Ms. Cheng are beneficial equity holders
香港海昌置業有限公司 ("Haichang Land")	Mr. Qu and Ms. Cheng are beneficial equity holders
SAS LAMONT ("SAS LAMONT")	Mr. Qu and Ms. Cheng are beneficial equity holders
Sea-rich Oil (Singapore) Pte. Ltd ("Sea-rich Oil")	Mr. Qu and Ms. Cheng are beneficial equity holders
Dalian Lianyun	Mr. Qu and Ms. Cheng are beneficial equity holders
Hong Kong Oriental Investment (Holding) Ltd ("HK East investment")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連海昌電子工程有限公司 ("Haichang Electronic")	Mr. Qu and Ms. Cheng are beneficial equity holders
龐大歐力士汽車租賃有限公司 ("Orix Lease")	A joint venture of a beneficial shareholder of the Company
大連海昌商業運營管理有限公司 ("Haichang Business Operation Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連拉蒙酒業有限公司 ("Dalian LAMONT")	Mr. Qu and Ms. Cheng are beneficial equity holders
煙台海昌物業管理有限公司 ("Yantai Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
天津海昌極地物業管理有限公司 ("Tianjin Property Management")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連海昌欣城物業有限公司 ("Haichang Xincheng")	Mr. Qu and Ms. Cheng are beneficial equity holders
Hong Kong Smooth Clear Holdings Limited ("Hong Kong Smooth Clear")	Mr. Qu Cheng (the son of Mr. Qu and Ms. Cheng) is beneficial equity holder
Hong Kong Merry Great Investment Limited	Mr. Qu Cheng is a beneficial equity holder
Sea Fortune Navigation Limited ("Sea Fortune")	Mr. Qu Cheng is a beneficial equity holder
大連世博房地產開發有限公司 ("Dalian Shibo")	Mr. Qu and Ms. Cheng are beneficial equity holders
大連奧林匹克電子城海昌網絡技術服務中心 ("Dalian Olympic")	Mr. Qu and Ms. Cheng are beneficial equity holders
天津極地海洋世界有限公司 ("Tianjin Pole Ocean Property")	Mr. Qu and Ms. Cheng are beneficial equity holders

43. 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	2013 RMB'000	2012 RMB'000
Expenses paid on behalf of a related company by the Group:			
Chengdu Rongxin Property	(a)(i)	**584**	201
Expenses paid on behalf by related companies for the Group:			
Haichang Land	(a)(ii)	**–**	943
SAS LAMONT	(a)(ii)	**–**	1,257
		–	2,200
Purchase of motor vehicles:			
Orix Lease	(a)(iii)	**4,644**	–
Purchase of properties:			
Haichang Property Development	(a)(iv)	**88,603**	–
Sales of items of property, plant and equipment:			
Haichang Property Development	(a)(v)	**–**	30,000
Management fee income:			
Wuhan Property Management	(a)(vi)	**1,680**	–
Rental income:			
Haichang Corporation Development	(a)(vii)	**2,674**	–
Interest expense:			
Haichang Corporation Development	(a)(viii)	**33,075**	99,655
Interest income:			
Haichang Group	(a)(ix)	**94,332**	81,318
Haichang Corporation Development *	37(c)	**39,351**	42,420

* Being interest income from a loan to Haichang Corporation Development under the effective interest rate method.

43. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

(i) During the year ended 31 December 2013, the Group paid RMB584,000 (2012: RMB201,000) for expenses on behalf of Chengdu Rongxin Property on an actual incurred basis.

(ii) During the year ended 31 December 2013, Haichang Land paid nil (2012: RMB943,000) for expenses on behalf for the Group.

During the year ended 31 December 2013, SAS LAMONT paid nil (2012: RMB1,257,000) for expenses on behalf for the Group.

(iii) During the year ended 31 December 2013, the Group purchased motor vehicles from Orix Lease with considerations of RMB4,644,000 (2012: nil).

The purchases from Orix Lease were made on prices and conditions as mutually agreed.

(iv) During the year ended 31 December 2012, the Group purchased 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 year ended 31 December 2013.

The properties purchased from Haichang Property Development were made on prices and conditions as mutually agreed.

(v) During the year ended 31 December 2013, Haichang Property Development purchased from the Group certain properties with a total consideration of nil (2012: RMB30,000,000).

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 year ended 31 December 2013, management fee income from Wuhan Property Management was RMB1,680,000 (2012: nil).

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 year ended 31 December 2013 from Haichang Corporation Development was RMB2,674,000 (2012: nil).

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.

On 24 January 2014, the Group continued to lease the premises to Haichang Corporation Development under a new lease (the "Lease") pursuant to which the Group will lease the premises to Haichang Corporation Development for a term of two years from 1 January 2014 to 31 December 2015 for RMB400,000 per month.

(viii) Haichang Corporation Development granted a loan to the Group through certain bank amounting to nil as at 31 December 2013 (2012: RMB538,000,000) which bore interest at 15% per annum and repayable in one year.

43. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

(ix) The Group granted a loan to Haichang Group amounting to RMB530,000,000 at 31 December 2013 (2012: RMB1,030,000,000). Details of which are set out in note 27 to the financial statements.

During year ended 31 December 2012, the Group received interest income in the aggregate amount of approximately RMB29.6 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 advice of the Company's legal counsel, the directors of the Company are of opinion that the payment of a penalty is remote and no provision is required. As at 31 December 2013, the loans have been granted by the Group through legally permitted entrustment bank loans.

(x) Water Town pledged its buildings for bank loans of nil (2012: RMB500,000,000) granted to the Group at 31 December 2013 at nil consideration (2012: nil) (note 32(ii)).

Wuhan Chuangfu pledged its leasehold land interest for bank loans of nil (2012: RMB90,000,000) granted to the Group at 2013 at nil consideration (2012: nil) (note 32(ii)).

(xi) Haichang Corporation Development executed guarantees for bank loans amounting to RMB500,000,000 as at 31 December 2013 (2012: RMB1,276,000,000) granted to the Group at nil consideration (note 32(iii)).

Haichang Group and Mr. Qu executed guarantees for bank loans amounting to RMB30,000,000 as at 31 December 2013 (2012: RMB30,000,000) granted to the Group at nil consideration (note 32(iii)).

Haichang Corporation Development and Haichang Group executed guarantees jointly for bank loans amounting to RMB101,800,000 as at 31 December 2013 (2012: RMB101,800,000) granted to the Group at nil consideration (note 32(iii)).

Subsequent to 31 December 2013, the guarantees executed by Haichang Corporation Development, Haichang Group and Mr. Qu for bank loans as at 31 December 2013 granted to the Group have been released.

(xii) The Group pledged its properties under development at 31 December 2013 amounting to RMB297,922,000 (2012: RMB496,582,000) (note 22) for the loans granted to Haichang Corporation Development at nil consideration.

The Group pledged its properties under development amounting to RMB286,270,000 for the company loans granted to Haichang Group as at 31 December 2013 (2012: nil) (note 22) at nil consideration.

Subsequent to 31 December 2013, the properties under development pledged by the Group at 31 December 2013 for the loans granted to Haichang Corporation Development and Haichang Group has been released.

(xiii) The finance lease payables amounting to nil at 31 December 2013 (2012: RMB RMB88,130,000) were guaranteed by Haichang Group and Haichang Corporation Development at nil consideration (note 33).

43. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

(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 Mainland China from the date of the Company's shares listing on the Stock Exchange to 31 December 2015.

(xv) Pursuant to a share subscription agreement dated 24 May 2012 entered into between the Company, Haichang Group, Mr. Qu and Hony, the Company issued 14,391,996 shares of US$0.0001 each for a consideration of US$80,500,000 ("Hony 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), Orix Hong Kong, a wholly-owned subsidiary of Orix, the Company issued 15,000,000 shares of US$0.0001 each ("Orix Agreement") to Orix Hong Kong at par.

As covenants in relation to the restructuring plan as contemplated in the Orix Agreement and the Hony Agreement, after the completion of acquisition of 大連海昌發現王國主題公園有限公司 ("Discovery Land") by the Group, the equity holder of Discovery Land 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 Discovery Land 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 the Hony Agreement, after the completion of the acquisition of 重慶加勒比海旅遊發展有限公司 ("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 Discovery Land and Chongqing Caribbean cannot be completed before the end of 2014, Mr. Qu and the Company shall indemnify Hony and Orix Hong Kong and their affiliates for losses, if any, incurred to foregoing investors. This indemnification is subject to various limitations specified in the Orix Agreement and the Hony 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, Mr. Qu Naijie, Mr. Makoto Inoue, Mr. Zhao Wenjing, Mr. Wang Xuguang and Mr. Yuan Bing and the Company, respectively, pursuant to which the Company agreed to indemnify each of Mr. Qu, 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.

(xviii) The Group acquired certain subsidiaries and business pursuant to the Group's reorganisation in 2013 and 2012 and disposed of a certain subsidiaries in 2012 from/to related companies. For details are set out in note 37(c) and (d).

43. 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 end of the reporting period:

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Due from the ultimate holding company		
Haichang Group Limited	**610**	–
Due from related companies		
Haichang Corporation Development	**856,692**	1,203,964
Haichang Group	**551,750**	1,168,276
Haichang Property Group	**20,000**	20,000
Hong Kong Merry Great Investment Limited	**7,213**	–
Dalian Lianyun	**6,300**	6,300
Sea Fortune	**6,097**	–
HK East Investment	**5,487**	–
Hong Kong Smooth Clear	**4,774**	–
Tianjin Haichang Property	**1,066**	1,066
Chengdu Rongxin Property	**584**	502
Yantai Property Management	**304**	–
Tianjin Property Management	**280**	–
Orix Lease	**231**	–
Haichang Xincheng	**113**	–
Haichang Property Development	**–**	82,960
Wuhan Property Management	**–**	158
Chengdu Haichang Property	**–**	34
	1,460,891	2,483,260
Due from a non-controlling equity holder		
大連老虎灘公園有限公司 ("Hutan Park")	**59,675**	52,675
Due to related companies		
Haichang Corporation Development	**421,276**	750,884
Dalian Shibo	**228,041**	–
Sea-rich Oil	**69,100**	41,608
Haichang Group	**50,333**	2,632
Tianjin Pole Ocean Property	**7,965**	7,965
Haichang Property Development	**4,781**	–
Dalian LAMONT	**1,977**	1,977
Wuhan Property Management	**1,680**	–
SAS LAMONT	**1,219**	1,257
Haichang Land	**915**	943
Dalian Olympic	**5**	–
	787,292	807,266

43. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with related companies (continued)

The maximum amounts outstanding during the years ended 31 December 2013 and 2012 are as follows:

	31 December 2013 ***RMB'000***	31 December 2012 *RMB'000*
Due from related companies		
Haichang Corporation Development	**1,441,989**	2,398,246
Haichang Group	**1,168,276**	1,168,276
Haichang Property Development	**82,960**	82,960
Haichang Electronic	**70,000**	–
Haichang Property Group	**20,000**	20,000
Hong Kong Merry Great Investment Limited	**7,213**	–
Dalian Lianyun	**6,300**	6,300
Sea Fortune	**6,097**	–
HK East investment	**5,561**	–
Hong Kong Smooth Clear	**4,774**	–
Tianjin Haichang Property	**1,066**	1,066
Haichang Business Operation Management	**819**	–
SAS LAMONT	**614**	–
Chengdu Rongxin Property	**584**	502
Yantai Property Management	**372**	–
Tianjin Property Management	**280**	–
Orix Lease	**231**	–
Wuhan Property Management	**158**	158
Haichang Xincheng	**113**	–
Chengdu Haichang Property	**34**	34
	2,817,441	3,677,542
Other Loans		
Haichang Corporation Development	**583,000**	583,000

43. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with related companies (continued)

	31 December 2013	31 December 2012
	RMB'000	*RMB'000*
Due from the ultimate holding company		
Haichang Group Limited	**610**	–
Due from subsidiaries		
Haichang Hong Kong	**470,395**	491,794
Haichang Asia	**610**	–
	471,005	491,794
Due to related companies		
SAS LAMONT	**1,219**	1,257
Haichang Land	**915**	943
	2,134	2,200

Further details of the amounts with the ultimate holding company/related companies/a non-controlling equity holder are set out in note 27.

The Company's amounts due from the ultimate holding company/subsidiaries and amounts due to related companies/subsidiaries are unsecured, interest-free and repayable on demand.

(c) Compensation to the key management

	31 December 2013	31 December 2012
	RMB'000	*RMB'000*
Emoluments	**–**	–
Salaries, allowances, bonuses, benefits and other expenses	**1,275**	–
Post employment benefits	**43**	–
	1,318	–

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of 2013 and 2012 are as follows:

The Group

31 December 2013

Financial assets

	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *RMB'000*
Financial assets included in prepayments, deposits and other receivables (note 26)	33,062	–	33,062
Available-for-sale investments	–	19,370	19,370
Trade receivables	26,791	–	26,791
Due from related companies	1,460,891	–	1,460,891
Due from the ultimate holding company	610	–	610
Due from a non-controlling equity holder	59,675	–	59,675
Pledged deposits	2,292	–	2,292
Cash and cash equivalents	495,936	–	495,936
	2,079,257	19,370	2,098,627

Financial liabilities

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities included in other payables and accruals (note 30)	227,709
Interest-bearing bank and other borrowings	3,371,781
Trade and bills payables	360,175
Due to related companies	787,292
	4,746,957

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The Group (continued)

31 December 2012

Financial assets

	Loans and receivables *RMB'000*	Available-for-sale financial assets *RMB'000*	Total *RMB'000*
Financial assets included in prepayments, deposits and other receivables (note 26)	54,148	–	54,148
Available-for-sale investments	–	199,352	199,352
Trade 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 30)	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

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The Company

31 December 2013

Financial assets

	RMB'000
Due from the ultimate holding company	**610**
Due from subsidiaries	**471,005**
Cash and cash equivalents	**2,481**
	474,096

Financial liabilities

	RMB'000
Other payables	**2,596**
Due to related companies	**2,134**
	4,730

31 December 2012

Financial assets

	RMB'000
Due from subsidiaries	491,794
Cash and cash equivalents	2,550
	494,344

Financial liabilities

	RMB'000
Other payables	57
Due to related companies	2,200
	2,257

45. 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 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***
Financial lease payables	**133,825**	**137,263**

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

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade 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, an amount due from a non-controlling equity holder, and amounts due to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

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 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 statements 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.

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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 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**

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

45. 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 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	**–**	**137,263**	**–**	**137,263**

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

During the years ended 31 December 2013 and 2012, 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.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, 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 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 32. 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 2013	**100**	**(21,450)**
	(100)	**21,450**
For the year ended 31 December 2012	100	(19,061)
	(100)	19,061

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group's businesses are located in Mainland China and nearly all transactions are conducted in RMB, except for capital injections from shareholders. All of the Group's assets and liabilities are denominated in RMB, except for those owned by the Company and certain overseas subsidiaries which are denominated in USD.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in exchange fluctuation reserve).

	Increase/ (decrease) in USD rate %	Increase/ (decrease) in profit before (or after) tax *RMB'000*	Increase/ (decrease) in equity* *RMB'000*
2013			
If the RMB weakens against the USD	**10**	**27,943**	**28,891**
If the RMB strengthens against the USD	**(10)**	**(27,943)**	**(28,891)**
2012			
If the RMB weakens against the USD	10	3,055	31,566
If the RMB strengthens against the USD	(10)	(3,055)	(31,566)

* Excluding retained profits

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 receivables, deposits and other receivables, amount due from a non-controlling equity holder, amounts due from related companies, amount due from ultimate holding company arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

46. 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 2013 and 2012, based on the contractual undiscounted payments, was as follows:

	31 December 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**	**98,892**	**–**	**225,668**
Interest-bearing bank borrowings	**–**	**139,000**	**682,780**	**2,234,900**	**250,200**	**3,306,880**
Trade and bills payables	**360,175**	**–**	**–**	**–**	**–**	**360,175**
Other payables and accruals	**227,709**	**–**	**–**	**–**	**–**	**227,709**
Due to related companies	**787,292**	**–**	**–**	**–**	**–**	**787,292**
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties	**87,657**	**–**	**–**	**–**	**–**	**87,657**
Guarantees given to banks in connection with facilities granted to related companies	**449,449**	**–**	**–**	**–**	**–**	**449,449**
	1,912,282	**170,694**	**777,862**	**2,333,792**	**250,200**	**5,444,830**

	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
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties	126,075	–	–	–	–	126,075
Guarantees given to banks in connection with facilities granted to related companies	496,582	–	–	–	–	496,582
	2,097,207	176,787	1,833,793	2,076,136	1,431,821	7,615,744

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 2013 and 2012.

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 amounts due from related companies. The gearing ratios as at the end of the reporting periods were as follows:

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Interest-bearing bank and other borrowings	**3,371,781**	3,843,247
Due to the related companies	**787,292**	807,266
Less: Due from related companies	**(1,460,891)**	(2,483,260)
Less: Cash and cash equivalents	**(495,936)**	(404,040)
Net debt	**2,202,246**	1,763,213
Total equity	**943,520**	1,143,860
Net debt to total equity ratio	**233%**	154%

47. SUBSEQUENT EVENTS

In addition to the disclosure elsewhere in the financial statements, the Group had the following events subsequent to 31 December 2013:

In February 2014, the Group entered into a debt transfer agreement with Sea-rich Oil and Haichang Group in which Sea-rich Oil agreed to transfer its receivable of RMB862,000 due from the Group to Haichang Group.

In February 2014, the Group entered into a debt transfer agreement with Haichang Land and HK East Investment in 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 in which Sea-rich Oil agreed to transfer its receivable of US$10,160,000 due from the Group to HK East Investment.

Subsequent to 31 December 2013, the balance of amounts due from the related companies, an amount due from a non-controlling equity holder, and amounts due to the related companies as at 31 December 2013 have been substantially settled.

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 for a total consideration of RMB278,756,000 in December 2013. The transaction has been already completed at the date of this report.

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$0.0001 each by the creation of 4,500,000,000.

In February 2014, the Company issued 2,885,608,004 shares credited as fully paid to the then shareholders whose names were on the register of members of the Company as of the date immediately before the listing date of the Company's global offering.

In March 2014, the shares of the Company were listed on the Main Board of the Stock Exchange, pursuant to which 1,000,000,000 new shares of HK$2.45 each were issued by the Company for a total consideration HK$2,450,000,000 (equivalent to RMB1,935,010,000), before share issue expenses upon global offering of the Company.

Several cornerstone investment agreements were entered into in February 2014 among Company and certain investors who have agreed to subscribe for such number of new shares with an aggregate amount of US$30 million in aggregate at the price of global offering;

A deed of indemnity dated 27 February 2014 was entered into between Mr. Qu, the Company's holding company and the Company, under which the Mr. Q and the Company's holding company have given certain indemnities in favour of the Group containing, among other thing and taxation.

47. SUBSEQUENT EVENTS (continued)

The Group entered into a land lease contract with the local governmental authority of Sanya City, Hainan province, the PRC in January 2014 with a lease term from January 2014 to January 2034. The initial annual rental fee since January 2014 is RMB3,000,000 with an incremental rate of 10% every five years during the lease term.

48. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2014.

MAJOR PROPERTIES HELD BY THE GROUP

City-Phase (Usage)	Address	Status	Actual or Planned Construction Period	Total Actual or Planned GFA (underground GFA, if applicable)[1] (sq.m.)	Total GFA Sold Cumulatively (sq.m.)	Total Actual or Planned GFA Held for Sale (sq.m.)	Total Actual or Planned GFA Held for Investment (sq.m.)	Term of Land	Interest attributable to the Group
Qingdao (Commercial Street)	Qingdao Polar Ocean World, 60 Donghai East Road, Qingdao, Shandong Province, the PRC	Completed	01/2005 – 07/2006	37,623	20,888	Nil	16,735	40 years	100%
Chengdu – Phase 1 (Commercial Street)	Phase 1 of Chengdu Polar Ocean World, Chengdu, Sichuan Province, the PRC	Completed	09/2007 – 07/2011	46,400	15,740	10,897	20,545	40 years	100%
Chengdu – Phase 2 (Clubhouse)	The clubhouse of Phase 2 of Chengdu Polar Ocean World, Chengdu, Sichuan Province, the PRC	Completed	03/2010 – 09/2011	22,554	16,517	12,645	Nil	40 years	100%
Chengdu – Phase 2 (Hotel and Office Complex)	The office building of Phase 2 of Chengdu Polar Ocean World, Chengdu, Sichuan Province, the PRC	Under development	04/2013 – 01/2015	46,126 (12,135)	N/A	33,991	Nil	40 years	100%
Yantai (Commercial Street)	Yantai Fisherman's Wharf, Binhai Road, Yantai, Shandong Province, the PRC	Completed	04/2008 – 06/2012	41,273	30,624	Nil	10,649	40 years	100%
Wuhan – Phase 1 (Commercial Street)	Phase 1 of Wuhan Polar Ocean World, Dongxihu District, Wuhan, Hubei Province, the PRC	Completed	08/2011 – 03/2013	45,929	Nil	5,167	40,762	40 years	100%
Wuhan – Phase 2 (Commercial Street)	Phase 2 of Wuhan Polar Ocean World, Dongxihu District, Wuhan, Hubei Province, the PRC	For future development	06/2014 – 03/2016	97,384 (22,300)	N/A	N/A	N/A	40 years	100%
Wuhan – Phase 3 (Serviced Apartments)	Phase 3 of Wuhan Polar Ocean World, Dongxihu District, Wuhan, Hubei Province, the PRC	For future development	06/2014 – 03/2016	153,158 (35,890)	N/A	N/A	N/A	40 years	100%
Tianjin – Block B (Commercial Street)	Block B, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, the PRC	Completed	06/2010 – 11/2013	33,415 (12,533)	N/A	Nil	24,959[2]	40 years	100%
Tianjin – Block D (Commercial Street)	Block D, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, the PRC	Completed	08/2010 – 11/2013	36,392 (10,148)	6,913	19,332	Nil	40 years	100%
Tianjin – Block E (Serviced Apartments)	Block E, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, the PRC	Under development	09/2010 – (03/2014 – 03/2015)[3]	59,006 (12,118)	N/A	46,888	Nil	40 years	100%
Tianjin – Block A (Serviced Apartments and Commercial Street)	Block A, Tianjin Polar Ocean World, east side of Henan Road and south side of Binhe Road, Binhai New District, Tianjin, the PRC	For future development	10/2015 – 10/2017	120,749 (37,938)	N/A	N/A	N/A	40 years	100%
Dalian (Commercial Street)[4]	Dalian Tiger Beach Fisherman's Wharf, Dalian, Liaoning Province, the PRC	Completed	–	12,671[5]	–	12,671[5]	–	40 years	100%

MAJOR PROPERTIES HELD BY THE GROUP

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 The ancillary commercial properties in Dalian, namely Dalian Fishermen's Wharf, were not developed by us and were acquired by us. 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.