



海昌控股有限公司

HAICHANG HOLDINGS LTD.

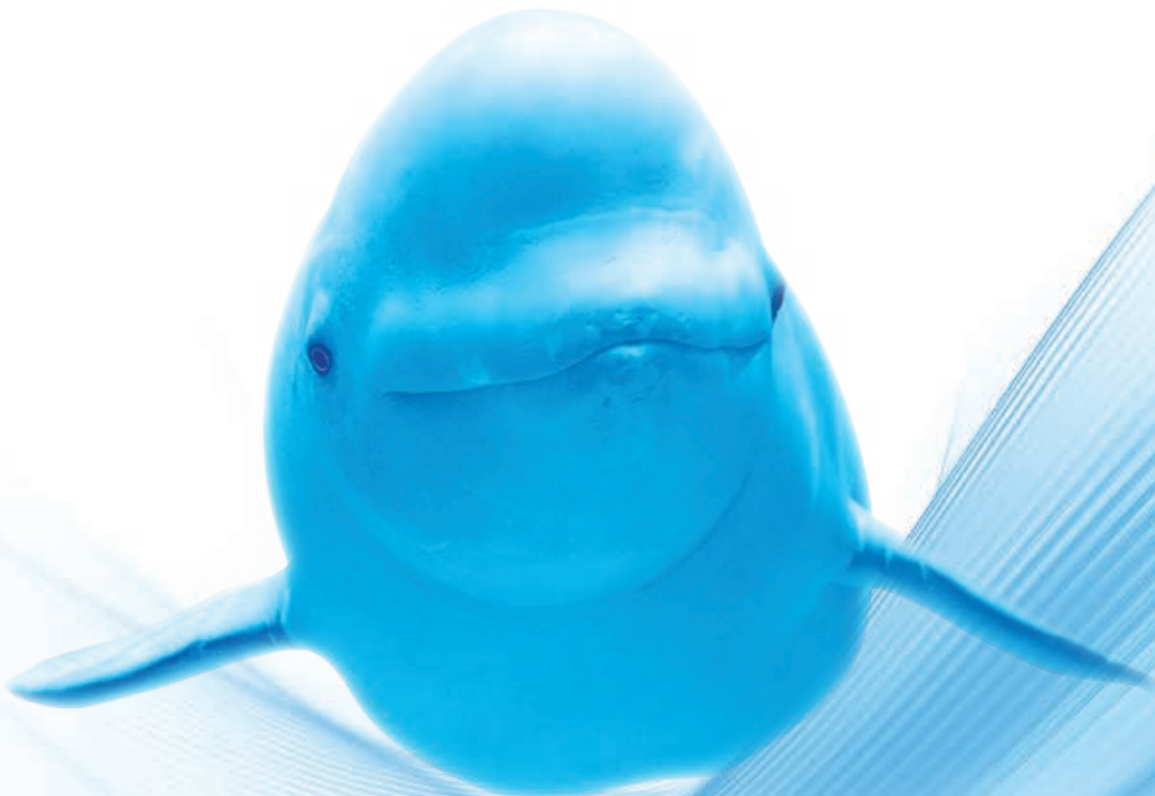
(Incorporated in the Cayman Islands with limited liability)
Stock Code : 2255



Interim Report
2014

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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)
Sun Jianyi (孫建一)
Xie Yanjun (謝彥君)

COMPANY SECRETARY

Yu Leung Fai (HKICPA, AICPA)

AUTHORIZED REPRESENTATIVES

Wang Xuguang
Yu Leung Fai (HKICPA, AICPA)

LEGAL ADVISOR

As to Hong Kong Law
Yih & Co.

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)
Sun Jianyi
Xie Yanjun

REMUNERATION COMMITTEE

Sun Jianyi (Chairman)
Wang Xuguang
Fang Hongxing

NOMINATION COMMITTEE

Qu Naijie (Chairman)
Sun Jianyi
Xie Yanjun

RISK MANAGEMENT AND CORPORATE GOVERNANCE COMMITTEE

Yuan Bing (Chairman)
Fang Hongxing
Xie Yanjun

INDEPENDENT BOARD COMMITTEE

Sun Jianyi (Chairman)
Fang Hongxing
Xie Yanjun

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

Suite 2606 – 2607, 26/F
Two Exchange Square, 8 Connaught Place
Central, Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR

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

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
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
China Construction Bank (Asia) Corporation Limited
Bank of Dalian, Zhongshan Branch, First Central Branch
BNP Paribas, Hong Kong Branch
Xiamen International Bank, Xiamen Siming Branch

STOCK CODE

2255

COMPANY WEBSITE

<http://www.haichangholdings.com>

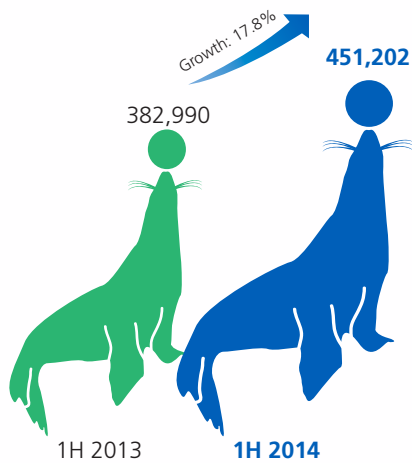




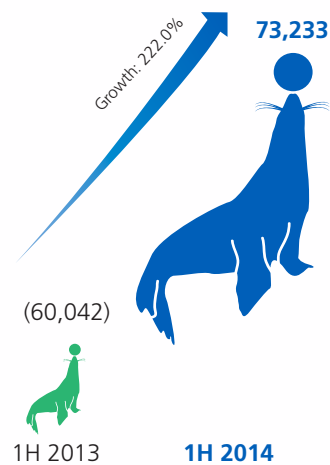
FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 17.8% to approximately RMB451.2 million.
- Profit/(loss) for the period improved from a loss of approximately RMB60.0 million for the six-month period ended 30 June 2013 to a profit of approximately RMB73.2 million for the six-month period ended 30 June 2014.
- Profit/(loss) for the period attributable to owners of the parent improved from a loss of approximately RMB59.9 million for the six-month period ended 30 June 2013 to a profit of approximately RMB73.6 million for the six-month period ended 30 June 2014.

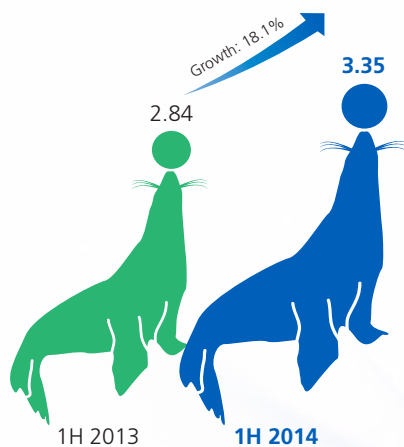
Revenue (RMB'000)



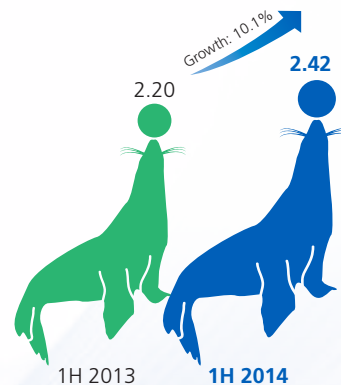
Profit / (loss) (RMB'000)



Admission Attendance (Million)



Ticket Attendance (Million)







CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the board of directors (the "Board" or the "Directors") of Haichang Holdings Ltd. ("Haichang Holdings" or the "Company"), I am pleased to present the results of the Company and its subsidiaries (collectively, the "Group" or "We") for the six months ended 30 June 2014.

For the six months ended 30 June 2014 (the "Period"), our Group recorded a revenue of approximately RMB451,202,000, representing an increase of 17.8% as compared with the corresponding period in 2013; profit/(loss) for the Period improved from a loss of approximately RMB60,042,000 in 30 June 2013 to a profit of approximately RMB73,233,000; profit/(loss) for the Period attributable to owners of the parent improved from a loss of approximately RMB59,887,000 in 30 June 2013 to a profit of approximately RMB73,623,000.

As compared with the six months period ended 30 June 2013, the unaudited admission attendance and unaudited ticket attendance for our six theme parks increased by 18.1% and 10.1% to approximately 3,347,559 visitors and 2,422,838 visitors, respectively. The unaudited online ticket sales revenue, unaudited number of online transactions and unaudited average price per ticket sold online of our six theme parks also increased 39.3%, 24.0% and 12.3%, respectively.

Over the past six months, the synergy arising from the theme parks and ancillary commercial properties continued to emerge and expand. At the same time, as the PRC government continued to take active measures to promote the development of the tourism industry, it is expected that the tourism market in China will grow more healthily and rapidly and our business will be exposed to more development opportunities.

Looking into the second half of 2014, 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 our 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 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 through increasing our marketing efforts, optimize our operating model and revenue structure, expand our strategic cooperation, increase the revenue proportion from in-park spending, expand and enhance our product and service portfolios, further strengthen the development of ancillary commercial properties, and support species preservation and sustainability, with a view to maintaining our position as a leading developer and operator of theme parks and ancillary commercial properties in China.



CHAIRMAN'S STATEMENT

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.

Qu Naijie

Chairman

15 September 2014





MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

Due to China's economic development, increase in disposable income of its citizens, infrastructure improvement, change in holiday policies and gradual development of transport infrastructure in China, public consumption in the tourism industry in China is experiencing a fast growth period. Many Chinese citizens have adopted traveling as part of their lifestyles.

According to the National Bureau of Statistics of China, domestic tourist visits increased from 1,712.0 million in 2008 to 3,262.0 million in 2013 and the total national tourism receipts increased from RMB874.9 billion in 2008 to RMB2,627.6 billion in 2013. In 2013, the number of domestic tourists increased by 10.3% year-on-year to 3,262.0 million. Despite rapid growth in recent years, China's per capita spending on travel is still significantly lower than developed countries. In 2013, the annual per capita spending on travel was RMB805.5 in China, representing approximately 1.9% 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:

	2009	2010	2011	2012	2013
Nominal GDP (RMB in billions)	34,090.3	40,151.3	47,310.4	51,947.0	56,884.5
National Tourism Receipts (RMB in billions)	1,018.4	1,258.0	1,930.5	2,270.6	2,627.6
Growth Rate (%)	16.4%	23.5%	53.5%	17.6%	15.7%
Tourism Earnings as of GDP (%)	3.0%	3.1%	4.1%	4.4%	4.6%

Source: National Bureau of Statistics of China

Rising Urbanization Rate

From 2008 to 2013, China's urbanization rate increased from 47.0% to 53.7%. 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 25 April 2013 and effective as of 1 October 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. On 21 August 2014, the Opinions on Promoting the Reform and Development of the Tourism Industry 《關於促進旅遊業改革發展的若干意見》 (the "Opinions") were issued by the State Council to facilitate the reform and development of the tourism industry in China. The Opinions set out the priority missions in the reform and development of the tourism industry in the forthcoming period, such as, to strengthen the momentum of tourism development, expand the



MANAGEMENT DISCUSSION AND ANALYSIS

space for tourism development and optimize the environment for tourism development. Focusing on the prevailing challenges and problems identified in the reform and development of the tourism industry in China, measures have been introduced to implement the paid leave system, strengthen the tourism infrastructure development, implement fiscal and financial policies which can support tourism development under the new market conditions, improve the land use management system of tourism land and optimize the system for tourism-related personnel development. These measures have strengthened the support under the government policies and it is expected that the prosperity of the tourism industry will be enhanced.

Local governments in the PRC also 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. The government has a strong incentive to continually support the industry.

BUSINESS REVIEW

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 its customers through both the 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 key assets of the Group are its large and diverse animal collection showcased in the theme parks. 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 unaudited admission attendance and unaudited ticket attendance of the six theme parks for the first six-month period ended 30 June 2014 as compared with the corresponding period 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 18.1% from approximately 2,835,138 visitors for the six months ended 30 June 2013 to approximately 3,347,559 visitors for the same period in 2014. The ticket attendance (measured by the number of visitors based on ticket sales) of the six theme parks of the Group increased by 10.1% from approximately 2,200,176 visitors for the six months ended 30 June 2013 to approximately 2,422,838 visitors for the same period in 2014.

Furthermore, in order to tie in with the changes of the spending habits in the market, the Group has expanded its online ticketing channels and adopted a series of online marketing strategies. As a result, the Group has recorded an increase in the unaudited online ticket sales revenue, unaudited number of online transactions and unaudited average price per ticket sold online of the six theme parks it currently owns and operates in the first half of 2014. The online ticket sales revenue for the six months ended 30 June 2014 increased by 39.3% as compared to that for the six months ended 30 June 2013. The number of online transactions for the six months ended 30 June 2014 increased by 24.0% as compared to that for the six months ended 30 June 2013. The average price per ticket sold online increased by 12.3% as compared to that for the six months ended 30 June 2013.



MANAGEMENT DISCUSSION AND ANALYSIS

As to branding and marketing, the Group continued to strengthen and promote the *Haichang Holdings* brand and to improve its branding management system. The Group has preliminary set up and been operating different platforms in order to expand its existing online sales channels, such as official website, new media platform, online sales platform, tour guide mobile application and in-park public Wi-Fi network. In January and March 2014, the Group launched the “South Pole Fairytale Village (南極童話村)” and the “Haichang Little Explorer (海昌小小旅行家)” activities. Later in the summer of 2014, the Group further cooperated with Taomee Holdings Ltd. (NYSE: TAOM) and jointly presented the “Haichang Little Magician – Mole World Adventure (海昌小小魔法師—摩爾莊園大冒險)” activity. Through these activities, the Group aroused the attention of the market and media and attracted more visitors to its theme parks, especially families and children visitors.

The Group proactively implemented various measures to optimize and increase the revenue from in-park spending and profitability, the results of which were obvious during the first half of 2014. In particular, the Group has established and implemented systems to maintain the standard of its catering services and to unify the working process. The Group has also implemented effective incentive scheme and costs control system to increase its revenue and profit, carried out scientific adjustments to its business and profit-sharing models and gradually retrieved projects with higher profit margin to operate on its own in order to increase its gross profit margin. The Group has also enhanced the location and image of its in-park spending points based on the spending patterns of its visitors and has devoted more effort in innovation in order to develop creative products and new projects with interactive experience.

In order to expand its existing strategic cooperation and maintain a diversified development, the Group entered into a strategic cooperation framework agreement with Characters Inc. on 11 June 2014, pursuant to which, the Group will be authorized to use the Japanese cartoon character “Doraemon” for a series of activities and promotions at its theme parks, the Group will develop retail shops with the theme of Doraemon within its theme parks with the assistance of Characters Inc., sell themed products in its theme parks, be able to include the image of Doraemon in its marketing and promotional activities. The parties will also jointly develop media shows and products which will consist of the brand names of the Group and Doraemon and promote the development of the “Town of Doraemon” game or theme park. The Group also entered into a strategic cooperation framework agreement with China Huiyuan Juice Group Limited (Stock Code: 1886) (“Huiyuan Juice”) on 24 June 2014, pursuant to which the beverage products of Huiyuan Juice will be sold across the theme parks of the Group to enrich its portfolio of services and products, the parties will also jointly organize promotional events 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. The Group facilitated the sales of its properties held for sale through taking a forward-looking approach to identify the positioning of its products, reinforcing the expansion of sales channels and strengthening the management of sales revenue. Therefore, the Group reached the expected sales target of its properties held for sale for the six months ended 30 June 2014. By analyzing the structure of its product portfolio, carrying out regular assessment and selection of its tenants, consolidating the complementary functions between different business segments and standardising the standard of its property services, the Group successfully adjusted the combination of the tenants base of its properties held for investment and developed a more diversified tenants base with a higher rental income level. The commercial leasing business of the Group improved in the first half of 2014 as compared to the same period in 2013 as rental income recorded a substantial growth. Meanwhile, the product positioning and planning proposal for the Group’s ancillary commercial properties project (phase II) located in Wuhan were completed.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group has always been endeavored to establish good investor relations and public relations in order to increase the public awareness, understanding and monitoring of the Group. On one hand, the Group actively engaged in communication with investors by one-to-one/group meetings and teleconferences upon the listing of the shares of the Company (the “Shares”) on the Mainboard of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing”). During the period from April to June 2014, in addition to investors from Hong Kong and Europe, the Group has also communicated with a number of other visiting investors. On the other hand, the Group established a two-way communication mechanism with the media in China and Hong Kong, organized a number of reverse roadshow activities in Hong Kong and the places in which its projects are located with the media in China and Hong Kong, it also actively participated in industry exchange activities and tourism seminars.

With respect to industry exchange activities, the Group participated in the 42nd Annual Symposium of the European Association for Aquatic Mammals (EAAM) held in Spain in March 2014 and the 45th Annual Conference of the International Association for Aquatic Animal Medicine (IAAAM) held in Australia in May 2014, at which the Group exchanged and shared views and experiences on international exchange, global marine theme parks growth trends, establishment of animal pedigree, animal species management and animal medical care with its industry peers. The Group, as an organizer, cooperated with the Aquarium Special Committee of the Chinese Association of Natural Science Museums, Hong Kong Ocean Park and International Marine Animal Trainer’s Association, and they jointly launched an animal trainer training program in May 2014. In mid-May 2014, the Group was further appointed to organize the annual meeting of the Polar Science Education Centre of the State Oceanic Administration. Through the above exchanges and cooperation, the Group has strengthened its influence in the marine theme park industry. Regarding animal breeding and scientific research, for the six months ended 30 June 2014, the Company bred more than 20 polar marine animals including sea lions, dolphins, seals and penguins. The Group also enhanced the technical knowledge and performance of its staff by circulating internal technical journals covering areas such as animal management, medical care and training and establishing mechanisms for internal exchange on animal scientific research.

BUSINESS OUTLOOK

The Group will continue to focus on the development of its two pipeline projects, Shanghai Haichang Polar Ocean World and Sanya Haitang Bay Dream World, as well as the cooperation with Dalian Laohutan Marine Park (“Hutan Park”) (the state-owned enterprise which holds 41.7% interests in Dalian Laohutan Ocean Park Co., Ltd (“Dalian Laohutan”), a subsidiary of the Group which operates Dalian Laohutan Ocean Park).

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



MANAGEMENT DISCUSSION AND ANALYSIS

As disclosed in the announcement of the Company dated 3 July 2014 in relation to the update on the recent development of Shanghai Haichang Polar Ocean World, according to the investment agreement and the supplemental agreement 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 park portion of Shanghai Haichang Polar Ocean World will be relocated to a land plot (the “New Land Plot”) in the north-west side of Dishui Lake, Lingang New City of Shanghai, with a site area of approximately 297,000 sq.m. and an estimated total gross floor area of approximately 146,000 sq.m.. The Shanghai Lingang Development and Construction Management Committee (上海臨港地區開發建設管理委員會) has reached a decision on the proposed uses and planning of the New Land Plot. In its public consultation document in connection with the New Land Plot published on 11 August 2014, it is proposed that the New Land Plot shall be for tourism and recreation uses and public views are invited on its proposals in connection with the New Land Plot. Terms and arrangements in relation to the land plot on which the ancillary commercial properties of Shanghai Haichang Polar Ocean World shall be situated will be further negotiated between the Group and Harbor City separately.

The Group has engaged international design firms and completed a detailed product positioning strategy and has commenced the conceptual planning. The Group expects that the adjusted planning of the project will be examined and approved by the relevant government authority(ies) in the PRC by the end of September 2014. The Group has been consulting with the relevant local government authorities and Harbor City and understands that the land tender, auction or listing-for-sale procedures for the land plot for the park portion of the project are expected to be completed by the end of 2014. If the Group can obtain the relevant land use rights in such procedures, the construction of the park portion of the project is expected to commence before the end of December 2014.

Furthermore, in order to strengthen the ability of the operation and management team for Shanghai Haichang Polar Ocean World, the Group has already started to interview candidates with working experiences in leading international management companies and suitable candidate(s) will be invited to join the team.

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 large-scale integrated project that blends 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 16 January 2014. As of 30 June 2014, the design firm engaged by the Group completed the conceptual planning for the land use of the project and passed the preliminary reporting stage with the relevant local municipal government authority in Sanya. In July 2014, China Academy of Urban Planning and Design, the organisation responsible for the examination and approval of the overall planning of the Sanya Haitang Bay area, approved the guidelines for a gross floor area of approximately 100,000 sq.m. of the project. The Group and the Sanya Haitang Bay Management Committee (三亞市海棠灣管理委員會) have entered into an agreement in connection with the construction work of the project land for the tourism-related portion of the project, the greening and road construction work of a portion of the project land has commenced on 8 August 2014 pursuant to the agreement.



MANAGEMENT DISCUSSION AND ANALYSIS

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. The Group will continue to communicate with the relevant government authorities in order to push forward with the acquisitions of the land for the tourism-related portion and the ancillary commercial properties of the project.

Dalian Laohutan Park

As disclosed in the announcement of the Company dated 16 April 2014 regarding the cooperation framework agreement in relation to Dalian Laohutan Park, Haichang (China) Co., Ltd., Dalian Laohutan and Hutun Park entered into a cooperation framework agreement (the "Cooperation Framework Agreement") on 15 April 2014 to strengthen and extend the scope of the existing cooperation between the Group and Hutun Park in relation to the operation and management of Dalian Laohutan Park. Pursuant to the Cooperation Framework Agreement, subject to the approval of the PRC government and the terms of any definitive agreement(s) which the parties may separately enter into within 90 days upon the date of the Cooperation Framework Agreement, Hutun Park shall solely appoint Dalian Laohutan to manage Dalian Laohutan Park and Dalian Laohutan shall have the right to develop, operate and manage any new attractions in the park. As further disclosed in the announcement of the Company dated 14 July 2014 in relation to the Cooperation Framework Agreement, despite the parties have already reached consensus on the details of the material terms and conditions in relation to the proposed cooperation stipulated under the Cooperation Framework Agreement, they require additional time to finalise the definitive agreement(s) and the Board expects that all the terms and conditions of the definitive agreement(s) will be finalised on or before 31 October 2014.

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 and will adhere to its established strategies to expand its businesses, its strategies include the followings:

Strengthen Sales and Marketing and Continue to Promote Its National Theme Park Brand

The core branding strategy of the Group is to establish the Haichang Holdings brand as the leading PRC provider of leisure tourism products. Through identifying and observing the e-commerce development trends and characteristics, the Group can effectively implement measures to manage the price of and integrate the sales of its online sales. In order to provide scientific basis for refined sales channels management and marketing decisions, the Group will establish a comprehensive sales database which will allow it to retrieve and analyse data more effectively. The Group plans to enhance its resource integration ability, launch different themed marketing activities for different categories of customers and increase the utilization rate of the space and time in the park portions of its projects. The Group further plans to enhance the recognition and reputation of its brand by conducting its branding and marketing activities on the internet, new media and traditional media and by continually developing its official website, new media platform and online sales system.



MANAGEMENT DISCUSSION AND ANALYSIS

Optimize Operating Model and Revenue Structure, Expand Strategic Cooperation and Increase Revenue Proportion from In-park Spending

Leverage on the Group's experience in the theme park industry, the Group endeavors to optimize the operating model in order to offer more enriching entertainment experiences to its visitors. At the same time, the Group also plans to optimize its revenue structure by increasing the revenue proportion from in-park spending, the Group will continue to entering into strategic cooperation with domestic or international companies with renowned brand names and leading corporations in the theme park industry with an aim to expand its in-park product and service portfolios.

Expand and Optimize Its Portfolio

Going forward, the Group will focus on the development of a product portfolio primarily comprising marine theme parks and supplemented by water parks, outdoor interactive theme parks, ancillary commercial properties and provision of small and medium-sized aquariums management services. The Group will devote more effort in innovation and proactively explore opportunities to develop new products and services, such as marine-themed entertainment products for children and star products to be jointly developed by the Group and internationally renowned brand names or leading corporations in the theme park industry. The Group will also attempt to integrate its theme park business with products from the creative cultural sector such as online games and movies in order to raise its public awareness.

Further Strengthen Ancillary Commercial Property Development

The Group is committed to provide its visitors with an integrated travel experience by combining a memorable theme park visit with the complementary services supplied by the businesses in the ancillary commercial properties adjacent to its theme parks. The Group will continue to adjust and control the types of businesses offered in its ancillary commercial properties in such a way that the businesses in the ancillary commercial properties and the creative products and services in the theme park can complement each other, this will provide the Group with an opportunity to maximize the synergy between the theme parks and ancillary commercial properties. Meanwhile, the Group targets to develop its newly completed ancillary commercial properties into "integrated travel experience properties".

Support Species Preservation and Sustainability

One of the Group's corporate missions 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. The Group will endeavour to carry out thorough research on animal preservation technology, strengthen its exchanges and technology cooperation with domestic and overseas industry peers and proactively participate in marine science education and social welfare promotion activities.

FINANCIAL REVIEW

Revenue

For the six-month period ended 30 June 2014, the Group recorded a turnover of approximately RMB451.2 million (30 June 2013: approximately RMB383.0 million), representing an approximately 17.8% increment compared with the corresponding period of last year. The increase in turnover was attributed to an increase in revenue generated from its park operations and property development and holding segments.



MANAGEMENT DISCUSSION AND ANALYSIS

Revenue generated from park operations increased by 17.4% from RMB241.2 million in the six months ended 30 June 2013 to RMB283.1 million in the six months ended 30 June 2014, primarily due to an increase in tickets sales and higher in-park consumption relating to merchandise, food and beverage, which was mainly driven by the increase in the number of ticket attendance. For the six months ended 30 June 2014, the ticket attendance of the six theme parks increased by 10.1% to approximately 2,422,838 visitors in the six months ended 30 June 2014 from approximately 2,200,176 visitors in the six months ended 30 June 2013. Revenue from the sales of tickets therefrom increased by 16.9% from RMB215.0 million in the six months ended 30 June 2013 to RMB251.2 million in the six months ended 30 June 2014. Revenue from food and beverage sales increased by 19.2% from RMB13.7 million in the six months ended 30 June 2013 to RMB16.4 million in the six months ended 30 June 2014. Revenue from sale of merchandise and park games fee income increased by 24.8% from RMB12.5 million in the six months ended 30 June 2013 to RMB15.5 million in the six months ended 30 June 2014.

Revenue generated from its property development and holding segment increased by 21.9% from RMB122.8 million in the six months ended 30 June 2013 to RMB149.8 million in the six months ended 30 June 2014, primarily due to an increase of 13.7% in revenue from property sales from RMB112.8 million to RMB128.2 million and an increase of 114.8% in revenue from rental income from RMB10.0 million to RMB21.5 million during the same period. The Group started to recognize sales of its commercial street properties in Tianjin in December 2013 and the sales stayed relatively stable in the first half of 2014.

Cost of Sales

The Group's cost of sales increased by 19.5% from approximately RMB244.4 million for the six-month period ended 30 June 2013 to approximately RMB292.1 for the six-month period ended 30 June 2014, which was in line with the increase in revenue.

Gross Profit

For the six months ended 30 June 2014, the Group's overall gross profit and overall gross profit margin were RMB159.1 million and 35.3% (same period in 2013: RMB138.6 million and 36.2%), respectively. Segment gross profit of the Group's parks operations increased by 38.8% to RMB108.8 million (same period in 2013: RMB78.4 million) and segment margin of the Group's parks operations improved from 32.5% for the six months ended 30 June 2013 to 38.4% for the six months ended 30 June 2014, primarily due to the increase in revenue from its theme parks as a result of the higher admission attendance of its six theme parks in the first half of 2014 and the relatively stable operating expenses of most of its theme parks during the same period.

For the six months ended 30 June 2014, segment gross profit of the Group's property development and holding segment decreased by 16.1% to RMB50.3 million (for the six months ended 30 June 2013: RMB59.9 million). Segment gross margin of the Group's property development and holding segment was 33.6% (same period in 2013: 48.8%). The decrease in gross margin of this segment was mainly due to the difference in the types of properties available for sale compared to the prior period.

Other Income and Gains

The Group's other income and gains increased by 116.3% from approximately RMB108.0 million for the six-month period ended 30 June 2013 to approximately RMB233.6 million for the six-month period ended 30 June 2014, mainly due to the increase in fair value gains on investment properties for the six months ended 30 June 2014.



MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by 61.2% from approximately RMB30.1 million for the six-month period ended 30 June 2013 to approximately RMB48.5 million for the six-month period ended 30 June 2014, mainly due to the increase in promotion and advertising expenses on the Group's theme parks for the purpose of the Listing and the increase in commission fees paid to the travel agencies as a result of the increase in revenue from tickets sales in the first half of 2014.

Administrative Expenses

The Group's administrative expenses increased by 94.9% from approximately RMB56.4 million for the six-month period ended 30 June 2013 to approximately RMB109.9 million for the six-month period ended 30 June 2014, mainly due to certain expenses in connection with the Listing incurred in the first half of 2014 and the increase in staff costs as a result of the reorganization of the listed businesses of the Group.

Finance Costs

The Group's finance costs decreased by 43.3% from approximately RMB192.0 million for the six-month period ended 30 June 2013 to approximately RMB108.8 million for the six-month period ended 30 June 2014, mainly due to the settlement of bank loans and other borrowings with high finance costs made by the Group in the first half of 2014. The effective interest rates of the Group's bank and other borrowings decreased from the range of 6.55% to 15.00% for the year ended 31 December 2013 to the range of 2.59% to 8.30% for the six months ended 30 June 2014.

Income Tax Expenses

The Group's income tax expenses increased by 87.0% from approximately RMB27.9 million for the six-month period ended 30 June 2013 to approximately RMB52.2 million for the six-month period ended 30 June 2014, mainly due to an increase in deferred tax arising from the fair value gains on investment properties recognized during the period.

Profit/(Loss) for the Period

As a result of the foregoing, the profit/(loss) of the Group for the period improved from a loss of approximately RMB60.0 million for the six-month period ended 30 June 2013 to a profit of approximately RMB73.2 million for the six-month period ended 30 June 2014, representing an improvement from a net loss margin of 15.68% for the six-month period ended 30 June 2013 to a net profit margin of 16.23% for the six-month period ended 30 June 2014. During the same period, the profit/(loss) attributable to owners of the parent improved from a loss of approximately RMB59.9 million for the six-month period ended 30 June 2013 to a profit of approximately RMB73.6 million for the six-month period ended 30 June 2014.

Liquidity and Financial Resources

As at 30 June 2014, the Group had total current assets of approximately RMB3,731.4 million (as at 31 December 2013: approximately RMB3,112.9 million). The Group had cash and bank deposits of approximately RMB1,839.2 million (as at 31 December 2013: approximately RMB495.9 million). Pledged bank balances amounted to RMB894.9 million (as at 31 December 2013: RMB2.3 million). The increase in cash and bank deposits for the six-month period ended 30 June 2014 was mainly attributable to the proceeds from the Listing and the increase in revenue generated from its parks operations. The current ratio of the Group was approximately 1.61 (as at 31 December 2013: 1.15).



MANAGEMENT DISCUSSION AND ANALYSIS

Total equity of the Group as at 30 June 2014 was approximately RMB2,843.4 million (as at 31 December 2013: approximately RMB943.5 million). The increase in total equity was mainly due to the increase in the Share premium of the Company as a result of the Listing. As at 30 June 2014, the total interest-bearing bank and other borrowings of the Group was approximately RMB3,239.9 million (as at 31 December 2013: approximately RMB3,371.8 million), all of which was denominated in RMB and Hong Kong Dollar. The repayment schedule of the Group's interest-bearing bank and other borrowings as at 30 June 2014 and 31 December 2013 is summarized below:

	30 June 2014		31 December 2013	
	RMB'000	(%)	RMB'000	(%)
Within one year or on demand	1,446,051	44.6%	931,448	27.6%
In the second year	467,876	14.4%	525,097	15.6%
In the third to fifth years, inclusive	1,114,331	34.4%	1,557,838	46.2%
Over five years	211,614	6.5%	357,398	10.6%
Total	3,239,872	100.0%	3,371,781	100.0%

As at 30 June 2014, the Group had a net gearing ratio of 17.8% (as at 31 December 2013: 233.4%). Net liabilities of the Group include interest-bearing bank and other borrowings, amounts due to related companies, less cash and cash equivalents and amounts due from related companies. The substantial decrease for the six months ended 30 June 2014 was mainly attributable to the increase in total equity as a result of the Listing.

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 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 six-month ended 30 June 2014.



MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

	30 June 2014	31 December 2013
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties*	79,508	87,657
Guarantees given to banks in connection with facilities granted to the related companies**	–	449,449

* 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 periods in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The Directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

** The Group provided guarantees to banks in connection with bank facilities granted to the related companies as at 31 December 2013. The Directors consider that no provision is required in respect of the guarantees.

Capital Commitments

As at 30 June 2014, the Group had capital commitments of approximately RMB420.4 million (as at 31 December 2013: approximately RMB358.2 million), which shall be funded through a variety of means, including cash generated from operations, bank financing and proceeds from the Listing.

Foreign Exchange Rate Risk

The Group mainly operates in China. Other than bank deposits and limited amount of bank borrowings denominated in foreign currency, the Group is not exposed to material foreign exchange rate risk. Appreciation in RMB would have a positive effect on the repayment of interest and bank borrowings denominated in foreign currency. During the six months ended 30 June 2014, though the exchange rate of RMB against the United States Dollar and the Hong Kong Dollar decreased slightly, the Directors expect that any fluctuation in the exchange rate of RMB will not have material adverse effect on the operation of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB2,748.8 million as at 30 June 2014 (as at 31 December 2013: RMB1,942.8 million).

MATERIAL ACQUISITION AND DISPOSAL

There was no material acquisition or disposal of subsidiaries or associated companies undertaken by the Group during the six months ended 30 June 2014.

EMPLOYEES AND REMUNERATION POLICY

When taking into account the Additional Theme Parks, the Group had approximately 2,747 full-time employees and approximately 1,567 temporary workers in the PRC and Hong Kong as at 30 June 2014. 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 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.





CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

Name of Director	Capacity/Nature of Interest	Number of Underlying Shares	Approximate Percentage of Total Issued Shares
Mr. Qu Naijie (Note 1)	Interest in a controlled corporation	2,266,933,000 (L)	56.67%

Note 1: Mr. 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, Mr. Qu Naijie is deemed to be interested in 2,139,177,000 Shares held by Haichang Group Limited as disclosed above and the 127,756,000 Shares held by Speedy Journey Investment Limited in the Company, together representing approximately 56.67% of the total issued Shares.

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

Save as disclosed above, as at 30 June 2014, none of the Directors and 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 required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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 13 March 2014 (the "Listing Date").



CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 23 February 2014. The total number of 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 (the "General Scheme Limit").

During the six months ended 30 June 2014, the Company had not granted any options under the Share Option Scheme (six months ended 30 June 2013: nil). As at 30 June 2014, the total number of Shares available for issue under the Share Option Scheme was 80,000,000 Shares, representing 2% of the total issued share capital of the Company.

MANAGEMENT TRUST

Mr. Qu Naijie set up a management trust (the "Management Trust") in January 2014. The Management Trust is a revocable discretionary trust settled by Mr. Qu Naijie as settlor with Cantrust (Far East) Limited as trustee for the purposes of recognizing and rewarding the contributions of certain eligible persons (the "Beneficiaries"). Speedy Journey Investment Limited is holding the Shares as nominee for Cantrust (Far East) Limited as trustee of the Management Trust and Speedy Journey Investment Limited is 100% owned by Cantrust (Far East) Limited as trustee of the Management Trust. During the six months period ended 30 June 2014, Speedy Journey Investment Limited increased its shareholding in the Company to 127,756,000 Shares, representing approximately 3.19% of the issued share capital of the Company.

It is the intention of Mr. Qu Naijie and the trustee that the Beneficiaries of the Management Trust include Mr. 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 3.19% of the issued 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 Mr. 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. For the six months ended 30 June 2014, no decision had been made by Mr. Qu Naijie or the trustee with respect to any such distribution.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2014, 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	Number of Shares	Approximate Percentage of Total Issued Shares
Haichang Group Limited	Beneficial owner	2,139,177,000 (L)	53.48%
Mr. Qu Naijie (Note 1)	Interest in a controlled corporation	2,266,933,000 (L)	56.67%
Time Dynasty Limited	Beneficial owner	400,444,000 (L)	10.01%
Hony Capital Fund V GP Limited	Interest in a controlled corporation	400,444,000 (L)	10.01%
Hony Capital Fund V GP, L.P.	Interest in a controlled corporation	400,444,000 (L)	10.01%
Hony Capital Fund V L.P.	Interest in a controlled corporation	400,444,000 (L)	10.01%
Hony Capital Management Limited	Interest in a controlled corporation	400,444,000 (L)	10.01%
Hony Managing Partners Limited	Interest in a controlled corporation	400,444,000 (L)	10.01%
Zhao John Huan	Interest in a controlled corporation	400,444,000 (L)	10.01%
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: Mr. 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, Mr. Qu Naijie is deemed to be interested in 2,139,177,000 Shares held by Haichang Group Limited as disclosed above and the 127,756,000 Shares held by Speedy Journey Investment Limited in the Company, together representing approximately 56.67% of the total issued Shares.

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

Other than as disclosed above, as at 30 June 2014, 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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

So far as the Directors were aware, as at 30 June 2014, 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 in issue carrying rights to vote in all circumstances at general meetings of each relevant subsidiary, were as follows:

Member of the Group	Persons with 10% or more interest (other than the Group)	Capacity	Approximate 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%

Save as disclosed above, as at 30 June 2014, the Directors were not aware of any person who had interests or short positions in the shares of the Company which would 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 would 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.

DEED OF NON-COMPETITION FROM THE CONTROLLING SHAREHOLDERS

On 27 February 2014, Mr. Qu Naijie and Haichang Group Limited (collectively, the "Controlling Shareholders") entered into a deed of non-competition (the "Deed of Non-competition") in favor of the Company in order to mitigate any potential conflict of interest between the Group and the Controlling Shareholders. Details of the Deed of Non-competition were disclosed in the prospectus (the "Prospectus") of the Company dated 28 February 2014 in respect of the Listing under the section headed "Relationship with our Controlling Shareholders".

An independent board committee (the "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. For the six months ended 30 June 2014, the Controlling Shareholders have complied with their obligations under the Deed of Non-competition and the Independent Board Committee has not considered any matter or reached any conclusion pursuant to the Deed of Non-competition.

PURCHASES, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six-month period ended 30 June 2014.

PRE-EMPTIVE RIGHTS

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

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed in the sub-section headed "Non-compliance with Rules 3.10(1), 3.10A and 3.21 of the Listing Rules", during the period from the date of publication of the latest annual report of the Company to 30 June 2014, there is no other information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.



CORPORATE GOVERNANCE AND OTHER INFORMATION

USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Listing, after deducting underwriting fees and related expenses, amounted to HK\$2,374,427,521.54 and they were applied in the manner disclosed in the Prospectus. 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 the 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.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “Code”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance.

The Shares were listed on the Main Board of the Stock Exchange with effect from the Listing Date and the Code is applicable to the Company since then. The Company has been in compliance with the code provisions of the Code since the Listing Date and up to the date of this report except as disclosed below.

Under code provision A.6.7 of the Code, all non-executive Directors are recommended to attend general meetings of the Company. Other than Mr. Yuan Bing, all non-executive Directors of the Company (including independent non-executive Directors) were absent from the annual general meeting of the Company held on 25 June 2014 (the “AGM”) due to pre-arranged business commitments.

Under code provision E.1.2 of the Code, the chairman of the Board is recommended to attend annual general meetings of the Company and to invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) of the Company to attend. Mr. Qu Naijie, being the chairman of the Board, was absent from the AGM due to a pre-arranged business commitment. Mr. Wang Xuguang was chosen as the chairman of the AGM. Other than Mr. Yuan Bing, being the chairman of the risk management and corporate governance committee of the Company, the chairmen of all the other committees of the Company were absent from the AGM due to pre-arranged business commitments.

NON-COMPLIANCE WITH RULES 3.10(1), 3.10A AND 3.21 OF THE LISTING RULES

Following the resignation of an independent non-executive Director, Mr. Wei Xiaoan, on 27 May 2014, the number of independent non-executive Directors fell below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules. The number of members of the audit committee of the Company (the “Audit Committee”) also fell below the minimum number required under Rule 3.21 of the Listing Rules.



CORPORATE GOVERNANCE AND OTHER INFORMATION

Furthermore, the number of members of the nomination committee, the risk management and corporate governance committee and the independent board committee of the Company also fell below the minimum number required under the A.5.1 of the Code and the terms of reference of the respective committees.

The Company has endeavoured to identify a suitable candidate to fill up the roles of Mr. Wei Xiaoran upon his resignation. Prof. Xie Yanjun was appointed as an independent non-executive Director and a member of the Audit Committee, the nomination committee, the risk management and corporate governance committee and the Independent Board Committee of the Company with effect from 22 August 2014, the Company has fulfilled the requirements under Rules 3.10(1), 3.10A, 3.21 of the Listing Rules, the A.5.1 of the Code and the terms of reference of the respective committees.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as its own code of conduct for securities transactions by Directors. The Company has made specific enquiries to all Directors and all Directors have confirmed that they have strictly complied with the Model Code during the period under review.

AUDIT COMMITTEE

As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Prof. Fang Hongxing, Mr. Sun Jianyi and Prof. Xie Yanjun, all of whom are independent non-executive Directors. Prof. Fang Hongxing is the chairman of the Audit Committee.

The Audit Committee has reviewed together with the Directors and the Company's external auditor the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2014.

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six-month period ended 30 June 2014.

EVENTS AFTER BALANCE SHEET DATE

On 11 July 2014, the Group entered into an agreement with Hutan Park to extend the date of the definitive agreements regarding the original Cooperation Framework Agreement of Dalian Laohutan Park dated 15 April 2014.

On behalf of the Board

Mr. Wang Xuguang

Executive Director and Chief Executive Officer

15 September 2014





INDEPENDENT REVIEW REPORT



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To the board of directors of Haichang Holdings Ltd.

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 30 to 68 which comprises the condensed consolidated statements of financial position of Haichang Holdings Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2014 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and statements of cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. 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.

SCOPE OF REVIEW

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

Ernst & Young

Certified Public Accountants

Hong Kong

24 August 2014

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**

For the six months ended 30 June 2014

	Notes	For the six months ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
REVENUE	5	451,202	382,990
Cost of sales		(292,097)	(244,417)
GROSS PROFIT		159,105	138,573
Other income and gains	5	233,588	107,996
Selling and marketing expenses		(48,502)	(30,093)
Administrative expenses		(109,911)	(56,402)
Other expenses		(50)	(224)
Finance costs	6	(108,769)	(191,962)
PROFIT/(LOSS) BEFORE TAX	7	125,461	(32,112)
Income tax expenses	8	(52,228)	(27,930)
PROFIT/(LOSS) FOR THE PERIOD		73,233	(60,042)
Attributable to:			
Owners of the parent		73,623	(59,887)
Non-controlling interests		(390)	(155)
		73,233	(60,042)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic (RMB cents)	9	2.04	(2.00)



CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	73,233	(60,042)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	9,532	576
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	9,532	576
Items not to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	12,180	(8,361)
Net other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods	12,180	(8,361)
Other comprehensive income/(loss)	21,712	(7,785)
TOTAL COMPREHENSIVE INCOME/(LOSS)	94,945	(67,827)
Attributable to:		
Owners of the parent	95,335	(67,672)
Non-controlling interests	(390)	(155)
	94,945	(67,827)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

30 June 2014

		30 June	31 December
		2014	2013
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,836,100	1,865,012
Investment properties	11	1,659,000	1,376,000
Prepaid land lease payments		299,760	304,692
Intangible assets		397	376
Available-for-sale investment		19,170	19,170
Deferred tax assets		69,890	63,090
Long-term prepayments		14,896	19,005
Total non-current assets		3,899,213	3,647,345
CURRENT ASSETS			
Completed properties held for sale	12	462,871	527,651
Properties under development	13	410,648	476,257
Inventories		6,703	8,200
Trade receivables	14	40,896	26,791
Available-for-sale investment		10,200	200
Prepayments, deposits and other receivables		61,007	54,348
Due from the ultimate holding company	18	–	610
Due from related companies	18	509	1,460,891
Due from a non-controlling equity holder	18	4,468	59,675
Pledged bank balances	15	894,883	2,292
Cash and cash equivalents	15	1,839,207	495,936
Total current assets		3,731,392	3,112,851
CURRENT LIABILITIES			
Gross amount due to a contract customer		59,138	13,417
Trade and bills payables	16	274,841	360,175
Other payables and accruals		225,561	227,709
Due to related companies	18	5	787,292
Advances from customers		65,421	145,838
Interest-bearing bank and other borrowings	17	1,446,051	931,448
Government grants		12,122	9,516
Deferred revenue		7,269	5,354
Tax payables		233,283	232,049

continued/...



CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

30 June 2014

	Notes	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
Total current liabilities		2,323,691	2,712,798
NET CURRENT ASSETS		1,407,701	400,053
TOTAL ASSETS LESS CURRENT LIABILITIES		5,306,914	4,047,398
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	17	1,793,821	2,440,333
Government grants		549,353	585,703
Deferred tax liabilities		120,323	77,842
Total non-current liabilities		2,463,497	3,103,878
NET ASSETS		2,843,417	943,520
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Issued capital	22	2,451	72
Reserves		2,706,193	805,520
		2,708,644	805,592
Non-controlling interests		134,773	137,928
TOTAL EQUITY		2,843,417	943,520

Wang Xuguang
 Director

Zhao Wenjing
 Director



CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the parent								
	Issued capital	Share premium	Capital reserve	Statutory reserves	Exchange fluctuation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2014	72	509,596	55,939	80,569	(17,227)	176,643	805,592	137,928	943,520
Profit for the period	-	-	-	-	-	73,623	73,623	(390)	73,233
Exchange differences on translation of foreign operations	-	-	-	-	21,712	-	21,712	-	21,712
Total comprehensive income for the period	-	-	-	-	21,712	73,623	95,335	(390)	94,945
Issue of shares	613	1,934,397	-	-	-	-	1,935,010	-	1,935,010
Capitalization issue	1,766	(1,766)	-	-	-	-	-	-	-
Share issue expense	-	(78,542)	-	-	-	-	(78,542)	-	(78,542)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(2,765)	(2,765)
Deemed distribution to the then equity holders	-	-	(48,751)	-	-	-	(48,751)	-	(48,751)
Transfer	-	-	-	15,747	-	(15,747)	-	-	-
As at 30 June 2014 (Unaudited)	2,451	2,363,685*	7,188*	96,316*	4,485*	234,519*	2,708,644	134,773	2,843,417
As at 1 January 2013	72	509,596	330,580	57,519	(3,189)	113,585	1,008,163	135,697	1,143,860
Loss for the period	-	-	-	-	-	(59,887)	(59,887)	(155)	(60,042)
Exchange differences on translation of foreign operations	-	-	-	-	(7,785)	-	(7,785)	-	(7,785)
Total comprehensive loss for the period	-	-	-	-	(7,785)	(59,887)	(67,672)	(155)	(67,827)
Deemed distribution to the then equity holders	-	-	(39,473)	-	-	-	(39,473)	-	(39,473)
Transfer	-	-	-	5,469	-	(5,469)	-	-	-
As at 30 June 2013 (Unaudited)	72	509,596*	291,107*	62,988*	(10,974)*	48,229*	901,018	135,542	1,036,560

* These reserve accounts comprise the consolidated reserves of RMB2,706,193,000 and RMB900,946,000 as at 30 June 2014 and 30 June 2013, respectively.



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2014

	Notes	For the six months ended 30 June	
		2014	2013
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		125,461	(32,112)
Adjustments for:			
Depreciation of items of property, plant and equipment	7	57,447	56,698
Amortisation of intangible assets	7	27	12
Amortisation of prepaid land lease payments	7	4,932	4,221
Reversal of provision for inventories	7	(97)	(585)
Loss on disposal of items of property, plant and equipment		869	42
Gain on revaluation upon reclassification from completed properties held for sale and change in fair value of investment properties, net	5	(150,694)	(6,390)
Impairment of trade and bills receivables	7	2,536	–
Finance costs	6	108,769	191,962
Interest income	5	(14,871)	(90,781)
		134,379	123,067
Increase in properties under development		(58,124)	(24,236)
Decrease in completed properties held for sale		92,798	62,882
Increase/(decrease) in a gross amount due to a contract customer		45,721	(956)
Decrease/(increase) in inventories		1,594	(30)
Increase in trade receivables		(16,641)	(4,455)
Increase in prepayments, deposits and other receivables		(2,615)	(40,914)
Increase in restricted cash and bank balances		(29,194)	–
Decrease in advances from customers		(80,417)	(75,483)
Decrease in trade and bills payables		(85,845)	(96,525)
(Decrease)/increase in other payables and accruals		(2,148)	3,646
(Decrease)/increase in government grants		(33,744)	4,005
Increase in deferred revenue		1,915	2,963
Cash used in operations		(32,321)	(46,036)
Interest received		14,871	63,268
Tax paid		(15,313)	(27,486)
Net cash flows used in operating activities		(32,763)	(10,254)

continued/...

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the six months ended 30 June 2014

	Notes	For the six months ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	10	(29,404)	(86,864)
Decrease/(increase) in long-term prepayments		4,109	(363)
(Increase)/decrease in available-for-sale investments		(10,000)	179,982
Decrease in an amount due from the ultimate holding company		610	–
Decrease/(increase) in amounts due from related companies		1,460,382	(193,100)
Decrease in an amount due from a non-controlling equity holder		55,207	–
Proceeds from disposal of items of property, plant and equipment		–	450
Purchase of intangible assets		(48)	–
Additions to investment properties	11	(21,878)	(101,610)
Net cash flows from/(used in) investing activities		1,458,978	(201,505)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares, net of share issue expenses		1,856,468	–
(Decrease)/increase in amounts due to related companies		(787,287)	303,448
(Decrease)/increase in finance lease payables		(93,014)	97,545
Deemed distribution to the then equity holders		(48,751)	–
New bank and other loans		847,913	780,000
Repayment of bank and other loans		(882,511)	(536,420)
(Increase)/decrease in pledged deposits		(892,591)	197
Acquisition of non-controlling interests		(2,765)	(823)
Interest paid		(123,482)	(231,952)
Net cash flows (used in)/from financing activities		(126,020)	411,995
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		495,936	404,040
Effect of foreign exchange rate changes, net		13,882	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,810,013	604,276

continued/...



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2014

	For the six months ended 30 June	
	2014	2013
	<i>Notes</i> RMB'000 (Unaudited)	<i>RMB'000</i> (Unaudited)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the statement of financial position	1,521,016	326,234
Non-pledged deposits with original maturity of less than three months when acquired	318,191	278,042
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENTS OF FINANCIAL POSITION	1,839,207	604,276
Restricted cash and bank balances	(29,194)	–
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENTS OF CASH FLOWS	1,810,013	604,276



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

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 PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Group is principally engaged in the development, construction and operation of theme parks, property development and investment and hotel operations in Mainland China. In the opinion of the directors of the Company, the Company's immediate and ultimate holding company is Haichang Group Limited, a company incorporated in the British Virgin Islands (the "BVI") at 30 June 2014.

2.1 BASIS OF PREPARATION

The unaudited interim financial information for the six-month period ended 30 June 2014 (the "Interim Financial Information") has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2013.

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 consolidated financial information has 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 2013 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.

The consolidated financial information has incorporated the financial information of the Company and its subsidiaries for the six months ended 30 June 2014 and the year ended 31 December 2013. Although 上海海昌極地海洋世界有限公司 ("Shanghai Haichang") 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.



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

2.2 BASIS OF PRESENTATION (continued)

The consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the six months ended 30 June 2014 and 2013 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 consolidated statements of financial position of the Group as at 30 June 2014 and 31 December 2013 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

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 pooling interest accounting.

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

3. CHANGES IN THE GROUP'S ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

The Group applied the below new standards and amendments for the first time in 2014. However, they do not impact the interim condensed consolidated financial information of the Group.

The nature and impact of each new standard/amendment are described below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have had no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have had no impact on the Group.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have had no impact on the Group.



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

3. CHANGES IN THE GROUP'S ACCOUNTING POLICIES (continued)

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 *Fair Value Measurement* on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. These amendments have had no significant impact on the Group.

IFRIC 21 *Levies*

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 *Income Taxes*) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial information. These amendments have had no impact on the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. 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) the parks operations segment engages in the development, construction and operation of theme parks;
- (b) the property development and holding segment engages in the sale of properties 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 operations 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 investments, 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.



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

4. OPERATING SEGMENT INFORMATION (continued)

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.

Operating segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the six-month period from 1 January to 30 June:

Six months from 1 January to 30 June 2014 (Unaudited)	Parks operations <i>RMB'000</i>	Property development and holding <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue				
Sales to external customers and total revenue	283,142	149,777	18,283	451,202
Revenue from continuing operations				<u>451,202</u>
Segment results	108,819	50,286	–	159,105
<i>Reconciliations:</i>				
Unallocated income				233,588
Unallocated expenses				(158,463)
Finance costs				<u>(108,769)</u>
Profit before tax				<u>125,461</u>



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

4. OPERATING SEGMENT INFORMATION (continued)

30 June 2014 (Unaudited)	Park operations <i>RMB'000</i>	Property development and holding <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	2,167,383	2,532,519	–	4,699,902
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>2,930,703</u>
Total assets				<u>7,630,605</u>
Segment liabilities	–	–	59,138	59,138
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>4,728,050</u>
Total liabilities				<u>4,787,188</u>
Other segment information				
Impairment losses recognized/(reversed) in the statement of profit or loss	(97)	3,703	–	3,606
Depreciation and amortization				
Unallocated				27
Segment	62,379	–	–	62,379
Capital expenditure*				
Unallocated				48
Segment	29,404	21,878	–	51,282

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



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

4. OPERATING SEGMENT INFORMATION (continued)

Six months from 1 January to 30 June 2013 (Unaudited)	Parks operations <i>RMB'000</i>	Property development and holding <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue				
Sales to external customers	241,183	122,825	18,982	382,990
Revenue from continuing operations				<u>382,990</u>
Segment results	78,407	59,943	223	138,573
<i>Reconciliations:</i>				
Unallocated income				107,996
Unallocated expenses				(86,719)
Finance costs				<u>(191,962)</u>
Loss before tax				<u>(32,112)</u>



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

4. OPERATING SEGMENT INFORMATION (continued)

31 December 2013 (Audited)	Park operations <i>RMB'000</i>	Property development and holding <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	2,206,833	2,379,908	–	4,586,741
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>2,173,455</u>
Total assets				<u>6,760,196</u>
Segment liabilities	–	–	13,417	13,417
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>5,803,259</u>
Total liabilities				<u>5,816,676</u>
Six months from 1 January to 30 June 2013 (Unaudited)				
Other segment information				
Impairment losses recognised in the statement of profit or loss	(585)	–	–	(585)
Depreciation and amortisation				
Unallocated				12
Segment	60,919	–	–	60,919
Capital expenditure				
Segment	86,864	–	–	86,864



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents income from the sales of tickets for entertainment theme park operations and the sales of goods for restaurant and store operations, park theme fee income, and income from hotel operations, and the sales of properties, and gross rental income received and receivable from investment properties, an appropriate proportion of contract revenue of construction contracts for the six months ended 30 June 2014 and 2013, net of business tax and other surcharges.

	Notes	For the six months ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Revenue			
Tickets sales		251,243	215,008
Property sales		128,229	112,795
Food and beverage sales		16,352	13,723
Sale of merchandise and park games fee income		15,547	12,453
Rental income	7	21,548	10,030
Construction contracts		17,246	17,956
Income from hotel operations		1,037	1,025
		451,202	382,990
Other income			
Government grants		41,367	5,209
Interest income	7	4,438	2,663
Interest income from related companies	7	10,433	88,118
Income from insurance claims		6,895	2,594
Others		19,761	3,022
		82,894	101,606
Gain			
Gain on revaluation upon reclassification from completed properties held for sale and investment properties, net		150,694	–
Fair value gains on investment properties		–	6,390
		150,694	6,390
		233,588	107,996



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

6. FINANCE COSTS

	For the six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Interest on bank loans and other borrowings	118,654	223,091
Interest on finance leases	4,828	8,861
Total interest expenses on financial liabilities not at fair value through profit or loss	123,482	231,952
Less: Interest capitalised	(14,713)	(39,990)
	108,769	191,962

7. PROFIT/(LOSS) BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Cost of properties sold		92,798	62,882
Cost of merchandise goods sold		4,529	3,529
Cost of services provided		194,770	178,006
Depreciation		57,447	56,698
Amortisation of prepaid land lease payments		4,932	4,221
Impairment of trade and bills receivables		2,536	–
Direct operating expenses arising on rental-earning properties		–	48
Amortisation of intangible assets		27	12
Loss on disposal of items of property, plant and equipment		869	42
Reversal of provision for inventories		(97)	(585)
Fair value losses on investment properties		(17,878)	–
Foreign exchange differences, net		(16,095)	–
Minimum lease payments under operating leases in respect of properties		240	320
Employee benefit expense (excluding directors' remuneration):			
Wages and salaries		54,274	40,356
Bonuses		8,522	729
Retirement benefit scheme contribution		7,811	5,744
		70,607	46,829
Fair value gains on investment properties	5	–	(6,390)
Gain on revaluation upon reclassification from completed properties held for sale	5	(168,572)	–
Rental income	5	(21,548)	(10,030)
Interest income	5	(4,438)	(2,663)
Interest income from related companies	5	(10,433)	(88,118)



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

8. INCOME TAX

Provision for PRC corporate income tax (the "CIT") has been provided at the applicable income tax rate of 25% for the six months ended 30 June 2014 (six months ended 30 June 2013: 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 ("LAT") effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all income from the sale or transfer of state-owned leasehold interests on land, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

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

Income tax in the consolidated statement of comprehensive income represents:

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – Mainland China:		
Charge for the period – CIT	16,208	696
LAT	339	17,650
	16,547	18,346
Deferred tax	35,681	9,584
Total tax charge for the period	52,228	27,930



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

9. EARNINGS/(LOSS) 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 six months ended 30 June 2014, and the weighted average number of ordinary shares issued during the period on the assumption that the capitalisation issue of 2,885,608,004 shares have been effective on 1 January 2013.

The calculation of the basic earnings/(loss) per share amounts is based on:

	30 June 2014	30 June 2013
	RMB'000	RMB'000
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	73,623	(59,887)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	3,605,555,556	3,000,000,000

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

10. PROPERTY, PLANT AND EQUIPMENT

	Total
	RMB'000
At 1 January 2014	1,865,012
Additions	29,404
Depreciation	(57,447)
Disposal	(869)
At 30 June 2014	1,836,100

Included in the property, plant and equipment as at 30 June 2014 was certain machinery with a net carrying amount of RMB59,499,000 for which was held under finance leases (31 December 2013: RMB188,162,000).

The Group's property, plant and equipment with a carrying value of RMB1,151,953,000 were pledged to secure banking facilities granted to the Group at 30 June 2014 (31 December 2013: RMB1,086,965,000) (note 17).



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

11. INVESTMENT PROPERTIES

	Completed		
	RMB'000		
At 1 January 2014			1,376,000
Additions			21,878
Reclassification from completed properties held for sale (note 12)			279,000
Net loss from fair value adjustments (note 7)			(17,878)
At 30 June 2014			1,659,000

	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 12)	61,000	–	61,000
Transfer upon completion	364,881	(364,881)	–
Net gain from fair value adjustments	66,957	–	66,957
At 31 December 2013	1,376,000	–	1,376,000

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, summary details of which are included in note 19.

The Group's investment properties as at 30 June 2014 were revalued by DTZ by the income approach.

Included in the completed investment properties were certain buildings with a carrying value of RMB375,000,000 (31 December 2013: RMB336,000,000) for which the property certificates have not been obtained as at 30 June 2014.

The Group's investment properties with a carrying value of RMB462,116,000 (31 December 2013: RMB544,116,000) were pledged to secure general banking facilities granted to the Group at 30 June 2014 (note 17).



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

11. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 30 June 2014 using			
	Quoted	Significant	Significant	Total
	prices in	observable	unobservable	
	active	inputs	inputs	
markets	(Level 2)	(Level 3)		
	(Level 1)			
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	1,659,000	1,659,000

During the six months ended 30 June 2014 (31 December 2013: 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:

	30 June 2014	31 December 2013
	RMB'000	RMB'000
Carrying amount at 1 January	1,376,000	1,143,000
Additions	21,878	105,043
Reclassification from completed properties held for sale	279,000	61,000
Net (loss)/gain from fair value adjustments recognised in other income in profit or loss	(17,878)	66,957
Carrying amount at period/year end	1,659,000	1,376,000

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)
Six months ended 30 June 2014	Income method	Market monthly rental rate (RMB/square metre)	62-140
		Capitalisation rate	4.5%-6%



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

11. INVESTMENT PROPERTIES (continued)

Fair value hierarchy (continued)

Under the income method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase/(decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease/(increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.

12. COMPLETED PROPERTIES HELD FOR SALE

	30 June 2014	31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at beginning of period/year	527,651	470,871
Transfer from properties under development (note 13)	138,446	291,902
Fair value change on completed properties held for sale	168,572	17,078
Reclassification to investment properties (note 11)	(279,000)	(61,000)
Recognised in the current period/year	(92,798)	(191,200)
Carrying amount at end of period/year	462,871	527,651

During the six months ended 30 June 2014, the Group transferred certain completed properties held for sale to investment properties. The properties were revalued at the dates of change in use by Debenham Tie Leung Shenzhen Valuation Company Ltd – Beijing Branch ("DTZ"). The difference between the fair values of the properties at those dates and their then carrying amounts of RMB168,572,000 (year ended 31 December 2013: RMB17,078,000) was recognised in the statement of profit or loss for the period ended 30 June 2014.



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

13. PROPERTIES UNDER DEVELOPMENT

	30 June 2014	31 December 2013
	RMB'000	RMB'000
Carrying amount at beginning of period/year	476,257	648,047
Additions	72,837	120,112
Transfer to completed properties held for sale (note 12)	(138,446)	(291,902)
Carrying amount at end of period/year	410,648	476,257

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 a carrying values at 30 June 2014 of RMB43,616,000 (31 December 2013: RMB82,441,000) were pledged to secure bank loans granted to the Group at 30 June 2014 (note 19).

As at 31 December 2013, the Group pledged properties under development with an amount of RMB297,922,000 for bank 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.

As at 31 December 2013, the Group pledged properties under development with an amount of RMB287,224,000 for bank 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.

14. TRADE RECEIVABLES

	30 June 2014	31 December 2013
	RMB'000	RMB'000
Trade receivables	47,135	30,494
Less: provision for doubtful debts	(6,239)	(3,703)
	40,896	26,791

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.



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

14. 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:

	30 June 2014	31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	18,968	13,509
Over 90 days and within one year	12,456	2,603
Over one year	9,472	10,679
	40,896	26,791

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

	30 June 2014	31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January	3,703	3,214
Impairment losses recognised (note 7)	2,536	489
	6,239	3,703

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

	30 June 2014	31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>
Neither past due nor impaired	36,896	24,415
Past due within one year	3,957	2,333
Past due over one year	43	43
	40,896	26,791

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.



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

15. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2014	31 December 2013
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cash and bank balances	1,523,309	498,228
Time deposits with original maturity of less than three months	1,210,781	–
	2,734,090	498,228
Less: Pledged for interest-bearing bank loans	(892,939)	(539)
Pledged for mortgage loan of purchasers	(1,546)	(1,546)
Pledged for bills payable	(398)	(207)
	(894,883)	(2,292)
Unpledged cash and cash equivalents	1,839,207	495,936
Less: restricted cash and bank balances*	(29,194)	–
Unpledged and unrestricted cash and cash equivalents	1,810,013	495,936

* The cash balance received from customers for presale properties are restricted to use for construction of related properties.

At the end of the reporting period, the cash and bank balances and the time deposits of the Group denominated in RMB amounted to RMB856,305,000 (31 December 2013: RMB218,800,000). 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.

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.



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

16. TRADE AND BILLS PAYABLES

	30 June 2014	31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>
Less than one year	56,439	55,578
Over one year	218,402	304,597
	274,841	360,175

The bills payable were secured by the pledge of the Group's time deposits of and RMB398,000 at 30 June 2014 (31 December 2013: RMB207,000) (note 15).

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.

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2014	31 December 2013
	<i>RMB'000</i>	<i>RMB'000</i>
Finance lease payables	40,811	133,825
Other loans – secured	402,094	917,838
Bank loans – secured	2,796,967	2,320,118
	3,239,872	3,371,781
Current:		
Finance lease payables	23,702	107,914
Other loans – secured	28,956	140,743
Bank loans – secured	843,615	158,000
Current portion of non-current loans – secured	549,778	524,791
	1,446,051	931,448
Non-current:		
Finance lease payables	17,109	25,911
Other loans – secured	373,138	778,195
Bank loans – secured	1,403,574	1,636,227
	1,793,821	2,440,333



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

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

	30 June 2014	31 December 2013
	RMB'000	RMB'000
Repayable:		
Within one year or on demand	1,446,051	931,448
In the second year	467,876	525,097
In the third to fifth years, inclusive	1,114,331	1,557,838
Over five years	211,614	357,398
	3,239,872	3,371,781

- (i) The Group's bank loans were secured by the pledges of the Group's assets with carrying values at 30 June 2014 and 31 December 2013 as follows:

	<i>Notes</i>	30 June 2014	31 December 2013
		RMB'000	RMB'000
Property, plant and equipment	10	1,151,953	1,086,965
Investment properties	11	462,116	544,116
Prepaid land lease payments		198,191	228,740
Properties under development	13	43,616	82,441
Pledged bank balances	14	892,939	539

天津極地旅遊有限公司 ("Tianjin Park"), a subsidiary of the Company, pledged its rights of income received and of park operation for certain borrowings amounting to RMB306,228,000 granted to the Group at 30 June 2014 (31 December 2013: RMB335,900,000).

大連老虎灘海洋公園有限公司 ("LHT"), a subsidiary of the Company, pledged its rights of income received and of park operation for certain borrowings amounting to RMB225,000,000 granted to the Group at 30 June 2014 (31 December 2013: RMB500,000,000).

煙臺漁人碼頭投資有限公司 ("Yantai Park"), a subsidiary of the Company, pledged its rights of income received and of park operation and the Group pledged its 100% equity interest in a subsidiary, 青島極地海洋世界有限公司 ("Qingdao Park"), for certain borrowings amounting to RMB177,095,000 granted to the Group at 30 June 2014 (31 December 2013: RMB186,500,000).

Qingdao Park pledged its trade receivables arising from sales from January 2010 to January 2025 for certain borrowings amounting to RMB500,100,000 granted to the Group at 30 June 2014 (31 December 2013: RMB550,080,000). As at 30 June 2014, the related trade receivables amounted to RMB15,868,000 (31 December 2013: RMB14,922,000).



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

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

- (ii) As at 31 December 2013, certain related companies and Mr. Qu executed guarantees for certain borrowings amounting to RMB631,800,000 granted to the Group.

As at 31 December 2013, certain other non-current loans of RMB530,000,000 granted to the Group were applied and lent to Haichang Group at a similar interest rate.

All the Group's borrowings are denominated in RMB and HKD.

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 except for those bearing interest at fixed rates.

The bank and other borrowing balances of the Group bear interest at floating rates, except for bank and other borrowings of RMB2,327,446,000 at 30 June 2014 (31 December 2013: RMB1,520,024,000) bear interest at fixed rates.

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

Six months ended 30 June 2014	2.59% to 8.30%
Year ended 31 December 2013	6.55% to 15.00%

18. RELATED PARTY TRANSACTIONS AND BALANCES

The related companies with which the Group had transactions were as follows:

Name of related parties	Relationship with the Group
Mr. Qu	Shareholder of the Company
程春萍 ("Ms. Cheng")	Wife of Mr. Qu and shareholder of the Company
Haichang Corporation Development	Mr. Qu and Ms. Cheng are beneficial equity holders
天津海昌房地產開發有限公司	Mr. Qu and Ms. Cheng are beneficial equity holders
("Tianjin Haichang Property")	
天津極地海洋置業有限公司	Mr. Qu and Ms. Cheng are beneficial equity holders
("Tianjin Pole Ocean Property")	
大連海昌集團有限公司	Mr. Qu and Ms. Cheng are beneficial equity holders
("Haichang Group")	
Haichang Property Group	Mr. Qu and Ms. Cheng are beneficial equity holders
大連海昌房屋開發有限公司	Mr. Qu and Ms. Cheng are beneficial equity holders
("Haichang Property Development")	



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Name of related parties	Relationship with the Group
武漢物業管理有限公司 ("Wuhan Property Management")	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
大連聯運有限公司 ("Dalian Lianyun")	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
大連海昌房地產集團有限公司 ("Haichang Property Group")	Mr. Qu and Ms. Cheng are beneficial equity holders
Hong Kong Merry Great Investment Limited	Mr. Qu Cheng (the son of Mr. Qu and Ms. Cheng) is a beneficial equity holder
Sea Fortune Navigation Limited ("Sea Fortune")	Mr. Qu Cheng is a beneficial equity holder
Hong Kong Smooth Clear Holdings Limited ("Hong Kong Smooth Clear")	Mr. Qu Cheng is a beneficial equity holder
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
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
大連世博房地產開發有限公司 ("Dalian Shibo")	Mr. Qu and Ms. Cheng are beneficial equity holders
香港東方投資控股有限公司 ("HK East Investment")	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



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

18. 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	For the six months ended 30 June	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
<i>Rental income:</i>			
Haichang Corporation Development	(a)(i)	2,400	382
<i>Interest income:</i>			
Haichang Group	(a)(ii)	10,433	60,605
Haichang Corporation Development	(a)(iii)	–	27,513
		10,433	88,118
<i>Management fee expense:</i>			
Wuhan Property Management	(a)(iv)	–	1,307
<i>Interest expense:</i>			
Haichang Corporation Development	(a)(vi)	–	32,963
<i>Expenses paid on behalf of a related company:</i>			
Chengdu Rongxin Property	(a)(vii)	–	553
<i>Purchase of property, plant and equipment:</i>			
Orix Lease	(a)(viii)	–	4,644
<i>Purchase of properties:</i>			
Haichang Property Development	(a)(ix)	–	88,603



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

- (i) 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. The Group continues to lease the premises to Haichang Corporation Development under a new lease (the "Lease") dated 24 January 2014 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. Rental income for the period ended 30 June 2014 from Haichang Corporation Development was RMB2,400,000 (six months ended 30 June 2013: RMB382,000).

In the opinion of the directors of the Company, the transactions between the Group and Haichang Corporation Development were conducted in the ordinary and usual course of business and on terms and conditions similar to those entered into with unrelated parties.

- (ii) The Group derived interest income amounting to RMB10,433,000 (six months ended 30 June 2013: RMB60,605,000) from Haichang Group from the loan granted which bore interest at 13.56% per annum and the loan was repaid in February 2014.
- (iii) During the six months ended 30 June 2013, the Group granted loans to Haichang Corporation Development at a below market interest rate which resulted in a deemed distribution and interest income of RMB27,513,000 upon discounting to net present value.
- (iv) During the year ended 31 December 2013, Wuhan Property Management entered into a property management agreement with the Group whereby the Group engaged Wuhan Property Management to provide property management service for RMB2,613,000 per annum for a 12-month period commencing from 1 January 2013. During the six months ended 30 June 2013, management fee income from Wuhan Property Management was RMB1,307,000.

The management fee paid was agreed between the Group and Wuhan Property Management.

- (v) On 24 January 2014, Haichang Corporation Development and the Group entered into a project management framework agreement pursuant to which Group will provide project management and quality control services for the real estate projects of Haichang Corporation Development in Mainland China from the date of the Company's shares listing on the Stock Exchange to 31 December 2015.
- (vi) Haichang Corporation Development granted a loan to the Group through certain bank which bore interest at 15.00% per annum and was repayable in one year.
- (vii) During the six months ended 30 June 2014, the Group paid nil (six months ended 30 June 2013: RMB553,000) for expenses on behalf of Chengdu Rongxin Property on an actual incurred basis.



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) Related party transactions (continued)

- (viii) During the six months ended 30 June 2013, the Group purchased motor vehicles from Orix Lease with a consideration of RMB4,644,000.

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

- (ix) 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 six months ended 30 June 2013.

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

- (x) 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 was completed in January 2014. In January 2014, settlement made by the Group to 大連世博房地產開發有限公司 of RMB38,751,000 in relation to the acquisition consideration of Shibo Business was accounted for as a deemed distribution to the equity holders.

- (xi) The Group acquired a 100% equity interest in Shanghai Haichang from Haichang Group for a total consideration of RMB10 million in January 2014.

- (xii) As at 31 December 2013, the Group pledged properties under development with an amount of RMB297,922,000 for bank loans granted to Haichang Corporation Development at nil consideration.

- (xiii) As at 31 December 2013, the Group pledged properties under development with an amount of RMB287,224,000 for bank loans granted to Haichang Group at nil consideration.

- (xiv) As at 31 December 2013, certain related companies and Mr. Qu executed guarantees for certain borrowings amounting to RMB631,800,000 granted to the Group at nil consideration.

- (xv) Haichang Corporation Development executed guarantees for bank loans amounting to RMB500,000,000 as at 31 December 2013 granted to the Group at nil consideration.

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

**NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION**

For the six months ended 30 June 2014

18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**(b) Balances with related parties:**

	30 June 2014	31 December 2013
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Due from the ultimate holding company		
Haichang Group Limited	–	610
Due from related companies		
Yantai Property Management	278	304
Orix Lease	231	231
Tianjin Haichang Property	–	1,066
Haichang Corporation Development	–	856,692
Haichang Group	–	551,750
Haichang Property Group	–	20,000
Hong Kong Merry Great Investment Limited	–	7,213
Dalian Lianyun	–	6,300
Sea Fortune	–	6,097
HK East Investment	–	5,487
Hong Kong Smooth Clear	–	4,774
Chengdu Rongxin Property	–	584
Tianjin Property Management	–	280
Haichang Xincheng	–	113
	509	1,460,891
Due from a non-controlling equity holder		
大連老虎灘海洋公園有限公司 (“Hutan Park”)	4,468	59,675
Due to related companies		
Dalian Olympic	5	5
Wuhan Property Management	–	1,680
Haichang Corporation Development	–	421,276
Dalian Shibo	–	228,041
Sea Rich Oil	–	69,100
Haichang Group	–	50,333
Tianjin Pole Ocean Property	–	7,965
Haichang Property Development	–	4,781
SAS LAMONT	–	1,219
Dalian LAMONT	–	1,977
Haichang Land	–	915
	5	787,292



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

18. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Balances with related parties: (continued)

The Company's amounts due from/to related companies are unsecured, interest-free and repayable on demand as at 30 June 2014 and 31 December 2013.

(c) Compensation to the key management

	For the six months ended 30 June	
	2014 <i>RMB'000</i> (Unaudited)	2013 <i>RMB'000</i> (Unaudited)
Emoluments:		
Salaries, allowances, bonuses, benefits and other expenses	2,102	188
Post-employment benefits	124	29
	2,226	217

19. OPERATING LEASE ARRANGEMENTS

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.

As 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:

	30 June 2014 <i>RMB'000</i> (Unaudited)	31 December 2013 <i>RMB'000</i> (Audited)
Within one year	45,669	17,114
In the second to fifth years, inclusive	154,029	69,093
After five years	303,411	145,635
	503,109	231,842



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For the six months ended 30 June 2014

19. OPERATING LEASE ARRANGEMENTS (continued)

As lessee

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

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

	30 June 2014 <i>RMB'000</i> (Unaudited)	31 December 2013 <i>RMB'000</i> (Audited)
Within one year	1,293	1,608
In the second to fifth years, inclusive	–	4,511
	1,293	6,119

20. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 19 above, the Group had the following capital commitments as at the end of each reporting period:

	30 June 2014 <i>RMB'000</i> (Unaudited)	31 December 2013 <i>RMB'000</i> (Audited)
Contracted, but not provided for:		
Properties under development, buildings and machinery	370,218	306,352
Authorised but not contracted	50,216	51,803
	420,434	358,155

Pursuant to the equity transfer agreements entered into between ORIX (China) Investment Company Limited, Haichang Asia Investment Limited, Haichang Group and the Group on September 24, 2013 in relation to the acquisition of 大連海昌發現王國主題公園有限公司, and the equity transfer agreement entered into between Haichang Property Group and the Group on September 23, 2013 in relation to the acquisition of 重慶海昌加勒比海旅游發展有限公司, the Group will complete the acquisitions of 大連海昌發現王國主題公園有限公司 and 重慶海昌加勒比海旅游發展有限公司 by end of 2014. The considerations for acquisition of 大連海昌發現王國主題公園有限公司 and 重慶海昌加勒比海旅游發展有限公司 are RMB416,621,000 and RMB10,211,000, respectively.



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

21. 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:

30 June 2014

Financial assets

	Carrying amount <i>RMB'000</i> (Unaudited)	Fair value <i>RMB'000</i> (Unaudited)
Available-for-sale investments	10,200	10,217

Financial liabilities

	Carrying amount <i>RMB'000</i> (Unaudited)	Fair value <i>RMB'000</i> (Unaudited)
Finance lease payables	40,811	41,028

31 December 2013

Financial assets

	Carrying amount <i>RMB'000</i> (Audited)	Fair value <i>RMB'000</i> (Audited)
Available-for-sale investments	200	200

Financial liabilities

	Carrying amount <i>RMB'000</i> (Audited)	Fair value <i>RMB'000</i> (Audited)
Finance lease payables	133,825	137,263



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

21. 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 30 June 2014 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 consolidated 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.



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

22. SHARE CAPITAL

Shares	30 June 2014
Authorised	No. of shares at US\$0.0001 each
Ordinary shares of US\$0.0001 each	5,000,000,000

Issued and fully paid

	30 June 2014 (Unaudited)		31 December 2013 (Audited)	
	No. of shares at US\$0.0001 each	Equivalent to RMB'000	No. of shares at US\$0.0001 each	Equivalent to RMB'000
Ordinary shares	400,000,000	2,451	114,391,996	72

	Number of issued and fully paid shares	Nominal value of shares US\$'000	Equivalent to nominal value of shares RMB'000	Share premium RMB'000
As at 1 January 2014	114,391,996	11	72	509,596
Capitalisation issue (note (a))	2,885,608,004	289	1,766	(1,766)
Issue of new shares (note (b))	1,000,000,000	100	613	1,934,397
Share issue expenses	-	-	-	(78,542)
As at 30 June 2014	4,000,000,000	400	2,451	2,363,685

(a) In February 2014, the Company issued 2,885,608,004 ordinary shares of US\$0.0001 each upon capitalisation of an amount of US\$0.3 million standing to the share premium account of the Company to the then shareholders whose names were on the register of members of the Company.

(b) In March 2014, 1,000,000,000 new ordinary shares of US\$0.0001 for HK\$2.45 each were issued by the Company for a total consideration of HK\$2,450,000,000 (equivalent to RMB1,935,010,000), before share issue expenses upon global offering of the Company.



NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2014

23. CONTINGENT LIABILITIES

	30 June 2014	31 December 2013
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Guarantees in respect of mortgage facilities granted to the purchasers of the Group's properties*	79,508	87,657
Guarantees given to banks in connection with facilities granted to the related companies**	–	449,449

- * 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 periods in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

- ** The Group provided guarantees to banks in connection with bank facilities granted to the related companies as at 31 December 2013. The directors consider that no provision is required in respect of the guarantees.

24. SUBSEQUENT EVENTS

On 11 July 2014, the Group entered into an agreement with Hutan Park to extend the date of the definitive agreements regarding the original cooperation framework agreement of 大連老虎灘公園 dated 15 April 2014.

25. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors of the Company on 24 August 2014.