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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2255)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

- Revenue from park operations increased by approximately 60.5% to approximately RMB2,802.0 million
- Ticket revenue increased by approximately 52.3% to approximately RMB1,940.9 million
- Non-ticket revenue increased by approximately 82.7% to approximately RMB861.1 million
- Gross profit increased by approximately 47.1% to approximately RMB1,285.4 million
- Net profit decreased by approximately 22.0% to approximately RMB31.2 million

RESULTS

The board of directors (the "**Board**" or the "**Directors**") of Haichang Ocean Park Holdings Ltd. (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2019, together with the comparative figures for 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
REVENUE	4	**2,801,980**	1,790,157
Cost of sales		**(1,516,587)**	(916,218)
Gross profit		**1,285,393**	873,939
Other income and gains	4	**263,392**	438,824
Selling and marketing expenses		**(298,046)**	(218,610)
Administrative expenses		**(524,110)**	(599,584)
Impairment losses on financial and contract assets, net		**(10,059)**	(19,403)
Other expenses		**(7,996)**	(5,729)
Finance costs	5	**(533,593)**	(273,496)
Share of profit/(loss) of an associate		**368**	(3)
PROFIT BEFORE TAX		**175,349**	195,938
Income tax expense	6	**(144,156)**	(155,926)
PROFIT FOR THE YEAR		**31,193**	40,012
Attributable to:			
Owners of the parent		**25,080**	39,558
Non-controlling interests		**6,113**	454
		31,193	40,012
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic and diluted			
– For profit for the year (RMB cents)		**0.63**	0.99

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019	2018
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**31,193**	40,012
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(48,851)**	(82,939)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(48,851)**	(82,939)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operation	**49,066**	84,263
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**49,066**	84,263
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**215**	1,324
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**31,408**	41,336
Attributable to:		
Owners of the parent	**25,295**	40,882
Non-controlling interests	**6,113**	454
	31,408	41,336

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**7,842,445**	7,653,696
Investment properties		**2,585,900**	2,701,000
Right-of-use assets		**1,746,690**	–
Prepaid land lease payments		**–**	1,659,201
Intangible assets		**17,341**	10,244
Investment in an associate		**79,478**	79,110
Financial assets at fair value through profit or loss		**136,120**	143,312
Deferred tax assets		**18,749**	25,701
Long-term prepayments and deposits		**521,704**	626,021
Properties under development		**465,470**	–
Total non-current assets		**13,413,897**	12,898,285
CURRENT ASSETS			
Completed properties held for sale		**102,898**	204,000
Properties under development		**234,438**	645,644
Inventories		**46,477**	36,654
Trade receivables		**212,684**	185,149
Contract assets		**3,096**	7,415
Prepayments and other receivables		**272,150**	167,047
Tax recoverables		**37,190**	–
Financial assets at fair value through profit or loss		**200**	200
Due from related companies		**34,235**	19,364
Pledged deposits	*8*	**29,418**	22,883
Cash and cash equivalents	*8*	**2,484,468**	1,921,089
Total current assets		**3,457,254**	3,209,445
CURRENT LIABILITIES			
Trade and bills payables	*9*	**810,268**	1,784,468
Other payables and accruals		**916,884**	527,779
Due to related companies		**14,687**	22,054
Advances from customers		**6,088**	9,989
Interest-bearing bank and other borrowings	*10*	**2,471,365**	2,439,796
Lease liabilities	*10*	**14,728**	–
Government grants		**77,597**	27,467
Deferred revenue		**215**	–
Tax payable	*6*	**226,578**	159,025
Total current liabilities		**4,538,410**	4,970,578
NET CURRENT LIABILITIES		**(1,081,156)**	(1,761,133)
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,332,741**	11,137,152

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*10*	**6,035,532**	5,540,858
Lease liabilities	*10*	**48,648**	–
Long-term payables	*9*	**621,316**	–
Government grants		**863,440**	883,918
Deferred revenue		**1,194**	–
Deferred tax liabilities		**283,930**	245,543
Total non-current liabilities		**7,854,060**	6,670,319
Net assets		**4,478,681**	4,466,833
Equity attributable to owners of the parent			
Share capital		**2,451**	2,451
Reserves		**4,375,243**	4,349,948
		4,377,694	4,352,399
Non-controlling interests		**100,987**	114,434
Total equity		**4,478,681**	4,466,833

NOTES TO FINANCIAL STATEMENTS

31 December 2019

1. CORPORATE AND GROUP INFORMATION

Haichang Ocean Park Holdings Ltd. (the "**Company**") was a limited liability company incorporated in the Cayman Islands on 21 November 2011. The registered office of the Company is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

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

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

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

2.1 BASIS OF PRESENTATION

As at 31 December 2019, the Group had net current liabilities of RMB1,081,156,000. Affected by novel coronavirus ("**COVID-19**"), the Group's parks are being closed. The Directors consider that the Group has taken various measures and will have adequate funds available to enable it to operate as a going concern, taken into account the past operating performance of the Group and the following:

(a) The Directors expect that all the Group's parks will be reopened and return to normal operation gradually from April 2020. Up to the date of this report, 4 parks have been reopened and are operating. Sales will be gradually restored to the level in the prior year with mild increase in the summer peak season. Due to the fixed overhead of operation, the Directors expect a drop in profit margin as compared to the previous year due to a decrease in revenue as impacted by COVID-19;

(b) The Group has been granted extended credit terms by certain of the Group's suppliers and service providers for RMB714,118,000 for repayment of trade payables and other payables subsequent to 31 December 2020;

(c) Up to the date of this report, the Group had unused bank and credit facilities of a total amount of RMB2,283,523,000;

(d) Subsequent to 31 December 2019, the Group has been granted new bank loans of RMB427,979,000 due after 31 December 2020;

(e) Subsequent to 31 December 2019, the Group has been granted an extended repayment period for loans of RMB240,132,000 to be due after 31 December 2020;

(f) In 2020, the Group can be granted government subsidy for an amount of RMB100,000,000 to support the Group's park operations;

(g) The Group continues to monitor capital expenditure to balance and relieve cash resource to support park operations;

(h) The Group continues to take action to tighten cost controls over various operating expenses and is actively seeking new investment and business opportunities with an aim to attaining profitable and positive cash flow operations.

The Directors have reviewed the Group's cash flow forecast covering a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the Directors believe it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2019 on a going concern basis.

Should the going concern assumption be inappropriate due to impact from continuity of COVID-19, inadequate financial and operating supports from the Group's financial institutions, suppliers and local government, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2.2 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(b) rights arising from other contractual arrangements; and

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

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for the amendments to IFRS 9 and IAS 19, and *Annual Improvements to IFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

(a) IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17. IFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of land, buildings and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold lands (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying IAS 40.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liabilities at 1 January 2019

- Relying on the entity's assessment of whether leases were onerous by applying IAS 37 immediately before 1 January 2019 as an alternative to performing an impairment review

- Excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application when applying IFRS 16

As a lessee – Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the carrying amounts of the right-of-use assets and the lease liabilities at 1 January 2019 were the carrying amounts of the recognised assets and liabilities (i.e., finance lease payables) measured under IAS 17.

Financial impact at 1 January 2019

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

	Increase/ (decrease) *RMB'000*
Assets	
Increase in right-of-use assets	1,776,564
Decrease in prepaid land lease payments	(1,659,201)
Decrease in prepayments and other receivables	(45,307)
Increase in total assets	72,056
Liabilities	
Increase in interest-bearing bank and other borrowings	72,056
Increase in total liabilities	72,056

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	**84,355**
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(725)
Commitments relating to leases of low-value assets	(139)
	83,491
Weighted average incremental borrowing rate as at 1 January 2019	6.06%
Discounted operating lease commitments as at 1 January 2019	72,056
Lease liabilities as at 1 January 2019	**72,056**

(b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

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

(a) the park operations segment engages in the development, construction and operation of theme parks, development of commercial and rental properties surrounding theme parks, management of the Group's developed and operating properties for rental income, hotel operation and the provision of services to visitors as well as consultancy, management and recreation services such as provision of technical support service relating to an aquarium and the operation of a small size playground; and

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

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

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

The Group's liabilities are managed on a group basis.

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

Operating segments

Year ended 31 December 2019

	Park operations *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment revenue *(note 4)*			
Sales to external customers and total revenue	**2,801,980**	**–**	**2,801,980**
Revenue			**2,801,980**
Segment results	**1,285,393**	**–**	**1,285,393**
Reconciliation			
Unallocated income and gains			**263,392**
Unallocated expenses			**(840,211)**
Share of profit of an associate	**368**	**–**	**368**
Finance costs			**(533,593)**
Profit before tax			**175,349**

31 December 2019

	Park operations *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment assets	**12,760,944**	**804,163**	**13,565,107**
Reconciliation:			
Corporate and other unallocated assets			**3,306,044**
Total assets			**16,871,151**
Segment liabilities	**–**	**–**	**–**
Reconciliation:			
Corporate and other unallocated liabilities			**12,392,470**
Total liabilities			**12,392,470**
Other segment information			
Share of profit of an associate	**368**	**–**	**368**
Impairment losses recognised in the statement of profit or loss, net	**9,861**	**–**	**9,861**
Depreciation and amortisation			
Unallocated			**4,035**
Segment	**498,037**	**–**	**498,037**
Investment in an associate	**79,478**	**–**	**79,478**
Capital expenditure*			
Unallocated			**11,132**
Segment	**643,544**	**–**	**643,544**

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

Year ended 31 December 2018

	Park operations *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment revenue *(note 4)*			
Sales to external customers and total revenue	1,745,729	44,428	1,790,157
Revenue			1,790,157
Segment results	869,657	4,282	873,939
Reconciliation			
Unallocated income and gains			438,824
Unallocated expenses			(843,326)
Share of loss of an associate	(3)	–	(3)
Finance costs			(273,496)
Profit before tax			195,938

31 December 2018

	Park operations *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Segment assets	12,802,519	854,810	13,657,329
Reconciliation:			
Corporate and other unallocated assets			2,450,401
Total assets			16,107,730
Segment liabilities	–	–	–
Reconciliation:			
Corporate and other unallocated liabilities			11,640,897
Total liabilities			11,640,897
Other segment information			
Share of loss of an associate	(3)	–	(3)
Impairment losses recognised in the statement of profit or loss	89,948	21,463	111,411
Depreciation and amortisation			
Unallocated			2,645
Segment	213,095	–	213,095
Investment in an associate	79,110	–	79,110
Capital expenditure*			
Unallocated			714
Segment	2,363,596	–	2,363,596

* Capital expenditure consists of additions to property, plant and equipment, investment properties, intangible assets, prepaid land lease payments and long-term prepayments.

Information about major customers

No information about major customers is presented as no single customer from whom over 10% or more of the Group's revenue was derived for the year ended 31 December 2019.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers	**2,691,615**	1,695,709
Revenue from other sources		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	**469**	N/A
Other lease payments, including fixed payments	**109,896**	N/A
	110,365	94,448
	2,801,980	1,790,157

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2019

Segments	**Park operations**	**Property development**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Type of goods or services			
Tickets sales	**1,940,907**	**–**	**1,940,907**
Food and beverage sales	**304,633**	**–**	**304,633**
Sale of merchandise	**120,542**	**–**	**120,542**
In-park recreation income	**147,866**	**–**	**147,866**
Income from hotel operations	**104,549**	**–**	**104,549**
Consultancy, management and recreation income	**73,118**	**–**	**73,118**
Total revenue from contracts with customers	**2,691,615**	**–**	**2,691,615**
Geographical market			
Mainland China	**2,691,615**	**–**	**2,691,615**
Timing of revenue recognition			
Goods transferred at a point in time	**438,202**	**–**	**438,202**
Services transferred over time	**2,253,413**	**–**	**2,253,413**
Total revenue from contracts with customers	**2,691,615**	**–**	**2,691,615**

For the year ended 31 December 2018

Segments	Park operations *RMB'000*	Property development *RMB'000*	Total *RMB'000*
Type of goods or services			
Tickets sales	1,274,397	–	1,274,397
Property sales	–	44,428	44,428
Food and beverage sales	134,149	–	134,149
Sale of merchandise	66,098	–	66,098
In-park recreation income	83,522	–	83,522
Income from hotel operations	28,862	–	28,862
Consultancy, management and recreation income	64,253	–	64,253
Total revenue from contracts with customers	1,651,281	44,428	1,695,709
Geographical market			
Mainland China	1,651,281	44,428	1,695,709
Timing of revenue recognition			
Goods transferred at a point in time	200,247	44,428	244,675
Services transferred over time	1,451,034	–	1,451,034
Total revenue from contracts with customers	1,651,281	44,428	1,695,709

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

	2019 ***RMB'000***	2018 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Tickets sales	**55,254**	47,325
Property sales	**–**	2,942
Income from hotel operations	**362**	134
Consultancy, management and recreation income	**2,990**	670
	58,606	51,071

(ii) Performance obligations

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

Property sales

The performance obligation is satisfied upon obtaining of the physical possession of the completed property by the customer and payment in advance is normally required.

Sales of merchandise

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

Ticket sales

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

Provision of consultancy, management and recreation services

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

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

	2019	2018
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**526,651**	58,606
After one year	**–**	36,490
	526,651	95,096

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

	2019 *RMB'000*	2018 *RMB'000*
Other income		
Government grants	**99,083**	256,954
Bank interest income	**1,331**	2,192
Other interest income from financial assets at fair value through profit or loss	**2,971**	–
Income from insurance claims	**18,481**	18,627
Dividend income	**13,735**	–
Others	**14,167**	2,744
	149,768	280,517
Gains		
Gain on revaluation upon reclassification from properties under development to investment properties	**–**	156,938
Fair value gain on investment properties	**75,910**	1,265
Gain on bargain purchase	**–**	104
Gain on modifications of financial liabilities that do not result in derecognition	**37,714**	–
	113,624	158,307
	263,392	438,824

5. FINANCE COSTS

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

	2019 *RMB'000*	2018 *RMB'000*
Interest on bank loans and other loans	**540,313**	402,472
Interest on lease liabilities	**4,167**	–
Total interest expenses on financial liabilities not at fair value through profit or loss	**544,480**	402,472
Less: Interest capitalised	**(10,887)**	(128,976)
	533,593	273,496

6. INCOME TAX

Provision for PRC corporate income tax has been provided at the applicable income tax rate of 25% for the year ended 31 December 2019 (2018: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

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

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

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

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

	2019	2018
	RMB'000	*RMB'000*
Current – Mainland China:		
Charge for the year	**106,758**	96,329
LAT	**(7,941)**	360
	98,817	96,689
Deferred tax	**45,339**	59,237
Total tax charge for the year	**144,156**	155,926

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

	2019	2018
	RMB'000	*RMB'000*
Profit before tax	**175,349**	195,938
Tax at the statutory income tax rate	**43,838**	48,985
Tax losses not recognised	**92,660**	91,757
Income not subject to tax	**(3,440)**	(11)
Withholding tax on distributable profits of the Group's PRC subsidiaries	**16,112**	9,647
Expenses not deductible for tax	**5,594**	11,216
Tax losses utilised from prior years	**(4,652)**	(5,938)
Sub-total	**150,112**	155,656
(Reversal)/provision for LAT	**(7,941)**	360
Tax effect on LAT	**1,985**	(90)
Tax charge for the year at the effective rate	**144,156**	155,926

Tax payables in the consolidated statement of financial position represent:

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
PRC corporate income tax	**203,329**	127,739
LAT	**23,249**	31,286
	226,578	159,025

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,000,000,000 (2018: 4,000,000,000) in issue during the year.

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

	2019 *RMB'000*	2018 *RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**25,080**	39,558

	Number of ordinary shares	
	2019	2018
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**4,000,000,000**	4,000,000,000

There were no potentially dilutive ordinary shares in issue during the year and therefore the diluted earnings per share amount was the same as the basic earnings per share amount.

8. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	31 December 2019 RMB'000	31 December 2018 RMB'000
Cash and bank balances	**2,513,886**	1,943,972
Less: Pledged for interest-bearing bank loans *(note 10)*	**(28,909)**	(22,376)
Pledged for mortgage loans of purchasers	**(509)**	(507)
	(29,418)	(22,883)
Unpledged cash and cash equivalents	**2,484,468**	1,921,089
Less: Restricted cash and bank balances*	**(53,918)**	(94)
Unpledged and unrestricted cash and cash equivalents	**2,430,550**	1,920,995

* The cash and bank balances received from customers are restricted to use for the 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 RMB2,508,624,000 (31 December 2018: RMB1,935,257,000). 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.

9. TRADE AND BILLS PAYABLES

	31 December 2019 RMB'000	31 December 2018 RMB'000
Within one year	**440,771**	831,585
Over one year	**987,372**	952,883
	1,428,143	1,784,468
Less: non-current portion	**(617,875)**	–
Current portion	**810,268**	1,784,468

The trade payables are interest-free and normally settled on terms of 30 to 180 days other than those suppliers agreeing to extend credit period more than one year..

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

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

	31 December 2019			1 January 2019	31 December 2018		
	Effective interest rate (%)	**Maturity**	***RMB'000***		Effective interest rate (%)	Maturity	*RMB'000*
Current							
Other loans – secured*	**7-13**	**2020**	**508,346**	678,055	8-12	2019	678,055
Bank loans – secured	**4-7**	**2020**	**1,128,600**	1,164,472	4-6	2019	1,164,472
Current portion of non-current loans – secured	**5-6**	**2020**	**834,419**	597,269	5-6	2019	597,269
Subtotal of interest-bearing and other borrowings			**2,471,365**	2,439,796			2,439,796
Lease liabilities	**6**	**2020**	**14,728**	21,326	–	–	–
			2,486,093	2,461,122			2,439,796
Non-current							
Other loans – secured*	**7-13**	**2020-2023**	**1,249,409**	1,395,250	9-12	2019-2023	1,395,250
Bank loans – secured	**5-6**	**2020-2033**	**4,786,123**	4,145,608	5-6	2019-2033	4,145,608
Subtotal of interest-bearing and other borrowings			**6,035,532**	5,540,858			5,540,858
Lease liabilities	**6**	**2021-2027**	**48,648**	50,730	–	–	–
			6,084,180	5,591,588			5,540,858
			8,570,273	8,052,710			7,980,654

* The Group entered into certain sale and leaseback agreements on its certain property, plant and equipment and investment properties. These agreements were in substance accounted for as financing arrangements to obtain secured loans with an aggregate amount of RMB604,498,000 at 31 December 2019 (31 December 2018: RMB755,124,000). The carrying value of the Group's underlying assets at 31 December 2019 under the aforesaid arrangements were RMB815,780,000 (31 December 2018: RMB899,952,000).

Qingdao park, a subsidiary of the Company, entered into an agreement with an asset management company by pledging its upcoming revenue during 2019 to 2023 for certain borrowings of RMB783,956,000 granted to the Group at 31 December 2019 (31 December 2018: RMB898,181,000).

Dalian Tourism, a subsidiary of the Company, pledged its 58.3% equity in LHT for certain borrowings of RMB369,300,000 granted to the Group at 31 December 2019.

The Group pledged its wholly owned equity in 鄭州海昌海洋公園旅遊發展有限公司 ("**Zhengzhou Tourism Development**") for certain borrowings of RMB420,000,000 granted to the Group at 31 December 2018.

	31 December 2019 RMB'000	31 December 2018 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**1,963,019**	1,761,741
In the second year	**519,183**	568,222
In the third to fifth years, inclusive	**1,792,385**	1,397,597
Beyond five years	**2,474,555**	2,179,789
	6,749,142	5,907,349
Other borrowings repayable:		
Within one year or on demand	**508,346**	678,055
In the second year	**581,400**	418,691
In the third to fifth years, inclusive	**668,009**	976,559
	1,757,755	2,073,305
Lease liabilities:		
Within one year or on demand	**14,728**	–
In the second year	**15,368**	–
In the third to fifth years, inclusive	**29,364**	–
Beyond five years	**3,916**	–
	63,376	–
	8,570,273	7,980,654

The Group's bank and other loans were secured by the pledges of the Group's assets with carrying values at 31 December 2019 and 2018 as follows:

	Note	31 December 2019 RMB'000	31 December 2018 RMB'000
Theme park's buildings and machineries		**4,968,963**	5,601,372
Right-of-use assets		**972,023**	–
Investment properties		**2,026,423**	1,645,497
Prepaid land lease payments		**–**	1,552,602
Completed properties held for sale		**102,898**	91,253
Trade receivables		**63,067**	85,600
Pledged bank balances	*8*	**28,909**	22,376

Tianjin Park pledged its trade receivables for certain borrowings of RMB458,250,000 granted to the Group at 31 December 2019 (2018: RMB482,750,000). As at 31 December 2019, the related trade receivables amounted to RMB52,343,000 (2018: RMB35,815,000).

Wuhan Park pledged its trade receivables for certain borrowings of RMB458,250,000 granted to the Group at 31 December 2019 (2018: RMB482,750,000). As at 31 December 2019, the related trade receivables amounted to RMB10,704,000 (2018: RMB14,034,000).

Shanghai Biotechnology pledged its trade receivables for certain borrowings of RMB78,000,000 granted to the Group at 31 December 2019 (2018: Nil). As at 31 December 2019, the related trade receivables amounted to RMB20,000 (2018: Nil).

Chengdu Park pledged its trade receivables arising from sales for certain borrowings of RMB600,000,000 granted to the Group at 31 December 2018. As at 31 December 2018, the related trade receivables amounted to RMB35,751,000.

Dalian Tourism pledged its 100% equity in Chongqing Caribbean for certain borrowings of RMB150,000,000 granted to the Group at 31 December 2019 (31 December 2018: Nil).

曲乃杰 ("**Mr. Qu**", non-executive director of the Company), 程春萍 ("**Ms. Cheng**", spouse of Mr. Qu), 曲程 ("**Mr. Qu Cheng**", executive director of the Company) and 楊迪 ("**Ms. Yang**", spouse of Mr. Qu Cheng), executed guarantees for certain borrowings of RMB2,421,351,000 granted to the Group at 31 December 2019 (31 December 2018: Nil).

All the Group's borrowings are denominated in RMB.

The bank and other borrowings balances of the Group bear interest at floating rates, except for bank and other borrowings of RMB2,445,325,000 as at 31 December 2019 (2018: RMB1,859,654,000) that bear interest at fixed rates.

11. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2019, the Group has been granted new bank loans of RMB427,979,000 due after 31 December 2020;

Subsequent to 31 December 2019, the Group has been granted extended repayment period for loans of RMB240,132,000 to be due after 31 December 2020;

Subsequent to 31 December 2019, the Group has been granted government subsidy for an amount of RMB25,000,000 to support the Group's parks' operation;

Impact of the recent COVID-19 situation

Since the outbreak of COVID-19 in January 2020, the prevention and control of the COVID-19 has been going on throughout China and countries across the world.

The COVID-19 situation has certain impact on the business operations of the Group. All the theme parks of the Group were temporarily closed since late January 2020. Up to the date of these financial statements, 4 parks of the Group have been reopened, 2 parks are expected to be opened after regular seasonal closure as previous years, and 4 parks are still being closed for safety measures.

The Group continues to monitor the development of the COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of these financial statements, the assessment is still in progress.

Given the dynamic nature of the circumstance, the Directors expected that there will be impact on the Group's consolidated results of operations, cash flows and financial condition while the Directors are optimistic to the restoration of business.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's annual financial statements for the year ended 31 December 2019:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the IFRSs issued by the IASB and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 2.1 to the consolidated financial statements which indicates that the Group had net current liabilities of approximate RMB1,081,156,000. These conditions, along with other matters as set forth in note 2.1, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

In 2019, the heightened global economic uncertainties and the elevated US-Mainland trade friction exerted further pressure on the growth of China's economy. China recorded an improvement in annual growth of gross domestic product ("**GDP**") of 6.1% over last year. The total retail sales of consumer goods in China reached RMB41.16 trillion, which grew at a nominal growth rate of 8.0% year-on-year. China's final consumption expenditure contributed 57.8% to the GDP growth for the year, reflecting that consumption remained a vital driver for economic growth in China.

In the domestic tourism market, the Chinese government continued to attach great importance to the development of tourism industry. It was a proposal by the State Council in the Government Work Report 2019 that, the government would "develop integrated tourism and strengthen the tourism industry" to promote comprehensive enhancement of the supply side in the tourism market. Meanwhile, the introduction of personal income tax reform and other favourable policies in China boosted the upgrade and acceleration of residents' spending. With their desire for travel became stronger, domestic tourism spending has gradually turned into a norm. This enabled the domestic tourism market in China to strike a balance between the demand and supply sides while maintaining the momentum of steady growth. According to the published data of the National Bureau of Statistics of China, the year of 2019 registered 6.01 billion domestic tourists person-trips, which generated a domestic tourism revenue of RMB5,725.1 billion. The figures went up by 8.4% and 11.7% respectively compared to last year, demonstrating that the potential of the domestic tourism market is unleashing. According to the Big Data Report on China Tourism Consumption 2019 jointly issued by China Tourism Academy and China UMS, residents' tourism consumption made up 18.8% of the total consumption expenditure. This percentage has kept a stable upward trend in recent years, exhibiting that tourism consumption is gradually becoming a rigid consumption demand. Although the outbreak of new coronavirus pneumonia epidemic since early 2020 has been bombarding the domestic cultural tourism industry, when the disease starts to be contained together with the roll out of supportive government policies, confidence in domestic tourism will be regained. Also, during the epidemic outbreak, emergency response in tourism scenic areas has been well-developed, which places the industry in a better position for future healthy development.

In recent years, the Chinese government has been focusing on the high-quality development of domestic tourism services. In particular, under the concept of "integrated tourism", tourism has been identified as a priority industry where socio-economic resources in certain regions have been enhanced and improved in a systemic manner and in all respects. Amid the backdrop of accelerating technology development, "smart tourism" has been thriving and promoting the integration between tourism and technology sectors which facilitates to develop more convenient tourism services, smarter tourism management and more diversified tourism formats, and thereby ensuring a sustainable development of the domestic tourism market. Moreover, the penetration of integrated tourism has broken through the boundary of conventional tourism industry, driving deeper integration between culture and tourism, commerce and entertainment as well as technology and creativity. On the other hand, as the consumption level of residents rises, tourists have increasingly higher expectations for quality and personalised services and strong needs for experiential tourism. Therefore, there is a wider range of tourism consumption product offerings in the market, with new niche markets offering study tours and night tours emerging. Indoor entertainment products have become a key focus in the emerging tourism market because they better suit the consumption habits and needs of the young generation. In recent years, In-Mall themed entertainment products have become ubiquitous in the market and showed a trend towards theme-oriented, segment-oriented and brand-oriented. According to a statistical study by Winshang Data Center, it was estimated that by 30 September 2019, the area of indoor amusement parks would account for 25% of that of shopping malls each with commercial area of over 50,000 sq.m. in 30 key monitored cities in China. As the tourism consumption market is developing a new structure where the young generation has started to take a dominant position, indoor entertainment will show its growing market potential and is expected to become a "new impetus" for the transformation of tourism industry.

In the theme park market, given the steady economic growth and the ongoing transformation and upgrade of the tourism industry in China, the government introduced a series of policies to encourage the development of theme parks. As such, theme parks in China have maintained its popularity. AECOM, a global consulting group, predicted in its China Theme Park Pipeline Report that, by 2020, China would surpass the United States to become the world's largest themed entertainment market in terms of the number of theme park visitors. However, owing to the asset-heavy nature of theme park investment, a majority of theme park operators in China are having a long investment payback period and encountering challenges about policy compliance and operational capability. As a consequence, industry players with better operating efficiency and stronger profitability are easier to stand out from the competition in China's expanding theme park market.

China's theme park industry is now in the golden period of development. With the rapid growth of middle class and the development of new tourism formats in China, there is tremendous room for theme parks to grow. In view of the increasing popularity of the theme park industry in China, a number of international theme park intellectual properties ("**IPs**") have been attracted to aggressively entered into the Chinese market. Thus, the economy of scale of theme parks in China is expanding at a fast pace. In addition, in the face of competition and opportunities brought about by international IPs, theme park operators in China have placed increasingly higher emphasis on IPs. They are developing home-grown quality IPs with high and new technology and creativity, resulting in a shifting of the theme park industry in China to high-quality IP-driven growth.

Business Review

2019 is the final implementation year for the Group's first "five-year development strategy" since its listing. This year, two key goals were achieved. The first one is the grand opening of the Shanghai Haichang Ocean Park (the "**Shanghai Project**") in November 2018, and the second one is the grand opening of the Sanya Haichang Fantasy Town Project (the "**Sanya Project**") in January 2019. During the period under review, the Group focused on the works below:

The Group increased its brand exposure mainly through diverse communication channels of variety shows, entertainments, sports and cross-industry cooperation. Specifically, the Group continued the collaboration with “Go Fighting!” and “Soundwave Partners” variety shows, engaged rock stars, celebrities and key opinion leaders (KOLs), and started Olympic champion endorsements on Weibo. The Group organised over 20 cross-industry activities with leading brands. Meanwhile, the Group put great effort into online promotion by maintaining over 60 accounts on more than 20 media platforms. With all these initiatives, the brand of the Group became more influential. The Group was ranked as one of the top 20 tourism groups in China for the eighth consecutive years. The Group participated in more than 10 important industry summits such as Summer Davos and IAAPA Expo Asia. The Group received a number of awards such as the Golden Crown Award, the “Most Influential Enterprise in Corporate Social Responsibility Affairs” under the Golden Flag Awards, China International Advertising Award, and IAI Travel Awards in brand, marketing and social welfare category.

The Group was also committed to practising corporate social responsibility, paid continuous attention to animal protection and popular science, and gave support to public welfare activities. During the period, upholding the Group’s social welfare philosophy of “embracing all with love”, the Group, together with CCTV, Sina, One Foundation and other caring celebrities, organised a series of activities including, among others, “Autistic Children Caring Program”, blue ribbon campaign, charity run, popular science classes and “Happy Family Tours for Meituan Deliver Riders”. These activities have increased the Group’s brand credibility. Also, continued effort was made to promote and practise animal and environmental protection. It was the seventh year in a row that the Group partook in the National Popular Science Promotion Month for Aquatic and Wild Life Protection and was honoured as a “caring public welfare enterprise”. As continued practices of social responsibility, the Group joined the public environmental campaigns such as Trashtag Challenge, Earth Hour and Little Penguin Public Welfare Plan. In line with the new government concept of targeted poverty alleviation, the Group entered into a project cooperation agreement with the government of Shuicheng County of Guizhou Province to jointly develop a project in relation to marine cultural-themed tourism. The Group teamed up with the relevant authorities to promote popular science education and co-organised more than 4,000 professional popular science courses during the year. By participating in the operations of spotted seal rescue, 34 spotted seals were rescued, treated and released to the wild by the Group under the administrative enforcement and guidance by the Ministry of Agriculture and Rural Affairs. Jointly with the relevant industry authorities, the Group also saved 68 large ocean animals in 6 species, and 40 of them have been successfully released up to now. The Group held the inauguration ceremony of the National Promotion Month for Aquatic and Wild Life Protection and “Haichang Awards” presentation ceremony. This was the seventh consecutive year that the Group received the Caring Public Welfare Enterprise Award from the Ministry of Agriculture and Rural Affairs.

The Group continued to hone its techniques in wildlife conservation and strengthen team building. During the period, the Group bred 44 large rare polar and ocean animals in 8 species and, for the first time, successfully incubated two chicks for a pair of emperor penguins. In animal welfare, the Group comprehensively upgraded the healthcare, popular science, breeding research, enrichment and other core conservation works in a digital and scientific manner. To ensure a professional healthcare for animals, the Group built a stronger core technical team. Furthermore, as an industry leader, the Group played an active role in deepening exchange and cooperation. The Group officially launched into market the product of "Haichang Blue No.1", which is a kind of nutritive additives for marine mammals. Under the collaboration with international peers, the Group organised Haichang Wildlife Conservation Technique Training Program on a periodic basis in order to raise the industry standard for animal conservation. The Group also convened the 2019 annual academic conference of the aquarium special committee under Chinese Association of Natural Science Museums, which was the biggest annual industry conference in China. The Group was well-recognised for delivering a talk, as a representative for aquarium industry, in relation to the topic of "the importance of aquarium to protecting aquatic animals" at the seminar about protecting aquatic and wildlife animals hosted by the Ministry of Agriculture and Rural Affairs and attended by some relevant government authorities. The Group entered into cooperation agreements on research for protecting aquatic and wildlife animals with the Institute of Deep-Sea Science and Engineering, Chinese Academy of Sciences (IDSSE) and Hainan Vocational University of Science and Technology (HVUST) respectively to facilitate and expedite the preliminary preparatory works of building a marine life germplasm resource base in Hainan Province.

In respect of theme park operation, the Group continued to improve the operation quality in pursuit of excellence in operating brand value. Firstly, for the upgrade of operation safety, the Group pursued the establishment of the health, safety and environment (HSE) system in an orderly manner. The HSE system is designed to regulate environmental protection, occupational health and safety production, which allowed the Group to fully ensure the daily safety of staff members and tourists and provide a reliable and stable security to operation safety. Secondly, for the upgrade of operation standard system, the Group pushed forward a systematic, sophisticated and characteristic advancement of the operation standard system and an upgrade of standard operating process, which effectively helped enhance the overall operation quality for tourists' experience. Thirdly, for the upgrade of philosophy of operating services, the Group further explored tourists' sensibility to experience, and provided them with quality services, thereby gaining better tourists' satisfaction. Fourthly, for the upgrade of smart operation techniques, the Group adopted 5G technology and leveraged on the development of Internet to conduct big data analysis for the establishment of operation process control (OPC) platform. The Group also enhanced the efficiency of the management of customer traffic and operation plan for stronger market competitiveness. Fifthly, for the upgrade of theme products, the Group constantly renewed the products to enhance tourists' experience and increase their revisit rate. The Group adopted a market-oriented approach to improve the quality of theme products. The Group also systematically upgraded its products, and precisely improved and renewed the contents of theme products to facilitate the steady increase in tourists' revisit rate. Sixthly, for the upgrade of theme performing art culture, it is worth noting that the Group upgraded the core theme performing arts by injecting Chinese culture, using technology and exercising creativity, in order to unlock the experience economy covering performing arts + merchandises + catering + derivatives. Seventhly, for the upgrade of theme scene experience, the Group used the integration and updated multiple theme scenes to bring visitors additional experiences and feelings of new theme scenes and environments as well as of new experiential spaces and durations from land to ocean and from city back to the nature. Lastly, for the upgrade of the security of ancillary facilities, we were always mindful of investing in the operation and maintenance of ancillary facilities that provide tourists with a complete process of "safe, convenient and comfortable" experience. Thus, the Group introduced new technology into equipment and facilities to strengthen the overall security for better operating efficiency. In respect of the theme park derivative consumption business, the Group devoted itself in further deployment, innovation and research to gain new impetus. The Group implemented a refined catering management with focus on upgrading the restaurants with themes, red-hot sellers and brands. The Group endeavoured to create derivative entertainment products, continuously increased the application of theme scenes, explored a deeper integration between digital technology, biological popular science, ice and snow, marine cultural products and IPs. Through renovating conventional hotels into IP-themed hotels and further improving and developing the theme-oriented hotels of the Shanghai Project, the Group received greater recognition from market and more positive reviews from tourists and registered a higher occupancy rate. Taking advantage of the business model enabling package sales of park admission tickets and in-park consumptions, the Group organised around 600 promotion sales offering various package options during the year. These activities not merely enhanced the consumption experience of tourists but also drove its revenue growth continuously.

In respect of marketing, the Group focused its effort on establishing self-operated platforms to increase revenue from in-depth cooperation online. The Group improved the operation, maintenance and management of its self-operated platforms in terms of brand, communication, sales and services. At the Double 11 Festival, the Group achieved a full coverage of products on self-operated platforms by activating product promotion via live streaming. As a result, an increase of 35% in sales on self-operated platforms was recorded during the year. The Group also further diversified and deepened the cooperation with online travel agency (OTA) channels and platforms. Through optimising the partnership model and creating new types of products, sales via internet online channel grew sharply. The Group organised marketing activities online such as spring promotion sales, pre-summer season, gongyi.meituan.com, sweet ocean season, summer promotion sales, Ctrip 20th Anniversary Ceremony, Haichang Brand Week, Polar Ice & Snow Festival, which generated a growth in both traffic and sales volume. The innovative internet marketing model allowed a diversification of sales channels. The Group further partnered with leading media platforms such as TikTok, Yizhibo, Toutiao and Weibo in brand communication and sales conversion. In the meantime of actively establishing and broadening distribution platforms, the Group was also in the development of an online direct sales system.

The development of Zhengzhou Haichang Ocean Park (the "**Zhengzhou Project**"), a project under construction which has been listed as a provincial key project in Henan Province, progressed well. During the period, the Group further carried out the specific design and improvement works for the Zhengzhou Project. Construction of some single units on land were completed.

In respect of asset-light business, the Group saw a rapid development of the business after establishing the new Haichang Cultural Tourism platform and forming the cultural tourism business unit during the period. The Group made active effort in building up the Haichang Cultural Tourism brand, participating in authoritative industry forums, and focusing on promotional initiatives with regard to its Haichang Cultural Tourism urban recreation products. Aiming at enhancing brand professionalism and awareness in the industry, the Group entered into a strategic cooperation agreement with the Institute for Theme Park Studies in China and Betop Culture, which brought complementary advantages and mutual benefits to all parties. With the focus on product development and innovation, in-depth construction and operation capability, and solidifying all stages in the industry chain of tourism services, the Group's asset-light consultancy business continued to grow, improve and upgrade. During the period, the Group secured 12 new services contracts. In particular, the Group provided the entire chain of services covering design, construction and operation for an aquarium in Liupanshui City of Guizhou Province, and provided planning, consultancy and concept plan services for the Country Garden Ocean Fantasy Town in Chenzhou City. As a result of continuous optimising and improving the cooperation model and scope, the Group achieved acceleration of business growth through various ways including technical consultation, leasing operation and joint venture. To extend the coverage of In-Mall indoor amusement parks across China, the Group commenced two new projects during the period, namely Nantong Haichang Cute Pets Park and Nanjing Wonderful Fish Family. The Group also commenced works for the Hefei Haichang Hi-life Nature Exploration Park (合肥海昌Hi-life自然探索樂園). As at the date hereof, we have 4 Haichang In-Mall indoor amusement parks. During the period, both the Haichang Cute Pets Parks in Suzhou and Nantong received the China Outstanding Indoor Theme Park Awards 2019. Suzhou Haichang Cute Pets Park was also honoured as the Most Popular Tourism Parks Award in China (最受遊客喜愛中國樂園), the Practical Social Experience Station for Minors (未成年人社會實踐體驗站), Civilised Etiquette Cultivation, Education and Practices Base for Minors (未成年人文明禮儀養成教育實踐基地) and the Dianping Suzhou Must-Go Family Place (大眾點評蘇州親子必去商戶). The Group continued to push forward the innovation of IP contents, and increasing and diversifying the applications, so as to complete the contents of animation story and creative stage drama of the Seven Guardians, and enrich the storyline of the IPs of the Seven Guardians. Moreover, the Group developed expression packs to add more characteristic elements to the IP characters and enhance their awareness communication among fans. The Group also finished and published two pictures books, namely "A Journey of Midoo – Oscar, The Little Sea Turtle Who Loves Changing Shells (《玫朵奇遇記之愛換殼的小海龜奧斯卡》) and Dodo Goes East (《多多向東出發》), both had an annual sales volume of over 15000 in total. During the period, the Group expanded the development scale of derivative products and deepened their in-park application. More than 100 Stock Keeping Units of IPs of the Seven Guardians, Midoo and Mermaid Amy were developed to increase the profitability of the in-park sales business of all the projects. IP figures of the Seven Guardians were also developed to make the float parade performance in the parks more vibrant, which were very well-received from tourists. To enhance tourists' experience, the Group increased the application of IP designs in the theme parks such as applications to in-park IP visualisation and promotion, theme spaces and restaurants. During the period, the Group participated in the China International Licensing Expo 2019, at which the Group discussed with players in all industries for crossover and licensing partnership. The Group successfully entered into the first licensing partnership that achieved its first realisation of IP value in the form of licensing.

Outlook

Looking ahead, the Group will embrace the primary concept of "focusing on and driving by both light and heavy assets" to pursue the formation and implementation of the next five-year strategic plan. Under the development strategy of diversifying scene layouts with innovation, the Group will continue to strengthen scene layouts, and press ahead the steady construction progress of the Zhengzhou Project with a goal to developing it as a regional flagship ocean park. Riding on the robust development of the Lingang New Area in the Shanghai Free Trade Zone, the Group targets to develop the Shanghai Haichang Ocean Park as a core world-class destination for tourism, vacation and leisure. The Group will also take advantage on the upgraded position of the Hainan Free Trade Port to optimise and strengthen the product formats of the Sanya Project so that quality improvement can be achieved. At the same time, upgrade of infrastructure and optimisation of commercial properties will be carried out in the existing projects to maintain their sustainable growth. As to the asset-light cultural tourism business, the Group will develop small to medium sized urban leisure and entertainment project with marine cultural characteristics, and continue to solidify its capability for conducting management output business. The Group will also drive innovation development in multiple areas. In terms of industrial extension, the Group will extend the value chain by increasing the investment in the research and development of technology relating to animal conservation and marine life and the research and study of popular science. In terms of consumption diversification, the Group will seek to upgrade the consumption patterns of cultural tourism in new living styles, as so to achieve integration of resources in "entertainment + health + technology" and create a new pattern of cultural tourism consumption under the co-existence of different business formats. In terms of cultural IPs, the Group will enrich the elements of marine culture, increase the derived application of self-developed IPs and actively promote IP partnership. In terms of capital operation, the Group will further improve its capital structure by establishing capital platforms and expanding its business layout in the industry. The Group will also seek to further optimise its debt structure for cost saving. In terms of technology application, the Group will increase the application of internet, big data, artificial intelligence and multimedia to revitalise the scene layouts. In terms of brand building, the Group will strengthen the conversion of value through online and offline channels, develop a membership system, enter into cross-industry partnerships, with the continued aim to position itself as a national brand.

Financial review

Revenue

Revenue generated from the Group's park operations segment increased by approximately 60.5% from approximately RMB1,745.7 million in 2018 to approximately RMB2,802.0 million in 2019, primarily attributable to the completion of the first full fiscal year of operation for the Shanghai Project, and the increase in both revenue from ticket sales and revenue from non-ticket business of our parks during the period. Revenue generated from ticket business increased by approximately 52.3% from approximately RMB1,274.4 million in 2018 to approximately RMB1,940.9 million in 2019. Revenue generated from non-ticket business increased by approximately 82.7% from approximately RMB471.3 million in 2018 to approximately RMB861.1 million in 2019.

Revenue generated from the Group's property development segment decreased by 100% from approximately RMB44.4 million in 2018 to nil in 2019.

In conclusion, for the year ended 31 December 2019, the Group recorded a turnover of approximately RMB2,802.0 million (2018: approximately RMB1,790.2 million), representing an increase of approximately 56.5% when compared with last year.

Cost of Sales

The Group's cost of sales increased by approximately 65.5% from approximately RMB916.2 million in 2018 to approximately RMB1,516.6 million in 2019, primarily attributable to the increase in costs as a result of the opening of the Sanya Project on 20 January 2019.

Gross Profit

The Group's overall gross profit increased by approximately 47.1% to approximately RMB1,285.4 million (2018: approximately RMB873.9 million), while the Group recorded a slight decline in overall gross profit margin to approximately 45.9% (2018: approximately 48.8%).

Gross profit of the Group's park operations segment increased by approximately 47.8% to approximately RMB1,285.4 million (2018: approximately RMB869.7 million) and gross profit margin of the park operations segment remained stable at approximately 45.9% in 2019 (2018: approximately 49.8%), primarily attributable to the relatively high operating costs and the low gross profit margin of the new project in its first year of operation.

Gross profit of the Group's property development segment decreased by approximately 100% to nil (2018: approximately RMB4.3 million) and gross profit margin of property sales was approximately 0.0% (2018: approximately 9.6%), mainly because there were no property sales during the period.

Other Income and Gains

The Group's other income and gains decreased by approximately 40.0% from approximately RMB438.8 million in 2018 to approximately RMB263.4 million in 2019, mainly attributable to the decreases in appraisal value and related subsidies in 2019.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by approximately 36.3% from approximately RMB218.6 million in 2018 to approximately RMB298.0 million in 2019, primarily attributable to the increase in selling and marketing expenses along with the operation of the Shanghai Project and the Sanya Project. The selling and marketing expenses represented approximately 10.6% of the total revenue (2018: approximately 12.2%).

Administrative Expenses

The Group's administrative expenses decreased by approximately 12.6% from approximately RMB599.6 million in 2018 to approximately RMB524.1 million in 2019, mainly attributable to the one-off preliminary expenses incurred in 2018 prior to the opening of the Shanghai Project, which resulted in an increase in administrative expenses in 2018. The administrative expenses represented approximately 18.7% of the total revenue (2018: approximately 33.5%).

Finance Costs

The Group's finance costs increased by approximately 95.1% from approximately RMB273.5 million in 2018 to approximately RMB533.6 million in 2019, mainly attributable to the increase in the Group's total bank loans as a result of financing the openings of the Shanghai Project and the Sanya Project, and the cessation of capitalisation of interest expenses upon the Shanghai Project and the Sanya Project commenced official operation. The finance costs represented approximately 19.0% of the total revenue (2018: approximately 15.3%).

Income Tax Expenses

The Group's income tax expenses decreased by approximately 7.5% from approximately RMB155.9 million in 2018 to approximately RMB144.2 million in 2019, mainly attributable to the effect of the Group's deferred income tax in 2019.

Profit for the Year

As a result of the foregoing, the Group's profit for the year decreased by approximately 22.0% from approximately RMB40.0 million in 2018 to approximately RMB31.2 million in 2019, and the net profit margin decreased from approximately 2.2% in 2018 to approximately 1.1% in 2019. Meanwhile, the profit attributable to owners of the parent decreased by approximately 36.6% from approximately RMB39.6 million in 2018 to approximately RMB25.1 million in 2019.

Liquidity and Financial Resources

As at 31 December 2019, the Group had current assets of approximately RMB3,457.3 million (2018: approximately RMB3,209.4 million). The Group had cash and bank deposits of approximately RMB2,484.5 million (2018: approximately RMB1,921.1 million) and pledged bank balances of approximately RMB29.4 million (2018: approximately RMB22.9 million).

Total equity of the Group as at 31 December 2019 was approximately RMB4,478.7 million (2018: approximately RMB4,466.8 million). The slight increase in total equity was mainly attributable to the increase in the profit after tax in 2019. As at 31 December 2019, the total interest-bearing bank and other borrowings of the Group amounted to approximately RMB8,506.9 million (2018: approximately RMB7,980.7 million).

As at 31 December 2019, the Group had a net gearing ratio of approximately 135.9% (as at 31 December 2018: approximately 135.7%). The net liabilities of the Group included interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents. There was a slight increase in net gearing ratio as at 31 December 2019.

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

Capital Structure

The share capital of the Company comprised only ordinary shares for the year ended 31 December 2019.

Contingent Liabilities

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties*	**4,842**	10,895

* The Group has 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 defaulting purchasers to the banks. The Group shall then be entitled to take over the legal titles of the related properties. The Group's guarantee period commences from the date of grant of mortgage loan and ends upon the execution of collateral agreement by a purchaser.

The Group did not incur any material losses during the year ended 31 December 2019 (2018: Nil) arising from the guarantees provided in respect of mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The Directors consider that in case of any 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.

Foreign Exchange Rate Risk

The Group mainly operates in China. Other than bank deposits denominated in foreign currencies, the Group is not exposed to any material foreign exchange rate risk. The Directors do not expect any material adverse effect on the operation of the Group arising from any fluctuation in the exchange rate of RMB.

Capital Commitments

For the year ended 31 December 2019, the Group had capital commitments of approximately RMB409.8 million (2018: RMB581.0 million), which shall be funded through a variety of means, including cash generated from operations, bank financing etc..

Staff Policy

As at 31 December 2019, the Group had a total of approximately 5,012 full-time employees (2018: 5,049 full-time employees). The Group offers a comprehensive and competitive remuneration, retirement scheme and benefit package to its employees. Discretionary bonus is offered to the Group's staff depending on their performance. The Group and its employees are required to make contribution to a social insurance scheme as well as the pension insurance and unemployment insurance at the rates specified in the relevant laws and regulations.

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

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

Pre-Emptive Rights

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

Corporate Governance

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance.

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

Under code provision A.6.7 of the CG Code, all non-executive Directors are recommended to attend general meetings of the Company. Mr. Yuan Bing, a non-executive Directors of the Company, attended the annual general meeting of the Company held on 6 June 2019 (the "**AGM**"). Other non-executive Directors (including the independent non-executive Directors) were absent from the AGM due to pre-arranged business commitments.

Under code provision E.1.2 of the CG Code, the chairman of the Board should attend annual general meetings of the Company and should also invite the chairmen of the audit committee, remuneration committee, nomination committee and any other board committees (as appropriate) of the Company to attend. Mr. Qu Naijie, the chairman of the Board, was absent from the AGM due to a pre-arranged business commitment. Other than Mr. Yuan Bing, being the chairman of the risk management and corporate governance committee of the Company, the chairmen of other board committees of the Company were absent from the AGM due to pre-arranged business commitments. Mr. Wang Xuguang, an executive Director, the chief executive officer and a member of the remuneration committee of the Company, was chosen as the chairman of the AGM. Mr. Qu Cheng, an executive Director of the Company, also attended the AGM as the duly appointed delegate of the chairman of the Board. Both Mr. Wang Xuguang and Mr. Qu Cheng were available to answer questions at the AGM.

Mr. Sun Jianyi had tendered his resignation as an independent non-executive Director and accordingly has ceased to be the chairman of the remuneration committee of the Company, the chairman of the independent board committee of the Company and the member of each of the audit committee and the nomination committee of the Company with effect from 28 August 2019 due to his other career commitments. Following his resignation, the number of independent non-executive directors had fallen below three and the Company failed to meet the requirement under Rule 3.10 of the Listing Rules. In addition, the Company failed to meet the composition requirements of (i) the audit committee under Rule 3.21 of the Listing Rules; (ii) the remuneration committee under Rule 3.25 of the Listing Rules; (iii) the nomination committee under code provision A.5.1 of the CG Code as set out in Appendix 14 of the Listing Rules; and (iv) the independent board committee under its term of reference.

Pursuant to Rules 3.11 and 3.23 of the Listing Rules, the Company should appoint an additional independent non-executive Director within three months after failing to meet the requirements under Rules 3.10 and 3.21 of the Listing Rules. Since the Company expected that it could not appoint an additional independent non-executive Director by 27 November 2019, the Company had applied to the Stock Exchange for a waiver from strict compliance with Rules 3.10 and 3.21 of the Listing Rules.

The Stock Exchange had granted to the Company on 17 December 2019, a waiver from strict compliance with Rules 3.10, 3.10A, 3.21 and 3.25 of the Listing Rules from 28 November 2019 to 27 January 2020. On 19 December 2019, Mr. Wang Jun had been appointed as an independent non-executive Director, the chairman of remuneration committee and a member of the audit committee of the Company. Since then, the Company has fulfilled the requirements under Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules. In addition, following his appointment as a member of each of the nomination committee and the independent board committee of the Company, the Company has fulfilled the requirements under the A.5.1 of the CG Code as set out in Appendix 14 of the Listing Rules and the minimum number of members required under the terms of reference of the independent board committee of the Company.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code (the "**Model Code**") for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by Directors. The Company has made specific enquiries to all Directors and all Directors have confirmed that they have strictly complied with the Model Code during the year ended 31 December 2019.

Audit Committee

As at the date of this announcement, the audit committee of the Company comprises three independent non-executive Directors, namely Mr. Chen Guohui, Mr. Wang Jun and Ms. Zhang Meng. Mr. Chen Guohui is the chairman of the audit committee.

The audit committee has reviewed and discussed the annual results announcement for the year ended 31 December 2019.

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2019 but represents an extract from the consolidated financial statements for the year ended 31 December 2019 which have been audited by the auditor of the Company, Ernst & Young in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. The financial information has been reviewed by the Audit Committee and approved by the Board.

Dividend

The Board did not recommend payment of any dividend for the year ended 31 December 2019.

Forward Looking Statements

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe”, “estimate”, “anticipate”, “expect”, “intend”, “may”, “will” or “should” or, in each case, their negative, or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects and growth strategies, and the industry in which the Group operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Group wishes to caution you that forward-looking statements are not guarantees of future performance and that the Group’s actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if the Group’s results of operations, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

Publication of Information on the Websites of the Stock Exchange and of the Company

This annual results announcement of the Company for the year ended 31 December 2019 is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.haichangoceanpark.com. The Annual Report 2019 will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

Appreciation

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

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

Shanghai, the People’s Republic of China, 31 March 2020

As at the date of this announcement, the executive Directors are Mr. Wang Xuguang, Mr. Qu Cheng and Mr. Gao Jie; the non-executive Directors are Mr. Qu Naijie, Mr. Li Hao and Mr. Yuan Bing; and the independent non-executive Directors are Mr. Chen Guohui, Mr. Wang Jun and Ms. Zhang Meng.