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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Haichang Ocean Park Holdings Ltd. (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2021, together with the comparative financial data as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	**2021 (Unaudited) *RMB'000***	2020 (Unaudited) *RMB'000*
REVENUE	*5*	**1,324,431**	325,528
Cost of sales		**(830,297)**	(534,932)
Gross profit/(loss)		**494,134**	(209,404)
Other income and gains		**134,237**	66,403
Selling and marketing expenses		**(99,728)**	(56,620)
Administrative expenses		**(340,571)**	(298,526)
Impairment losses on financial and contract assets, net		**(9,119)**	(41,826)
Other expenses		**(10,088)**	(66,652)
Finance costs		**(307,395)**	(323,786)
Share of losses of an associate		**(146)**	(2)
LOSS BEFORE TAX		**(138,676)**	(930,413)
Income tax (expense)/credit	*6*	**(139,690)**	39,746
LOSS FOR THE PERIOD		**(278,366)**	(890,667)
Attributable to:			
Owners of the parent		**(277,238)**	(876,103)
Non-controlling interests		**(1,128)**	(14,564)
		(278,366)	(890,667)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*7*		
Basic and diluted			
– For loss for the period (RMB cents)		**(6.93)**	(21.90)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2021

	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
LOSS FOR THE PERIOD	**(278,366)**	(890,667)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences:		
Exchange differences on translation of foreign operations	**25,785**	(44,733)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax	**25,785**	(44,733)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of the Company's financial statements into presentation currency	**(28,449)**	44,833
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods, net of tax	**(28,449)**	44,833
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	**(2,664)**	100
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(281,030)**	(890,567)
Attributable to:		
Owners of the parent	**(279,902)**	(876,003)
Non-controlling interests	**(1,128)**	(14,564)
	(281,030)	(890,567)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**6,986,606**	7,269,824
Investment properties	**2,501,600**	2,491,400
Right-of-use assets	**1,683,680**	1,699,295
Intangible assets	**12,900**	14,857
Investment in an associate	**80,693**	80,839
Financial assets at fair value through profit or loss	**159,363**	141,020
Deferred tax assets	**34,964**	36,121
Long-term prepayments, receivables and deposits	**506,879**	452,103
Properties under development	**465,470**	465,470
Total non-current assets	**12,432,155**	12,650,929
CURRENT ASSETS		
Completed properties held for sale	**144,021**	82,788
Properties under development	**99,698**	316,427
Inventories	**40,767**	36,400
Trade receivables	**156,242**	167,026
Contract assets	**–**	237
Prepayments, other receivables and other assets	**667,979**	597,932
Tax recoverable	**19,869**	55,732
Financial assets at fair value through profit or loss	**200**	200
Due from related companies	**59,352**	39,710
Pledged deposits	**9,382**	63,997
Cash and cash equivalents	**1,746,263**	2,408,110
Total current assets	**2,943,773**	3,768,559
CURRENT LIABILITIES		
Trade payables	**1,326,600**	992,657
Other payables and accruals	**978,480**	1,362,509
Due to related companies	**5,380**	7,774
Advances from customers	**20,085**	19,651
Interest-bearing bank and other borrowings	**2,381,876**	2,769,547
Lease liabilities	**13,806**	12,624
Government grants	**29,904**	97,268
Deferred revenue	**61**	67
Tax payables	**269,265**	219,660
Total current liabilities	**5,025,457**	5,481,757
NET CURRENT LIABILITIES	**(2,081,684)**	(1,713,198)
TOTAL ASSETS LESS CURRENT LIABILITIES	**10,350,471**	10,937,731

	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**6,443,838**	6,426,162
Lease liabilities	**34,286**	41,113
Long-term payables	**–**	383,991
Government grants	**872,307**	838,366
Deferred revenue	**744**	775
Deferred tax liabilities	**280,001**	246,999
Total non-current liabilities	**7,631,176**	7,937,406
Net assets	**2,719,295**	3,000,325
EQUITY		
Equity attributable to owners of the parent		
Share capital	**2,451**	2,451
Reserves	**2,643,802**	2,923,704
	2,646,253	2,926,155
Non-controlling interests	**73,042**	74,170
Total equity	**2,719,295**	3,000,325

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated 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 annual consolidated financial statements for the year ended 31 December 2020.

2. BASIS OF PRESENTATION

As at 30 June 2021, the Group had net current liabilities of RMB2,081,684,000. The Group incurred a net loss of RMB278,366,000 during the six-month period ended 30 June 2021. 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) All the Group's parks have gradually returned to normal operation and revenue will be gradually recovered;

(b) Up to the date of approval of this interim condensed consolidated financial information, the Group has unused bank and credit facilities of a total amount of RMB2,129,523,000, of which RMB1,000,000,000 was granted by a related company;

(c) Subsequent to 30 June 2021, the Group has been granted extended credit terms by certain of the Group's suppliers and service providers for RMB321,688,000 for repayment of trade payables and other payables to be due after 30 June 2022;

(d) Subsequent to 30 June 2021, the Group expects to be granted a subsidy before 30 June 2022 for an amount of RMB110,000,000 as agreed by a local government to support the Group's park operations;

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

(f) 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 of the Company 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 condensed consolidated financial information of the Group for the six months ended 30 June 2021 on a going concern basis.

Should the going concern assumption be inappropriate due to the impact from the continuity of COVID-19, inadequate financial and operating supports from the Group's financial institutions, suppliers, the local government, and a related company, 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 condensed consolidated financial information.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 9 IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in RMB based on the China Interbank Offered Rate as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. The Group has not received rent concessions during the period ended 30 June 2021.

4. OPERATING SEGMENT INFORMATION

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

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

Operating segments

The following table presents revenue and loss information of the Group's operating segments for the six-month period from 1 January to 30 June 2021 and six-month period from 1 January to 30 June 2020, respectively.

Six months ended 30 June 2021	**Park operations** *RMB'000* **(Unaudited)**	**Property development** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Segment revenue *(note 5)*			
Sales to external customers and total revenue	**914,508**	**409,923**	**1,324,431**
Revenue			**1,324,431**
Segment results	**257,010**	**237,124**	**494,134**
Reconciliation:			
Unallocated income and gains			**134,237**
Corporate and other unallocated expenses			**(459,506)**
Share of losses of an associate			**(146)**
Finance costs			**(307,395)**
Loss before tax			**(138,676)**

Six months ended 30 June 2020	Park operations *RMB'000* (Unaudited)	Property development *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue *(note 5)*			
Sales to external customers and total revenue	325,528	–	325,528
Revenue			325,528
Segment results	(209,404)	–	(209,404)
Reconciliation:			
Unallocated income and gains			66,403
Corporate and other unallocated expenses			(463,624)
Share of losses of an associate			(2)
Finance costs			(323,786)
Loss before tax			(930,413)

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2021 and 31 December 2020.

30 June 2021	**Park operations** *RMB'000* **(Unaudited)**	**Property development** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Segment assets	**11,656,760**	**709,189**	**12,365,949**
Reconciliation:			
Corporate and other unallocated assets			**3,009,979**
Total assets			**15,375,928**
Segment liabilities	**–**	**–**	**–**
Reconciliation:			
Corporate and other unallocated liabilities			**12,656,633**
Total liabilities			**12,656,633**

31 December 2020	Park operations *RMB'000* (Audited)	Property development *RMB'000* (Audited)	Total *RMB'000* (Audited)
Segment assets	11,967,125	864,685	12,831,810
Reconciliation:			
Corporate and other unallocated assets			3,587,678
Total assets			16,419,488
Segment liabilities	–	–	–
Reconciliation:			
Corporate and other unallocated liabilities			13,419,163
Total liabilities			13,419,163

Other segment information

The following table presents expenditure information of the Group's operating segments for the six-month period from 1 January to 30 June 2021 and six-month period from 1 January to 30 June 2020, respectively.

Six months ended 30 June 2021	**Park operations** *RMB'000* **(Unaudited)**	**Property development** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Share of losses of an associate	**(146)**	**–**	**(146)**
Impairment losses in the statement of profit or loss	**148,967**	**–**	**148,967**
Depreciation and amortisation			
Unallocated			**2,119**
Segment	**233,691**	**–**	**233,691**
Capital expenditure*			
Unallocated			**162**
Segment	**47,424**	**–**	**47,424**

Six months ended 30 June 2020	Park operations *RMB'000* (Unaudited)	Property development *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Share of losses of an associate	(2)	–	(2)
Impairment losses in the statement of profit or loss	161,636	–	161,636
Depreciation and amortisation			
Unallocated			1,785
Segment	244,097	–	244,097
Capital expenditure*			
Unallocated			30
Segment	115,121	–	115,121

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

Information about major customers

No information about major customers is presented as there were no sales to a single customer which accounted for 10% or more of the Group's revenue for the six months ended 30 June 2021.

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue from contracts with customers	**1,281,869**	280,037
Revenue from other sources		
Gross rental income	**42,562**	45,491
	1,324,431	325,528

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2021

Segments	**Park operations** *RMB'000* **(Unaudited)**	**Property development** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Types of goods or services			
Ticket sales	**549,744**	**–**	**549,744**
Food and beverage sales	**119,088**	**–**	**119,088**
Sale of merchandise	**45,337**	**–**	**45,337**
In-park recreation income	**76,916**	**–**	**76,916**
Income from hotel operations	**57,062**	**–**	**57,062**
Property sales	**–**	**409,923**	**409,923**
Consultancy, management and recreation income	**23,799**	**–**	**23,799**
Total revenue from contracts with customers	**871,946**	**409,923**	**1,281,869**
Geographical market			
Mainland China	**871,946**	**409,923**	**1,281,869**
Timing of revenue recognition			
Goods transferred at a point in time	**164,425**	**409,923**	**574,348**
Services transferred over time	**707,521**	**–**	**707,521**
Total revenue from contracts with customers	**871,946**	**409,923**	**1,281,869**

For the six months ended 30 June 2020

Segments	Park operations *RMB'000* (Unaudited)	Property development *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Types of goods or services			
Ticket sales	159,902	–	159,902
Food and beverage sales	35,684	–	35,684
Sale of merchandise	13,774	–	13,774
In-park recreation income	20,818	–	20,818
Income from hotel operations	33,217	–	33,217
Consultancy, management and recreation income	16,642	–	16,642
Total revenue from contracts with customers	280,037	–	280,037
Geographical market			
Mainland China	280,037	–	280,037
Timing of revenue recognition			
Goods transferred at a point in time	49,458	–	49,458
Services transferred over time	230,579	–	230,579
Total revenue from contracts with customers	280,037	–	280,037

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the six months ended 30 June 2021

Segments	**Park operations** ***RMB'000*** **(Unaudited)**	**Property development** ***RMB'000*** **(Unaudited)**	**Total** ***RMB'000*** **(Unaudited)**
Revenue from contracts with customers			
External customers	**871,946**	**409,923**	**1,281,869**

For the six months ended 30 June 2020

Segments	Park operations *RMB'000* (Unaudited)	Property development *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Revenue from contracts with customers			
External customers	280,037	–	280,037

6. INCOME TAX

PRC corporate income tax ("**CIT**") has been provided at the rate of 25% (2020: 25%) on the estimated assessable profits arising in Mainland China during the period.

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 in 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:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current – Mainland China:		
CIT charge for the period	**45,178**	5,096
LAT	**60,353**	–
Deferred	**34,159**	(44,842)
Total tax charge for the period	**139,690**	(39,746)

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

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent of RMB277,238,000 (2020: loss of RMB876,103,000), and the weighted average number of ordinary shares of 4,000,000,000 (2020: 4,000,000,000) in issue during the period.

The calculation of the basic loss per share amount is based on:

	30 June 2021	30 June 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(277,238)**	(876,103)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**4,000,000,000**	4,000,000,000

There were no potentially dilutive ordinary shares in issue during the periods and therefore the diluted loss per share amounts were the same as the basic loss per share amounts.

8. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the financial information, the Group had no other subsequent events.

EXTRACT OF INDEPENDENT REVIEW REPORT

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.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the interim financial information, which indicates that the Group had net current liabilities of approximately RMB2,081,684,000. This condition, along with other matters as set forth in note 2, indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2021, with COVID-19 pandemic (the "**pandemic**") being controlled domestically, China's household economic activities ratcheted up and economic recovery continued in a steady manner. According to the National Bureau of Statistics of China, China's gross domestic product (GDP) for the first half of the year grew by 12.7% year-on-year. In terms of household income, the per capita disposable income of nationwide households was RMB17,642 for the first half of the year, representing a nominal year-on-year increase of 12.6%. In terms of household consumption, the per capita consumption expenditure of nationwide households was RMB11,471 for the same period, representing a nominal year-on-year increase of 18.0%. This shows that the household consumption expenditure maintained the momentum of recovery.

In respect of domestic tourism market, with a greater focus on internal circulation under China's dual circulation strategy, consumption orderly resumed in China's domestic tourism market. According to the Ministry of Culture and Tourism, in the first half of 2021, China recorded a total of 1.871 billion domestic tourist trips (representing a year-on-year increase of 100.8%), which recovered to 60.9% of that in the corresponding period of 2019. Revenue from domestic tourism, in turn, reached RMB1.63 trillion (representing a year-on-year increase of 157.9%), which recovered to 58.6% of that in the corresponding period of 2019. Although tourism demand and supply have been picking up, Chinese government introduced a series of policies favourable to the tourism market. For instance, the 14th Five-Year Cultural and Tourism Development Plan was recently issued for the purpose of providing financial support to high-quality development of the culture and tourism industries with special planning and priority deployment. Stable social order and favourable government policy will further propel the tourism market to recover. Under such new situation, the structure of the tourism market is being reshaped. In particular, short-haul trip becomes increasingly popular, which directly drives robust growth of city leisure tour and neighbourhood tour. As the number of Generation Z and post-millennial tourism consumers increases exponentially, the decision point of tourism consumption is shifting from price to experience. Individual self-guided tour, independent travel and road trip are gradually becoming the mainstream of tourism consumption, while local tour, staycation and micro-cation become a new trend.

In addition, with the growing popularity of checking in on social media triggered by internet-famous cities, hotels and way of travel, tourists place more emphasis on customised services and themes. The new generation of consumers is fond of the experience featured with digital and technology elements. Night tour economy heats up gradually. According to the Night Economy Report released by Ctrip, in the first half of 2021, sales of night-time tickets of scenic attractions and amusement parks soared up by 469% year-on-year. Night tour products such as static immersive performance shows, e-sports tournaments and dynamic immersive night tours go viral nationwide. There is a phenomenal growth in the number of young night-time tourists. Meanwhile, night tour has also become a sure option for family and parent-child trips. Consumers spend more during night tours. Night tour has been adapting to accommodate the young travellers and their parents' preferences and is emerging to become more luxurious. The enriching and diversifying product range arouses greater consumer interest in and attraction to tourism consumption, which provides a more promising prospect for the recovery and development of the tourism market.

In respect of theme park market, it is a critical time window for rapid development of theme parks as the per capita GDP in China has now reached USD10,000. Having an interactive tourism industry chain covering the upstream transport infrastructure, the downstream tourists as well as functions such as in-park hotels and restaurants, theme parks are an important economic prop for cultural tourism consumption. Under the economic development model of internal circulation, theme parks unleash powerful driving force for economic growth. China's huge tourism consumption market attracts continuous inputs of international intellectual properties (IPs), the added international IPs then increase the consumption potential in theme parks, which leads to continuous development and expansion of theme parks in China. Established group brand names have stronger backflow effect, and amusement facilities providing enhanced experience, IP-included performance shows and a comprehensive range of integrated park services stimulate repeated visits . As the number of both domestic and international IPs are increasing, competition among theme parks will create a landscape where both local and international brands flourish, and cultural recreational activities integrate with different forms of activities. Entering into the post-pandemic era, theme parks are required to implement heightened management and operational measures to address the massive flow of visitors and control the spread of the pandemic. High efficiency of operation becomes instrumental in bringing new launches to market under such new situation and consumption pattern. Amid gradual recovery of the tourism market, theme park operators will see new development opportunities ahead.

BUSINESS REVIEW

With the pandemic being controlled demestically, China experienced gradual recovery in the tourism market in the first half of 2021. Under the environment where the pandemic has become part of people's lives, the Group focused on the works below during the period under review:

During the period, capitalising on the continued empowerment of its brand, the Group developed its theme parks as diversified festive travel destinations in the post-pandemic era. Ten of its theme park projects ranked high on the ranking lists of popular scenic attractions in their regions, and repeatedly became hot searches on Weibo, Tik Tok, Baidu News and other search engines. In response to China's government policy on developing night economy, the Group, jointly with Ctrip, released the Report on Big Data of Night Economy and made industry punchlines that received news reports from over 3,000 media companies. With focus on achieving multi-platform integration, the Group joined forces with platforms including Ele.me, Alipay and iQiyi to host activities such as "The Blue Rider's Mass Wedding Ceremony" with Ele.me and "New Year's Eve Live Show for the World's First Ferris Wheel in Blind Box" with Alipay, with aims to break the industry barrier through the flux economy for better communication. The joint introduction of two popular IPs, "Game for Peace" and "Uncle Tongdao", into its parks to produce pan-entertainment settings helped the Group make multi-dimensional breakthroughs and stimulate consumption power of the young generation. Furthermore, the Group developed crossover products with Haier, Oishi Food, Pepsi and other famous brands such as the crossover edition of Killer Whale Sweeper, organised new product launch conference for Haier, and produced new tourism consumption settings with JD Travel and JD Home Appliances for Generation Z age groups, with the objectives to promote a more premium image and expand power of its brands.

Besides, the Group played an active role in corporate social responsibility by devoting efforts in science promotion and animal rescue. As a delegate of the Ministry of Agriculture and Rural Affairs, the Fisheries Administration and the Aquatic Wildlife Conservation Association, the Group made use of its advantage of medical technology for aquatic animals and successfully rescued a number of animals under national priority protection that were stranded in the wild, such as Fraser's dolphins and melon-headed whales. The Group co-organised the 7th Haichang Charity Month with China Disabled Persons' Federation (CDPF) and China Association of Persons with Psychiatric Disability and their Relatives (CAPPDR). In this campaign, the Group demonstrated its commitment to being a national cultural tourism brand by leading 500 companies and a thousand of key opinion leaders to voice out together, calling for the society's care for families with autism patients. Around 1,200 science events, exhibition shows and talks were hosted by the Group. In mix of science education, research-based study products and interactive experience, the Group launched the World Oceans Day and the Blue Mission with reputed tertiary institutions.

During the period under review, the Group continued to improve animal welfare and enlarge animal stocks. The Group successfully bred 10 pinnipeds of three species, 3 penguins of one species, 8 arctic terrestrial animals of one species and 8 large-size pets of three species, and made breakthroughs in terms of breeding quantity and artificial breeding technology for a number of core species during the period. The Group comprehensively analysed the biological environment in three aspects, namely water quality, air quality and lighting effect, entirely upgraded the facilities and equipment in the environment for keeping animals, and made additional inputs of medical treatment equipment for animals, for the purposes of increasing the standard of animal health.

During the period, the Group continued to focus its efforts on marketing channels, in order to unlock its sales potential. As initiatives, the Group entered into strategic cooperation with Meituan, Ctrip and other platforms to get traffic priority and resource empowerment from them. The Group started a new era of online travel agency (OTA) channel cooperation, under which the Group launched a diverse range of OTA marketing activities to sustain revenue from online channels. Upon completion of channel establishment and optimisation with Fliggy, JD.com and WeChat, the layout of Group's self-operated platform was improved. Efforts were concentrated on marketing campaigns in which resources were significantly allocated to the grand promotions of Fliggy and JD.com to increase the Group's exposure in their online and offline activities and receive free advertisements of nearly RMB10 million worth. To achieve interaction with and expansion of distribution channels, the Group successively entered into agreements with Tik Tok, AMAP and Fliggy. The Group made its debuts on BOSS Livestreaming, Tik Tok and Taobao and broadcasted around 100 live e-commerce shows that attracted viewership of approximately 10 million, driving a fission growth in the scale of sales channels.

In respect of theme park operation, the Group adopts smart operation in pursuit of quality excellence. In practice, the Group worked on implementing an operational management approach applicable to regular pandemic prevention, and promoted an upgraded management mechanism for park safety operation in a systematic manner. Based on the national guidance for the standardisation of safety production, the Group intensified the implementation of an effective protection of operation safety to the actual park operations from a combined dimensional perspective of safety, health and environmental protection. During the period, the Group responded to the government's call for developing the "night economy" by jointly launching with Ctrip the "Haichang at night", an ecosystem of branded products for night economy in nine cities and ten theme parks, and creating six sub-brand lines including "Haichang Hotel", "Hanchang Meal", "Haichang Tour", "Haichang Show", "Haichang Entertainment", and "Haichang Shopping", to fill the gap in high-end tourism products in the night economy sector. In addition, the Group optimised and upgraded the performing arts products with new dramas, new productions and new models. The cultural packing and functional experience of themed performance settings were fully optimised and upgraded to create and present to audiences a complete immersive interactive experience of sound and lights plus visual and audio entertainment. An overall planning as well as expansion and modification works were carried out on large theatre equipment and stage design facilities for parades and non-theatrical performances to demonstrate iteration of performing style, refresh creativity in technology and enhance audio-visual interaction. Based on the characteristics of regional culture, the Group performed analyses of customer demand to effectively enrich product offerings and accelerate the launch of new themed products, which allowed a continual update of events and products. Taking "Science + Research-based study" as the direction, the Group enriched the forms of experience of settings with new and deepened contents that increased the cultural essence of natural science.

The development of the projects under construction progressed well. In particular, the settlement and audit works of Shanghai Haichang Ocean Park (the "**Shanghai Project**") in relation to all construction works went smoothly, and filings were completed in respect of the completion of park construction. The Group successfully started to operate phase II of the Shanghai Project under an asset-light model and effectively pushed forward the preparatory works for the design and construction of phase II of the Shanghai Project. As to Zhengzhou Haichang Ocean Park (the "**Zhengzhou Project**"), the construction of the main structures of five venues has been completed. Therefore, the Group is now in the review process of optimising product and design proposals and costs. In the meantime, reasonable and organised arrangements were made to promote project construction in line with the development plan of the Company. For Sanya Haichang Fantasy Town (the "**Sanya Project**"), the Group is in full swing of performing settlement and audit works to ensure the target cost is effectively controlled. The Group also started an orderly product review and update based on its operating condition to boost revenue from project operation.

In respect of asset-light business, the Group continued its effort to achieve excellence while maintaining steady growth and its asset-light consultancy services have been further upgraded. As an example, the Group launched product service packages for large-sized cultural tourism projects and small and medium-sized theme park projects, and expanded the service to cover other recreational projects such as boutique aquariums, theme hotels, theme towns and holiday resorts. During the first half of the year, the Group secured three new service contracts in relation to indoor boutique halls and theme hotels. Among the Group's joint development projects, the project in Dawangshan of Changsha comprising Xiangjiang Joy Snowy Land and Joy Water Village has operated steadily and well since its opening and has become a famous tourism destination in Changsha. Besides, the Group sped up with the launch of in-mall indoor theme park products, and continued product research and development. Wuhan Hi-life Nature Exploration Park officially opened during the period. As a new generation of in-mall indoor park product, the theme park has incorporated additional proprietary IPs, with elements of jungle, ocean and sky integrated into the venue, which creates an immersive space in theme of the nature, inspiring new ideas of fun learning for children discovery and parent-child interaction. The theme park has thus been widely attracted and well rated since its opening.

The Group continued to produce new cultural IP contents to enrich the formats of external collaboration. The Group also jointly produced animation for ocean science learning, which has been launched for distribution and sale on the entire network under the pay-for-knowledge model, with viewership over 1 million in total recorded. During the period, the Group initiated R&D activities to develop over 40 new products in order to further diversify the varieties of derivative products. The Group also entered into partnership with Li Ning, Oishi Food and other famous brands in respect of IP licensing, and achieved IP revenue generation and brand value appreciation therefrom. Based on its experience over the years, the Group established "Haichang Exploration Academy", the first platform for ocean culture popularisation and science knowledge learning.

BUSINESS OUTLOOK

Looking forward, adapting to the development trend of the cultural tourism industry and the real-time requirements of pandemic control and prevention, the Group will press ahead with marketing innovation at full throttle and promote products for night economy on a gradual manner in a bid to recover its revenue to the pre-pandemic level at the earliest possible time. Moreover, the Group will take a multi-pronged approach to actively promote the development of phase II of the Shanghai Project under an asset-light model, intensify the implementation of the plan on construction and upgrade of new projects such as the Zhengzhou Project and the Sanya Project, so as to further enhance its service capability in satisfying consumer demand for leisure vacation. At the same time, the Group will push forward corporate transformation by planning the formulation of a development strategy for the next five years to further lower gearing ratio and boost profitability.

FINANCIAL REVIEW

Revenue

Revenue generated from the Group's park operations and other segments increased by approximately 181.0% from approximately RMB325.5 million for the six months ended 30 June 2020 to approximately RMB914.5 million for the six months ended 30 June 2021, primarily attributable to an obvious restoration of revenue from ticket business and revenue from non-ticket business of our parks as benefited from the effective pandemic control during the current period. Revenue generated from ticket business increased by approximately 243.8% from approximately RMB159.9 million for the six months ended 30 June 2020 to approximately RMB549.7 million for the six months ended 30 June 2021. Revenue generated from non-ticket business increased by approximately 120.3% from approximately RMB165.6 million for the six months ended 30 June 2020 to approximately RMB364.8 million for the six months ended 30 June 2021.

Revenue generated from the Group's property development segment increased from nil in the six months ended 30 June 2020 to approximately RMB409.9 million in the six months ended 30 June 2021, primarily attributable to the completion of property sales in respect of certain particular projects during the first half of 2021.

In conclusion, for the six months ended 30 June 2021, the Group recorded a turnover of approximately RMB1,324.4 million (same period in 2020: approximately RMB325.5 million), representing an increase of approximately 306.9% when compared with the corresponding period of last year.

Cost of Sales

The Group's cost of sales increased by approximately 55.2% from approximately RMB534.9 million for the six months ended 30 June 2020 to approximately RMB830.3 million for the six months ended 30 June 2021, primarily attributable to the increase in revenue from park operations and property development segment which resulted in a corresponding increase in costs.

Gross Profit/(Loss)

For the six months ended 30 June 2021, the Group's consolidated gross profit was approximately RMB494.1 million (same period in 2020: gross loss of RMB209.4 million), resulting in a consolidated gross profit margin of 37.3% (same period in 2020: gross loss margin of 64.3%).

Gross profit of the Group's park operations segment was approximately RMB257.0 million (same period in 2020: gross loss of RMB209.4 million) and gross profit margin of the Group's park operations segment improved from gross loss margin of 64.3% for the six months ended 30 June 2020 to gross profit margin of 28.1% for the six months ended 30 June 2021, primarily attributable to an obvious restoration of revenue from park operations during the current period.

Gross profit of the Group's property development segment was approximately RMB237.1 million (same period in 2020: nil). Gross profit margin of the Group's property development segment was 57.8% (same period in 2020: not applicable), primarily attributable to the completion of property sales in respect of certain particular projects during the first half of 2021.

Other Income and Gains

The Group's other income and gains increased by approximately 102.1% from approximately RMB66.4 million for the six months ended 30 June 2020 to approximately RMB134.2 million for the six months ended 30 June 2021, primarily attributable to the appreciation in investment property valuation during the current period.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by approximately 76.1% from approximately RMB56.6 million for the six months ended 30 June 2020 to approximately RMB99.7 million for the six months ended 30 June 2021, primarily attributable to the increase in sales and marketing activities in line with the obvious restoration of revenue from park operations during the current period.

Administrative Expenses

The Group's administrative expenses increased by approximately 14.1% from approximately RMB298.5 million for the six months ended 30 June 2020 to approximately RMB340.6 million for the six months ended 30 June 2021, primarily attributable to the impairment loss on certain long-term assets as the impact of the pandemic has not been eliminated.

Finance Costs

The Group's finance costs decreased by approximately 5.1% from approximately RMB323.8 million for the six months ended 30 June 2020 to approximately RMB307.4 million for the six months ended 30 June 2021, primarily attributable to the slight decrease in total bank loans of the Group.

Income Tax Expense/(Credit)

The Group's income tax expense/(credit) turned from an income tax credit of approximately RMB39.7 million for the six months ended 30 June 2020 to an income tax expense of approximately RMB139.7 million for the six months ended 30 June 2021, primarily attributable to the increase in taxable profit and incurrence of land appreciation tax from property sales.

Loss for the Period

As a result of the foregoing, the Group's loss for the period narrowed from approximately RMB890.7 million for the six months ended 30 June 2020 to approximately RMB278.4 million for the six months ended 30 June 2021, with net loss margin decreased from approximately 273.6% for the six months ended 30 June 2020 to approximately 21.0% for the six months ended 30 June 2021. Meanwhile, loss attributable to owners of the parent narrowed from approximately RMB876.1 million for the six months ended 30 June 2020 to approximately RMB277.2 million for the six months ended 30 June 2021.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2021, the Group had current assets of approximately RMB2,943.8 million (as at 31 December 2020: approximately RMB3,768.6 million). As at 30 June 2021, the Group had cash and cash equivalents of approximately RMB1,746.3 million (as at 31 December 2020: approximately RMB2,408.1 million) and pledged bank balances of approximately RMB9.4 million (as at 31 December 2020: approximately RMB64.0 million).

Total equity of the Group as at 30 June 2021 was approximately RMB2,719.3 million (as at 31 December 2020: approximately RMB3,000.3 million). As at 30 June 2021, the total interest-bearing bank and other borrowings of the Group amounted to approximately RMB8,825.7 million (as at 31 December 2020: RMB9,195.7 million).

As at 30 June 2021, the Group had a net gearing ratio of 262.1% (as at 31 December 2020: 228.0%). The net debts of the Group included interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents. The increase in the net gearing ratio for the six months ended 30 June 2021 was primarily attributable to the increase in the Group's repayment of trade debts and operating loss for the six months ended 30 June 2021, which resulted in an increase in net debts and a decrease in net assets of the Group as at 30 June 2021.

As indicated in the above information, 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 the Group's future expansion plans and the Group will be able to obtain additional financing on favourable terms as and when necessary.

The Share capital of the Company comprised ordinary shares (the "**Shares**") for the six months ended 30 June 2021.

For the six months ended 30 June 2021, the Group had capital commitments of approximately RMB630.3 million (as at 31 December 2020: RMB632.9 million), which shall be funded through a variety of means, including cash generated from operations, bank financing etc.

Contingent Liabilities

	30 June 2021 *RMB'000* *(Unaudited)*	31 December 2020 *RMB'000* *(Audited)*
Guarantees in respect of the mortgage facilities granted to purchasers of the Group's properties*	**203,080**	191,840
	203,080	191,840

* The Group has provided guarantees in respect of the mortgage facilities granted by certain banks to purchasers of the Group's completed properties held for sale. Pursuant to the terms of those 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 purchaser.

During the period, the Group did not incur any material losses arising from the guarantees provided in respect of the mortgage facilities granted to purchasers of the Group's completed properties held for sale. The Directors consider that in the 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 for 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 risk related to fluctuations in foreign exchange rates. 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.

Staff Policy

As at 30 June 2021, the Group had a total of 4,162 full-time employees (as at 31 December 2020: 4,421 full-time employees). The Group offers comprehensive and competitive remuneration, retirement scheme and benefit packages to its employees. Discretionary bonus is offered to the Group's staff depending on their work performance. The Group and its employees are required to make contributions to a social insurance scheme as well as the pension insurance and unemployment insurance at the respective 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, 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 months ended 30 June 2021.

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.

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 Rules Governing the Listing of Securities (the "**Listing Rules**") 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 Code for the six months ended 30 June 2021 except as disclosed below.

Under code provision A.6.7 of the Code, independent non-executive Directors and other non-executive Directors should attend annual general meetings to fully gain understanding of the views of shareholders. Mr. Qu Naijie and Mr. Li Hao, being the non-executive Directors, were absent from the annual general meeting of the Company held on 10 June 2021 (the "**AGM**") due to pre-arranged business commitments.

Under code provision E.1.2 of the Code, the chairman of the Board should attend annual general meetings of the Company and should also invite the chairmen of the audit, remuneration, nomination and any other board committees (as appropriate) of the Company to attend. Mr. Qu Naijie, being the chairman of the Board and of the nomination committee of the Company, was absent from the AGM due to a pre-arranged business commitment. Mr. Wang Xuguang, being 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, being an executive Director, was appointed as the delegate of the chairman of the Board.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") 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 six months ended 30 June 2021.

Audit Committee

As at the date of this announcement, the audit committee of the Company (the "**Audit Committee**") comprises three members, namely Mr. Chen Guohui, Mr. Wang Jun and Ms. Zhang Meng, all of whom are independent non-executive Directors. Mr. Chen Guohui is the chairman of the Audit Committee.

The Audit Committee has reviewed together with the Directors the unaudited interim financial information of the Group for the six months ended 30 June 2021.

Interim Dividend

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

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 contrary, or other variations or similar terminology. These forward-looking statements involve all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding the Group's intentions, beliefs or current expectations concerning the Group's 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 Company cautions 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 the results or developments in subsequent periods.

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

This interim results announcement of the Company for the six months ended 30 June 2021 is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.haichangoceanpark.com.

Appreciation

Lastly, on behalf of the Board, I would like to take this opportunity to express my gratitude to the management and all fellow staff members for their contributions to the Group's development. Also, I would like to extend my deepest appreciation to the shareholders, business partners, customers and professional advisers for their support and confidence in bringing the Group a more prosperous and fruitful future.

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, 26 August 2021

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.