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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 2021

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 2021, together with the comparative figures for 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

		2021	2020
	Notes	RMB'000	RMB'000
REVENUE	5	2,460,200	1,168,222
Cost of sales		<u>(1,738,935)</u>	<u>(1,297,477)</u>
Gross profit/(loss)		721,265	(129,255)
Other income and gains	5	2,672,145	251,700
Selling and marketing expenses		(225,372)	(168,957)
Administrative expenses		(1,147,568)	(676,160)
Impairment losses on financial and contract assets, net		(19,444)	(23,769)
Other expenses		(233,147)	(173,720)
Finance costs	6	(489,871)	(598,725)
Share of (loss)/profit of an associate		<u>(80,839)</u>	<u>1,361</u>
PROFIT/(LOSS) BEFORE TAX		1,197,169	(1,517,525)
Income tax (expense)/credit	7	<u>(362,931)</u>	<u>39,071</u>
PROFIT/(LOSS) FOR THE YEAR		<u>834,238</u>	<u>(1,478,454)</u>
Attributable to:			
Owners of the parent		844,851	(1,451,637)
Non-controlling interests		<u>(10,613)</u>	<u>(26,817)</u>
		<u>834,238</u>	<u>(1,478,454)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
– For profit/(loss) for the year (RMB cents)		<u>21.12</u>	<u>(36.29)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*Year ended 31 December 2021*

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
PROFIT/(LOSS) FOR THE YEAR	<u>834,238</u>	<u>(1,478,454)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>61,354</u>	<u>197,811</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>61,354</u>	<u>197,811</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(65,448)</u>	<u>(197,713)</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u>(65,448)</u>	<u>(197,713)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	<u>(4,094)</u>	<u>98</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>830,144</u>	<u>(1,478,356)</u>
Attributable to:		
Owners of the parent	<u>840,757</u>	<u>(1,451,539)</u>
Non-controlling interests	<u>(10,613)</u>	<u>(26,817)</u>
	<u>830,144</u>	<u>(1,478,356)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*31 December 2021*

	<i>Notes</i>	2021 RMB'000	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		4,886,671	7,269,824
Investment properties		802,800	2,491,400
Right-of-use assets		1,448,228	1,699,295
Intangible assets		12,385	14,857
Investment in an associate		–	80,839
Financial assets at fair value through profit or loss		159,363	141,020
Deferred tax assets		20,147	36,121
Long-term prepayments, receivables and deposits		490,071	452,103
Properties under development		299,789	465,470
Total non-current assets		8,119,454	12,650,929
CURRENT ASSETS			
Completed properties held for sale		44,308	82,788
Properties under development		–	316,427
Inventories		27,513	36,400
Biological assets		6,707	–
Trade receivables	<i>9</i>	67,051	167,026
Contract assets		52	237
Prepayments and other receivables		240,609	637,642
Tax recoverables		–	55,732
Financial assets at fair value through profit or loss		–	200
Pledged deposits	<i>10</i>	5,000	63,997
Cash and cash equivalents	<i>10</i>	3,206,658	2,408,110
Total current assets		3,597,898	3,768,559
CURRENT LIABILITIES			
Trade payables	<i>11</i>	598,006	992,657
Other payables and accruals		508,370	1,370,283
Advances from customers		16,904	19,651
Interest-bearing bank and other borrowings	<i>12</i>	1,925,907	2,769,547
Lease liabilities	<i>12</i>	16,520	12,624
Government grants		21,890	97,268
Deferred revenue		–	67
Tax payable	<i>7</i>	273,086	219,660
Total current liabilities		3,360,683	5,481,757
NET CURRENT ASSETS/(LIABILITIES)		237,215	(1,713,198)
TOTAL ASSETS LESS CURRENT LIABILITIES		8,356,669	10,937,731

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	<i>12</i>	3,268,061	6,426,162
Lease liabilities	<i>12</i>	43,845	41,113
Long-term payables		728,495	383,991
Government grants		414,353	838,366
Deferred revenue		–	775
Deferred tax liabilities		71,446	246,999
		<hr/>	<hr/>
Total non-current liabilities		4,526,200	7,937,406
		<hr/>	<hr/>
Net assets		3,830,469	3,000,325
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		2,451	2,451
Reserves		3,764,461	2,923,704
		<hr/>	<hr/>
		3,766,912	2,926,155
Non-controlling interests		63,557	74,170
		<hr/>	<hr/>
Total equity		3,830,469	3,000,325
		<hr/>	<hr/>

NOTES TO FINANCIAL STATEMENTS

31 December 2021

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. 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, biological assets, 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 Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2021. 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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 9, IAS 39,
IFRS 7, IFRS 4 and IFRS 16
Amendment to IFRS 16

Interest Rate Benchmark Reform – Phase 2

*Covid-19-Related Rent Concessions beyond 30 June 2021
(early adopted)*

The nature and the 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 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount 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 amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had certain interest-bearing bank and other borrowings denominated in RMB based on the China Interbank Offered Rate as at 31 December 2021. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the "economically equivalent" criterion is met.

- (b) Amendment to IFRS 16 issued in April 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. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised to business units based on their products and services and has three 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 the 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 the 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; and
- (c) the operation as a service segment engages in the provision of consultancy, management and recreation services.

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/loss 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 2021

	Park operations RMB'000	Operation as a service RMB'000	Property development RMB'000	Total RMB'000
Segment revenue (<i>note 5</i>)				
Sales to external customers and total revenue	<u>1,824,162</u>	<u>51,810</u>	<u>584,228</u>	<u>2,460,200</u>
Revenue				<u><u>2,460,200</u></u>
Segment results	401,301	22,283	297,681	721,265
<i>Reconciliation</i>				
Unallocated income and gains				2,672,145
Unallocated expenses				(1,625,531)
Share of loss of an associate	(80,839)	–	–	(80,839)
Finance costs				<u>(489,871)</u>
Profit before tax				<u><u>1,197,169</u></u>

31 December 2021

	Park operations RMB'000	Operation as a service RMB'000	Property development RMB'000	Total RMB'000
Segment assets	7,512,985	101,501	344,097	7,958,583
<i>Reconciliation:</i>				
Corporate and other unallocated assets				3,758,769
Total assets				11,717,352
Segment liabilities	129,820	3,503	–	133,323
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				7,753,560
Total liabilities				7,886,883
Other segment information				
Share of loss of an associate	(80,839)	–	–	(80,839)
Impairment losses recognised in the statement of profit or loss, net	590,626	–	–	590,626
Depreciation and amortisation				
Unallocated				3,138
Segment	480,871	3,355	–	484,226
Investment in an associate	–	–	–	–
Capital expenditure*				
Unallocated				1,587
Segment	202,588	–	–	202,588
Year ended 31 December 2020				
	Park operations RMB'000	Operation as a service RMB'000	Property development RMB'000	Total RMB'000
Segment revenue (<i>note 6</i>)				
Sales to external customers and total revenue	1,134,713	33,509	–	1,168,222
Revenue				1,168,222
Segment results	(141,275)	12,020	–	(129,255)
<i>Reconciliation</i>				
Unallocated income and gains				251,700
Unallocated expenses				(1,042,606)
Share of profit of an associate	1,361	–	–	1,361
Finance costs				(598,725)
Loss before tax				(1,517,525)

31 December 2020

	Park operations <i>RMB'000</i>	Operation as a service <i>RMB'000</i>	Property development <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	11,946,001	137,016	864,685	12,947,702
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>3,471,786</u>
Total assets				<u><u>16,419,488</u></u>
Segment liabilities	130,245	2,853	624,038	757,136
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>12,662,027</u>
Total liabilities				<u><u>13,419,163</u></u>
Other segment information				
Share of profit of an associate	1,361	–	–	1,361
Impairment losses recognised in the statement of profit or loss, net	254,925	–	–	254,925
Depreciation and amortisation				
Unallocated				4,135
Segment	493,573	2,935	–	496,508
Investment in an associate	80,839	–	–	80,839
Capital expenditure*				
Unallocated				1,651
Segment	218,121	–	–	218,121

* Capital expenditure consists of additions to property, plant and equipment, investment properties, intangible assets, right-of-use assets 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 2021.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 RMB'000	2020 RMB'000
<i>Revenue from contracts with customers</i>	2,384,228	1,082,315
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	383	320
Other lease payments, including fixed payments	75,589	85,587
	75,972	85,907
	2,460,200	1,168,222

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2021

Segments	Park operations RMB'000	Operation as a service RMB'000	Property development RMB'000	Total RMB'000
Types of goods or services				
Tickets sales	1,161,227	–	–	1,161,227
Property sales	–	–	584,228	584,228
Food and beverage sales	228,146	–	–	228,146
Sale of merchandise	88,737	–	–	88,737
In-park recreation income	163,344	–	–	163,344
Income from hotel operations	106,736	–	–	106,736
Income from tourism & leisure services and solutions	–	51,810	–	51,810
Total revenue from contracts with customers	1,748,190	51,810	584,228	2,384,228
Geographical market				
Mainland China	1,748,190	51,810	584,228	2,384,228
Timing of revenue recognition				
Goods transferred at a point in time	319,132	–	584,228	903,360
Services transferred over time	1,429,058	51,810	–	1,480,868
Total revenue from contracts with customers	1,748,190	51,810	584,228	2,384,228

For the year ended 31 December 2020

Segments	Park operations <i>RMB'000</i>	Operation as a service <i>RMB'000</i>	Property development <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Tickets sales	635,264	–	–	635,264
Food and beverage sales	163,071	–	–	163,071
Sale of merchandise	58,570	–	–	58,570
In-park recreation income	99,721	–	–	99,721
Income from hotel operations	92,180	–	–	92,180
Income from tourism & leisure services and solutions	–	33,509	–	33,509
Total revenue from contracts with customers	<u>1,048,806</u>	<u>33,509</u>	<u>–</u>	<u>1,082,315</u>
Geographical market				
Mainland China	<u>1,048,806</u>	<u>33,509</u>	<u>–</u>	<u>1,082,315</u>
Timing of revenue recognition				
Goods transferred at a point in time	223,890	–	–	223,890
Services transferred over time	<u>824,916</u>	<u>33,509</u>	<u>–</u>	<u>858,425</u>
Total revenue from contracts with customers	<u>1,048,806</u>	<u>33,509</u>	<u>–</u>	<u>1,082,315</u>

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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Properties sales	584,228	–
Tickets sales	129,510	92,198
Income from hotel operations	735	182
Income from tourism & leisure services and solutions	<u>2,853</u>	<u>3,546</u>
	<u>717,326</u>	<u>95,926</u>

(ii) Performance obligations

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

Property sales

The performance obligation is satisfied upon obtaining 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 tourism & leisure services and solutions

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:

	2021 RMB'000	2020 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	<u>133,323</u>	<u>757,136</u>

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.

	2021 RMB'000	2020 RMB'000
Other income		
Government grants	142,284	221,955
Interest income	3,593	10,218
Income from insurance claims	21,291	11,257
Others	<u>13,425</u>	<u>7,704</u>
	<u>180,593</u>	<u>251,134</u>
Gains		
Gain on modifications of financial liabilities that do not result in derecognition	17,748	566
Gain on disposal of subsidiaries	<u>2,473,804</u>	<u>—</u>
	<u>2,491,552</u>	<u>566</u>
	<u>2,672,145</u>	<u>251,700</u>

6. FINANCE COSTS

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on bank loans and other loans	486,758	581,585
Interest on lease liabilities	3,113	3,375
	<hr/>	<hr/>
Total interest expenses on financial liabilities not at fair value through profit or loss	489,871	584,960
Less: Interest capitalised	–	2,498
	<hr/>	<hr/>
	489,871	582,462
Other finance costs:		
Increase in discounted amounts of financial liabilities arising from the passage of time	–	16,263
	<hr/>	<hr/>
	489,871	598,725
	<hr/>	<hr/>

7. 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 2021 (31 December 2020: 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current – Mainland China:		
Charge for the year	350,778	15,232
Underprovision in prior years	4,064	–
LAT	67,263	–
	<u>422,105</u>	<u>15,232</u>
Deferred tax	(59,174)	(54,303)
	<u>362,931</u>	<u>(39,071)</u>
Total tax charge/(credit) for the year	<u><u>362,931</u></u>	<u><u>(39,071)</u></u>

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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit/(loss) before tax	<u>1,197,169</u>	<u>(1,517,525)</u>
Tax at the statutory income tax rate	299,292	(379,381)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	22,256	(16,618)
Effect of withholding tax on the disposal of subsidiaries	158,514	–
Adjustments in respect of current tax of prior years	4,064	–
Income not subject to tax	(616,492)	(8,484)
Expenses not deductible for tax	20,405	8,271
Tax losses utilised from previous periods	–	(296)
Tax losses not recognised	247,188	299,661
Temporary difference not recognised	177,257	57,776
Provision for LAT	67,263	–
Tax effect on LAT	(16,816)	–
	<u>362,931</u>	<u>(39,071)</u>
Tax charge/(credit) for the year at the effective rate	<u><u>362,931</u></u>	<u><u>(39,071)</u></u>

Tax payables in the consolidated statement of financial position represent:

	31 December 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
PRC corporate income tax	273,086	196,464
LAT	–	23,196
	<u>273,086</u>	<u>219,660</u>

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,000,000,000 (2020: 4,000,000,000) in issue during the year.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	<u>844,851</u>	<u>(1,451,637)</u>
	Number of ordinary shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	<u>4,000,000,000</u>	<u>4,000,000,000</u>

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.

9. TRADE RECEIVABLES

	31 December 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
Trade receivables	111,550	257,430
Less: Provision for doubtful debts	<u>(44,499)</u>	<u>(90,404)</u>
	<u>67,051</u>	<u>167,026</u>

The Group's trading terms with its institutional customers and lessees are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

No trade receivables were pledged by the Group (31 December 2020: RMB231,409,000) to secure bank loans granted to the Group at 31 December 2021.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, net of loss allowance, is as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000
Within 90 days	29,447	59,923
Over 90 days and within one year	4,627	32,119
Over one year	32,977	74,984
	<u>67,051</u>	<u>167,026</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000
At beginning of year	90,404	65,021
Impairment losses, net	15,060	25,394
Disposal of subsidiaries	(58,877)	—
Amount written off as uncollectible	(2,088)	(11)
At end of year	<u>44,499</u>	<u>90,404</u>

The decrease (2020: increase) in the loss allowance was due to the following significant changes in the gross carrying amount:

- (i) Decrease in the loss allowance of RMB58,877,000 as a result of disposal of subsidiaries; and
- (ii) Decrease in the loss allowance of RMB2,088,000 (2020: RMB11,000) as a result of the write-off of certain trade receivables.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2021

	Within 90 days	Ageing Over 90 days and within one year	Over one year	Total
Expected credit loss rate	6.00%	16.19%	55.85%	39.89%
Gross carrying amount (RMB'000)	31,328	5,521	74,701	111,550
Expected credit losses (RMB'000)	<u>1,881</u>	<u>894</u>	<u>41,724</u>	<u>44,499</u>

As at 31 December 2020

	Within 90 days	Ageing Over 90 days and within one year	Over one year	Total
Expected credit loss rate	6.77%	26.56%	49.82%	35.12%
Gross carrying amount (RMB'000)	64,275	43,737	149,418	257,430
Expected credit losses (RMB'000)	<u>4,352</u>	<u>11,618</u>	<u>74,434</u>	<u>90,404</u>

10. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	31 December 2021 RMB'000	31 December 2020 RMB'000
Cash and bank balances	3,211,658	2,472,107
Less: Pledged for interest-bearing bank loans	<u>(5,000)</u>	<u>(63,997)</u>
Unpledged cash and cash equivalents	3,206,658	2,408,110
Less: Frozen or restricted cash and bank balances*	<u>(4,053)</u>	<u>(62,618)</u>
Unpledged, unfrozen and unrestricted cash and cash equivalents	<u>3,202,605</u>	<u>2,345,492</u>

* At 31 December 2021, certain bank accounts of the Group of RMB4,053,000 (2020: Nil) were frozen by certain court for preservation. At 31 December 2020, certain bank accounts of the Group of RMB62,618,000 received from customers were 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 RMB3,209,862,000 (31 December 2020: RMB2,469,749,000). 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.

11. TRADE PAYABLES

	31 December 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
Within one year	199,925	617,304
Over one year	897,000	755,903
	<u>1,096,925</u>	<u>1,373,207</u>
Less: non-current portion	498,919	380,550
	<u>598,006</u>	<u>992,657</u>

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

The Group has been granted extended credit terms by certain of the Group's suppliers and service providers for RMB525,757,000 for repayment of trade payables to be due after 31 December 2022.

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

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

	31 December 2021			31 December 2020		
	Effective interest rate (%)	Maturity	<i>RMB'000</i>	Effective interest rate (%)	Maturity	<i>RMB'000</i>
Current						
Other loans – secured*	6-9	2022	458,058	7-13	2021	779,835
Bank loans – secured	4-7	2022	405,500	4-7	2021	1,069,500
Current portion of non-current bank loans – secured	4-5	2022	<u>1,062,349</u>	4-8	2021	<u>920,212</u>
Subtotal of interest-bearing bank and other borrowings			1,925,907			2,769,547
Lease liabilities	5	2022	<u>16,520</u>	6	2021	<u>12,624</u>
			<u>1,942,427</u>			<u>2,782,171</u>
Non-current						
Other loans – secured*			–	7-13	2022-2025	1,199,560
Bank loans – secured	4-5	2023-2030	<u>3,268,061</u>	4-8	2022-2033	<u>5,226,602</u>
Subtotal of interest-bearing bank and other borrowings			<u>3,268,061</u>			<u>6,426,162</u>
Lease liabilities	5	2023-2027	<u>43,845</u>	6	2022-2027	<u>41,113</u>
			<u>3,311,906</u>			<u>6,467,275</u>
			<u>5,254,333</u>			<u>9,249,446</u>

* 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 RMB91,603,000 at 31 December 2021 (31 December 2020: RMB585,971,000). The carrying value of the Group's underlying assets at 31 December 2021 under the aforesaid arrangements was RMB396,634,000 (31 December 2020: RMB694,263,000).

大連海昌旅遊集團有限公司 (“Dalian Tourism”), a subsidiary of the Company, entered into agreements with financial institutions by pledging its 58.3% equity in 大連老虎灘海洋公園有限公司 (“LHT”) for certain borrowings of RMB366,455,000 granted to the Group at 31 December 2021 (31 December 2020: RMB366,343,000).

上海海昌旅遊集團有限公司 (“Shanghai Tourism”), a subsidiary of the Company, issued non-public corporate bonds upon the Company providing a guarantee for certain borrowings amounting to RMB68,908,000 at 31 December 2020.

海昌(中國)有限公司 (“Haichang China”), a subsidiary of the Company, entered into agreements with a financial institution by pledging buildings of 天津極地旅遊有限公司 (“Tianjin Park”), a former subsidiary of the Company which was disposed during 2021, for certain borrowings of RMB310,000,000 granted to the Group at 31 December 2020.

青島極地海洋世界有限公司 (“Qingdao Park”), a former subsidiary of the Company which was disposed during 2021, entered into an agreement with an asset management company by pledging its upcoming revenue during 2019 to 2023 for certain borrowings of RMB648,173,000 granted to the Group at 31 December 2020.

	31 December 2021 RMB'000	31 December 2020 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	1,467,849	1,989,712
In the second year	462,384	1,261,346
In the third to fifth years, inclusive	1,540,255	1,753,903
Beyond five years	1,265,422	2,211,353
	4,735,910	7,216,314
Other borrowings repayable:		
Within one year or on demand	458,058	779,835
In the second year	–	803,634
In the third to fifth years, inclusive	–	395,926
	458,058	1,979,395
Lease liabilities:		
Within one year or on demand	16,520	12,624
In the second year	14,771	12,983
In the third to fifth years, inclusive	28,091	25,206
Beyond five years	983	2,924
	60,365	53,737
	5,254,333	9,249,446

The Group's bank and other loans were secured by the pledges of the Group's assets with carrying values at 31 December 2021 and 2020 as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000
<i>Notes</i>		
Theme park's buildings and machineries	1,698,578	3,100,105
Right-of-use assets	814,204	918,387
Investment properties	504,800	2,158,977
Pledged bank balances	5,000	63,997
Completed properties held for sale	–	82,788
Trade receivables	–	231,409

The Group pledged its 100% equity in Chongqing Caribbean for certain borrowings of RMB150,000,000 granted to the Group at 31 December 2021.

In addition to the pledges of the Group's assets, 大連海昌集團有限公司 ("Dalian Haichang Group"), a related company, provided guarantees for certain borrowings of RMB1,019,165,000 granted to the Group at 31 December 2021 (31 December 2020: RMB1,132,711,000).

In addition to the pledges of the Group's assets, 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) or 楊迪 ("Ms. Yang", spouse of Mr. Qu Cheng) provided personal guarantees for certain borrowings of RMB3,247,835,000 granted to the Group at 31 December 2021 (31 December 2020: RMB4,469,016,000).

All the Group's borrowings are denominated in RMB.

The bank and other borrowings of the Group bear interest at floating rates, except for bank and other borrowings of RMB3,451,726,000 as at 31 December 2021 (2020: RMB6,143,066,000) that bear interest at fixed rates.

As at 31 December 2021, the Group had an unused bank facility of RMB30,000,000.

13. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed elsewhere in the financial statements, the Group has the following subsequent events.

Pursuant to a resolution of the board of directors of the Company on 5 January 2022, the Company has adopted the share award scheme in which the eligible persons will be entitled to participate. The scheme shall be valid and effective for a term of ten years. Further details of the share award scheme was set out in the Company's announcement dated 5 January 2022.

Mr. Qu was redesignated as an executive director and appointed as chief executive officer of the Company with effect from 5 January 2022.

Mr. Wang Xuguang was redesignated as a non-executive director of the Company and resigned from chief executive officer with effect from 5 January 2022.

Mr. Zhang Jianbin was appointed as an executive director of the Company with effect from 5 January 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading marine-life theme park developer and operator in China. As at 31 December 2021, there were 10 theme parks operating under the brand name of “Haichang” and one theme park under construction in China. We offer visitors a comprehensive tourism and leisure experience encompassing leisure, entertainment, dining, shopping and accommodation in our theme parks together with auxiliary commercial facilities. Meanwhile, we continue to deliver our products and solutions of oceanic culture and capability across the country, in order to allow more consumers to enjoy our wide range of interesting and creative oceanic culture-based tourism and leisure products. Our goal is to become a company helping people to have fun to the fullest by creating a place filled with “dream, love, joy”, where we can continue to offer people unique and distinctive oceanic culture-based tourism and leisure products and experience.

In 2021, as China saw signs of gradual containment of the COVID-19 pandemic and recovery of domestic tourism spending, our business significantly improved compared with 2020. However, due to repeatedly confirmed cases in certain areas, strict public health measures and corresponding travel restrictions remained in place nationwide, which still had significant impacts on our business. The Group’s revenue increased from RMB1,168.2 million for the year ended 31 December 2020 to RMB2,460.2 million for the year ended 31 December 2021, representing a year-on-year increase of 110.6%. In particular, revenue generated from park operations increased from RMB1,134.7 million for the year ended 31 December 2020 to RMB1,824.2 million for the year ended 31 December 2021, representing a year-on-year increase of 60.8%. Gross profit made a positive turnaround from the loss of RMB129.3 million for the year ended 31 December 2020 to a profit of RMB721.3 million for the year ended 31 December 2021. Our EBITDA turned positive to a profit of RMB2,170.8 million for the year ended 31 December 2021 from the loss of RMB429.5 million for the year ended 31 December 2020. Compared with the net loss of RMB1,478.5 million for the year ended 31 December 2020, we recorded a net profit of RMB834.2 million for the year ended 31 December 2021.

	For the year ended	
	31 December	
	2021	2020
	RMB’000	RMB’000
Revenue by business		
Park operations	1,824,162	1,134,713
<i>Ticket sales</i>	1,161,227	635,264
<i>In-park spendings⁽¹⁾</i>	480,227	321,362
<i>Rental income</i>	75,972	85,907
<i>Income from hotel operations</i>	106,736	92,180
Income from tourism & leisure services and solutions	51,810	33,509
Property sales	584,228	—
Total	2,460,200	1,168,222

Note: In-park spendings include revenue from sales of food and beverages, sales of merchandises, and in-park recreation income

Park operations

As at 31 December 2021, there were 10 theme parks operating under the brand name of “Haichang” and one theme park under construction in China. We own and operate six theme parks and have one theme park under construction. On 23 December 2021, we completed the transfer of 100% equity interest in the theme parks of the Group in Wuhan, Chengdu, Tianjin and Qingdao. For details, please refer to the announcements of the Company dated 18 October 2021 and 23 December 2021 published on the Stock Exchange.

The table below sets forth our existing and disposed theme parks

Park	Theme	Location	Year of opening	Site area	Scenic rating
Shanghai Haichang Ocean Park (the “ Shanghai Park ”)	Polar ocean and amusement facilities	Shanghai	2018	Approximately 297,000 square metres	4A
Sanya Haichang Fantasy Town (the “ Sanya Project ”)	Immersive cultural and recreational complex	Sanya	2019	Approximately 98,000 square metres	To be determined
Zhengzhou Haichang Ocean Park	Polar ocean and amusement facilities	Zhengzhou	Under construction	Approximately 425,000 square metres	To be determined
Dalian Haichang Discoveryland Theme Park	Amusement facilities	Dalian	2006	Approximately 71,000 square metres	5A
Dalian Laohutan Ocean Park	Polar ocean	Dalian	2002	Approximately 38,000 square metres	5A
Chongqing Haichang Caribbean Water Park	Water park	Chongqing	2009	Approximately 65,000 square metres	4A
Yantai Haichang Ocean Park	Polar ocean	Yantai	2011	Approximately 32,000 square metres	4A
Below are the disposed theme parks					
Chengdu Haichang Polar Ocean Park	Polar ocean	Chengdu	2010	Approximately 49,000 square metres	4A
Tianjin Haichang Polar Ocean Park	Polar ocean	Tianjin	2010	Approximately 49,000 square metres	4A
Qingdao Haichang Polar Ocean Park	Polar ocean	Qingdao	2006	Approximately 45,000 square metres	4A
Wuhan Haichang Polar Ocean Park	Polar ocean	Wuhan	2011	Approximately 43,000 square metres	4A

Revenue from park operations increased from RMB1,134.7 million for the year ended 31 December 2020 to RMB1,824.2 million for the year ended 31 December 2021, representing a year-on-year increase of 60.8% and a recovery to 66.8% of that in the same period of 2019.

In 2021, the total number of ticket buyers and park visitors was 6,593 thousand and 9,899 thousand, representing an increase of 22.5% and 18.9% from the same period of 2020 and recovered to 50.2% and 60.0% of that in the same period of 2019, respectively. In respect solely of the Shanghai Park, the number of ticket buyers and park visitors increased by 37.6% and 27.8% from the same period of 2020 and recovered to 51.1% and 65.1% of that in the same period of 2019, respectively.

In 2021, driven by the recovery from COVID-19 pandemic and the stronger tourists' demand for short-haul travel, the Shanghai Park once recovered its turnover to 80.3% of that in the same period of 2019 during the first half of 2021. Unfortunately, the repeat of the pandemic in the primary peak season of the Shanghai Park in the second half of 2021 took a toll on the tourists' desire to travel. The Shanghai Park performed below expectations during the period, which led to a revenue recovery of the Shanghai Park of only 63.3% from 2019 on an annual basis. We are looking forward to operating the Shanghai Park under a more normalised operating environment.

During 2021, the Shanghai Park was further upgraded in different aspects with aims to provide enriched contents and enhanced experience to visitors. Those upgrades included the launch of scuba diving activity, the presentation of lighting shows and artists performances at night, the host of carnivals, the upgrading and renovation of amusement facilities, and the enhancement of animal-interactive experience through integration of ocean science. It also launched a number of underwater performances, hosted a wide range of activities such as whale-themed food street, food market at Dishui Lake and robotic gourmet carnival, and offered products such as firework dining packages and mermaid-themed live dining shows at the Whale Shark Restaurant.

Having opened only for less than 4 years, the Shanghai Park was rated as the Best Theme Park in China for 2021 by the Institute for Theme Park Studies in China, the Most Popular Attraction 2021 by Ctrip, and a Must-Visit Shanghai Attraction on the Must-Visit List by Meituan x Dianpian, for its exquisitely interesting polar ocean and entertaining facilities and experience offerings. With the successive openings of recreational venues, including the Shanghai Astronomy Museum, in the proximity of the Shanghai Park, and the increasing popularity of urban leisure and holiday travel, we sought to develop an international ocean-themed tourism and holiday resort by further building an urban holiday resort complex in the vicinity. In this regard, we commenced the construction work for phase II of the Shanghai Park last year. Neighbouring with the existing Shanghai Park, the phase II project will comprise an ocean-themed hotel, a hot spring hotel, an aquarium and a commercial street. We expect that the opening of the phase II project will further increase the accommodation capacity and prolong visitors' staying time for their greater enjoyment.

In 2021, revenue of our Sanya Project increased by 71.6% from that of 2020. However, due to the continual impact of the COVID-19 pandemic on travel, its revenue recovered to 64.9% of that in the same period of 2019.

The Sanya Project is located in Haitang Bay, a renowned tourists' resort destination. We have developed an immersive oceanic cultural and recreational complex in the park which includes an internet-famous city landmark, namely the Eye of Sanya which is an 88-metre tall Ferris wheel, and a variety of artists performances, carnivals, amusement facilities, diving activities and theme restaurants. The Sanya Project is all-inclusive vacation destination for nightlife, and seamlessly combine the Maritime Silk Road culture, the Hainanese culture and ocean culture which satisfies the comprehensive demand of visitors for leisure and entertainment under an open business model focusing on the four major business formats, namely amusement, catering, entertainment and shopping. Being the sole cultural tourism project in Hainan Province, the Sanya Project has been short-listed as one of the first national gathering spot in for nightlife culture and travel consumption. We are confident in the resilience and the future in tourism and hospitality of Sanya, in particular of Haitang Bay, for its position as a natural tourism and vacation destination and that it is correct and meaningful for us to establish our presence there. In the future, we will continue to make use of the remaining vacant site to further develop an immersive cultural, recreational and commercial complex, thereby making the Sanya Project a well-known resort destination.

Hotels

Currently, the Group's hotel business mainly provides services for our theme parks. In the course of our ocean-themed hotel operation, we noted that lifestyle hotels adequately cater increasing demand for holiday hotels of consumers. This can be proved by our financial results. Revenue from our overall hotel business for 2021 recovered to 102.1% of that in 2019. For the Shanghai Hotel, the revenue recovery reached to 117.8% of that in the same period of 2019.

We were thus inspired to reassess the potential of lifestyle hotels under the current situation. In order to further increase the accommodation capacity and prolong visitors' staying time of the Shanghai Park, we focused our effort on increasing hotel supply in the neighbourhood of the Shanghai Park. Specifically, our existing hotels will be renovated to increase the number of rooms by approximately 100, and our resort hotel and ocean-themed hotel under phase II project and our penguin-themed hotel under construction near the Shanghai Park will together provide an addition of approximately 1,100 rooms. We will also further identify opportunities for opening lifestyle hotels that integrate with our oceanic culture. We find it a fascinating style for vacation.

Pandemic measures

We adopted a number of measures to minimise the impact of the COVID-19 pandemic on our business, ensure the health and safety of our customers and staff, and facilitate business resumption. These measures included without limiting to:

- Disinfecting main venues, facilities, visitors' area and office area for multiple times every day;
- Strictly performing body temperature measurement on visitors at park entrances using our high-tech infrared thermal imagers to reduce the risk of pandemic spread;
- Stringently formulating emergency response plan for pandemic prevention and control, and regularly conducting comprehensive emergency exercises at company level;
- Providing health caring and monitoring on the health of our employees for pandemic prevention;
- Enforcing strict control on the safety of cold-chain feeds for ocean animals, and arranging regular nucleic acid tests for contacting staff;
- Setting up customer care programme to provide rescheduling and cancellation services according to relevant requirements.

Tourism & leisure services and solutions (OaaS)

In 2021, we comprehensively fostered the development of our tourism & leisure services and solutions business, namely Operation as a Service (**OaaS**). We leverage on our strengths in providing the full-process of mature cultural tourism and leisure services and solutions covering solution design, construction work management, operation services, brand output, etc, to deliver our oceanic capacity and culture to cultural tourism projects in different places, with targets including aquariums, major ocean-centered projects, especially ocean-themed resort projects, oceanic culture-themed lifestyle hotel and commercial projects, and snow parks.

For the year ended 31 December 2021, the Group's revenue from tourism & leisure services and solutions business increased by 54.6% from the same period of 2020, primarily attributable to the recovery of market demand for the business amid improved pandemic situation.

In 2021, the Group was in talks for a number of agreements for this business segment. The Group secured six new agreements with a total contract value of over RMB50 million, for which the Group realised a revenue of approximately RMB21 million in 2021. Also in 2021, Haichang Ocean Park entered into nine strategic cooperation agreements with major industry high-profile companies, and is expected to provide tourism & leisure services and solutions to those partners in the future. Many companies have expressed their interests in cooperating with us, and we are in talks to sign contracts with over 10 companies for cooperation on construction consulting and operation services.

Property development and sales

In 2021, the Group realised a revenue of approximately RMB584.2 million from property development and sales segment. A substantial part of the revenue was generated from sales of ancillary residential properties in the neighbourhood of our parks, which were ancillary property developments for our parks. As at 31 December 2021, the Group had properties held for sales with a total carrying value of RMB44.3 million, all of them are expected to be sold in the future. In addition, the Group is cooperating with those disposed parks to assist their future sale of those properties held for sales of the disposed parks with a total carrying value of RMB114.9 million for additional source of income. Currently, the Group still holds certain properties for development. Apart from the above, the Group had investment properties with a total carrying value of approximately RMB802.8 million as at 31 December 2021. The Group will decide how to deal with those properties according to its business plan.

OUTLOOK

Our goal is to become a company helping people to have fun to the fullest by creating a place filled with “dream, love, joy”, where we can continue to offer people unique and distinctive oceanic culture-based tourism and leisure products and experience.

We will continue to expand our theme park assets. Efforts have been made to accelerate the phase II construction of the Shanghai Park, which is expected to further increase the accommodation capacity and prolong visitors’ staying time of the Shanghai Park. Zhengzhou Haichang Ocean Park (the “**Zhengzhou Project**”) will meet all requirements for operation by 2024. We will then work on the planning for further development and expansion of other parks, including the Sanya Project.

We will continue to upgrade our theme parks and provide visitors with more interesting and creative products and contents, in order to strengthen our product competitiveness and enhance visitors’ experience. In particular, new elements will be introduced into our parks through formulating new IP strategies and introducing famous IP. We will seek to increase our IP operation capability for external output of our IP derivatives in the future.

We will continue to foster the development of our tourism & leisure services and solutions business. With the aim of offering refreshing experience to consumers, we will deliver our oceanic capability and culture to cultural tourism projects in different places, with targets including aquariums, major ocean-centered projects, especially ocean-themed resort projects, oceanic culture-themed lifestyle hotel and commercial projects, and snow parks.

It is our expectation to further improve our management of working capital, increase our capital utilisation efficiency and optimise our capital structure. We are expanding the phase II development of the Shanghai Park through asset-light approach, under which our partner is responsible for providing facilities and we are responsible for providing operation services. Improved capital utilisation efficiency has been achieved under such business model. We will further explore possibilities of business expansion and improvement of capital utilisation efficiency through the adoption of asset-light model.

We are also taking active steps to explore new realms that are beneficial to cultural tourism. With the idea of integrating technology into the ocean world, we have recently unveiled the world’s first-ever bionic whale shark in Shanghai Haichang Ocean Park. The bionic whale shark can highly simulate all movements of the real ones, which enrich visitors’ experience. In the future, this bionic whale shark will be installed with different sensors for monitoring water quality, photo-shooting, video-recording and other functions. We have previously tried to release ocean NFT digital blind boxes of Haichang’s unique IPs with the theme of ocean. This debut marked the starting point of Haichang’s connection with the metaverse and our latest masterpiece to proactively link up with the Generation Z. Our intention is to convey our brand proposition of “dream, love, joy” to all visitors through art pieces with novel digital equity.

Awards and recognitions of the Group in 2021

Award/Recognition	Awarding institution/ Organiser	Awardee
Must-visit Shanghai Attraction on the Must-Visit List	Meituan x Dianping	Shanghai Haichang Ocean Park
Must-stay Shanghai Hotel on the Must-Stay List	Meituan x Dianping	Shanghai Haichang Ocean Park Resort Hotel
Most Popular Cultural Tourism Brand of Ctrip 2021	Ctrip	Shanghai Haichang Ocean Park
Most Popular Attraction 2021	Ctrip	Shanghai Haichang Ocean Park
Ctrip Reputation List – Most Popular Hotel 2021	Ctrip	Shanghai Haichang Ocean Park Resort Hotel
Best Strategic Cooperative Scenic Area in China's Tourism Industry of the Year	Ctrip	Shanghai Haichang Ocean Park
Favourite Family Hotel	Fliggy x Alibaba	Shanghai Haichang Ocean Park Resort Hotel
Pearl List of Caibeike 2021 – Family Landmark Attraction	Caibeike	Shanghai Haichang Ocean Park
Pearl List of Caibeike 2021 – Theme Amusement Park Hotel	Caibeike	Shanghai Haichang Ocean Park
Tianjing Internet-Famous Check-in Spot	Tianjin Municipal Bureau of Culture and Tourism, Tianjin Haihe Media Group	Tianjin Haichang Polar Ocean Park
Yantai Demonstration Gathering Spot for Night Economy	Yantai Municipal Bureau of Commerce	Yantai Haichang Fisherman's Wharf
Best Theme Park Operator for China Theme Park Development Summit Forum 2021	Institute for Theme Park Studies in China	Haichang Ocean Park
Best Theme Park in China 2021	Institute for Theme Park Studies in China	Shanghai Haichang Ocean Park
Top 20 China Tourism Groups	China Tourism Academy, China Tourism Association	Haichang Ocean Park
Excellent Business Case on ESG Performance in China's Cultural Tourism Industry	China Association of Amusement Parks and Attractions	Haichang Ocean Park
Ferris Award – CAAPA Quality Cultural Tourism Project on the List of Influential Quality of China's Cultural Tourism Enterprise 2021	China Association of Amusement Parks and Attractions	Shanghai Haichang Ocean Park, Sanya Haichang Fantasy Town, Dalian Haichang Discoveryland Theme Park, Chongqing Haichang Caribbean Water Park, Tianjin Haichang Polar Ocean Park and Qingdao Haichang Polar Ocean Park
National Brand of the Year 2021	Mobile Video	Haichang Ocean Park

ESG

Not only being a leading marine-life theme park developer and operator in China, Haichang Ocean Park is also a pioneer in conservation of ocean and polar animals, and one of the key ocean conservancy organisations. Haichang Ocean Park has been actively fulfilling its responsibilities in conservation of ocean and polar animals.

Haichang Ocean Park has the best venues for keeping and breeding animals in the world. Our animal nursery is designed to completely mimic the nature and equipped with the most internationally advanced life-supporting systems for animals. We operate our animal raising facilities in full and strict compliance of national standards and provide them with the most premium living space.

We have a professional animal conservation team consisting of nearly 1,000 members, who play an active role in the species protection and rescue operations nationwide. Over more than a decade, Haichang Ocean Park has successfully bred over 1,000 rare polar ocean animals of over 20 species. We rank first and has an internationally-leading position in terms of the diversity and number of species bred.

As at 31 December 2021, Haichang Ocean Park bred a total of over 300 animals during the year, including over 40 large animals of 11 species, 250 sea turtles of 2 species, over 40 pets and large fishes of 8 species. We succeeded in the first indoor breeding of green sea turtles and rearing sea turtles in China and we were honoured to be highly acclaimed by the Ministry of Agriculture and Rural Affairs for such achievements. In 2020, we were designated by the Ministry of Agriculture and Rural Affairs as a “national base for conservation and breeding of sea turtle species”.

To cooperate with China’s local competent authorities and animal protection organisations, Haichang Ocean Park takes active participation in rescue operations for aquatic wildlife relief. We conducted a total of 13 wildlife rescue operations in cooperation with competent authorities during the year, in which over 20 rare aquatic wild animals were rescued. We also took active participation in the Yangtze finless porpoise protection programme organised by the Ministry of Agriculture and Rural Affairs by making multiple visits to finless porpoise reserves to conduct health examination for finless porpoises and ex-situ conservation study with the Ministry of Agriculture and Rural Affairs. In April 2021, our animal conservation and medical team went to the Yangtze finless porpoise ex-situ reserves to assist the Ministry of Agriculture and Rural Affairs for porpoise health examination and transportation between reserves. During the period from March to December 2021, our team took part in rescue operations and saved 3 pantropical spotted dolphins, 1 dwarf sperm whale, 1 Omura’s whale, 1 Fraser’s dolphin, 3 green sea turtles and 2 hawksbill turtles. In July 2021, our team participated in an urgent operation in Taizhou and Ningbo to rescue melon-headed whales and rough-toothed dolphins which were stranded in the wild. After stationing there for 10 days, a number of whales and dolphins were rescued and released.

Over the years, Haichang Ocean Park has made consistent efforts in fulfilling its responsibility of polar and ocean animal protection and science education, and has committed to creating a better living environment for animals and helping people better understand ocean animals. In this regard, we have commenced science education in our national, provincial and municipal science education bases located in our marine-life theme parks.

Currently, Haichang Ocean Park has 15 titles of national science education bases (including five “Polar Science Education Bases” granted by the Polar Inspection Office of China (中國極地考察辦公室)) and 13 provincial bases for science education and research-based study. Our achievements in public science education are as follows:

- Set up an animal conservation foundation to promote development of charitable activities for ocean animal conservation;
- Issued the “Haichang Awards”, an award for aquatic wildlife protection, for years, in recognition of those scientific research institutions, companies and people who care about social welfare for their outstanding contribution to aquatic wildlife protection;
- Joined species conservation alliances to give support and security to rare aquatic wildlife conservation and protection;
- Organised and participated in science education activities by making full use of the national, provincial and municipal science education bases located in our marine-life theme parks;
- Undertook the opening ceremony of the National Popular Science Promotion Month for the Ministry of Agriculture and Rural Affairs and launched science education programmes in animal protection;
- Attended or undertook the annual popular science meetings held by the Ministry of Agriculture and Rural Affairs and promotion activities for science education in conservation of international endangered species;
- Entered into cooperation on the promotion of conservation and breeding of Chinese aquatic wildlife species and conservation and science education of Yangtze porpoise species;

In addition, Haichang Ocean Park has also practiced social responsibility in social welfare. Since 2015, Haichang Ocean Park has promoted the Month of Caring the Families with Autism Patients in every April. During the month, families with autism patients are offered free visit to our parks. It is a social caring activity we have initiated for six consecutive years to show our love to autism patients. To date, we have received thousands of families with autism patients.

Digitalisation

As the traditional industries in China have just started to digitalise, we opted to embrace the digital transformation with positive attitude. The Group is still in the early stage of digitalisation and we believe there is ample potential in this area. With the digitalisation, we are able to achieve accurate marketing, refined operation, and enhancement of users’ operation and experience.

Digital management allows us to monitor the operation of our parks in real-time for better implementation of refined management and operation. We are now strengthening our ability in digital marketing in order to access to our potential visitors in a more accurate manner. Providing digital services also upgrades the in-park experience of our visitors. Our digital products including holographic light shows and MR phantom imaging, have enriched visitors' experience. We are also in the attempt of further exploring the forefront of digitalisation. Recently, we have tried to release ocean NFT digital blind boxes of Haichang's unique IPs with the theme of ocean. This debut marked the starting point of Haichang's connection with the metaverse and our latest masterpiece to proactively link up with the Generation Z. We hope to convey our brand proposition of "dream, love, joy" to all visitors through art pieces with novel digital equity.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2021, the Group recorded a turnover of approximately RMB2,460.2 million (2020: approximately RMB1,168.2 million), representing an increase of approximately 110.6% when compared with last year. During 2021, our park operations business, which remains our principal business, was still significantly affected by the recurrence of the COVID-19 pandemic, the strict public health measures and the corresponding travel restrictions in different regions. Meanwhile, the growth was partly contributed by our property sales in 2021, which was attributable to the completion of property sales in respect of certain particular projects during the year.

	As at 31 December			
	2021		2020	
	RMB'000	%	RMB'000	%
Revenue by Business				
Park operations	1,824,162	74.1%	1,134,713	97.1%
Tourism & leisure services and solutions	51,810	2.1%	33,509	2.9%
Property sales	584,228	23.8%	—	0.0%
Total	2,460,200	100.0%	1,168,222	100.0%

Revenue generated from the Group's park operations segment increased by approximately 60.8% from approximately RMB1,134.7 million in 2020 to approximately RMB1,824.2 million in 2021, primarily attributable to the increase in the number of ticket buyers and the number of visitors amid improved pandemic situation.

For the year ended 31 December 2021, revenue generated from the Group's tourism & leisure services and solutions increased to approximately RMB51.8 million in 2021, primarily attributable to the recovery of market demand for the business amid improved pandemic situation.

For the year ended 31 December 2021, revenue generated from the Group's property sales segment amounted to approximately RMB584.2 million, primarily attributable to the completion of property sales in respect of certain particular projects during the year. No revenue was recorded from this segment in 2020.

Cost of Sales

	As at 31 December			
	2021		2020	
	RMB'000	%	RMB'000	%
Cost of Sales by Business				
Park operations	1,422,861	81.8%	1,275,988	98.3%
Tourism & leisure services and solutions	29,527	1.7%	21,489	1.7%
Property sales	286,547	16.5%	–	0.0%
Total	1,738,935	100.0%	1,297,477	100.0%

The Group's cost of sales increased by approximately 34.0% from approximately RMB1,297.5 million in 2020 to approximately RMB1,738.9 million in 2021, primarily attributable to the increase of costs of property sales and the increased operating cost upon business resumption of our parks.

Gross Profit/(Loss)

	As at 31 December			
	2021		2020	
	RMB'000	%	RMB'000	%
Gross Profit/(Loss) by Business				
Park operations	401,301	55.6%	(141,275)	109.3%
Tourism & leisure services and solutions	22,283	3.1%	12,020	-9.3%
Property sales	297,681	41.3%	–	0.0%
Total	721,265	100.0%	(129,255)	100.0%

For the year ended 31 December 2021, the Group's overall gross profit was approximately RMB721.3 million (2020: gross loss of approximately RMB129.3 million), resulting in an overall gross profit margin of approximately 29.3% (2020: gross loss margin of approximately 11.1%).

Gross profit of the Group's park operations segment was approximately RMB401.3 million (2020: gross loss of approximately RMB141.3 million) for the year ended 31 December 2021. Such positive turnaround was primarily attributable to the significant increase in park revenue.

Gross profit of the Group's tourism & leisure services and solutions segment was approximately RMB22.3 million for the year ended 31 December 2021.

Gross profit of the Group's property sales segment was approximately RMB297.7 million for the year ended 31 December 2021.

Other Income and Gains

The Group's other income and gains increased by approximately 961.6% from approximately RMB251.7 million in 2020 to approximately RMB2,672.1 million in 2021, primarily attributable to the completion of the disposal of equity interests in four theme park projects with an investment gain of approximately RMB2,473.8 million.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by approximately 33.4% from approximately RMB169.0 million in 2020 to approximately RMB225.4 million in 2021, primarily attributable to the increase in sales and marketing activities which was in line with the significant revenue recovery of our park operations segment during the year.

Administrative Expenses

The Group's administrative expenses increased by approximately 69.7% from approximately RMB676.2 million in 2020 to approximately RMB1,147.6 million in 2021, primarily attributable to the impairment loss of approximately RMB571.3 million on certain long-term assets as the pandemic impact that affects the park operations and adjustments to business development plan has not yet been entirely eliminated.

Finance Costs

The Group's finance costs decreased by approximately 18.2% from approximately RMB598.7 million in 2020 to approximately RMB489.9 million in 2021, primarily attributable to the decrease in total bank loans of the Group.

Income Tax (Expense)/Credit

The Group recorded an income tax credit of approximately RMB39.10 million in 2020 and income tax expense of approximately RMB362.9 million in 2021. Such change was primarily attributable to the income tax arising from the disposal of equity interests in four theme park projects and the income tax and land appreciation tax arising from property sales. The income tax arising from the disposal of equity interests in parks was RMB241.5 million.

Profit/(Loss) for the Year

As a result of the foregoing, the Group realised a profit for the year of approximately RMB834.2 million (2020: loss of approximately RMB1,478.5 million) with a net profit margin of approximately 33.9% (2020: net loss margin of approximately 126.6%). For the same period, profit attributable to owners of the parent amounted to approximately RMB844.9 million (2020: loss attributable to owners of the parent: approximately RMB1,451.6 million).

Capital Expenditure

Our major capital expenditure was primarily incurred for park renovation and facility upgrade. We funded our capital expenditure from our internal resources, bank borrowings and leases. For the years ended 31 December 2020 and 2021, the Group's capital expenditure amounted to RMB219.8 million and RMB204.2 million, respectively.

Liquidity and Financial Resources

As at 31 December 2021, the Group had current assets of approximately RMB3,597.9 million (2020: approximately RMB3,768.6 million). As at 31 December 2021, the Group had cash and bank deposits of approximately RMB3,206.7 million (2020: approximately RMB2,408.1 million).

Total equity of the Group as at 31 December 2021 was approximately RMB3,830.5 million (2020: approximately RMB3,000.3 million). As at 31 December 2021, total interest-bearing bank and other borrowings of the Group amounted to approximately RMB5,194.0 million (2020: approximately RMB9,195.7 million). As at 31 December 2021, total lease liabilities of the Group amounted to approximately RMB60.4 million (2020: total approximately RMB53.7 million).

As at 31 December 2021, the Group had a net gearing ratio of approximately 53.5% (as at 31 December 2020: approximately 228.0%). The net liabilities of the Group included interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents. The decrease in the net gearing ratio as at 31 December 2021 was primarily attributable to the significant decrease in interest-bearing debts during the year.

Our liquidity as at 31 December 2021 improved because of the following measures taken on top of our usual business operations:

- On 23 December 2021, the transfer of 100% equity interest in the Group's theme park projects in Wuhan, Chengdu, Tianjin and Qingdao was completed. For details, please refer to the announcements of the Company dated 18 October 2021 and 23 December 2021 published on the Stock Exchange. Upon completion, the Company had a net gain on investment of approximately RMB2,232.4 million.

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 the Group will be able to obtain additional financing on favourable terms as and when necessary.

Capital Structure

The share capital of the Company comprised only ordinary shares for the year ended 31 December 2021.

Contingent Liabilities

	31 December 2021 RMB'000	31 December 2020 RMB'000
Guarantees in respect of the mortgage facilities granted to purchasers of the Group's properties	<u>—</u>	<u>191,840</u>

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.

Capital Commitments

For the year ended 31 December 2021, the Group had capital commitments of approximately RMB620.1 million (2020: RMB632.9 million), which shall be funded through a variety of means, including cash generated from operations, bank financing etc..

Staff Policy

As at 31 December 2021, the Group had a total of approximately 4,192 full-time employees (2020: 4,282 full-time employees). The Group offers a 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 social insurance schemes as well as the pension insurance and unemployment insurance at the rates specified in relevant laws and regulations.

The Group sets its emolument policy with reference 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 2021.

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 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 CG Code throughout the year under review except as disclosed below.

Under code provision A.6.7 of the CG Code (which has been renumbered as code provision C.1.6 of the CG Code with effect from 1 January 2022), all non-executive Directors are recommended to attend general meetings of the Company. Save that Mr. Qu Naijie and Mr. Li Hao who were non-executive Directors did not attend the annual general meeting of the Company held on 10 June 2021 (the “AGM”) due to pre-arranged business commitments, all the other Directors attended the AGM.

Under code provision E.1.2 of the CG Code (which has been renumbered as code provision F.2.2 of the CG Code with effect from 1 January 2022), 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 committees (as appropriate) of the Company to attend. Mr. Qu Naijie who was the chairman of the Board and the chairman of the nomination committee of the Company was absent from the AGM due to pre-arranged business commitments. Mr. Wang Xuguang who was an executive Director and the Chief Executive Officer was elected as the chairman of the AGM. Mr. Qu Cheng who was an executive Director was also appointed as the representative of the chairman of the Board to attend the AGM. Mr. Wang Xuguang, Mr. Qu Cheng and the chairmen of the audit committee, remuneration committee, risk management and corporate governance committee and independent board committee and other members of the nomination committee of the Company were available to answer questions at the AGM.

As at the date of this announcement, the Company is in deviation from the following code provisions of the CG Code (version with effect from 1 January 2022):

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company considers that it is appropriate to deviate from the code provision as taking the roles of both chairman and chief executive by the same individual helps enhance the efficiency of the formulation and implementation of the Company’s strategies and allow the Group to grasp business opportunities in an efficient and timely manner. The Company is of the view that under the supervision of the Board and the independent non-executive Directors, a balancing mechanism exists so that the interests of the Shareholders are adequately and fairly represented.

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 year ended 31 December 2021.

AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Company (the “**Audit Committee**”) 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 2021.

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2021 but represents an extract from the consolidated financial statements for the year ended 31 December 2021 which have been audited by the auditor of the Company, Ernst & Young, in accordance with the 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 does not recommend payment of any dividend for the year ended 31 December 2021.

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 2021 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 2021 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.
Qu Naijie
Executive Director and Chief Executive Officer

Shanghai, the People's Republic of China, 27 March 2022

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