

OCT 華僑城 亞洲

Overseas Chinese Town (Asia) Holdings Limited

華僑城(亞洲)控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 03366



Interim Report  
2014

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## Corporate Information

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| <b>Registered Office</b>                           | Clifton House<br>PO Box 1350 GT, 75 Fort Street<br>Grand Cayman, Cayman Islands  |
| <b>Head Office and Principal Place of Business</b> | Suite 3203-3204, Tower 6<br>The Gateway, Harbour City<br>Canton Road, Tsim Sha Tsui<br>Kowloon, Hong Kong  |
| <b>Board of Directors</b>                          | <p><b>Executive Directors</b><br/>Ms. Wang Xiaowen (<i>Chairman</i>)<br/>Ms. Xie Mei (<i>CEO</i>)<br/>Mr. Yang Jie</p> <p><b>Non-executive Director</b><br/>Mr. Zhou Ping</p> <p><b>Independent Non-executive Directors</b><br/>Mr. Lu Gong<br/>Ms. Wong Wai Ling<br/>Professor Lam Sing Kwong Simon</p> |
| <b>Audit Committee/<br/>Remuneration Committee</b> | Ms. Wong Wai Ling ( <i>Chairman</i> )<br>Professor Lam Sing Kwong Simon<br>Mr. Zhou Ping   |
| <b>Nomination Committee</b>                        | Ms. Wang Xiaowen ( <i>Chairman</i> )<br>Ms. Wong Wai Ling<br>Professor Lam Sing Kwong Simon  |
| <b>Qualified Accountant and Company Secretary</b>  | Mr. Fong Fuk Wai ( <i>FCPA, FCCA, ACA</i> )  |

## Corporate Information

|   |   |
|---|---|
| <b>Auditors</b>   | RSM Nelson Wheeler<br>Certified Public Accountants<br>29th Floor, Caroline Centre<br>28 Yun Ping Road<br>Hong Kong                |
| <b>Legal Advisers as to<br/>Hong Kong Law</b>                       | Loong & Yeung<br>Suites 2001-2006<br>20/F, Jardine House, 1 Connaught Place<br>Central, Hong Kong                                 |
| <b>Principal Share Registrar<br/>and Transfer Office</b>            | Appleby Corporate Services<br>(Cayman) Limited<br>Clifton House<br>PO Box 1350 GT, 75 Fort Street<br>Grand Cayman, Cayman Islands |
| <b>Hong Kong Branch<br/>Share Registrar<br/>and Transfer Office</b> | Computershare Hong Kong Investor<br>Services Limited<br>Shops 1712-16, 17/F, Hopewell Centre<br>183 Queen's Road East, Hong Kong  |
| <b>Principal Bankers</b>  | Nanyang Commercial Bank<br>Hang Seng Bank Limited<br>Standard Chartered Bank (HK) Ltd.<br>China Merchants Bank Hong Kong Branch   |
| <b>Stock Information</b>  | Listing Date: 2 November 2005<br>Stock Code: 03366<br>Stock Short Name: OCT (ASIA)  |
| <b>Company's Website</b>  | <a href="http://www.oct-asia.com">http://www.oct-asia.com</a>   |

## Management Discussion and Analysis

### Operating Results and Business Review

In the first half of 2014, global economy recovered gradually. However, constantly changing international conditions kept the global economy in a complex state. Although external conditions were not as favorable as predicted, the PRC government took initiative in market developments, strengthened targeted control measures to promote stabilised growth, structural adjustments and reform implementation. Overall economic development was slow but stable. Under these complex economic conditions, the Group leveraged on its extensive development experience and steady implementation of its established strategy to achieve satisfactory operating results in its businesses.

For the six months ended 30 June 2014, the Group recorded a turnover of approximately RMB1,539 million, representing an increase of approximately 27.6% from the same period of 2013; gross profit margin was approximately 36.8%, representing an increase of approximately 5.2 percentage points from the same period of 2013; and profit attributable to owners of the Company were approximately RMB26.69 million, representing an increase of approximately 17.0% from the same period of 2013.

### Comprehensive Development Business

In the first half of 2014, housing transaction volume in most cities across China fell substantially as inventory levels remained high. Of which, second and third tier cities were affected to a larger extent. Growth rates in housing prices of first tier cities were reduced while credit facilities remained tight, leading to an increasingly speculative atmosphere in the market.

## Management Discussion and Analysis

Despite being affected by the speculative atmosphere in the market, all the Group's projects were situated in the urban centers of first and second tier cities with development potential, combined with the Group's adoption of highly effective and flexible operating strategies, full utilisation of brand advantages and active promotion of sales, sales of the Group's comprehensive development business expanded steadily in the first half of the year.

For the six months ended 30 June 2014, our comprehensive development business recorded a turnover of approximately RMB1,135 million, representing an increase of approximately 32.9% from the same period of 2013; profit of the comprehensive development business attributable to owners of the Company were approximately RMB17.20 million, representing a decrease of approximately 9.1% from the same period of 2013.

### **Increased investments and enrichment of resource reserves of the Group**

During the period under review, the Group won the bidding for three new projects, which are the Chongqing project, the Chengdu Jinhe land resumption project and Chengdu Shaheyuan land consolidation project.

On 3 June 2014, the Group successfully acquired a piece of land located in Lijia Block, New North Zone, a major development zone in Chongqing, the PRC, completing the Group's strategic allocation in four municipal cities. The Chongqing project is located in a prime location with a full range of ancillary facilities, convenient transportation, and rich scenic resources. The entire Jialing River can be viewed from a distance and large green areas and parks have been planned for the surrounding areas, giving it strong market competitiveness and development potential. The aggregate site area of the Chongqing project is approximately 179,625 square metres ("sq.m."), which is expected to be developed into mid-to-high end high-rise residential properties and multi-storey residential properties with an aggregate gross floor area of not exceeding 449,063 sq.m.

## Management Discussion and Analysis

The Chengdu Jinhe land resumption project and Chengdu Shaheyuan land consolidation project are both located in Jinniu district in Chengdu and is adjacent to Chengdu OCT. These new projects will help the Group in expanding its income sources and enhancing overall returns.

### **Grasp market opportunities and promote sales of current projects**

During the period under review, the Shanghai Suhewan project was mainly engaged in the sales of high quality luxury high-rise residential properties situated in 1 Jiefang and apartment-style offices and some boutique business premises located in 41 Jiefang. For the six months ended 30 June 2014, the contracted sales area and revenue of Shanghai Suhewan project were approximately 3,300 sq.m. and approximately RMB244 million respectively, and the settled area and revenue were approximately 4,600 sq.m. and approximately RMB309 million respectively, with settled revenue increased by approximately 19.2% compared with the same period last year.

During the period under review, Chengdu OCT focused on the sales of high-end office properties, high-rise residential properties, multi-storey residential properties and ancillary parking spaces. For the six months ended 30 June 2014, the contracted sales area and revenue of residential and office properties of Chengdu OCT were approximately 93,100 sq.m. and approximately RMB684 million respectively, and the settled area and revenue were approximately 87,400 sq.m. and approximately RMB763 million respectively, with settled revenue up by approximately 47.3% compared with the same period last year. The current rentable area for commercial use is approximately 79,200 sq.m., of which 96% has been occupied. During the period under review, revenue of Chengdu Happy Valley was approximately RMB107 million, which was substantially the same as the same period last year.

## Management Discussion and Analysis

During the period under review, Beijing Unique Garden focused on the sales of high-rise residential properties, and was the sales champion of single commercial residential buildings in Beijing in the first half of 2014, contracted sales area and revenue were approximately 59,000 sq.m. and approximately RMB2,680 million respectively.

Apart from the steady growth in operating income, the comprehensive development projects of the Group were frequently under the market spotlight and have won numerous accolades. Chengdu OCT's grade A office property Chuangxiang Center won the 2013 Commercial Property with the Best Investment Value in Western China Award, and the East Coast residential property of Chengdu OCT won the 2013 Annual Chinese Urban Villa Award.

### Paper Packaging Business

For the six months ended 30 June 2014, our paper packaging business recorded a turnover of approximately RMB404 million, representing an increase of approximately 14.8% as compared with the same period of 2013; and profit attributable to owners of the Company were approximately RMB9.5 million, representing an increase of approximately 144.3% from the same period of 2013.

During the period under review, market conditions for the paper packaging business continued to be unfavorable as competition grew fiercer. Despite this fact, the Group expanded into the market of multi-region delivery big customers and enhanced product and service quality, leading to a steady increase in sales compared with the same period last year. Also, through measures such as enhancing internal management quality, reforming technology, enhancing production efficiency and integrating order structure, the manufacturing cost of paper packaging business was reduced dramatically, and gross profit margin grew substantially compared with the same period last year.

## Management Discussion and Analysis

### Outlook

Looking ahead to the second half of 2014, the PRC government is expected to continue to implement long-term policies such as land and tax reforms and adopt “micro stimulus” policies to maintain economic growth. The domestic economy is beginning to stabilise while internal adjustments in the real estate market continue. The Group’s projects are located in economic hubs of China, with better production foundations and are able to attract a larger population. In the mid-term, the real estate market remains relatively healthy with demand providing effective support.

In the second half of 2014, the Group will persist with the rapid development and rapid recovery strategy, closely monitor market trends, take advantage of the sales of projects such as Shanghai Suhewan, Chengdu OCT and Beijing Unique Garden, devote more resources towards promotion, diversify products, speed up the recovery of funds and increase the cash flow efficiency. In the second half of this year, Shanghai Suhewan will introduce a range of diversified product lines and plans to introduce waterfront multi-storey residential properties, townhouses and new luxury high-rise residential properties with scarce scenic resources located at 1 Jiefang, as well as apartment-style offices located at 42 Jiefang. Chengdu OCT will continue to sell high-end office properties and multi-storey residential properties. Beijing Unique Garden will pre-sell a new batch of high-rise residential properties. The preliminary preparations to commence construction for the Chongqing project is scheduled to be completed in the second half of the year. Construction is expected to commence in 2015, and we will strive to begin the pre-sale of a proportion of properties in the same year.

The Group will adhere to its established strategy and continue to search for quality project resources in areas with development potential of first and second tier cities. The Group will leverage on its experience and advantage in comprehensive development to constantly innovate products and business models, enhance product quality and reinforce sustainable growth of the Group.

## Management Discussion and Analysis

In the second half of the year, the Group will expand the paper packaging business market, explore new submarkets and develop cross-region clients, introduce multi-location delivery, strengthen the brand's market influence to realise further growth in sales. Also, we will strive to enhance internal management standards, demand efficiency from management, reduce cost and enhance efficiency to enhance the market competitiveness of the paper packaging business of the Group.

In the second half of 2014, we will continue to strive towards our strategic goal of becoming an outstanding commercial complex developer and operator. We will conduct development works of existing projects and expansion works of new projects according to market conditions. We will also enhance investment efficiency and reinforce risk prevention. In the future, as performance grows, the Company will adopt more active dividend distribution policies to gradually increase cash dividends to create ideal investment returns for shareholders.

### Employees and Remuneration Policy

As at 30 June 2014, the Group employed approximately 2,590 full-time staff members. The basic remunerations of the employees are determined with reference to the industry's remuneration benchmark, the employees' experience and their performance, and equal opportunities will be offered to all staff. Salaries of employees are maintained at a competitive level and are reviewed annually, with reference to the relevant labour market and economic situation. Apart from the basic remuneration and statutory benefits required by laws, the Group also provides discretionary bonuses to the staff based upon the Group's results and their individual performance. In addition, the Company has adopted a share option scheme as incentives to Directors and eligible employees.

## Management Discussion and Analysis

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees. Most members of senior management have been working for the Group for many years.

### Financial Review

As at 30 June 2014, the Group's total assets were approximately RMB21,636 million. Total equity amounted to approximately RMB6,170 million. The Group's turnover was approximately RMB1,539 million for the six months ended 30 June 2014, representing an increase of approximately 27.6% over the same period of 2013, among which the revenue from comprehensive development business was approximately RMB1,135 million, representing an increase of approximately 32.9% over the same period of 2013; the revenue from paper packaging business was approximately RMB404 million, representing an increase of approximately 14.8% over the same period of 2013. Profit attributable to owners of the Company were approximately RMB26.69 million, representing an increase of approximately 17.0% over the same period of 2013, among which profit attributable to owners of the Company arising from comprehensive development business were approximately RMB17.20 million, representing a decrease of approximately 9.1% over the same period of 2013, which was mainly due to lower RMB to foreign currency exchange rates, which led to exchange losses; profit attributable to owners of the Company arising from paper packaging business were approximately RMB9.50 million, representing an increase of approximately 144.3% over the same period of 2013, mainly due to enhanced quality of internal management, which led to a greater increase in gross profit margin. For the six months ended 30 June 2014, basic earnings per share was RMB0.031, which was RMB0.045 in the same period last year. This was mainly attributable to an expanded capital and lower distributable profit to shareholders of ordinary shares after distribution of convertible preference share dividends.

## Management Discussion and Analysis

During the period under review, the Group's gross profit margin was approximately 36.8% (same period in 2013: 31.6%), representing an increase of approximately 5.2 percentage points over the same period of 2013, among which the gross profit margin of its comprehensive development business was approximately 44.9%, representing an increase of approximately 4.3 percentage points over the same period of 2013, which was mainly due to the revenue recognised during the period under review was mainly generated from units with high gross profit; the gross profit margin of its paper packaging business was approximately 13.8%, representing an increase of 4.1 percentage points over the same period of 2013, which was mainly due to higher production efficiency which led to a substantial decrease in manufacturing costs.

### Distribution Costs and Administrative Expenses

Distribution costs of the Group for the six months ended 30 June 2014 were approximately RMB99.13 million (same period in 2013: approximately RMB84.27 million), representing an increase of approximately 17.6% over the corresponding period in 2013, of which distribution costs of comprehensive development business were approximately RMB73.81 million, representing an increase of approximately 17.7% over the corresponding period of 2013, which was mainly due to increase of promotion expenses for the Suhewan project; distribution costs from paper packaging business were approximately RMB25.31 million, representing an increase of approximately 17.4% over the corresponding period of 2013, which was mainly due to increase of operating revenue which led to a proportional increase in distribution costs.

## Management Discussion and Analysis

The Group's administrative expenses for the six months ended 30 June 2014 were approximately RMB63.89 million (same period in 2013: approximately RMB68.36 million), representing a decrease of approximately 6.5% over the corresponding period in 2013, of which administrative expenses of comprehensive development business were approximately RMB45.74 million, representing a decrease of approximately 12.6%, which was mainly due to higher financing handling fees in the same period of 2013; administrative expenses of paper packaging business was approximately RMB18.15 million, representing an increase of approximately 13.3% over the corresponding period of 2013, which was mainly due to newly incurred expenses of the Suzhou Huali.

### Interest expenses

The interest expenses of the Group were approximately RMB86.09 million for the six months ended 30 June 2014 (same period in 2013: approximately RMB86.42 million), which was substantially the same as the same period of 2013, of which interest expenses of comprehensive development business was approximately RMB84.02 million, which was substantially the same as the same period of 2013; interest expenses of paper packaging business was approximately RMB2.07 million, which was substantially the same as the same period of 2013.

### Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014, taking into account the long-term development of the Company and its active participation in potential investment opportunities.

## Management Discussion and Analysis

### Inventories, Debtors' and Creditors' Turnover

The inventory turnover days of the Group's paper packaging business was 40 days for the six months ended 30 June 2014, which was substantially the same as compared with 42 days for the year ended 31 December 2013. The debtors' turnover days of the Group's paper packaging business was 123 days for the six months ended 30 June 2014, which was substantially the same as compared with 128 days for the year ended 31 December 2013. The creditors' turnover days of the Group's paper packaging business was 80 days for the six months ended 30 June 2014, which was lower than 89 days for the year ended 31 December 2013. The main reason was control of raw material inventory and a lower accounts payable balance as compared with 31 December 2013.

### Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 30 June 2014 was approximately RMB6,170 million (31 December 2013: approximately RMB6,110 million). As at 30 June 2014, the Group had current assets of approximately RMB18,403 million (31 December 2013: approximately RMB17,826 million) and current liabilities of approximately RMB5,479 million (31 December 2013: approximately RMB5,527 million). The current ratio was 3.4 as at 30 June 2014, representing an increase as compared with 3.2 as at 31 December 2013.

## Management Discussion and Analysis

As at 30 June 2014, the Group had outstanding bank loans of approximately RMB1,666 million, without any fixed rate loans (31 December 2013: outstanding bank loans of approximately RMB1,161 million, without any fixed rate loans). The interest rates of bank loans of the Group ranged from 1.42% to 6.48% per annum for the six months ended 30 June 2014 (from 1.42% to 4.02% per annum for the year ended 31 December 2013). Some of these bank loans were secured by pledge of certain completed properties held for sale of the Group, charge on three bank accounts of two subsidiaries of the Company, guarantees provided by the Company and certain subsidiaries of the Company and the guarantee issued by the Government of the Hong Kong Special Administrative Region. The Group's gearing ratio (being the total borrowings including bills payable and loans divided by total assets) was approximately 47.1% as at 30 June 2014, which was slightly lower than approximately 48.1% as at 31 December 2013.

As at 30 June 2014, approximately 74% of the total amount of outstanding bank loans of the Group was denominated in Hong Kong Dollars, approximately 15% of its outstanding bank loans was denominated in US Dollars and approximately 11% of its outstanding bank loans was denominated in Renminbi (31 December 2013: 100% in Hong Kong Dollars). As at 30 June 2014, approximately 74% of the total amount of cash and cash equivalents of the Group was denominated in Renminbi (31 December 2013: approximately 93%), approximately 9% of its cash and cash equivalents was denominated in Hong Kong Dollars (31 December 2013: approximately 6%) and approximately 17% of its cash and cash equivalents was denominated in US Dollars (31 December 2013: approximately 1%).

## Management Discussion and Analysis

The Group's liquidity position remains stable and the Group possesses sufficient cash and available banking facilities to meet its commitments, working capital requirements and future investments for expansion. The Group's transactions and monetary assets are principally denominated in Renminbi, Hong Kong Dollars or US Dollars. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates for the six months ended 30 June 2014. As at 30 June 2014, the Group did not employ any financial instrument for hedging purposes.

### Contingent Liabilities

The Group has no contingent liabilities as at 30 June 2014 (31 December 2013: Nil).

## IMPORTANT EVENTS

### Update on director's information

On 10 July 2014, Professor Lam Sing Kwong Simon, an independent non-executive Director, has been appointed as an independent non-executive director of Sinomax Group (stock code: 01418), the shares of which are listed on the Main Board of the Stock Exchange.

### Updated Development on Tianjin Tianxiao Project

On 13 February 2014, the Group received an arbitration notice issued by China International Economic and Trade Arbitration Commission ("CIETAC"). In response to the arbitration application submitted by 天津津濱發展股份有限公司 (Tianjin Jinbin Development Company Limited), Excel Founder Limited ("Excel Founder") filed a statement of defence to CIETAC on 27 March 2014. On the same date when the defence was filed, Excel Founder filed a statement of counterclaim to CIETAC. For further details, please refer to the announcements of the Company dated 13 February 2014 and 27 March 2014.

## Management Discussion and Analysis

### Chongqing Project

On 3 June 2014, the Group has succeeded in the bid of the land use rights of a piece of land located at Lijia Block, New North Zone, Chongqing, the PRC (the “Chongqing Land”) at the public auction at a consideration of approximately RMB986,150,000 (equivalent to approximately HK\$1,232,687,500). The Chongqing Land is planned for residential purpose and has a total site area and total gross floor area of approximately 179,625 sq.m and not more than 449,063 sq.m, respectively. For further details, please refer to the announcements of the Company dated 4 June 2014 and 24 June 2014, and the circular of the Company dated 24 July 2014.

### Chengdu Jinhe Land Resumption Project

Chengdu OCT received a notice of successful tender on 12 June 2014 of a project delegated by the Chengdu Jinniu Government (the “Land Resumption Project”) in relation to land resumption, consolidation and site clearance works for a plot of land located at area No. 4, No. 6 and No.11 of Tu Qiao Cun, Chengdu Jinniu District, the PRC with an area of approximately 124.7645 mu and entered into a formal agreement on 17 June 2014, pursuant to which Chengdu OCT shall provide fund of an aggregate amount of RMB300 million for the Land Resumption Project and will be entitled to certain investment return. For further details, please refer to the announcements of the Company dated 27 May 2014, 12 June 2014 and 17 June 2014.

## Management Discussion and Analysis

### Chengdu Shaheyuan Land Consolidation Project

On 11 July 2014, the independent shareholders of the Company has approved a mandate for authority to Chengdu OCT to participate in the tender selection (the “Tender”) of a joint venture partner by Chengdu Jinniu Government for a land consolidation project and to engage in the transactions contemplated under the Tender. Chengdu OCT received a notice of successful tender for the Tender on 22 July 2014.

Accordingly, Chengdu OCT will establish a joint venture company (the “JV Company”) with Xinjin Nongfa Investments for the land consolidation project in relation to, amongst others, site formation (土地平整), removal (拆舊), restoration (複墾), centralised relocation of farmers (農民集中安置) and construction of infrastructure and urban facilities (the “Land Consolidation Project”) of a plot of land located at Shaheyuan Area, Huancheng Ecological Zone, Jinniu District, Chengdu, the PRC, with a planned area of approximately 3,190 mu. The JV Company will be responsible for providing the fund(s) for the Land Consolidation Project of an amount up to a maximum of RMB4,170,000,000 in return for certain investment return.

For further details, please refer to the announcements of the Company dated 3 June 2014 and 22 July 2014, and the circular of the Company dated 24 June 2014.

## Directors' Interests

As at 30 June 2014, interests and short positions in the ordinary shares of HK\$0.10 each in the capital of the Company (the "Shares"), underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix X of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange (the "Model Code") are as follows:

### Long positions in ordinary shares of the Company

| Name of Director            | Number of ordinary Shares | Capacity         | Nature of interest | Approximate % of issued share capital of the Company |
|-----------------------------|---------------------------|------------------|--------------------|--|
| Zhou Ping ( <i>Note 1</i> ) | 4,000                     | Beneficial owner | Personal           | 0.001%   |

### Long positions in underlying shares of the Company

| Name of Director            | Number of underlying Shares | Capacity         | Nature of interest | Approximate % of issued share capital of the Company |
|-----------------------------|-----------------------------|------------------|--------------------|--|
| Zhou Ping ( <i>Note 1</i> ) | 160,000                     | Beneficial owner | Personal           | 0.025%   |

## Directors' Interests

*Note:*

- (1) Ms. Li Ning, the spouse of Mr. Zhou, held 4,000 Shares and share options to subscribe for 160,000 Shares, Mr. Zhou is deemed, or taken to be, interested in the said 4,000 Shares of the Company and share options to subscribe for 160,000 Shares held by Ms. Li Ning.

Save as disclosed above, as at 30 June 2014, none of the Directors nor chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Interests and Short Positions of Substantial Shareholders and Other Persons

As at 30 June 2014, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

### Long Position in Shares

| Name of substantial shareholders                                  | Capacity/Nature                               | No. of Shares held | Approximate % of issued share capital of the Company |
|---|---|--------------------|--|
| Pacific Climax Limited<br>("Pacific Climax") (Note 1)             | Beneficial owner                              | 434,894,000        | 66.93%   |
| Overseas Chinese Town (HK)<br>Company Limited ("OCT (HK)")        | Interest of a controlled corporation (note 2) | 434,894,000        | 66.93%   |
|   | Beneficial owner                              | 96,000,000         | 14.77%   |
| Shenzhen Overseas Chinese Town<br>Company Limited ("OCT Ltd.")    | Interest of a controlled corporation (note 3) | 530,894,000        | 81.70%   |
| Overseas Chinese Town Enterprises<br>Company ("OCT Group")        | Interest of a controlled corporation (note 4) | 530,894,000        | 81.70%   |
| New China Life Insurance<br>Company Ltd.<br>("NC Life Insurance") | Beneficial owner (note 6)                     | 40,000,000         | 6.16%  |
| China Re Asset Management<br>Co., Ltd ("CRAMC")                   | Beneficial owner (note 6)                     | 40,000,000         | 6.16%  |
| <b>Others</b>   |   |                    |  |
| UBS AG  | Interest of a controlled corporation (note 5) | 54,192,000         | 8.34%  |

## Interests and Short Positions of Substantial Shareholders and Other Persons

### Notes:

- (1) Ms. Xie Mei, being an executive Director, is also a director of Pacific Climax.
- (2) OCT (HK) is the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT (HK) is deemed, or taken to be interested in shares beneficially held by Pacific Climax for the purpose of the SFO. Ms. Wang Xiaowen and Ms. Xie Mei, both being executive Directors, are also directors of OCT (HK).
- (3) OCT Ltd. is the beneficial owner of all the issued share capital in OCT (HK), which is in turn the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT Ltd. is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT (HK) and Pacific Climax for the purpose of the SFO. OCT Ltd. is a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange. OCT Ltd. is a subsidiary of OCT Group.
- (4) OCT Group is the beneficial owner of 56.89% of the issued shares in OCT Ltd., which is the beneficial owner of all the issued share capital in OCT (HK) and in turn, the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT Group is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT (HK) and Pacific Climax for the purpose of the SFO.
- (5) The interest of UBS AG is derived from the interests in 41,396,000 Shares, 9,262,000 Shares and 3,534,000 Shares (total: 54,192,000 Shares) held by UBS Fund Services (Luxembourg) SA, UBS Global Asset Management (Hong Kong) Ltd and UBS Global Asset Management (Singapore) Ltd respectively, all of which are directly wholly-owned by UBS AG. Therefore, UBS AG is deemed, or taken to be interested in the total of 54,192,000 Shares for the purpose of the SFO.
- (6) On 24 July 2013, the Company allotted and issued 40,000,000 and 40,000,000 Convertible Preference Shares to NC Life Insurance and CRAMC respectively according to the preference shares subscription agreements entered into by the Company with each of NC Life Insurance and CRAMC on 6 June 2013. In addition, on 6 June 2013, OCT (HK) entered into a put option agreement with each of NC Life Insurance, CRAMC, pursuant to which, OCT (HK) grants to each of NC Life Insurance and CRAMC to require OCT (HK) to purchase from NC Life Insurance and CRAMC or Integrated Asset (as the case may be) (and any subsequent transferee of the Convertible Preference Shares) all (but not some only) of the outstanding Convertible Preference Shares legally and beneficially owned by NC Life Insurance or CRAMC (as the case may be) (and any subsequent transferee of the Convertible Preference Shares) from time to time during the 180 days commencing from the third anniversary of the date on which the Convertible Preference Shares would be allotted and issued by the Company to NC Life Insurance, CRAMC or Integrated Asset (as the case may be).

Save as disclosed above, as at 30 June 2014, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

## Share Option Scheme

Under the ordinary resolution passed at the extraordinary general meeting on 15 February 2011, the Board adopted a new share option scheme (the “New Scheme”) and simultaneously terminated the share option scheme adopted on 12 October 2005 (the “Old Scheme”). The purpose of New Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants and advisers of the Group and to promote the business development of the Group. The New Scheme shall be valid and effective for a period of ten years ending on 14 February 2021, unless terminated earlier by shareholders of the Company in general meetings.

The participants under the New Scheme include any employees (full-time or part-time), directors, advisers and professional consultants of the Group or any of its members. The Directors are authorized to, at their absolute discretion and on such terms as they may think fit, propose any eligible persons under the New Scheme to accept the options. An offer for the grant of options must be accepted within 28 days inclusive of the day on which such offer was made. The amount payable by each grantee of options to the Company on acceptance of the offer for the grant of options is HK\$1.00.

The subscription price of a Share in respect of any particular option granted under the New Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the options; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the 5 business days immediately preceding the date of grant of the options; and (iii) the nominal value of the Shares on the date of grant of the options.

## Share Option Scheme

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under all of the New Scheme and other share option schemes of the Company does not exceed 10% of the Shares in issue at the date of approval of the New Scheme. The Company may at any time refresh such limit, subject to the shareholders' approval and the issuance of a circular in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all of the New Scheme and other share option schemes of the Company does not exceed 30% of the Shares in issue at the time.

As at 30 June 2014, the total number of outstanding options available for issue under the New Scheme was 20,436,000 options, which represented approximately 3.15% of the issued share capital of the Company as at 30 June 2014. As at 30 June 2014, the total number of Shares available for issue under the options already granted under the New Scheme was 29,700,000 Shares, which represented approximately 4.57% of the issued share capital of the Company as at 30 June 2014. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options), in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

An option may be exercised in accordance with the terms of the New Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant.

Under the terms of the New Scheme, 30,100,000 options were granted to certain eligible participants (including some Directors and employees) on 3 March 2011 with the exercise price of HK\$4.04, and the amount payable for the grant of an option was HK\$1. Details of the options granted under the New Scheme mentioned above are disclosed in the Company's announcement dated 3 March 2011.

## Share Option Scheme

The status of the share options granted up to 30 June 2014 is as follows:

### Number of unlisted share options (physically settled equity derivatives)

| Name and category of participants | As at 1 January 2014 | Granted during the period | Exercised during the period | Cancelled/lapsed during the period | As at 30 June 2014 | Date of grant of share options | Exercise period of share options | Exercise price of share options*<br>HK\$ | Share price of the Company as at the date of grant of share options**<br>HK\$ | Share price of the Company as at the date of exercise of share options***<br>HK\$ |
|-----------------------------------|----------------------|---------------------------|-----------------------------|------------------------------------|--------------------|--------------------------------|----------------------------------|--|---|---|
| <b>Director</b>                   |                      |                           |                             |                                    |                    |                                |                                  |  |   |   |
| Zhou Ping                         | 160,000              | -                         | -                           | -                                  | 160,000            | 3 March 2011****               | 3 March 2011 to 2 March 2016     | 4.04                                     | 4.04  | -   |
| <b>Other employees</b>            |                      |                           |                             |                                    |                    |                                |                                  |  |   |   |
|                                   | 29,540,000           | -                         | -                           | -                                  | 29,540,000         | 3 March 2011****               | 3 March 2011 to 2 March 2016     | 4.04                                     | 4.04  | -   |
| <b>Total</b>                      | <b>29,700,000</b>    | <b>-</b>                  | <b>-</b>                    | <b>-</b>                           | <b>29,700,000</b>  |                                |                                  |  |   |   |

\* The exercise price of the share options was subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

\*\* The share price of the Company disclosed as at the date of the grant of the share options was the closing price as quoted on the Stock Exchange of the trading day immediately prior to the date of the grant of the share options.

\*\*\* The share price of the Company as at the date of the exercise of the share options was the weighted average closing price of the shares immediately before the dates on which the share options were exercised during the period.

## Share Option Scheme

\*\*\*\* The share options granted under the New Scheme shall be exercisable during the period from the date of acceptance of the offer of the grant (the "Date of Grant") up to 5 years from the Date of Grant subject to the following vesting term:

| <b>Maximum percentage of share options exercisable including the percentage of share options previously exercised</b> | <b>Period for exercise of the relevant percentage of the share options</b>                           |
|---|--|
| 30%   | at any time after the expiry of 2 years from the Date of Grant up to 3 years from the Date of Grant  |
| 60%   | at any time after the expiry of 3 years from the Date of Grant up to 4 years from the Date of Grant  |
| 100%  | at any time after the expiry of 4 years from the Date of Grant up to 5 years from the Date of Grant. |

Apart from the foregoing, at no time during the review period prior to the date of this interim report was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## Corporate Governance

For the six months ended 30 June 2014, the Company complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

### Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules (the "Model Code"). The Board confirms that, having made specific enquiry of all Directors, the Directors have complied with the required standards set out in the Model Code and its own code of conduct regarding the Directors' securities transactions.

### Audit Committee

The audit committee of the Company and the management have reviewed the unaudited interim results announcement and the unaudited interim report of the Group for the six months ended 30 June 2014 and have discussed the internal control, accounting principles and practices adopted by the Group.

### Purchase, Sale or Redemption of Shares

The Company or any of its subsidiaries has not redeemed any of its shares during the six months ended 30 June 2014. During the same period, neither the Company nor any of its subsidiaries has purchased or sold any of the shares of the Company.

By Order of the Board

**Wang Xiaowen**

*Chairman*

Hong Kong, 14 August 2014

# Interim Financial Report

## Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2014

|  | Note | Six months ended 30 June       |                                |
|--|------|--------------------------------|--------------------------------|
|  |      | 2014<br>RMB'000<br>(unaudited) | 2013<br>RMB'000<br>(unaudited) |
| <b>Turnover</b>                            | 5    | <b>1,539,016</b>               | 1,205,788                      |
| Cost of sales                              |      | <b>(973,180)</b>               | (824,897)                      |
| <b>Gross profit</b>                        |      | <b>565,836</b>                 | 380,891                        |
| Other revenue                              |      | <b>31,002</b>                  | 7,315                          |
| Other net (expenses)/income                | 6    | <b>(12,197)</b>                | 31,986                         |
| Distribution costs                         |      | <b>(99,128)</b>                | (84,272)                       |
| Administrative expenses                    |      | <b>(63,888)</b>                | (68,355)                       |
| Other operating expenses                   |      | <b>(281)</b>                   | (374)                          |
| <b>Profit from operations</b>              |      | <b>421,344</b>                 | 267,191                        |
| Finance costs                              | 7    | <b>(86,089)</b>                | (86,417)                       |
| Share of profits or losses from associates |      | <b>(4,647)</b>                 | 6,800                          |
| <b>Profit before tax</b>                   | 7    | <b>330,608</b>                 | 187,574                        |
| Income tax expenses                        | 8    | <b>(217,152)</b>               | (100,711)                      |
| <b>Profit for the period</b>               |      | <b>113,456</b>                 | 86,863                         |
| <b>Attributable to:</b>                    |      |                                |                                |
| Owners of the Company                      |      | <b>26,694</b>                  | 22,808                         |
| Non-controlling interests                  |      | <b>86,762</b>                  | 64,055                         |
|  |      | <b>113,456</b>                 | 86,863                         |
| <b>Earnings per share (RMB)</b>            | 9    |                                |                                |
| Basic                                      |      | <b>0.031</b>                   | 0.045                          |
| Diluted                                    |      | <b>0.031</b>                   | 0.045                          |

The notes on pages 33 to 50 form part of this interim financial report.

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2014<br>RMB'000<br>(unaudited) | 2013<br>RMB'000<br>(unaudited) |
| <b>Profit for the period</b>                                  | <b>113,456</b>                 | 86,863                         |
| <b>Other comprehensive income for the period, net of tax:</b> |                                |                                |
| <i>Items that may be reclassified to profit or loss:</i>      |                                |                                |
| Exchange differences on translating foreign operations        | (8,107)                        | 13,267                         |
| <b>Total comprehensive income for the period</b>              | <b>105,349</b>                 | 100,130                        |
| <b>Attributable to:</b>                                       |                                |                                |
| Owners of the Company   | 18,587                         | 36,075                         |
| Non-controlling interests                                     | 86,762                         | 64,055                         |
|   | <b>105,349</b>                 | 100,130                        |

The notes on pages 33 to 50 form part of this interim financial report.

## Condensed Consolidated Statement of Financial Position

At 30 June 2014

|  | Note | At 30 June<br>2014<br>RMB'000<br>(unaudited) | At 31 December<br>2013<br>RMB'000<br>(audited) |
|--|------|--|--|
| <b>Non-current assets</b>                      |      |  |  |
| Fixed assets                                   | 10   |  |  |
| – Investment properties                        |      | 537,834                                      | 578,695  |
| – Other property, plant and equipment          |      | 1,418,435                                    | 1,463,094                                      |
| – Interests in leasehold land held for own use |      | 668,033                                      | 661,382  |
| Intangible assets                              |      | 707  | 486  |
| Goodwill                                       |      | 267,195                                      | 267,195  |
| Interests in associates                        | 11   | 181,652                                      | 186,299  |
| Other financial assets                         |      | 4,320  | 4,320  |
| Deferred tax assets                            |      | 154,241                                      | 114,579  |
|  |      | <u>3,232,417</u>                             | <u>3,276,050</u>                               |
| <b>Current assets</b>                          |      |  |  |
| Inventories                                    | 12   | 14,691,322                                   | 14,565,322                                     |
| Trade and other receivables                    | 13   | 2,218,500                                    | 1,549,176                                      |
| Cash and cash equivalents                      | 14   | 1,493,660                                    | 1,711,357                                      |
|  |      | <u>18,403,482</u>                            | <u>17,825,855</u>                              |
| <b>Current liabilities</b>                     |      |  |  |
| Trade and other payables                       | 15   | 3,725,780                                    | 3,051,770                                      |
| Receipts in advance                            |      | 843,886                                      | 817,112  |
| Bank loans                                     |      | 400,643                                      | 208,699  |
| Related party loans                            |      | –  | 671,000  |
| Current tax liabilities                        |      | 508,964                                      | 778,130  |
|  |      | <u>5,479,273</u>                             | <u>5,526,711</u>                               |
| <b>Net current assets</b>                      |      | <u>12,924,209</u>                            | <u>12,299,144</u>                              |
| <b>Total assets less current liabilities</b>   |      | <u>16,156,626</u>                            | <u>15,575,194</u>                              |

## Condensed Consolidated Statement of Financial Position

At 30 June 2014

|   | Note | At 30 June<br>2014<br>RMB'000<br>(unaudited) | At 31 December<br>2013<br>RMB'000<br>(audited) |
|---|------|--|--|
| <b>Non-current liabilities</b>                          |      |  |  |
| Bank loans  |      | 1,265,052                                    | 952,481  |
| Related party loans                                     |      | 8,453,078                                    | 8,238,876                                      |
| Deferred tax liabilities                                |      | 268,735                                      | 273,542  |
|   |      | <u>9,986,865</u>                             | <u>9,464,899</u>                               |
| <b>NET ASSETS</b>                                       |      | <u>6,169,761</u>                             | <u>6,110,295</u>                               |
| <b>CAPITAL AND RESERVES</b>                             |      |  |  |
| Share capital   |      | 67,134                                       | 67,134   |
| Reserves  | 16   | <u>2,649,088</u>                             | <u>2,676,384</u>                               |
| <b>Equity attributable to owners<br/>of the Company</b> |      | <u>2,716,222</u>                             | <u>2,743,518</u>                               |
| <b>Non-controlling interests</b>                        |      | <u>3,453,539</u>                             | <u>3,366,777</u>                               |
| <b>TOTAL EQUITY</b>                                     |      | <u>6,169,761</u>                             | <u>6,110,295</u>                               |

The notes on pages 33 to 50 form part of this interim financial report.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

|      |  | (unaudited)                           |               |                     |                |                 |                  |                 |                           |                  |                           |              |
|------|--|---------------------------------------|---------------|---------------------|----------------|-----------------|------------------|-----------------|---------------------------|------------------|---------------------------|--------------|
|      |  | Attributable to owners of the Company |               |                     |                |                 |                  |                 |                           |                  |                           |              |
|      |  | Share capital                         | Share premium | Contributed surplus | Merger surplus | Capital reserve | Exchange reserve | General reserve | Enterprise expansion fund | Retained profits | Non-controlling interests | Total equity |
| Note |  | RMB'000                               | RMB'000       | RMB'000             | RMB'000        | RMB'000         | RMB'000          | RMB'000         | RMB'000                   | RMB'000          | RMB'000                   | RMB'000      |
|      | At 1 January 2013  | 48,332                                | 989,317       | 147,711             | 24,757         | 41,146          | 8,629            | 102,754         | 5,366                     | 381,555          | 1,749,567                 | 4,830,074    |
|      | Total comprehensive income for the period                      | -                                     | -             | -                   | -              | -               | 13,267           | -               | -                         | 22,808           | 36,075                    | 100,130      |
|      | Equity settled share-based transactions                        | 16(c)                                 | -             | -                   | -              | 3,907           | -                | -               | -                         | -                | 3,907                     | 3,907        |
|      | Dividend approved in respect of previous year                  | 16(a)                                 | -             | -                   | -              | -               | -                | -               | -                         | (32,487)         | (32,487)                  | (32,487)     |
|      | <b>Changes in equity for the six months ended 30 June 2013</b> | -                                     | -             | -                   | -              | 3,907           | 13,267           | -               | -                         | (8,679)          | 7,495                     | 71,550       |
|      | At 30 June 2013  | 48,332                                | 989,317       | 147,711             | 24,757         | 45,053          | 21,896           | 102,754         | 5,366                     | 371,876          | 1,757,062                 | 4,901,624    |
|      | At 1 January 2014  | 67,134                                | 1,488,117     | 147,711             | 24,757         | 48,974          | 33,733           | 176,183         | 5,366                     | 751,543          | 2,743,518                 | 6,110,295    |
|      | Total comprehensive income for the period                      | -                                     | -             | -                   | -              | -               | (8,107)          | -               | -                         | 26,694           | 18,587                    | 105,349      |
|      | Transfer   | -                                     | (1,460,000)   | -                   | -              | -               | -                | -               | -                         | 1,460,000        | -                         | -            |
|      | Equity settled share-based transactions                        | 16(c)                                 | -             | -                   | -              | 2,189           | -                | -               | -                         | -                | 2,189                     | 2,189        |
|      | Dividend approved in respect of previous year                  | 16(a)                                 | -             | -                   | -              | -               | -                | -               | -                         | (48,072)         | (48,072)                  | (48,072)     |
|      | <b>Changes in equity for the six months ended 30 June 2014</b> | -                                     | (1,460,000)   | -                   | -              | 2,189           | (8,107)          | -               | -                         | 1,438,622        | (27,296)                  | 59,466       |
|      | At 30 June 2014  | 67,134                                | 28,117        | 147,711             | 24,757         | 51,163          | 25,626           | 176,183         | 5,366                     | 2,190,165        | 2,716,222                 | 6,169,761    |

The notes on pages 33 to 50 form part of this interim financial report.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

|  | Note | Six months ended 30 June       |                                |
|--|------|--------------------------------|--------------------------------|
|  |      | 2014<br>RMB'000<br>(unaudited) | 2013<br>RMB'000<br>(unaudited) |
| Cash generated from operations                         |      | 268,633                        | 395,435                        |
| Tax paid   |      | (530,817)                      | (261,411)                      |
| Net cash (used in)/generated from operating activities |      | (262,184)                      | 134,024                        |
| Net cash used in investing activities                  |      | (121,911)                      | (903,150)                      |
| Net cash generated from financing activities           |      | 140,279                        | 398,924                        |
| Net decrease in cash and cash equivalents              |      | (243,816)                      | (370,202)                      |
| Cash and cash equivalents at 1 January                 |      | 1,711,357                      | 1,525,861                      |
| Effect of foreign exchange rate changes                |      | (458)                          | (3,115)                        |
| Cash and cash equivalents at 30 June                   | 14   | 1,467,083                      | 1,152,544                      |

The notes on pages 33 to 50 form part of this interim financial report.

# Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

## 1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). It was authorised for issue on 14 August 2014.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The condensed consolidated financial statements for the six months ended 30 June 2014 comprise Overseas Chinese Town (Asia) Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) and the Group’s interests in associates. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA. HKFRSs includes all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements.

The interim financial report is unaudited and not reviewed by the auditor, but has been reviewed by the Audit Committee of the Company.

# Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and the amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position. The Group does not plan to adopt these standards prior to their mandatory effective date.

## 3. FAIR VALUE MEASUREMENTS

Except for other financial assets, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the condensed consolidated statement of financial position approximate their respective fair values.

## 4. SEGMENT REPORTING

### (a) Information about reportable segments

| Six months ended 30 June<br>(unaudited)                                    | Comprehensive<br>development business |                | Paper<br>packaging business |                | Total            |                  |
|--|---------------------------------------|----------------|-----------------------------|----------------|------------------|------------------|
|  | 2014                                  | 2013           | 2014                        | 2013           | 2014             | 2013             |
|  | RMB'000                               | RMB'000        | RMB'000                     | RMB'000        | RMB'000          | RMB'000          |
| Revenue from external customers  | 1,135,313                             | 854,219        | 403,703                     | 351,569        | 1,539,016        | 1,205,788        |
| Inter-segment revenue  | -                                     | -              | -                           | -              | -                | -                |
| <b>Reportable segment revenue</b>  | <b>1,135,313</b>                      | <b>854,219</b> | <b>403,703</b>              | <b>351,569</b> | <b>1,539,016</b> | <b>1,205,788</b> |
| <b>Reportable segment net profit attributable to owners of the Company</b> | <b>17,197</b>                         | <b>18,922</b>  | <b>9,497</b>                | <b>3,886</b>   | <b>26,694</b>    | <b>22,808</b>    |

## Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

### 4. SEGMENT REPORTING (continued)

#### (b) Reconciliations of reportable segment profit or loss

|   | Six months ended 30 June       |                                |
|---|--------------------------------|--------------------------------|
|   | 2014<br>RMB'000<br>(unaudited) | 2013<br>RMB'000<br>(unaudited) |
| <b>Profit</b>   |                                |                                |
| Reportable segment profit attributable to owners of the Company   | 26,694                         | 22,808                         |
| Elimination of inter-segment profits                              | –                              | –                              |
| Reportable segment profit derived from Group's external customers | 26,694                         | 22,808                         |
| Consolidated net profit attributable to owners of the Company     | 26,694                         | 22,808                         |

### 5. TURNOVER

The principal activities of the Group are comprehensive development and paper packaging business.

Turnover represents the sales value of goods or services supplied to customers (net of value-added tax or business tax), including the sales of properties, rental income from investment properties, ticket sales from theme park and sales of paper carton and products.

|                                    | Six months ended 30 June       |                                |
|------------------------------------|--------------------------------|--------------------------------|
|                                    | 2014<br>RMB'000<br>(unaudited) | 2013<br>RMB'000<br>(unaudited) |
| Comprehensive development business | 1,135,313                      | 854,219                        |
| Paper packaging business           | 403,703                        | 351,569                        |
|                                    | 1,539,016                      | 1,205,788                      |

# Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

## 6. OTHER NET (EXPENSES)/INCOME

|   | Six months ended 30 June |               |
|---|--------------------------|---------------|
|   | 2014                     | 2013          |
|   | RMB'000                  | RMB'000       |
|   | (unaudited)              | (unaudited)   |
| Net (loss)/gain on disposal of fixed assets | (8)                      | 212           |
| Exchange (loss)/gain                        | (14,328)                 | 31,712        |
| Others                                      | 2,139                    | 62            |
|   | <u>(12,197)</u>          | <u>31,986</u> |

## 7. PROFIT BEFORE TAX

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

|  | Six months ended 30 June |                |
|--|--------------------------|----------------|
|  | 2014                     | 2013           |
|  | RMB'000                  | RMB'000        |
|  | (unaudited)              | (unaudited)    |
| <b>(a) Finance costs:</b>  |                          |                |
| Interest on bank loans   | 28,177                   | 20,790         |
| Interest on related party loans  | 248,404                  | 267,226        |
| Total interest expense on financial liabilities not at fair value through profit or loss | 276,581                  | 288,016        |
| Less: Interest expense capitalised into properties under development                     | (190,492)                | (201,599)      |
|  | <u>86,089</u>            | <u>86,417</u>  |
| <b>(b) Other items:</b>  |                          |                |
| Interest income  | (30,978)                 | (7,545)        |
| Amortisation   | 97                       | 56             |
| Depreciation   | 85,461                   | 81,217         |
| Impairment losses/(reversal of impairment losses) on trade and other receivables         | 97                       | (704)          |
| Reversal of write-off of inventories   | (166)                    | (51)           |
| Rentals receivable from investment properties less direct outgoings RMB25,503,000        |                          |                |
| (Six months ended 30 June 2013: RMB18,932,000)   | (8,617)                  | (3,191)        |
|  | <u>(8,617)</u>           | <u>(3,191)</u> |

# Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

## 8. INCOME TAX EXPENSES

|   | Six months ended 30 June |                |
|---|--------------------------|----------------|
|   | 2014                     | 2013           |
|   | RMB'000                  | RMB'000        |
|   | (unaudited)              | (unaudited)    |
| <b>Current tax</b>                                |                          |                |
| – People's Republic of China ("PRC")              |                          |                |
| Corporate Income Tax                              | 103,988                  | 27,948         |
| – PRC Land Appreciation Tax                       | 157,663                  | 56,345         |
|   | <u>261,651</u>           | <u>84,293</u>  |
| <b>Deferred tax</b>                               |                          |                |
| Origination and reversal of temporary differences | (44,499)                 | 16,418         |
|   | <u>217,152</u>           | <u>100,711</u> |

### (i) Corporate Income Tax

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands during the period (six months ended 30 June 2013: Nil).

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax during the period (six months ended 30 June 2013: Nil).

Pursuant to the income tax rules and regulations of the PRC, taxation for PRC subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant cities in the PRC at 25% (six months ended 30 June 2013: 25%).

Additionally, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and jurisdiction of the foreign investors. According to the tax treaty between Hong Kong Special Administrative Region and the PRC for avoidance of double taxation and prevention of tax evasion, dividends declared from PRC subsidiaries to Hong Kong holding companies are subject to 5% withholding income tax from 1 January 2008 and onwards.



## Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

### 10. FIXED ASSETS

#### Acquisitions and disposals

During the six months ended 30 June 2014, the Group acquired items of fixed assets with a cost of RMB20,165,000 (six months ended 30 June 2013: RMB216,100,000).

Fixed assets with carrying value of RMB4,504,000 were disposed during the six months ended 30 June 2014 (six months ended 30 June 2013: RMB57,000), resulting in a loss on disposal of RMB8,000 (six months ended 30 June 2013: a gain on disposal of RMB212,000).

### 11. INTERESTS IN ASSOCIATES

|   | <b>At 30 June<br/>2014<br/>RMB'000<br/>(unaudited)</b> | At 31 December<br>2013<br>RMB'000<br>(audited) |
|---|--|--|
| Xi'an OCT Investment Ltd.                                     | <u>145,826</u>   | 147,059  |
| Beijing Guangying Residential Property<br>Development Limited | <u>35,826</u>  | 39,240   |
|   | <u><b>181,652</b></u>                                  | <u>186,299</u>                                 |

### 12. INVENTORIES

During the six months ended 30 June 2014, there was a write-down of inventories of RMB259,000 and reversal of RMB425,000 in profit or loss (six months ended 30 June 2013: RMB536,000 was written down and RMB587,000 was reserved). The reversal arose due to changes in the estimated net realisable value of certain paper cartons as a result of changes in customer preference.

## Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

### 13. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors and bills receivables (net of allowance of doubtful debts) with the following ageing analysis as of the end of the reporting period:

|                              | <b>At 30 June<br/>2014<br/>RMB'000<br/>(unaudited)</b> | At 31 December<br>2013<br>RMB'000<br>(audited) |
|------------------------------|--|--|
| Current                      | <b>275,768</b>   | 261,068  |
| Less than 3 months past due  | <b>13,589</b>  | 8,681  |
| 3 to 12 months past due      | <b>29</b>  | 273  |
| More than 12 months past due | <b>198</b>   | 4,235  |
|                              | <b>289,584</b>   | 274,257  |

The Group normally allows a credit period ranging from 30 days to 90 days to its customers from the date of billing. Subject to negotiation, extended credit terms are available for certain customers with established trading records.

### 14. CASH AND CASH EQUIVALENTS

|   | <b>At 30 June<br/>2014<br/>RMB'000<br/>(unaudited)</b> | At 31 December<br>2013<br>RMB'000<br>(audited) |
|---|--|--|
| Cash at banks and in hand   | <b>1,467,083</b>                                       | 1,711,357                                      |
| Cash at banks restricted for secure the issuance of bills payable | <b>26,577</b>  | -  |
|   | <b>1,493,660</b>                                       | 1,711,357                                      |

### 15. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the end of the reporting period:

|                                  | <b>At 30 June<br/>2014<br/>RMB'000<br/>(unaudited)</b> | At 31 December<br>2013<br>RMB'000<br>(audited) |
|----------------------------------|--|--|
| Due within 3 months or on demand | <b>670,711</b>   | 947,783  |

# Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

## 16. RESERVES AND DIVIDENDS

### (a) Dividends

Dividends attributable to the previous financial year, approved and paid during the interim period:

|   | <b>Six months ended 30 June</b> |             |
|---|---------------------------------|-------------|
|   | <b>2014</b>                     | 2013        |
|   | <b>RMB'000</b>                  | RMB'000     |
|   | <b>(unaudited)</b>              | (unaudited) |
| Final dividend in respect of the financial year ended 31 December 2013, approved and paid during the interim period, of HK8.00 cents per ordinary share (equivalent RMB6.35 cents per ordinary share) (year ended 31 December 2012: HK8.00 cents per ordinary share (equivalent RMB6.38 cents per ordinary share))  | <b>41,265</b>                   | 32,487      |
| Final dividend in respect of the financial year ended 31 December 2013, approved and paid during the interim period, of HK8.932192 cents per convertible preference share (equivalent RMB7.09 cents per convertible preference share) (year ended 31 December 2012: HK Nil cents per convertible preference share (equivalent RMBNil cents per convertible preference share)) | <b>6,807</b>                    | -           |
|   | <b>48,072</b>                   | 32,487      |

The directors do not propose the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

## Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

### 16. RESERVES AND DIVIDENDS (continued)

#### (b) Transfer to reserve

There was no transfer to reserve for the six months period ended 30 June 2014.

Transfers from retained earnings to general reserve fund were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in the PRC and were approved by the respective boards of directors.

The subsidiaries in the PRC are required to transfer 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to general reserve fund until the reserve balance reaches 50% of the registered capital. The transfer to this fund must be made before distribution of dividends to the equity holders.

General reserve fund can be used to make good previous years' losses, if any, and may be converted into paid up capital provided that the balance of the general reserve fund after such conversion is not less than 25% of the registered capital.

#### (c) Equity settled share-based transactions

On 3 March 2011, 2,700,000 and 27,400,000 share options were granted to directors and employees of the Group respectively under the Company's 2011 Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company which will be settled by physical delivery of shares. The share options shall be exercisable during a period of 5 years from the date of acceptance of the offer of the grant up to 5 years from the date of grant subject to the following vesting terms. The exercise price of the options granted on 3 March 2011 is HK\$4.04.

| <u>Maximum percentage of share options exercisable including the percentage of share options previously exercised</u> | <u>Period for exercise of the relevant percentage of the share options</u>                          |
|---|---|
| 30%   | at any time after the expiry of 2 years from the date of grant up to 3 years from the date of grant |
| 60%   | at any time after the expiry of 3 years from the date of grant up to 4 years from the date of grant |
| 100%  | at any time after the expiry of 4 years from the date of grant up to 5 years from the date of grant |

# Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

## 16. RESERVES AND DIVIDENDS (continued)

### (c) Equity settled share-based transactions (continued)

No option under the 2011 Share Option Scheme was exercised, forfeited or expired during the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

The total expense recognised for the six months ended 30 June 2014 arising from the share options granted on 3 March 2011 was RMB2,189,000 (six months ended 30 June 2013: RMB3,907,000).

## 17. CAPITAL AND OTHER COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

|                                   | At 30 June<br>2014<br>RMB'000<br>(unaudited) | At 31 December<br>2013<br>RMB'000<br>(audited) |
|-----------------------------------|--|--|
| Contracted for                    | 2,688,798                                    | 1,265,657                                      |
| Authorised but not contracted for | 2,199,146                                    | 3,159,197                                      |
|                                   | <u>4,887,944</u>                             | <u>4,424,854</u>                               |

The capital and other commitments in 2014 and 2013 mainly represented the commitments in connection with the planned development projects of Chengdu Tianfu OCT Industry Development Company Limited ("Chengdu OCT"), Overseas Chinese Town (Shanghai) Land Company Limited and Honour Ray Limited.

## 18. MATERIAL RELATED PARTY TRANSACTIONS

### (a) Transactions with other state-controlled entities:

The Company is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government ("state-controlled entities") through its government authorities, agencies, affiliations and other organisations, collectively referred to as government related entities.

Other than those disclosed in note 18(b), transactions with other state-controlled entities include but are not limited to the following:

- Purchase of services;
- Utility supplies; and
- Financial services arrangement.

## Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

### 18. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

#### (a) Transactions with other state-controlled entities: *(continued)*

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled. The Group has established its buying, pricing strategy and approval process for purchases and sales of products and services. Such buying, pricing strategy and approval processes do not depend on whether the counterparties are state controlled entities or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group's pricing strategy, buying and approval processes, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the directors are of the opinion that the following transactions with other state-controlled entities require disclosure:

- (i) Transactions and balances with other state-controlled banks in the PRC:

|                   | <b>Six months ended 30 June</b> |                |
|-------------------|---------------------------------|----------------|
|                   | <b>2014</b>                     | 2013           |
|                   | <b>RMB'000</b>                  | RMB'000        |
|                   | <b>(unaudited)</b>              | (unaudited)    |
| Interest income   | <u>4,302</u>                    | 6,201          |
| Interest expenses | <u>14,882</u>                   | 19,903         |
|                   | <b>At 30 June</b>               | At 31 December |
|                   | <b>2014</b>                     | 2013           |
|                   | <b>RMB'000</b>                  | RMB'000        |
|                   | <b>(unaudited)</b>              | (audited)      |
| Cash at banks     | <u>623,412</u>                  | 1,565,763      |
| Bank loans        | <u>1,057,304</u>                | 938,723        |

## Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

### 18. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

#### (a) Transactions with other state-controlled entities: *(continued)*

- (ii) Transactions and balances with other state-controlled entities in the PRC:

|                             | <b>Six months ended 30 June</b> |                |
|-----------------------------|---------------------------------|----------------|
|                             | <b>2014</b>                     | 2013           |
|                             | <b>RMB'000</b>                  | RMB'000        |
|                             | <b>(unaudited)</b>              | (unaudited)    |
| Purchase of services        | <u>68,896</u>                   | <u>382,019</u> |
|                             | <b>At 30 June</b>               | At 31 December |
|                             | <b>2014</b>                     | 2013           |
|                             | <b>RMB'000</b>                  | RMB'000        |
|                             | <b>(unaudited)</b>              | (audited)      |
| Trade and other receivables | <u>5,225</u>                    | 2,482          |
| Trade and other payables    | <u>29,688</u>                   | <u>61,139</u>  |

For the six months ended 30 June 2014, the Group's significant transactions with other state-controlled entities being purchases of services for the development of comprehensive development business.

## Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

### 18. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) The Group has a related party relationship with the following parties:

| <u>Name of party</u>   | <u>Relationship with the Group</u> |
|--|------------------------------------|
| Overseas Chinese Town Enterprises Corporation<br>("OCT Group")               | Ultimate parent                    |
| Shenzhen Overseas Chinese Town Company Limited                               | Intermediate parent                |
| Overseas Chinese Town (HK) Company Limited                                   | Intermediate parent                |
| Konka Group Company Limited, its subsidiaries and associates                 | Fellow subsidiary                  |
| Shenzhen Overseas Chinese Town Water and Electricity Co., Ltd.               | Fellow subsidiary                  |
| Shenzhen Overseas Chinese Town Happy Coast Investment Co. Ltd                | Fellow subsidiary                  |
| Shenzhen Overseas Chinese Town Tourism Advisory Co., Ltd.                    | Fellow subsidiary                  |
| Shenzhen Overseas Chinese Town Property Management Co., Ltd.                 | Fellow subsidiary                  |
| Shenzhen Overseas Chinese Town City Inn Co., Ltd.                            | Fellow subsidiary                  |
| Shenzhen Overseas Chinese Town Happy Valley Tourism Co., Ltd.                | Fellow subsidiary                  |
| Shenzhen Overseas Chinese Town International Media and Performance Co., Ltd. | Fellow subsidiary                  |
| Overseas Chinese Town Culture Tourism and Technology Co., Ltd                | Fellow subsidiary                  |

## Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

### 18. MATERIAL RELATED PARTY TRANSACTIONS (continued)

- (b) The Group has a related party relationship with the following parties:  
(continued)

#### Recurring transactions

|   | Six months ended 30 June |                |
|---|--------------------------|----------------|
|   | 2014                     | 2013           |
|   | RMB'000                  | RMB'000        |
|   | (unaudited)              | (unaudited)    |
| Sales of goods to:                                    |                          |                |
| OCT Group, its subsidiaries and associates            | <u>29,535</u>            | <u>19,672</u>  |
| Purchase of goods from:                               |                          |                |
| OCT Group, its subsidiaries and associates            | <u>42</u>                | <u>52</u>      |
| Interest expenses and related charges paid to:        |                          |                |
| OCT Group, its subsidiaries and associates            | <u>248,404</u>           | <u>267,226</u> |
| Rental received from:                                 |                          |                |
| OCT Group, its subsidiaries and associates            | <u>1,001</u>             | <u>-</u>       |
| Rental paid to:                                       |                          |                |
| OCT Group, its subsidiaries and associates            | <u>-</u>                 | <u>419</u>     |
| Utility expenses paid to:                             |                          |                |
| OCT Group, its subsidiaries and associates            | <u>477</u>               | <u>6</u>       |
| Purchase of service from:                             |                          |                |
| OCT Group, its subsidiaries and associates            | <u>3,742</u>             | <u>4,681</u>   |
| Sales of service to:                                  |                          |                |
| OCT Group, its subsidiaries and associates            | <u>-</u>                 | <u>69</u>      |
| Interest income received/receivable from an associate | <u>24,573</u>            | <u>-</u>       |

The directors of the Company are of the opinion that those transactions with related parties were conducted in the ordinary course of business, on normal commercial terms and in accordance with the agreements governing such transactions.

# Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

## 18. MATERIAL RELATED PARTY TRANSACTIONS (continued)

- (b) The Group has a related party relationship with the following parties:  
(continued)

### Balance with related parties

Amounts due from/(to) related parties are as follows:

|  | Notes | At 30 June<br>2014<br>RMB'000<br>(unaudited) | At 31 December<br>2013<br>RMB'000<br>(audited) |
|--|-------|--|--|
| Trade receivable from an intermediate parent and fellow subsidiaries | (i)   | 18,812                                       | 17,354   |
| Trade payable to an intermediate parent and fellow subsidiaries      | (ii)  | (48,779)                                     | (20,770)                                       |
| Other receivables from an associate                                  | (iii) | 781,770                                      | 886,993  |
| Other receivables from fellow subsidiaries                           | (iii) | 2,660  | 2,878  |
| Other payable to intermediate parents and fellow subsidiaries        | (iii) | (207,686)                                    | (132,210)                                      |
| Loans from fellow subsidiaries                                       | (iv)  | (5,880,700)                                  | (5,880,700)                                    |
| Loan from intermediate parents                                       | (v)   | (2,572,375)                                  | (3,029,176)                                    |

### Notes:

- (i) The trade receivable balances are unsecured, non-interest bearing and are expected to be recovered within six months. These refer to receivables in respect of sales of paper cartons and paper boxes to related parties.
- (ii) The trade payable balances are unsecured, non-interest bearing and are expected to be settled within three months. These refer to payables in respect of purchases of raw material from related parties.
- (iii) Other receivables and payables from/to intermediate parents and fellow subsidiaries are unsecured, non-interest bearing, and repayable on demand. Other receivable from an associate is unsecured, interest bearing at the latest benchmark rate for one-year loan promulgated by the People's Bank of China and repayable on demand.

## Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

### 18. MATERIAL RELATED PARTY TRANSACTIONS (continued)

- (b) **The Group has a related party relationship with the following parties:**  
(continued)

**Balance with related parties (continued)**

Notes: (continued)

- (iv) Loans from fellow subsidiary of RMB5,880,700,000 is bearing an interest at 6.55%.
- (v) Loans from intermediate parents of RMB900,000,000 is bearing an interest at 3.62%, HK\$210,000,000 is bearing at 4.0%, USD17,140,000 is bearing at 4.0%, HK\$331,132,190 is bearing at 4.0%, RMB800,000,000 is bearing at 6.0%, and HK\$425,000,000 is bearing at 5.74%.

- (c) **Key management personnel compensations:**

Key management personnel receive compensations in the form of fees, salaries, housing and other allowances, benefits in kind, discretionary bonuses, share options and retirement scheme contribution.

Total compensation of the Group received by key management personnel, including amounts paid to the Company's directors and certain of the highest paid employees, is summarised as follows:

|   | <b>Six months ended 30 June</b> |             |
|---|---------------------------------|-------------|
|   | <b>2014</b>                     | 2013        |
|   | <b>RMB'000</b>                  | RMB'000     |
|   | <b>(unaudited)</b>              | (unaudited) |
| Short-term employee benefits                    | <b>1,157</b>                    | 1,296       |
| Post employment benefits                        | <b>188</b>                      | 161         |
| Equity-settled share option<br>payment expenses | <b>-</b>                        | 84          |
|   | <b>1,345</b>                    | 1,541       |

# Notes to the Condensed Financial Statements

For the six months ended 30 June 2014

## 18. MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

### (d) Employee retirement benefits

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution retirement benefit schemes (the "Schemes") organised by the relevant local government authorities in Shenzhen, Zhongshan, Shanghai, Anhui, Huizhou, Chengdu and Tianjin whereby the Group is required to make contributions to the Schemes at a rate ranging from 11% to 22% of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed in Hong Kong. The Group's contribution to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK\$1,250 (which increased to HK\$1,500 with effect from 1 June 2014) and vest fully with employees when contributed into the MPF Scheme.

The Group has no other material obligation for the payment of pension benefits associated with those schemes beyond the annual contributions described above.

## 19. EVENTS AFTER THE REPORTING PERIOD

### Chengdu Shaheyuan Land Consolidation Project

On 11 July 2014, the independent shareholders of the Company has approved a mandate for authority to Chengdu OCT to participate in the tender selection (the "Tender") of a joint venture partner by Chengdu Jinniu Government for a land consolidation project and to engage in the transactions contemplated under the Tender. Chengdu OCT received a notice of successful tender for the Tender on 22 July 2014. Accordingly, Chengdu OCT will establish a joint venture company (the "JV Company") with Xinjin Nongfa Investments for the land consolidation project in relation to, amongst others, site formation (土地平整), removal (拆舊), restoration (復墾), centralised relocation of farmers (農民集中安置) and construction of infrastructure and urban facilities (the "Land Consolidation Project") of a plot of land located at Shaheyuan Area, Huancheng Ecological Zone, Jinniu District, Chengdu, the PRC, with a planned area of approximately 3,190 mu (the "Land"). The JV Company will be responsible for providing the fund(s) for the Land Consolidation Project of an amount up to a maximum of RMB4,170,000,000 in return for certain investment return.

For further details, please refer to the announcements of the Company dated 3 June 2014 and 22 July 2014, and the circular of the Company dated 24 June 2014.