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)

2017 INTERIM RESULTS ANNOUNCEMENT

RESULTS

The board (the "Board") of directors (the "Directors") of Overseas Chinese Town (Asia) Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2017 (the "Period Under Review"), together with the comparative figures for the corresponding period in 2016 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	Six months ended 30 June **2017** ***RMB'000*** **(unaudited)**	 2016 *RMB'000* (unaudited)
Revenue	*5*	**1,942,472**	2,137,362
Cost of sales		**(1,384,434)**	(1,607,303)
Gross profit		**558,038**	530,059
Other revenue		**18,509**	21,995
Other net losses	*6*	**(3,728)**	(285)
Distribution costs		**(61,933)**	(112,604)
Administrative expenses		**(110,218)**	(88,302)
Other operating expenses		**(2,183)**	(29,167)
Profit from operations		**398,485**	321,696
Finance costs	*7*	**(115,036)**	(127,209)
Share of profits of associates		**33,351**	272,325
Share of loss of a joint venture		**(3,563)**	(471)
Profit before tax	*7*	**313,237**	466,341
Income tax expense	*8*	**(139,108)**	(166,661)
Profit for the period		**174,129**	299,680
Attributable to:			
Owners of the Company		**40,822**	211,566
Non-controlling interests		**133,307**	88,114
		174,129	299,680
Earnings per share (RMB)	*9*		
Basic		**0.036**	0.299
Diluted		**0.036**	0.283

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit for the period	**174,129**	299,680
Other comprehensive income for the period, net of tax:		
Items that will be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**144,830**	(81,153)
Net loss on revaluation of available-for-sale financial assets under other financial assets	**(9,770)**	–
	135,060	(81,153)
Total comprehensive income for the period	**309,189**	218,527
Attributable to:		
Owners of the Company	**175,882**	130,413
Non-controlling interests	**133,307**	88,114
	309,189	218,527

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2017

	Note	**At 30 June 2017** *RMB'000* **(unaudited)**	At 31 December 2016 *RMB'000* (audited)
Non-current assets			
Fixed assets			
– Investment property under development		**–**	821,096
– Investment property		**2,367,978**	1,556,753
– Property, plant and equipment		**1,362,566**	1,227,053
– Interests in leasehold land held for own use		**606,856**	617,031
		4,337,400	4,221,933
Intangible assets		**1,918**	2,092
Goodwill		**570**	570
Investments in associates		**1,189,015**	1,634,164
Investment in a joint venture		**15,981**	19,544
Other financial assets		**1,000,414**	247,320
Deferred tax assets		**153,300**	154,251
		6,698,598	6,279,874
Current assets			
Inventories		**10,070,047**	10,490,803
Trade and other receivables	*10*	**493,479**	530,196
Other financial assets		**–**	1,159,700
Cash and cash equivalents	*11*	**3,174,820**	2,077,758
		13,738,346	14,258,457
Current liabilities			
Trade and other payables	*12*	**2,026,213**	2,845,650
Receipts in advance		**1,893,224**	1,423,911
Bank and other loans		**3,915,244**	2,559,663
Related party loans		**262,000**	1,212,000
Current tax liabilities		**148,461**	421,618
		8,245,142	8,462,842
Net current assets		**5,493,204**	5,795,615
Total assets less current liabilities		**12,191,802**	12,075,489

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONT'D)*
AT 30 JUNE 2017

	Note	**At 30 June 2017** *RMB'000* **(unaudited)**	At 31 December 2016 *RMB'000* (audited)
Non-current liabilities			
Bank and other loans		**1,157,345**	1,716,975
Related party loans		**3,863,274**	3,380,348
Deferred tax liabilities		**203,141**	211,464
		5,223,760	5,308,787
NET ASSETS		**6,968,042**	6,766,702
CAPITAL AND RESERVES			
Share capital		**67,337**	67,337
Reserves	*13*	**3,027,644**	2,959,611
Equity attributable to owners of the Company		**3,094,981**	3,026,948
Non-controlling interests		**3,873,061**	3,739,754
TOTAL EQUITY		**6,968,042**	6,766,702

NOTES

1. BASIS OF PREPARATION

The 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 (the "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 15 August 2017.

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.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The condensed consolidated financial statements for the six months ended 30 June 2017 comprise Overseas Chinese Town (Asia) Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") and the Group's investments in associates and joint venture. 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 2016 annual financial statements. The condensed consolidated 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 2016 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.

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 2017. 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 unlisted equity securities, investment funds and financial products in the PRC under other financial assets were stated at cost, 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Disclosures of level in fair value hierarchy at 30 June 2017:

Description	**Fair value measurements as at 30 June 2017**			
	Level 1	**Level 2**	**Level 3**	**Total 2017**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
		(Unaudited)		
Recurring fair value measurements:				
Available-for-sale financial assets under other financial assets				
Listed equity securities	**391,874**	**–**	**–**	**391,874**
Total recurring fair value measurements	**391,874**	**–**	**–**	**391,874**

Description	Fair value measurements as at 31 December 2016			
	Level 1	Level 2	Level 3	Total 2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
		(Audited)		
Recurring fair value measurements:				
Available-for-sale financial assets under other financial assets				
Listed equity securities	–	–	–	–
Total recurring fair value measurements	–	–	–	–

4. SEGMENT REPORTING

(a) Information about reportable segments

Six months ended 30 June (unaudited):

	Comprehensive development business		Paper packaging business		Total	
	2017	2016	**2017**	2016	**2017**	2016
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**1,562,411**	1,769,886	**380,061**	367,476	**1,942,472**	2,137,362
Inter-segment revenue	**–**	–	**–**	–	**–**	–
Reportable segment revenue	**1,562,411**	1,769,886	**380,061**	367,476	**1,942,472**	2,137,362
Reportable segment net profit/(loss) attributable to owners of the Company	**37,250**	213,114	**3,572**	(1,548)	**40,822**	211,566

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit		
Reportable segment profit attributable to owners of the Company	**40,822**	211,566
Elimination of inter-segment profits	**–**	–
Reportable segment profit derived from Group's external customers	**40,822**	211,566
Consolidated net profit attributable to owners of the Company	**40,822**	211,566

5. REVENUE

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

Revenue 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	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Comprehensive development business	**1,562,411**	1,769,886
Paper packaging business	**380,061**	367,476
	1,942,472	2,137,362

6. OTHER NET LOSSES

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Net losses on disposal of fixed assets	**(13)**	(7)
Net exchange losses	**(3,855)**	(167)
Others	**140**	(111)
	(3,728)	(285)

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(a) Finance costs:		
Interest on bank and other loans	**86,121**	82,999
Interest on related party loans	**75,614**	144,241
Total borrowing costs wholly repayable within five years	**161,735**	227,240
Amount capitalised	**(46,699)**	(100,031)
	115,036	127,209

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
(b) Other items:		
Interest income	**(18,278)**	(17,873)
Amortisation of intangible assets	**188**	166
Depreciation	**110,642**	99,187
Impairment of goodwill	**–**	28,124
Net impairment losses/(reversal of impairment losses) on trade and other receivables	**781**	(9)
Net write off of inventories	**1,516**	423
Rentals receivable from investment property less direct outgoings RMB39,224,000 (Six months ended 30 June 2016: RMB23,577,000)	**(20,750)**	(26,386)

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax		
– People's Republic of China ("PRC") corporate income tax	**105,528**	108,314
– PRC land appreciation tax	**41,645**	75,407
	147,173	183,721
Deferred tax		
Origination and reversal of temporary differences	**(8,065)**	(17,060)
	139,108	166,661

(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 2016: RMB Nil).

No provision for Hong Kong Profits Tax has been made in the financial statements since the Group has sufficient tax losses brought forward to set off against current period's assessable profit. No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the six months ended 30 June 2016.

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 2016: 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.

(ii) PRC land appreciation tax

PRC land appreciation tax ("PRC LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated statements of profit or loss as income tax. The Group has estimated the tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual PRC LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for PRC LAT is calculated.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings		
Earnings attributable to ordinary equity holders for the purpose of calculating basic earnings per share	**23,563**	195,367
Preference share dividends saving on conversion of convertible preference shares	**17,259**	16,199
Earnings attributable to ordinary equity holders for the purpose of calculating diluted earnings per share	**40,822**	211,566

	Six months ended 30 June	
	2017	2016
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**652,366,000**	652,366,000
Effect of dilutive potential ordinary shares arising from convertible preference shares	**96,000,000**	96,000,000
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**748,366,000**	748,366,000

As the conversion of the Company's convertible preference shares would be anti-dilutive, there was no dilutive potential ordinary shares for the Company's convertible preference shares during the six months ended 30 June 2017 and 2016 respectively.

10. 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:

	At 30 June	At 31 December
	2017	2016
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Current	**288,038**	282,219
Less than 3 months past due	**12,980**	9,063
3 to 12 months past due	**1,858**	970
More than 12 months past due	**913**	436
	303,789	292,688

The Group normally allows a credit period ranging from 60 days to 120 days to its customers from the date of billing. Subject to negotiation, extended credit terms are available for certain customers with established trading records.

11. CASH AND CASH EQUIVALENTS

	At 30 June 2017 *RMB'000* **(unaudited)**	At 31 December 2016 *RMB'000* (audited)
Cash at banks and in hand	**3,150,439**	2,056,017
Cash at banks restricted for secure the issuance of bills payable	**24,381**	21,741
	3,174,820	2,077,758

12. 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:

	At 30 June 2017 *RMB'000* **(unaudited)**	At 31 December 2016 *RMB'000* (audited)
Due within 3 months or on demand	**436,186**	633,374
Over 3 months but less than 12 months	**902**	–
	437,088	633,374

13. RESERVES AND DIVIDENDS

(a) Dividends

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

	Six months ended 30 June	
	2017 *RMB'000* **(unaudited)**	2016 *RMB'000* (unaudited)
Final dividend in respect of the financial year ended 31 December 2016, approved and paid during the interim period, of HK16.00 cents per ordinary share (equivalent RMB13.89 cents per ordinary share) (year ended 31 December 2015: HK14.00 cents per ordinary share (equivalent RMB11.86 cents per ordinary share))	**90,590**	77,348
Final dividend in respect of the financial year ended 31 December 2016, approved and paid during the interim period, of HK20.25 cents per convertible preference share (equivalent RMB17.98 cents per convertible preference share) (year ended 31 December 2015: HK20.25 cents per convertible preference share (equivalent RMB16.87 cents per convertible preference share))	**17,259**	16,199
	107,849	93,547

The Directors do not propose the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB Nil).

(b) Transfer to reserve

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 owners.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS AND BUSINESS REVIEW

In the first half of 2017, the global economy entered into the stage of recovery. The economies of the countries in the emerging market presented stable and favorable momentum. As motivated by the macro economic policies focusing on the structural reform on the supply side, the Chinese economy had its economic structure further optimized and achieved a solid start overall, although the foundation for bottoming out was still relatively weak. Under these complex domestic and international economic conditions, the Group steadily implemented its strategic planning and pushed forward the development of various businesses by leveraging its extensive experience and high quality products.

During the Period Under Review, the Group recorded a revenue of approximately RMB1.94 billion, representing a decrease of approximately 9.1% from the corresponding period of 2016. Profit from operations amounted to approximately RMB398.49 million, representing an increase of approximately 23.9% from the corresponding period of 2016. Furthermore, the profit attributable to owners of the Company was approximately RMB40.82 million, representing a decrease of approximately 80.7% from the corresponding period of 2016. The decrease was primarily due to the fact that the Beijing Unique Garden Project, which was developed by Beijing Guangying Residential Property Development Limited (北京廣盈房地產開發有限公司) ("Beijing Guangying"), an associate of the Company, had entered into the stage of the sales of remaining flats, therefore resulting in the significant drop in the share of profits of associates attributable to the Company. Excluding the effect of the aforesaid share of profits of associates attributable to the Company, the profit attributable to owners of the Company would have recorded an increase over the same period in 2016.

Comprehensive Development Business

In the first half of 2017, the significant differentiation was seen among cities in terms of regulatory policies for the real estate market in the PRC with tightening policies in popular cities. Against the backdrop of emphasizing the nature of living for housing, the real estate market in the PRC continued to move forward. The market demand for real estate in the first-tier cities and the core second-tier cities remained buoyant. However, due to the frequent intensification of house purchase restrictions and lending restrictions as well as various regulatory measures, sales in the first half of 2017 recorded a significant decrease as compared with the same period of last year while the housing prices remained stable. On the one hand, both the sales volume and price in the second-tier and key third-tier cities increased in general with overall stable performance. On the other hand, the real estate in third-tier and fourth-tier cities continued to face severe pressure for destocking. The Group has always upheld the strategy of deep plowing in the first-tier and second-tier cities with a positive and prudent attitude amidst the complex and ever-changing market environment to achieve steady development in comprehensive development business.

For the Period Under Review, the comprehensive development business of the Group recorded a revenue of approximately RMB1.56 billion, representing a decrease of approximately 11.7% from the corresponding period of 2016. Furthermore, the profit attributable to owners of the Company was approximately RMB37.25 million, representing a decrease of approximately 82.5% from the corresponding period of 2016. Excluding the effect of the share of profits of associates attributable to the Company, the profit attributable to owners for comprehensive development business would have recorded an increase over the same period in 2016.

During the Period Under Review, the Shanghai Suhewan Project was mainly engaged in the sales of waterfront multi-storey residential properties which are highly scarce in the market, luxury high-rise residential tower, low-density residential properties and some boutique business premises. The contracted sales area and amount were approximately 5,500 sq.m. and approximately RMB543.00 million, respectively, and the settled area and amount were approximately 13,000 sq.m. and approximately RMB1.26 billion, respectively. During the Period Under Review, the Shanghai Suhewan Waterfront Independent Mansions won "International Property Awards 2017-2018 – Asia Pacific Best Architecture Single Residence". The Shanghai Suhewan Project received numerous awards, which was a high recognition for the overall project planning and product design, as well as a general acknowledgement to the development capability and product development of our brand OCT.

During the Period Under Review, Chengdu Tianfu OCT Industry Development Company Limited ("Chengdu OCT") focused on the sales of high-end office properties, high-rise residential properties, multi-storey residential properties and some low-density residential properties. The contracted sales area and amount were approximately 19,900 sq.m. and approximately RMB161.00 million, respectively, and the settled area and amount were approximately 18,700 sq.m. and approximately RMB147.00 million, respectively. The current rentable area for commercial use was approximately 98,500 sq.m., of which 88% was leased. During the Period Under Review, Chengdu Happy Valley achieved a revenue of approximately RMB96.52 million, which recorded a decrease of approximately 11% compared with the same period of last year, with a visitor flow of approximately 920,000, which remained broadly flat as compared with the same period of last year.

The Chongqing OCT Land Project enjoys a supreme location with rich landscape resources, overlooking the panorama of Jialing River with a Happy Valley theme park and large greenbelt in the neighborhood. Its major properties comprise mid-to-high end high-rise residential properties and multi-storey residential properties. The Chongqing OCT Land Project, in the first half of 2017, launched several batches of high-rise residential properties, which were well-received by the market and sold out once being offered on the market. During the Period Under Review, the contracted sales area and amount of the Chongqing OCT Land Project were approximately 151,700 sq.m. and approximately RMB1,699.00 million, respectively.

Located at the core CBD in the downtown of Xi'an city, the OCT Chang'an Metropolis Project is a commercial landmark along the Chang'an Road. The project has a total gross floor area of approximately 104,700 sq.m., including high-end office properties such as Building 2# and Building 3#, as well as some car parking spaces. During the Period Under Review, 96% of the units in Building 2# of the OCT Chang'an Metropolis Project was leased with rental rates ranking at the forefront of the city. Being scarce in the market, Building 3# is a Grade A office building which is a major project of the Group in 2017 and is launching leasing. Recently, a number of domestic and foreign well-known enterprises including Taikang Life Insurance and SKECHERS have become tenants.

During the Period Under Review, the Beijing Unique Garden Project developed by Beijing Guangying, an associate of the Company, has entered into the winding up stage. The contract sales area and amount were approximately 3,800 sq.m. and approximately RMB49.00 million, respectively, and the settled area and amount were approximately 4,500 sq.m. and approximately RMB282.00 million, respectively. During the Period Under Review, the Beijing Unique Garden Project contributed an investment return of approximately RMB27.60 million to the Company.

Chengdu Baoxin Quansheng Project owns a piece of land located in Jinniu District in Chengdu city with a total site area of 174,900 sq.m. which comprises properties including high-rise residential property, ground-floor shops, commercial duplexes, apartment buildings and underground car parking space. During the Period Under Review, the contracted sales area and amount of the Chengdu Baoxin Quansheng Project were approximately 46,200 sq.m. and approximately RMB693.00 million, respectively.

Paper Packaging Business

During the Period Under Review, facing unfavorable factors including fierce market competition and continued increase in operating costs, the Group secured the stable operation of the paper packaging business through the integration of corporate resources and enhancement of operating efficiency. During the Period Under Review, the paper packaging business of the Group recorded a revenue of approximately RMB380.06 million, representing an increase of approximately 3.4% as compared with the same period of 2016, and the profit attributable to owners of the Company of approximately RMB3.57 million, as compared with a loss of approximately RMB1.55 million for the same period of 2016.

Investment and Fund Business

During the Period Under Review, the Group acquired 8.26% equity interest in Minsheng Education Group Company Limited ("Minsheng Education", stock code: 1569.HK) with an investment of HK$463 million. The primary focus of Minsheng Education is to provide high-quality private formal higher education in the PRC dedicated to nurturing professional talents. The Group is optimistic about the education industry in the PRC and its prospects.

During the Period Under Review, the Group entered into a limited partnership agreement with a number of partners to establish Shanghai Libao Huachen Investment Centre (LLP) ("Shanghai Libao Huachen Fund") with an aggregate capital of RMB400 million, among which the Group invested a total amount of RMB30 million. Shanghai Libao Huachen Fund principally invests in culture industry, including but not limited to segments of video and media, sports and entertainment, leisure and tourism as well as online education segment. During the Period Under Review, Shanghai Libao Huachen Fund invested in a number of projects including those in the sports and culture industries.

The Group participated in the establishment of the Capital Fortune Investment New Industries Investment Fund to look for enterprises with promising growth in emerging industries. During the Period Under Review, the fund invested in a number of projects including those in new-energy automobiles and mobile internet sectors.

OUTLOOK

Looking forward to the second half of 2017, upon the improvement in the international trade as well as market confidence, it is expected that the global economy will continue to recover. However, in view of the less coordinated international macro economic policies and the emergence of trade and investment protectionism, the uncertainties will remain in the international market. In respect of domestic economy, with the preliminary results shown in "financial deleveraging", the global recovery will provide support for the overseas market demand in the PRC. The stability in demand for domestic consumption and investment will stabilize the overall economy, although the foundation for the stable and favorable momentum will still be relatively weak. The PRC government will further push forward the structural reform on the supply side and implement proactive financial policies and sound monetary policies to maintain stable economic growth.

For real estate market, the Central Economic Work Conference proposed the idea of suppressing the bubbles in the real estate market to promote stable and healthy development. The policy will persist in risk control and destocking measures. The market-oriented adjustments in the industry are expected to sustain the pace in the first half of the year while the market segregation will also further intensify. It is expected that the real estate market in the first-tier and second-tier cities will maintain stable development. However, regulatory polices such as house purchase restrictions. lending restrictions and price limitation will remain in varying degrees. The third-tier and fourth-tier cities will carry out destocking in an active manner. The Group maintains its prudently optimistic outlook for the domestic real estate market in the second half of 2017.

Comprehensive Development Business

For the second half of 2017, the Group will focus on making greater efforts in promoting its new products in the market and accelerating the turnaround of products by paying close attention to the real estate policies promulgated by the central and local governments and optimizing development strategies based on the market conditions in order to speed up the recovery of funds and enhance operation efficiency. The planning of each comprehensive development project is as follows:

The Shanghai Suhewan Project will continue to introduce waterfront multi-storey residential properties which possess the scarce landscape resources, high-rise residential towers and boutique business premises and expect to launch the highly-anticipated Bulgari Hotel by the end of the year. As the strategic planning of "One Shaft Three Belts" (一軸三帶) in new Jing'an District in Shanghai is freshly announced, the Suhewan Segment, being a core segment of the new Jing'an District, is expected to be the new development core of Shanghai. As an iconic commercial complex project of the Suhewan Segment, the Shanghai Suhewan Project will remain in the spotlight of the market. The Chengdu OCT Project will launch the high-end customized villa in the only eyot of the downtown of Chengdu and a new phase of high-rise residential properties, and will continue its sale of low-density residential properties and high-end office products.

In the second half of 2017, we will continue to adhere to the leading development and operation concept, give full play to our advantages and actively concern and look for diversified investment opportunities. We will also accelerate the increase in project reserve and enhance our development potential by various means such as cooperation, mergers and investment.

Paper Packaging Business

In order to optimize business structure and achieve strategic transformation, the Group will withdraw from the manufacturing procedure of the paper packaging business in stages and emphasize on taking various measures depending on the specific conditions of different companies under the name of "Huali" to expand the way of thinking for transformation development. The Group intends to dispose of its 100% equity interest in 上海華勵包裝貿易有限公司 (Shanghai Huali Packaging and Trading Co., Ltd.) through public tender and the disposal was officially listed on the Shanghai United Assets and Equity Exchange on 7 August 2017.

In the second half of 2017, as the Central Government expedites industrial upgrade, makes innovation in respect of economic development mode and deepens the reform of state-owned enterprises, under the guidance of its parent company OCT Group on two strategic themes, i.e. "culture + tourism + urbanization" and "tourism + internet + finance", the Group will accelerate its pace of innovative development, push forward strategic transforming and upgrading, promote comprehensive industrial distribution and further improve and consolidate the important role of OCT Group's overseas industrial financing platform. It will proactively acquire and foster high quality resources and businesses with strong cooperation with OCT industrial ecosphere and growth potentials by means of domestic and overseas direct investments, indirect investments (industrial funds), etc. and build new development drivers for the Company with innovative financial measures to continuously enhance its corporate value.

The Board is full of confidence in the future development prospects. The Group, with the support of its parent company, will also endeavor to create ideal return on investment for shareholders by fully leveraging OCT's advantages in its brand, resources and experience following the work idea of "share, breakthrough and implementation".

Financial Review

As at 30 June 2017, the Group's total assets were approximately RMB20.44 billion, whereas the Group's total equity amounted to approximately RMB6.97 billion. The Group recorded a revenue of approximately RMB1.94 billion for the six months ended 30 June 2017, representing a decrease of approximately 9.1% over the same period of 2016, among which the revenue from the comprehensive development business was approximately RMB1.56 billion, representing a decrease of approximately 11.7% over the same period of 2016, mainly due to the decrease in the revenue contributed by Chengdu OCT; the revenue from the paper packaging business was approximately RMB380.06 million, representing an increase of approximately 3.4% over the same period of 2016, mainly due to the rise in selling price of products during the Period Under Review. Profit attributable to owners of the Company was approximately RMB40.82 million for the six months ended 30 June 2017, representing a decrease of approximately 80.7% over the same period of 2016, among which profit attributable to owners of the Company arising from the comprehensive development business was approximately RMB37.25 million, representing a decrease of approximately 82.5% over the same period of 2016, which was mainly due to a significant decrease in share of profits of associates; profit attributable to owners of the Company arising from the paper packaging business was approximately RMB3.57 million, while recorded a loss of approximately RMB1.55 million for the same period of 2016, mainly due to the rise in selling price of products during the Period Under Review. For the six months ended 30 June 2017, basic earnings per share were approximately RMB0.036, representing a decrease of approximately 88.0% over the same period of 2016 (same period in 2016: approximately RMB0.299).

For the six months ended 30 June 2017, the Group's gross profit margin was approximately 28.7% (same period in 2016: approximately 24.8%), representing an increase of approximately 3.9 percentage points over the same period of 2016, among which the gross profit margin of the comprehensive development business was approximately 32.3%, representing an increase of approximately 4.6 percentage points over the same period of 2016, which was mainly due to the decrease of revenue recognized during the Period Under Review from units with low gross profit margin; the gross profit margin of the paper packaging business was approximately 13.9%, representing an increase of approximately 3.0 percentage points over the same period of 2016, which was mainly due to the rise in selling price of products during the Period Under Review.

Distribution Costs and Administrative Expenses

Distribution costs of the Group for the six months ended 30 June 2017 were approximately RMB61.93 million (same period in 2016: approximately RMB112.60 million), representing a decrease of approximately 45.0% over the same period of 2016, of which distribution costs of the comprehensive development business were approximately RMB40.47 million, representing a decrease of approximately 55.7% over the same period of 2016, which was mainly due to the decrease in the advertising expenses for Chengdu OCT as compared with the same period in last year, as well as the decrease in sales commissions as a result of decline in revenue from the comprehensive development business; distribution costs of the paper packaging business were approximately RMB21.46 million, which is substantially the same comparing to the same period of 2016.

The Group's administrative expenses for the six months ended 30 June 2017 were approximately RMB110.22 million (same period in 2016: approximately RMB88.30 million), representing an increase of approximately 24.8% over the same period of 2016, of which administrative expenses of the comprehensive development business were approximately RMB84.81 million, representing an increase of approximately 18.4% over the same period of 2016, which was mainly due to the increase in financing handling charges and labor costs; administrative expenses of the paper packaging business were approximately RMB25.41 million, representing an increase of approximately 52.2% over the same period of 2016, which was mainly due to the increase in staff welfare expenses.

Interest Expenses

The interest expenses of the Group were approximately RMB115.04 million for the six months ended 30 June 2017 (same period in 2016: approximately RMB127.21 million), representing a decrease of approximately 9.6% over the same period of 2016, of which interest expenses of the comprehensive development business were approximately RMB113.31 million, representing a decrease of approximately 9.0% over the same period of 2016, mainly due to the decline in loan interest rates; interest expenses of the paper packaging business were approximately RMB1.73 million, representing a decrease of approximately 34.7% over the same period of 2016, mainly due to the decrease in the amount of the loans related to the paper packaging business.

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017, taking into account the long-term development of the Company and its active participation in potential investment opportunities.

Inventories, Debtors' and Creditors' Turnover

The inventory turnover days of the Group's paper packaging business were 39 days for the six months ended 30 June 2017, representing an increase of 4 days as compared with 35 days for the year ended 31 December 2016, mainly due to the increase in inventory. The debtors' turnover days of the Group's paper packaging business were 136 days for the six months ended 30 June 2017, representing an increase of 7 days as compared with 129 days for the year ended 31 December 2016, mainly due to the longer settlement period resulted from the change of payment method by some customers. The creditors' turnover days of the Group's paper packaging business were 47 days for the six months ended 30 June 2017, representing a decrease of 3 days as compared with 50 days for the year ended 31 December 2016, mainly due to the shortened credit period for enjoying the cash discount offered by the suppliers.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 30 June 2017 was approximately RMB6.97 billion (31 December 2016: approximately RMB6.77 billion). As at 30 June 2017, the Group had current assets of approximately RMB13.74 billion (31 December 2016: approximately RMB14.26 billion) and current liabilities of approximately RMB8.25 billion (31 December 2016: approximately RMB8.46 billion). The current ratio was approximately 1.67 as at 30 June 2017, which was substantially the same as compared with 1.68 as at 31 December 2016. The Group generally finances its operations with internally generated cash flow, credit facilities provided by banks and shareholder's loans.

As at 30 June 2017, the Group had outstanding bank and other loans of approximately RMB5.07 billion, without any fixed rate loans (31 December 2016: outstanding bank and other loans of approximately RMB4.28 billion, without any fixed rate loans). As at 30 June 2017, the interest rates of bank and other loans of the Group ranged from 1.15% to 6.38% per annum (31 December 2016: ranged from 1.05% to 6.38% per annum). Some of these bank loans were secured by floating charges of certain assets of the Group and corporate guarantees provided by certain subsidiaries of the Company. The Group's gearing ratio (being the total borrowings including bills payable and loans divided by total assets) was approximately 45.0% as at 30 June 2017, representing an increase of approximately 1.8 percentage points as compared with 43.2% as at 31 December 2016, mainly due to the increase in loan balance as at the end of the Period Under Review.

As at 30 June 2017, approximately 26.5% of the total amount of outstanding bank and other loans of the Group was denominated in Renminbi (31 December 2016: approximately 37.3%), approximately 73.5% of which was denominated in Hong Kong Dollars (31 December 2016: approximately 50.6%) and approximately 0.0% of which was denominated in United States Dollars (31 December 2016: approximately 12.1%). As at 30 June 2017, approximately 82.0% of the total amount of cash and cash equivalents of the Group was denominated in Renminbi (31 December 2016: approximately 89.8%), approximately 16.4% of which was denominated in Hong Kong Dollars (31 December 2016: approximately 7.8%) and approximately 1.6% of which was denominated in United States Dollars (31 December 2016: approximately 2.4%).

The Group's liquidity position remains stable. The Group's transactions and monetary assets are principally denominated in Renminbi, Hong Kong Dollars and United States Dollars. The Group has not experienced any material difficulties in or effects on its operations or liquidity as a result of fluctuations in currency exchange rates for the six months ended 30 June 2017. The Group did not enter into any foreign exchange forward contracts and other material financial instruments for hedging foreign exchange risks purpose for the six months ended 30 June 2017.

Contingent Liabilities

The Group has no contingent liabilities as at 30 June 2017 (31 December 2016: Nil).

Employees and Remuneration Policy

As at 30 June 2017, the Group employed approximately 2,887 full-time staff in total. The basic remuneration of the employees is 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. Directors' remuneration is determined with reference to a variety of factors including market conditions and responsibilities assumed by each director. Apart from the basic remuneration and statutory benefits, the Group also provides discretionary bonuses to the staff based upon the Group's results and their individual performance.

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 the senior management have been working for the Group for many years.

IMPORTANT EVENTS

Investment in Minsheng Education

On 6 March 2017, City Legend International Limited ("City Legend"), an indirect wholly-owned subsidiary of the Company, entered into the cornerstone investment agreement with Minsheng Education Group Company Limited ("Minsheng Education"), to subscribe for 332,000,000 Shares of Minsheng Education at the IPO Price. The primary focus of Minsheng Education is to provide high-quality private formal higher education in the PRC dedicated to nurturing professional talents with growth potential and prospects. This investment is expected to broaden the sources of profits of the Group. The subscription was completed on 21 March 2017 at a total effective subscription price of approximately HK$463,000,000, representing 8.26% of the total issued share capital of Minsheng Education. For further details, please refer to the announcement of the Company dated 6 March 2017.

Investment in Shanghai Libao Huachen Fund

On 17 March 2017, Shenzhen Huayou Investment Co., Ltd. ("Huayou Investment"), an indirect wholly-owned subsidiary of the Company, entered into the limited partnership agreement with Shanghai Rongzheng Libao Investment Management Co., Ltd., Shanghai Rongzheng Investment Advisory Co., Ltd., and other several partners to establish Shanghai Libao Huachen Investment Centre (LLP) ("Shanghai Libao Huachen Fund") with an aggregate capital of RMB400 million, among which Huayou Investment invested a total amount of RMB30,000,000. Shanghai Libao Huachen Fund principally invests in culture industry, including but not limited to segments of video and media, sports and entertainment, leisure and tourism as well as online education segment, and segments of upgrading and reconstruction of such industries through internet and mobile internet. For further details, please refer to the announcement of the Company dated 17 March 2017.

CORPORATE GOVERNANCE

For the six months ended 30 June 2017, the Company has 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. The Board confirms that, having made specific enquiry with all Directors, for the six months ended 30 June 2017 the Directors have complied with the required standards as 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 2017, and discussed the internal control, accounting principles and practices adopted by the Group with the management of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has redeemed any of its shares during the six months ended 30 June 2017. During the same period, neither the Company nor any of its subsidiaries has purchased or sold any of its shares.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.oct-asia.com) and the Stock Exchange (www.hkexnews.com.hk). The 2017 interim report will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Overseas Chinese Town (Asia) Holdings Limited
He Haibin
Chairman

Hong Kong, 15 August 2017

As at the date of this announcement, the Board of the Company comprises seven Directors, namely: Mr. He Haibin, Ms. Xie Mei and Mr. Lin Kaihua as executive Directors; Mr. Zhang Jing as non-executive Director; Mr. Lu Gong, Ms. Wong Wai Ling, and Professor Lam Sing Kwong Simon as independent non-executive Directors.