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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)

2013 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 2013, together with the comparative figures for the corresponding period in 2012 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	<i>Note</i>	Six months ended 30 June	
		2013	2012
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Turnover	5	1,205,788	914,368
Cost of sales		(824,897)	(663,197)
Gross profit		380,891	251,171
Other revenue		7,315	7,027
Other net income/(expenses)	6	31,986	(6,299)
Distribution costs		(84,272)	(65,711)
Administrative expenses		(68,355)	(51,833)
Other operating (expenses)/income		(374)	1,001

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2013

		Six months ended 30 June	
	<i>Note</i>	2013	2012
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Profit from operations		267,191	135,356
Finance costs	7	(86,417)	(32,483)
Share of profit or loss from associates		6,800	1,604
Profit before tax	7	187,574	104,477
Income tax expenses	8	(100,711)	(61,500)
Profit for the period		86,863	42,977
Attributable to:			
Owners of the Company		22,808	20,977
Non-controlling interests		64,055	22,000
		86,863	42,977
Earnings per share (RMB)	9		
Basic		0.045	0.041
Diluted		0.045	0.041

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit for the period	86,863	42,977
Other comprehensive income for the period, net of tax:		
Items that will be reclassified to profit or loss:		
Exchange differences on translating foreign operations	13,267	5
Total comprehensive income for the period	100,130	42,982
Attributable to:		
Owners of the Company	36,075	20,982
Non-controlling interests	64,055	22,000
	100,130	42,982

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2013

		At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
	<i>Note</i>		
Non-current assets			
Fixed assets			
– Investment properties		581,757	636,074
– Other property, plant and equipment		1,487,746	1,312,733
– Interests in leasehold land held for own use under operating lease		671,321	705,513
Intangible assets		372	410
Goodwill		267,193	267,195
Interest in associates		168,962	120,621
Other financial assets		4,320	4,320
Deferred tax assets		113,339	97,290
		<u>3,295,010</u>	<u>3,144,156</u>
Current assets			
Inventories		14,748,648	14,198,204
Trade and other receivables	10	1,500,483	1,270,214
Cash and cash equivalents	11	1,172,874	1,525,861
		<u>17,422,005</u>	<u>16,994,279</u>
Current liabilities			
Trade and other payables	12	3,287,478	3,645,480
Receipts in advance		721,850	466,033
Bank loans		144,593	153,302
Related party loans		2,321,510	3,325,590
Current tax liabilities		253,018	317,637
		<u>6,728,449</u>	<u>7,908,042</u>
Net current assets		<u>10,693,556</u>	<u>9,086,237</u>
Total assets less current liabilities		<u>13,988,566</u>	<u>12,230,393</u>

		At 30 June 2013 RMB'000 (unaudited)	At 31 December 2012 RMB'000 (audited)
	<i>Note</i>		
Non-current liabilities			
Bank loans		1,076,470	964,972
Related party loans		7,721,000	6,140,331
Deferred tax liabilities		289,382	295,016
Other payables		90	—
		<u>9,086,942</u>	<u>7,400,319</u>
NET ASSETS		<u>4,901,624</u>	<u>4,830,074</u>
CAPITAL AND RESERVES			
Share capital		48,332	48,332
Reserves	13	<u>1,708,730</u>	<u>1,701,235</u>
Equity attributable to owners of the Company		1,757,062	1,749,567
Non-controlling interests		<u>3,144,562</u>	<u>3,080,507</u>
TOTAL EQUITY		<u>4,901,624</u>	<u>4,830,074</u>

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 (“HKICPA”) and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). It was authorised for issue on 9 August 2013.

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 2013 comprise Overseas Chinese Town (Asia) Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) and the Group’s interest in the 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 2012 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 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out in note 2.

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 2013. 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 except as stated below.

Amendments to HKAS 1 “Presentation of Financial Statements”

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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 positions.

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 consolidated statement of financial position approximate their respective fair values.

4. SEGMENT REPORTING

(a) Information about reportable segments

For the six months ended 30 June (unaudited)	Comprehensive development business		Manufacture and sale of paper carton and products		Total	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Revenue from external customers	854,219	564,444	351,569	349,924	1,205,788	914,368
Inter-segment revenue	—	—	—	—	—	—
Reportable segment revenue	854,219	564,444	351,569	349,924	1,205,788	914,368
Reportable segment net profit attributable to owners of the Company	18,922	6,131	3,886	14,846	22,808	20,977

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit		
Reportable segment profit	22,808	20,977
Elimination of inter-segment profits	—	—
Reportable segment profit derived from Group's external customers	22,808	20,977
Consolidated net profit attributable to owners of the Company	22,808	20,977

5. TURNOVER

The principal activities of the Group are comprehensive development and manufacture and sale of paper carton and products.

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, theme park ticket sales and sales of paper carton and products.

	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Comprehensive development business	854,219	564,444
Sales of paper carton and products	351,569	349,924
	1,205,788	914,368

6. OTHER NET INCOME/(EXPENSES)

	Six months ended 30 June	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net gain/(loss) on disposal of fixed assets	212	(562)
Exchange gain/(loss)	31,712	(6,069)
Others	62	332
	31,986	(6,299)

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(a) Finance costs:		
Interest on bank loans	20,790	3,181
Interest on related party loans	267,226	44,848
Total interest expense on financial liabilities not at fair value through profit or loss	288,016	48,029
Less: Interest expense capitalised into properties under development	(201,599)	(15,546)
	86,417	32,483
(b) Other items:		
Interest income	(7,545)	(5,721)
Amortisation	56	43
Depreciation	81,217	84,930
Reversal of impairment losses on trade and other receivables	(704)	(954)
Reversal of write-off of inventories	(51)	(48)
Rentals receivable from investment properties less direct outgoings RMB18,932,000 (six months ended 30 June 2012: RMB11,069,000)	(3,191)	938

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax		
– PRC Corporate Income Tax	27,948	(3,260)
– PRC Land Appreciation Tax	56,345	45,252
	<u>84,293</u>	<u>41,992</u>
Deferred tax		
Origination and reversal of temporary differences	16,418	19,508
	<u>100,711</u>	<u>61,500</u>

(i) PRC 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 2012: 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 2012: 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 2012: 25%). Certain subsidiaries are entitled to a tax concession period in which it is fully exempted from PRC income tax for 2 years starting from its first profit-making year, followed by a 50% reduction in the PRC income tax for the next 3 years (“two years free and three years half”).

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 from 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 comprehensive income 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

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB22,808,000 (six months ended 30 June 2012: RMB20,977,000) and the weighted average of 509,790,000 ordinary shares (six months ended 30 June 2012: 509,372,320 shares) in issue during the six months ended 30 June 2013.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company of RMB22,808,000 (six months ended 30 June 2012: RMB20,977,000) and the weighted average number of ordinary shares (diluted) of 510,039,469 (six months ended 30 June 2012: 509,579,876 shares).

10. TRADE AND OTHER RECEIVABLES

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

	At 30 June 2013 <i>RMB'000</i> (unaudited)	At 31 December 2012 <i>RMB'000</i> (audited)
Current	225,972	264,140
Less than 3 months past due	23,966	32,912
3 to 12 months past due	837	3
Trade debtors and bills receivable, net of impairment losses	250,775	297,055

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

11. CASH AND CASH EQUIVALENTS

	At 30 June 2013 <i>RMB'000</i> (unaudited)	At 31 December 2012 <i>RMB'000</i> (audited)
Cash at banks and in hand	1,152,544	1,525,861
Cash at banks restricted for secure the issuance of bills payable	20,330	—
	1,172,874	1,525,861

12. TRADE AND OTHER PAYABLES

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

	At 30 June 2013 <i>RMB'000</i> (unaudited)	At 31 December 2012 <i>RMB'000</i> (audited)
Due within 3 months or on demand	<u>914,386</u>	<u>1,294,722</u>

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 2013 <i>RMB'000</i> (unaudited)	2012 <i>RMB'000</i> (unaudited)
Final dividend in respect of the financial year ended 31 December 2012, approved and paid during the interim period, of HK\$8.00 cents per share (equivalent RMB6.49 cents per share) (year ended 31 December 2011: HK\$7.30 cents per share (equivalent RMB5.93 cents per share))	<u>32,487</u>	<u>30,211</u>

The directors do not propose the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

(b) Transfer to reserve

There was no transfer to reserve for the six months period ended 30 June 2013.

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 7 February 2006, 5,400,000 and 13,900,000 share options were granted to Directors and employees of the Company respectively under the Company's original share option scheme (the "2006 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. These share options vested immediately from the date of grant, and then be exercisable within a period of ten years. The exercise price is HK\$1.41. No option under the 2006 Share Option Scheme was forfeited or expired during the period.

The 2006 Share Option Scheme was terminated and a new share option scheme (the "2011 Share Option Scheme") was adopted on 15 February 2011. The remaining outstanding 720,000 options granted under the 2006 Share Option Scheme were exercised on 16 April 2012. The weighted average closing price of the securities on 13 April 2012 was HK\$3.00.

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 (the "Date of Grant") up to 5 years from the Date of Grant subject to the following vesting terms. The exercise price is HK\$4.04.

Maximum percentage of share options exercisable including the percentage of share options previously exercised

Period for exercise of the relevant percentage of the share options

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

No option under the 2011 Share Option Scheme was exercised, forfeited or expired during the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

The total expense recognised for the six months ended 30 June 2013 arising from the share option granted was RMB3,907,000 (six months ended 30 June 2012: RMB5,479,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results And Business Review

During the period under review, despite China's economic slowdown and uncertainty over the global recovery, Overseas Chinese Town (Asia) Holdings Limited together with its subsidiaries (the "Group") leveraged on its experience and quality products, each of its operations maintained stable performance. We also accelerated the transformation to comprehensive development business according to the established strategic goals.

For the six months ended 30 June 2013, the Group recorded a turnover of approximately RMB1,206 million, representing an increase of approximately 31.9% from the same period of 2012; gross profit margin was approximately 31.6%, representing an increase of approximately 4.1 percentage points from the same period of 2012; and profits attributable to owners of the Company were approximately RMB22.81 million, representing an increase of approximately 8.7% from the same period of 2012 .

Comprehensive Development Business

During the period under review, our comprehensive development business recorded a turnover of approximately RMB854 million, representing an increase of approximately 51.3% from the same period of 2012; and profits attributable to owners of the Company were approximately RMB18.92 million, representing an increase of approximately 208.6% from the same period of 2012.

During the first half of this year, the PRC Government introduced a series of real estate control policies such as the new "National Five Measures". Notwithstanding such policies, sales in domestic real estate industry still remained good. Having seized the opportunity to integrate customer resources and grasped the key to sales, the Group continued to strengthen our comprehensive development business, and maintained a steady growth.

For the six months ended 30 June 2013, the contracted sales area and revenue of Shanghai Suhewan project were approximately 7,500 sq.m. and approximately RMB370 million respectively, and the settled area and revenue were approximately 5,200 sq.m. and approximately RMB259 million respectively. The construction of one of its high-rise residential property situated in 1 Jiefang with scarce scenic views has been substantially completed in the first half of this year, and sale will be launched in the second half of this year. For the six months ended 30 June 2013, the contracted sales area and revenue of the residential properties of Chengdu OCT were approximately 50,600 sq.m. and approximately RMB586 million respectively, and the settled area and revenue were approximately 44,100 sq.m. and approximately RMB518 million respectively. Chengdu Happy Valley Phase II officially commenced its business in late May 2013. During the period under review, Chengdu Happy Valley recorded a turnover of approximately RMB106 million, representing an increase of approximately 6.1% compared with the same period last year. It attracted approximately 994,900 visitors throughout the period under review, representing a slight increase compared with the same period last year. For Tianjian Tianxiao project, as the transferor has not delivered the land yet, the Company has postponed the payment of the 2nd instalment. Currently, the transferor has not yet completed the adjustment of the terms of use of the land in accordance with the terms of the contract. The Company is liaising with the relevant parties to facilitate the progress of the project and is exploring appropriate settlement proposals.

The Company had invested in projects, including the OCT Xi'an project and the Beijing Laiguangying project, and these projects contributed an investment return of approximately RMB6.8 million to the Company during the six months ended 30 June 2013.

Paper Packaging Business

During the period under review, our paper packaging business recorded a turnover of approximately RMB352 million, which was substantially the same as compared with the same period of 2012; and profit attributable to owners of the Company were approximately RMB3.89 million, representing a decrease of approximately 73.8% from the same period of 2012.

Affected by the weak global economy and the sluggish recovery of domestic economy, demand from export and domestic market in China continued to decline, and the demand for paper packaging products also decreased accordingly. Due to the increase in labor costs, the advantage of China's manufacturing industry narrowed. Some important Japanese customers of the Group which engage in the home appliance industry had shifted their production lines to emerging markets, and orders thereby reduced. In response to the changes in paper packaging market, the Group actively developed new customers in industries including food and beverage, household, household chemical products etc., and strived to make up the impact caused by loss of sales orders from existing customers. During the first half of this year, sales of paper packaging business remain steady, but due to the fierce market competition and the change in customer structure, the gross profit margin and the overall profit declined.

Outlook

Along with the implementation of business transformation of the Group, investment projects generate returns gradually. Shanghai Suhewan project, a project invested by the Company last year and started to generate profits for the Group, plans to launch the sale of a high-rise residential property with scarce scenic views in the second half of this year. Profits contributed by this project in the coming years will experience a rapid growing trend. Chengdu OCT will accelerate the development of its commercial sector and launch some low-density residential property and high-end office products in the second half of this year. The first batch of products by Beijing Laiguangying project is also expected to be launched in the second half of this year. As the invested projects has been launching gradually, the profit contribution from comprehensive development business will continue to grow. The Group will continue to adhere to rapid development, rapid recovery strategy, speed up the recovery of funds and increase the cash flow efficiency.

In the future, the Group will follow the established strategy and seek for prime project resources located in the first and second tier cities with development potential. Also, leveraging on its experience and advantage in comprehensive development business, the Group will continue to enrich the content of its products and innovate the forms of products in order to enhance its market influence and regional cohesion.

In the second half of the year, for its paper packaging business, the Group will pay close attention to market expansion, increase efforts to develop new customers and gradually establish solid partnership. On the other hand, the Group will improve internal management, continue to promote cost reduction and efficiency improvement activities, improve management efficiency and reduce production losses, so as to maintain its competitiveness in the paper packaging industry.

In 2013, the Group will pursue the strategic objective to develop itself into a prominent developer and operator of commercial complex in China, continue to strengthen its competitiveness, expand its project development and resource reserves in a rational way to enhance its ability to resist risks. Gradually establishing its market position in comprehensive development business, the Company will usher in a new round of rapid growth in the future.

Employees and Remuneration Policy

As at 30 June 2013, the Group employed approximately 2,600 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.

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 2013, the Group's total assets were approximately RMB20,717 million. Total equity amounted to approximately RMB4,902 million. The Group's turnover was approximately RMB1,206 million for the six months ended 30 June 2013, representing an increase of approximately 31.9% over the same period of 2012, among which the revenue from comprehensive development business was approximately RMB854 million, representing an increase of approximately 51.3% over the same period of 2012; the revenue from paper packaging business was approximately RMB352 million, which was substantially the same as compared with the same period of 2012. Profits attributable to owners of the Company were approximately RMB22.81 million, representing an increase of approximately 8.7% over the same period of 2012, among which profits attributable to owners of the Company arising from comprehensive development business were approximately RMB18.92 million, representing an increase of approximately 208.6% over the same period of 2012, which was mainly due to newly added profits from OCT Shanghai Land; profits attributable to owners of the Company arising from paper packaging business were approximately RMB3.89 million, representing a decrease of approximately 73.8% over the same period of 2012, mainly due to the fierce market competition and the changed customer structure.

During the period under review, the Group's gross profit margin was approximately 31.6% (same period in 2012: approximately 27.5%), representing an increase of approximately 4.1 percentage points over the same period of 2012, among which the gross profit margin of its comprehensive development business was approximately 40.6%, representing an increase of approximately 5 percentage points over the same period of 2012, which was mainly due to the revenue recognized 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 9.7%, representing a decrease of approximately 4.9 percentage points over the same period of 2012, which was mainly due to keen competition in the market and increase in operation costs which resulted in the drop of gross profit.

Distribution Costs and Administrative Expenses

Distribution costs of the Group for the six months ended 30 June 2013 were approximately RMB84.27 million (same period in 2012: approximately RMB65.71 million), representing an increase of approximately 28.2% over the corresponding period in 2012, of which distribution costs of comprehensive development business were approximately RMB62.71 million, representing an increase of approximately 45.1% over the corresponding period of 2012, which was mainly due to our increased efforts in market development for comprehensive development business; distribution costs from paper packaging business were approximately RMB21.56 million, which was substantially the same compared with the same period of 2012.

The Group's administrative expenses for the six months ended 30 June 2013 were approximately RMB68.36 million (same period in 2012: approximately RMB51.83 million), representing an increase of approximately 31.9% over the corresponding period in 2012, of which administrative expenses of comprehensive development business were approximately RMB52.34 million, representing an increase of approximately 33.1%, which was mainly due to OCT Shanghai Land commenced its operations which resulted in increase in management fees; administrative expenses of paper packaging business was approximately RMB16.02 million, representing an increase of approximately 27.9% over the corresponding period of 2012, which was mainly due to fierce competition in the industry which resulted in increase in daily operating costs.

Interest Expenses

The interest expenses of the Group were approximately RMB86.42 million for the six months ended 30 June 2013 (same period in 2012: approximately RMB32.48 million), representing an increase of approximately 166.0% over the same period of 2012, of which interest expenses of comprehensive development business was approximately RMB84.5 million, representing an increase of approximately 191% over the same period of 2012, which was mainly due to the increase in investment in comprehensive development business increased and the funding source was mainly from loans; interest expenses of paper packaging business was approximately RMB1.92 million, representing a decrease of approximately 44.3% over the same period of 2012, which was mainly due to the decrease in the outstanding balance of loan during the period under review.

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013, taking into account the long-term development of the Company and its active participation into potential investment opportunities.

Inventories, Debtors' and Creditors' Turnover

The inventory turnover days of the Group's paper packaging business was 49 days for the six months ended 30 June 2013, slightly longer than 41 days for the year ended 31 December 2012. The reason was mainly due to the slight increase in inventory balance as compared with 31 December 2012.. The debtors' turnover days of the Group's paper packaging business was 127 days for the six months ended 30 June 2013, which was substantially the same as compared with 126 days for the year ended 31 December 2012. The creditors' turnover days of the Group's paper packaging business was 86 days for the six months ended 30 June 2013, which was substantially the same as compared with 90 days for the year ended 31 December 2012.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 30 June 2013 was approximately RMB4,902 million (31 December 2012: approximately RMB4,830 million). As at 30 June 2013, the Group had current assets of approximately RMB17,422 million (31 December 2012: approximately RMB16,994 million) and current liabilities of approximately RMB6,728 million (31 December 2012: approximately RMB7,908 million). The current ratio was 2.59 as at 30 June 2013, representing an increase as compared with 2.15 as at 31 December 2012.

As at 30 June 2013, the Group had outstanding bank loans of approximately RMB1,221 million, without any fixed rate loans (31 December 2012: outstanding bank loans of approximately RMB1,118 million, without any fixed rate loans). The interest rates of bank loans of the Group ranged from 1.4% to 4.0% per annum for the six months ended 30 June 2013 (from 1.5% to 4.2% per annum for the year ended 31 December 2012). Some of these bank loans were secured by charge on two bank accounts of a subsidiary 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 55% as at 30 June 2013, which was substantially the same as compared with approximately 53% as at 31 December 2012.

As at 30 June 2013, 100% of the total amount of outstanding bank loans of the Group was denominated in Hong Kong Dollars (31 December 2012: 100% in Hong Kong Dollars). As at 30 June 2013, approximately 92% of the total amount of cash and cash equivalents of the Group was denominated in Renminbi (31 December 2012: approximately 91%), approximately 7% of its cash and cash equivalents was denominated in Hong Kong Dollars (31 December 2012: approximately 8%) and approximately 1% of its cash and cash equivalents was denominated in US Dollars (31 December 2012: approximately 1%).

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 2013. As at 30 June 2013, the Group did not employ any financial instrument for hedging purposes.

Contingent Liabilities

The Group has no contingent liabilities as at 30 June 2013 (31 December 2012: Nil).

IMPORTANT EVENTS

Retirement of Directors and Appointment of Directors

On 19 April 2013, Mr. He Haibin and Mr. Xu Jian retired as a non-executive Director and an independent non-executive Director, respectively. On the same date, Mr. Zhang Haidong and Mr. Lu Gong were appointed as a non-executive Director and an independent non-executive Director, respectively.

Change of members of the Audit Committee and the Remuneration Committee of the Company

With effect from the close of the annual general meeting held on 19 April 2013, Mr. Xu Jian resigned as a member of each of the Audit Committee and the Remuneration Committee of the Company and Mr. Zhang Haidong has been appointed as a member of each of the Audit Committee and the Remuneration Committee of the Company on the same date.

Issue of convertible preference shares and ordinary shares of the Company and amendments of the memorandum and articles of association

On 6 June 2013, the Company entered into subscription agreements with each of New China Life Insurance Company Ltd. (新華人壽保險股份有限公司) ("NC Life Insurance"), China Re Asset Management Co., Ltd. (中再資產管理股份有限公司) ("CRAMC") and Integrated Asset Management (Asia) Limited ("Integrated Asset"), pursuant to which the Company agreed to allot and issue 40,000,000, 40,000,000 and 16,000,000 new non-voting convertible preference shares of HK\$0.10 each in the capital of the Company (the "Convertible Preference Shares") to NC Life Insurance, CRAMC and Integrated Asset, respectively, at the subscription price of HK\$4.05 per Convertible Preference Share. On the same date, the Company also entered into a subscription agreement with Overseas Chinese Town (HK) Company Limited ("OCT (HK)") in relation to the subscription of 140,000,000 ordinary shares of HK\$0.10 each in the capital of the Company (the "Shares") by OCT (HK) at the subscription price of HK\$4.05 per Share.

The shareholders of the Company had granted specific mandates to the Company to allot and issue the 140,000,000 Shares to OCT (HK) or any of its wholly-owned subsidiaries designated by OCT (HK) and 40,000,000, 40,000,000 and 16,000,000 Convertible Preference Shares to NC Life Insurance, CRAMC and Integrated Asset, respectively, at the extraordinary general meeting of the Company on 19 July 2013.

The subscription of Convertible Preference Shares by each of NC Life Insurance, CRAMC and Integrated Asset were completed on 24 July 2013. 40,000,000, 40,000,000 and 16,000,000 Convertible Preference Shares have been allotted and issued to NC Life Insurance, CRAMC and Integrated Asset, respectively.

The subscription of 140,000,000 Shares by OCT (HK) was completed on 26 July 2013 and 140,000,000 Shares have been allotted and issued to Pacific Climax Limited (“Pacific Climax”) at the subscription price of HK\$4.05 per Share. Pacific Climax holds approximately 66.93% of the issued share capital of the Company thereafter.

The net proceeds from the issue of the Convertible Preference Shares and the Shares to OCT (HK) are approximately HK\$384,300,000 and approximately HK\$566,500,000, respectively.

The shareholders of the Company had also approved the amendments to memorandum and articles of association of the Company to, amongst others, incorporate the terms of the Convertible Preference Shares by way of a special resolution at the extraordinary general meeting of the Company on 19 July 2013. Further details in relation to the issue of Convertible Preference Shares and ordinary Shares of the Company and amendments to the memorandum and articles of association of the Company are set out in the announcements of the Company dated 7 June 2013, 24 July 2013 and 26 July 2013 and the circular of the Company dated 26 June 2013.

Amendment to the terms reference of the Nomination Committee of the Company

The terms of reference of the Nomination Committee of the Company was amended on 9 August 2013 to include the review of the Company’s Board diversity policy and the progress on achieving the objectives set for implementing the said policy as one of its duties.

Update on director’s information

In June 2013, Professor Lam Sing Kwong Simon, an independent non-executive Director, has been appointed as an independent non-executive director of Jin Cai Holdings Company Limited (stock code: 01250), the shares of which are listed on the Main Board of the Stock Exchange.

CORPORATE GOVERNANCE

For the six months ended 30 June 2013, the Company complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of 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 this unaudited interim results announcement and the unaudited interim report of the Group for the six months ended 30 June 2013 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 2013. 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
Overseas Chinese Town (Asia) Holdings Limited
Wang Xiaowen
Chairman

Hong Kong, 9 August 2013

As at the date of this announcement, the Board comprises seven Directors, namely: Ms. Wang Xiaowen, Ms. Xie Mei and Mr. Yang Jie as executive Directors; Mr. Zhang Haidong as non-executive Director; Mr. Lu Gong, Ms. Wong Wai Ling, and Professor Lam Sing Kwong Simon as independent non-executive Directors.