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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)

2014 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 2014, together with the comparative figures for the corresponding period in 2013 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

		Six months ended 30 June	
		2014	2013
	Note	RMB'000	RMB'000
		(unaudited)	(unaudited)
Turnover	5	1,539,016	1,205,788
Cost of sales		<u>(973,180)</u>	<u>(824,897)</u>
Gross profit		565,836	380,891
Other revenue		31,002	7,315
Other net (expenses)/income	6	(12,197)	31,986
Distribution costs		(99,128)	(84,272)
Administrative expenses		(63,888)	(68,355)
Other operating expenses		<u>(281)</u>	<u>(374)</u>
Profit from operations		421,344	267,191
Finance costs	7	(86,089)	(86,417)
Share of profits or losses from associates		<u>(4,647)</u>	<u>6,800</u>

		Six months ended 30 June	
		2014	2013
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Profit before tax	7	330,608	187,574
Income tax expenses	8	<u>(217,152)</u>	<u>(100,711)</u>
Profit for the period		<u>113,456</u>	<u>86,863</u>
Attributable to:			
Owners of the Company		26,694	22,808
Non-controlling interests		<u>86,762</u>	<u>64,055</u>
		<u>113,456</u>	<u>86,863</u>
Earnings per share (RMB)	9		
Basic		<u>0.031</u>	<u>0.045</u>
Diluted		<u>0.031</u>	<u>0.045</u>

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

FOR THE SIX MONTHS ENDED 30 JUNE 2014

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2014

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

		At 30 June 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000 (audited)
	<i>Note</i>		
Non-current liabilities			
Bank loans		1,265,052	952,481
Related party loans		8,453,078	8,238,876
Deferred tax liabilities		268,735	273,542
		9,986,865	9,464,899
NET ASSETS		6,169,761	6,110,295
CAPITAL AND RESERVES			
Share capital		67,134	67,134
Reserves	13	2,649,088	2,676,384
Equity attributable to owners of the Company		2,716,222	2,743,518
Non-controlling interests		3,453,539	3,366,777
TOTAL EQUITY		6,169,761	6,110,295

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 (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). It was authorised for issue on 14 August 2014.

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

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

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

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

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

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

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

3. FAIR VALUE MEASUREMENTS

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

4. SEGMENT REPORTING

(a) Information about reportable segments

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

(b) Reconciliations of reportable segment profit or loss

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

5. TURNOVER

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

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

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

6. OTHER NET (EXPENSES)/INCOME

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

7. PROFIT BEFORE TAX

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

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

8. INCOME TAX EXPENSES

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

(i) Corporate Income Tax

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

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

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

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

(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	
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to owners of the Company	26,694	22,808
Less: Convertible preference shares dividends paid	(6,807)	—
Earnings for the purpose of calculating basic earnings per share	19,887	22,808
	Six months ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	649,790,000	509,790,000
Effect of dilutive potential ordinary shares arising from share options	—	249,469
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	649,790,000	510,039,469

As the conversion of the Company's convertible preference shares and exercise of share options would be anti-dilutive, there was no dilutive potential ordinary shares for the Company's convertible preference shares and share options during the six months ended 30 June 2014.

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
	2014	2013
	RMB'000	RMB'000
	(unaudited)	(audited)
Current	275,768	261,068
Less than 3 months past due	13,589	8,681
3 to 12 months past due	29	273
More than 12 months past due	198	4,235
	289,584	274,257

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

11. CASH AND CASH EQUIVALENTS

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

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 2014 RMB'000 (unaudited)	At 31 December 2013 RMB'000 (audited)
Due within 3 months or on demand	<u>670,711</u>	<u>947,783</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 2014 RMB'000 (unaudited)	2013 RMB'000 (unaudited)
Final dividend in respect of the financial year ended 31 December 2013, approved and paid during the interim period, of HK8.00 cents per ordinary share (equivalent RMB6.35 cents per ordinary share) (year ended 31 December 2012: HK8.00 cents per ordinary share (equivalent RMB6.38 cents per ordinary share))	41,265	32,487
Final dividend in respect of the financial year ended 31 December 2013, approved and paid during the interim period, of HK8.932192 cents per convertible preference share (equivalent RMB7.09 cents per convertible preference share) (year ended 31 December 2012: HK Nil cents per convertible preference share (equivalent RMB Nil cents per convertible preference share))	<u>6,807</u>	<u>—</u>
	<u>48,072</u>	<u>32,487</u>

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

(b) Transfer to reserve

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

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

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

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

(c) Equity settled share-based transactions

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

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 2014 (six months ended 30 June 2013: Nil).

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

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results and Business Review

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

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

Comprehensive Development Business

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

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

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

Increased investments and enrichment of resource reserves of the Group

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

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

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

Grasp market opportunities and promote sales of current projects

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

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

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

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

Paper Packaging Business

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

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

Outlook

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

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

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

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

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

Employees and Remuneration Policy

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

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

Financial Review

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

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

Distribution Costs and Administrative Expenses

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

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

Interest expenses

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

Dividends

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

Inventories, Debtors' and Creditors' Turnover

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

Liquidity, Financial Resources and Capital Structure

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

As at 30 June 2014, the Group had outstanding bank loans of approximately RMB1,666 million, without any fixed rate loans (31 December 2013: outstanding bank loans of approximately RMB1,161 million, without any fixed rate loans). The interest rates of bank loans of the Group ranged from 1.42% to 6.48% per annum for the six months ended 30 June 2014 (from 1.42% to 4.02% per annum for the year ended 31 December 2013). Some of these bank loans were secured by pledge of certain completed properties held for sale of the Group, charge on three bank accounts of two subsidiaries of the Company, guarantees provided by the Company and certain

subsidiaries of the Company and the guarantee issued by the Government of the Hong Kong Special Administrative Region. The Group's gearing ratio (being the total borrowings including bills payable and loans divided by total assets) was approximately 47.1% as at 30 June 2014, which was slightly lower than approximately 48.1% as at 31 December 2013.

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

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

Contingent Liabilities

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

IMPORTANT EVENTS

Update on director's information

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

Updated Development on Tianjin Tianxiao Project

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

Chongqing Project

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

Chengdu Jinhe Land Resumption Project

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

Chengdu Shaheyuan Land Consolidation Project

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

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

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

CORPORATE GOVERNANCE

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

Securities Transactions by Directors

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

Audit Committee

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

Purchase, Sale or Redemption of Shares

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

By Order of the Board
Overseas Chinese Town (Asia) Holdings Limited
Wang Xiaowen
Chairman

Hong Kong, 14 August 2014

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. Zhou Ping as non-executive Director; Mr. Lu Gong, Ms. Wong Wai Ling, and Professor Lam Sing Kwong Simon as independent non-executive Directors.