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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)

2015 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 2015 (the “Period Under Review”), together with the comparative figures for the corresponding period in 2014 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS **FOR THE SIX MONTHS ENDED 30 JUNE 2015**

		Six months ended 30 June	
		2015	2014
	<i>Note</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Turnover	5	1,996,253	1,539,016
Cost of sales		(1,415,318)	(973,180)
Gross profit		580,935	565,836
Other revenue		19,154	31,002
Other net expenses	6	(1,117)	(12,197)
Distribution costs		(81,332)	(99,128)
Administrative expenses		(81,689)	(63,888)
Other operating expenses		(303)	(281)
Profit from operations		435,648	421,344
Finance costs	7(a)	(113,087)	(86,089)
Share of profits/(losses) of associates		75,295	(4,647)

		Six months ended 30 June	
		2015	2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Profit before tax	7	397,856	330,608
Income tax expense	8	<u>(190,317)</u>	<u>(217,152)</u>
Profit for the period		<u>207,539</u>	<u>113,456</u>
Attributable to:			
Owners of the Company		105,003	26,694
Non-controlling interests		<u>102,536</u>	<u>86,762</u>
		<u>207,539</u>	<u>113,456</u>
Earnings per share (RMB)	9		
Basic		<u>0.138</u>	<u>0.031</u>
Diluted		<u>0.137</u>	<u>0.031</u>

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

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit for the period	<u>207,539</u>	<u>113,456</u>
Other comprehensive income for the period, net of tax:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(7,068)</u>	<u>(8,193)</u>
Total comprehensive income for the period	<u><u>200,471</u></u>	<u><u>105,263</u></u>
Attributable to:		
Owners of the Company	97,935	18,501
Non-controlling interests	<u>102,536</u>	<u>86,762</u>
	<u><u>200,471</u></u>	<u><u>105,263</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

		At 30 June 2015 RMB'000 (unaudited)	At 31 December 2014 RMB'000 (audited)
	<i>Note</i>		
Non-current assets			
Fixed assets			
– Investment property		768,494	526,138
– Other property, plant and equipment		1,246,174	1,491,336
– Interests in leasehold land held for own use		647,582	657,756
Intangible assets		846	684
Goodwill		223,476	223,476
Investments in associates		496,156	155,611
Other financial assets		4,320	4,320
Deferred tax assets		133,610	122,047
		<u>3,520,658</u>	<u>3,181,368</u>
Current assets			
Inventories		14,699,049	13,699,310
Trade and other receivables	10	1,117,424	1,213,414
Cash and cash equivalents	11	2,841,251	3,763,918
		<u>18,657,724</u>	<u>18,676,642</u>
Current liabilities			
Trade and other payables	12	2,144,573	2,365,622
Receipts in advance		1,144,964	720,281
Bank loans		830,118	477,835
Related party loans		1,302,722	1,301,393
Current tax liabilities		476,970	644,725
		<u>5,899,347</u>	<u>5,509,856</u>
Net current assets		<u>12,758,377</u>	<u>13,166,786</u>
Total assets less current liabilities		<u>16,279,035</u>	<u>16,348,154</u>

		At 30 June 2015	At 31 December 2014
	<i>Note</i>	RMB'000	RMB'000
		(unaudited)	(audited)
Non-current liabilities			
Bank and other loans		2,945,873	3,044,400
Related party loans		6,582,225	6,661,154
Deferred tax liabilities		254,149	258,937
		9,782,247	9,964,491
NET ASSETS		6,496,788	6,383,663
CAPITAL AND RESERVES			
Share capital		67,337	67,134
Reserves	13	2,939,309	2,930,923
Equity attributable to owners of the Company		3,006,646	2,998,057
Non-controlling interests		3,490,142	3,385,606
TOTAL EQUITY		6,496,788	6,383,663

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 13 August 2015.

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 2015 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. 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 2014 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 2014 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 2015. 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	
	2015	2014	2015	2014	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers	1,584,380	1,135,313	411,873	403,703	1,996,253	1,539,016
Inter-segment revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Reportable segment revenue	<u>1,584,380</u>	<u>1,135,313</u>	<u>411,873</u>	<u>403,703</u>	<u>1,996,253</u>	<u>1,539,016</u>
Reportable segment net profit attributable to owners of the Company	<u>94,568</u>	<u>17,197</u>	<u>10,435</u>	<u>9,497</u>	<u>105,003</u>	<u>26,694</u>

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit		
Reportable segment profit attributable to owners of the Company	105,003	26,694
Elimination of inter-segment profits	<u>—</u>	<u>—</u>
Reportable segment profit derived from Group's external customers	<u>105,003</u>	<u>26,694</u>
Consolidated net profit attributable to owners of the Company	<u>105,003</u>	<u>26,694</u>

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 and 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	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Comprehensive development business	1,584,380	1,135,313
Paper packaging business	411,873	403,703
	<u>1,996,253</u>	<u>1,539,016</u>

6. OTHER NET EXPENSES

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net loss on disposal of fixed assets	–	(8)
Exchange loss	(2,416)	(14,328)
Others	1,299	2,139
	<u>(1,117)</u>	<u>(12,197)</u>

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
(a) Finance costs:		
Interest on bank and other loans	77,671	28,177
Interest on related party loans	<u>249,529</u>	<u>248,404</u>
Total borrowing costs wholly repayable within five years	327,200	276,581
Amount capitalised	<u>(214,113)</u>	<u>(190,492)</u>
	<u>113,087</u>	<u>86,089</u>
	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
(b) Other items:		
Interest income	(19,123)	(30,978)
Amortisation	105	97
Depreciation	83,982	85,461
Impairment losses on trade and other receivables	399	97
Net reversal of write-off of inventories	(82)	(166)
Rentals receivable from investment properties less direct outgoings RMB12,578,000 (Six months ended 30 June 2014: RMB25,503,000)	<u>(11,714)</u>	<u>(8,617)</u>

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax		
– People's Republic of China ("PRC") Corporate Income Tax	94,284	103,988
– PRC Land Appreciation Tax	112,384	157,663
	<u>206,668</u>	<u>261,651</u>
Deferred tax		
Origination and reversal of temporary differences	(16,351)	(44,499)
	<u>190,317</u>	<u>217,152</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 2014: 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 2014: 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 2014: 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 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 statement 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	
	2015	2014
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to owners of the Company	105,003	26,694
Less: Convertible preference shares dividends paid	(15,367)	(6,795)
	89,636	19,899
Earnings for the purpose of calculating basic earnings per share	89,636	19,899
	Six months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	650,336,000	649,790,000
Effect of dilutive potential ordinary shares arising from share options	1,761,000	—
	652,097,000	649,790,000
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	652,097,000	649,790,000

As the conversion of the Company's convertible preference shares would be antidilutive, there was no dilutive potential ordinary shares for the Company's convertible preference shares during the six months ended 30 June 2015 and 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 2015	At 31 December 2014
	RMB'000	RMB'000
	(unaudited)	(audited)
Current	265,457	261,760
Less than 3 months past due	10,040	14,864
3 to 12 months past due	112	4,560
More than 12 months past due	1	289
	275,610	281,473

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 2015 <i>RMB'000</i> (unaudited)	At 31 December 2014 <i>RMB'000</i> (audited)
Cash at banks and in hand	2,841,021	3,700,702
Cash at banks restricted for secure the issuance of bills payable	230	63,216
	<u>2,841,251</u>	<u>3,763,918</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 2015 <i>RMB'000</i> (unaudited)	At 31 December 2014 <i>RMB'000</i> (audited)
Due within 3 months or on demand	677,839	811,996
Over 3 months but less than 12 months	156	-
	<u>677,995</u>	<u>811,996</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	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Final dividend in respect of the financial year ended 31 December 2014, approved and paid during the interim period, of HK16.00 cents per ordinary share (equivalent RMB12.65 cents per ordinary share) (year ended 31 December 2013: HK8.00 cents per ordinary share (equivalent RMB6.34 cents per ordinary share))	82,510	41,191
Final dividend in respect of the financial year ended 31 December 2014, approved and paid during the interim period, of HK20.25 cents per convertible preference share (equivalent RMB16.01 cents per convertible preference share) (year ended 31 December 2013: HK8.93 cents per convertible preference share (equivalent RMB7.08 cents per convertible preference share))	15,367	6,795
	97,877	47,986

The directors do not propose the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

(b) Transfer to reserve

There was no transfer to reserve for the six months ended 30 June 2015.

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

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

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

(c) Equity settled share-based transactions

On 3 March 2011, 2,700,000 and 27,400,000 share options were granted to directors and employees of the Group respectively under the share option scheme adopted by the Company on 15 February 2011. 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

The number and weighted average exercise prices of share options are follows:

	2015		2014	
	Weighted average exercise price per share HK\$	Number of options '000	Weighted average exercise price per share HK\$	Number of options '000
Outstanding at 1 January	4.04	29,700	4.04	29,700
Exercise during the period	4.04	(2,576)	—	—
Lapsed during the period	4.04	(700)	—	—
Outstanding at 30 June	4.04	26,424	4.04	29,700

The total expense recognised for the six months ended 30 June 2015 arising from the share options granted on 3 March 2011 was RMB322,000 (six months ended 30 June 2014: RMB2,189,000).

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS AND BUSINESS REVIEW

In the first half of 2015, the overall global economic recovery was slow and intricate with clear differentiation. The domestic economy was undergoing the critical phase of structural adjustment and model transformation, and it was still exposed to substantial downward pressure. Under these complex economic conditions of domestic and abroad, the Company steadily implemented its established strategy, and achieved steady development in its businesses leveraging on its extensive experience and high quality products.

For the six months ended 30 June 2015, the Group recorded a turnover of approximately RMB1,996 million, representing an increase of approximately 29.7% from the same period of 2014; and profit attributable to owners of the Company was approximately RMB105 million, representing an increase of approximately 293.4% from the same period of 2014.

Comprehensive Development Business

In the first half of 2015, under the overall economic tone of maintaining steady growth, adjusting economic structure and promoting consumption, the central bank cut interest rates and Required Reserve Ratio (RRR) for a number of times, which formed a loose market environment, facilitated and improved the long-term mechanisms for regulating the real estate market, stimulated housing demand, and promoted the destocking process. Under the multi-policy effect, first and major second-tier cities across the country saw a recovering housing market with rebound in housing transaction volume year on year, a smaller decrease rate of newly started development area year on year, and a steady growth of investments. The Group well grasped such market opportunities, fully utilized brand advantages, effectively consolidated customer resources, increased promotion efforts, to achieve satisfactory operating results in comprehensive development business.

For the six months ended 30 June 2015, our comprehensive development business recorded a turnover of approximately RMB1,584 million, representing an increase of approximately 39.6% from the same period of 2014; profit attributable to owners of the Company was approximately RMB94.57 million, representing an increase of approximately 449.9% from the same period of 2014.

During the Period Under Review, the Shanghai Suhewan Project was mainly engaged in the sales of luxury high-rise residential properties with excellent views, low-density residential properties, apartment-style offices, and some boutique business premises. The Shanghai Suhewan Project has won two major awards from “International Property Awards 2015”, which is known as the “Real Estate Oscar”, including “Asia Pacific 2015 Highly Commended Apartment” and “Asia Pacific 2015 Highly Commended Residential Renovation/Redevelopment”, standing out as the only awarded project in Shanghai this year. For the six months ended 30 June 2015, the contracted sales area and amount of Shanghai Suhewan Project were approximately 15,100 sq.m. and approximately RMB1,305 million respectively, with contracted sales amount substantially increased

by approximately 434.8% as compared with same period last year, and the settled area and amount were approximately 10,500 sq.m. and approximately RMB933 million respectively, with settled amount greatly increased by approximately 201.9% compared with the same period last year.

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. For the six months ended 30 June 2015, the contracted sales area and amount of residential and office properties of Chengdu OCT were approximately 67,900 sq.m. and approximately RMB776 million respectively, and the settled area and amount were approximately 48,500 sq.m. and approximately RMB565 million respectively. The current rentable area for commercial use is approximately 77,700 sq.m., of which 96% has been occupied, and was awarded “Chengdu Featured Business District” by the Bureau of Commerce of Chengdu. During the Period Under Review, Chengdu Happy Valley widely used online marketing to expand its brand influence, achieving a revenue of approximately RMB123 million, which recorded an increase of approximately 14.9% compared with the same period last year, with a visitor flow of approximately 1.06 million, which recorded a approximately 4% increase compared with the same period last year.

After winning last year’s champions for both sales revenue and area for commercial residential buildings in Beijing, the Beijing Unique Garden Project continued its hot sales in the first half of this year, and recorded profits due to the commencement of recognition of revenue. During the Period Under Review, Beijing Unique Garden Project focused on the sales of high-rise residential properties. The contracted sales area and amount were approximately 10,900 sq.m. and approximately RMB525 million respectively, and the settled area and amount were approximately 36,200 sq.m. and approximately RMB1,556 million respectively. During the Period Under Review, Beijing Unique Garden contributed an investment return of approximately RMB74.22 million to the Company.

The Chongqing OCT Real Estate Project is now under comprehensive planning and designing, and is expected to develop middle-to-high-end high-rise and multi-storey residential properties. The Chongqing OCT Real Estate Project enjoys a supreme location and rich landscape resources, overlooking the panorama of Jialing River with a Happy Valley theme park and large greenbelt planned in the neighborhood.

The Chengdu Jinhe Land Resumption Project and Chengdu Shaheyuan Land Consolidation Project are both located in Jinniu district in Chengdu and are adjacent to Chengdu OCT. Currently, the Chengdu Jinhe Land Resumption Project was delayed in progress than originally scheduled, and it is under land levelling and plan adjustment. Chengdu OCT has established a project company with 成都市鑫金農發投資有限公司(Chengdu Xin Jin Nong Fa Investments Co., Ltd) for the Chengdu Shaheyuan Land Consolidation Project, with registered capital of RMB 100 million. Chengdu OCT is interested in 80% equity interests in the project company. The Chengdu Shaheyuan Land Consolidation Project has entered the approval and review stage, upon which relative land consolidation will be officially started.

Paper Packaging Business

The Group enjoys 30 years of experience of operations and development in the packaging and printing industry, built up the “Huali” brand with a good customer base and market reputation, and has developed 5 production bases and several branches in the Pearl River Delta and Yangtze River Delta regions, located in Huizhou, Zhongshan, Shanghai, Chuzhou, Suzhou, Shenzhen and other places respectively.

During the Period Under Review, pressure had been accumulating within the domestic manufacturing industry and the ancillary packaging enterprises including shrinking export orders, weak growth in domestic orders, and continuous increase in manufacturing costs. Faced with such unfavorable business conditions, the Group, on the one hand, innovated in its market expansion, adjusted product structure, and actively tapped market segments such as the fast-growing e-commerce and logistics markets; on the other hand, the Group consolidated its internal management, optimized its manufacturing techniques, and reduced its operational costs, to enhance the comprehensive operational revenue of the Company.

For the six months ended 30 June 2015, our paper packaging business recorded a turnover of approximately RMB412 million, representing an increase of approximately 2.0% as compared with the same period of 2014; and profit attributable to owners of the Company was approximately RMB10.43 million, representing an increase of approximately 9.9% from the same period of 2014.

OUTLOOK

Looking ahead to the second half of 2015, despite the steady rebound of the US economy, and the temporary ease of the Greek debt dispute in the Eurozone, deep-level risks still remain, and the European economy is still exposed to potential uncertainties. The domestic economy is expected to maintain a steady GDP growth benefiting from the “One Belt One Road” initiative, the “Internet Plus” strategy and the reform and opening up measures such as the establishment of free trade zones launched by the PRC Government. Thanks to the previous easing policies, and positive measures including the cuts in interest rates and RRR, as well as the enhancing wealth effect in the capital market, the overall real estate market is expected to remain stable and healthy, with sales volume and price in the first and major second-tier cities estimated to continue picking up.

Comprehensive Development Business

In the second half of the year, the Group will grasp advantageous opportunities of the improving market, and persist with the rapid development and cash-is-king strategy, enhance the existing project marketing, speed up the recovery of funds, and improve the cash flow efficiency. In the second half of this year, Shanghai Suhewan Project will introduce waterfront multi-storey residential properties for the first time which type has high scarcity of its kind in the market, and continue to sell luxury high-rise residential properties, apartment-style offices and boutique business premises. With the project maturing gradually, it will effectively enhance the overall value of the neighboring district and gradually make Suhewan District a luxury homes district in the city center of Shanghai.

Chengdu OCT will continue to sell high-end office properties and high-rise residential properties, and boost the development of business properties, and it is expected to sign an agreement to introduce an internationally renowned retail brand. Beijing Unique Garden Project will pre-sale a new batch of high-rise residential properties, with a saleable area of approximately 38,000 sq.m., which is expected to keep the good sales record of the project, and make considerable contributions to the Group. The Chongqing OCT Real Estate Project will continue with its planning and construction, striving to enter into the market as soon as possible.

In the future, the Group will adhere to its established strategy and continue to search for quality project resources in areas with development potentials in the first and second tier cities. The Group will increase its project reserve through multiple channels and ways, and leverage on its experience and advantage in comprehensive development to constantly innovate products, enhance the project company collaboration model of equity diversity, and reinforce future development potentials of the Group.

Paper Packaging Business

In the second half of the year, the Group will continue to focus on market expansion, adjust the sales strategy and incentive plan, enhance multi-sector and multi-region customer development, optimize customer structure, endeavor to make breakthroughs from “e-commerce” customers, and achieve the “Internet Plus” transformation and upgrading of the packaging business. Currently, the Group has started cooperation with e-commerce customers in terms of logistics packaging, and an integrated service program for internet intelligent packaging will be launched in the future. In the next half of this year, the Suzhou Production and R&D Base will be completed and put into use, which will further consolidate and improve our market share in the Yangtze River Delta region, and maintain the Group’s leading position in the paper packaging industry.

In 2015, the Group persist with the strategic goal of becoming an outstanding developer and operator for commercial complex across the country. Relying on the brand and resources advantages of the Overseas Chinese Town Enterprises Company, our parent company, the Group will stick to innovation for development, cooperation for win-win situation, and make efforts to obtain ideal investment returns for our shareholders.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2015, the Group employed approximately 2,842 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 staffs. 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, the Group also provides discretionary bonuses to staffs 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 staffs. 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 2015, the Group's total assets were approximately RMB22,178 million. Total equity amounted to approximately RMB6,497 million. The Group's turnover was approximately RMB1,996 million for the six months ended 30 June 2015, representing an increase of approximately 29.7% over the same period of 2014, among which the revenue from comprehensive development business was approximately RMB1,584 million, representing an increase of approximately 39.6% over the same period of 2014; the revenue from paper packaging business was approximately RMB412 million, representing an increase of approximately 2.0% over the same period of 2014. Profit attributable to owners of the Company was approximately RMB105 million, representing an increase of approximately 293.4% over the same period of 2014, among which profit attributable to owners of the Company arising from comprehensive development business was approximately RMB94.57 million, representing an increase of approximately 449.9% over the same period of 2014, which was mainly due to a significant increase of share of profits of associates; profit attributable to owners of the Company arising from paper packaging business was approximately RMB10.43 million, representing an increase of approximately 9.9% over the same period of 2014, mainly due to the increase of customer orders resulted from effective expansion into new sectors of the market. For the six months ended 30 June 2015, basic earnings per share were RMB0.138, which were RMB0.031 for the same period last year. This was mainly attributable to the significant increase in profit for the Period Under Review.

During the Period Under Review, the Group's gross profit margin was approximately 29.1% (same period in 2014: 36.8%), representing a decrease of approximately 7.7 percentage points over the same period of 2014, among which the gross profit margin of its comprehensive development business was approximately 33.2%, representing a decrease of approximately 11.7 percentage points over the same period of 2014, which was mainly due to the decrease of revenue recognized during the Period Under Review from units with high gross profit; the gross profit margin of its paper packaging business was approximately 13.2%, which was substantially the same as compared to the same period of 2014.

Distribution Costs and Administrative Expenses

Distribution costs of the Group for the six months ended 30 June 2015 were approximately RMB81.33 million (same period in 2014: approximately RMB99.13 million), representing a decrease of approximately 18.0% over the corresponding period in 2014, of which distribution costs of comprehensive development business were approximately RMB58.22 million, representing a decrease of approximately 21.1% over the corresponding period of 2014, which was mainly due to higher promotion expenses in the corresponding period of 2014; distribution costs from paper packaging business were approximately RMB23.11 million, representing a decrease of approximately

8.7% over the corresponding period of 2014, which was mainly due to the strict control on the distribution costs by the management.

The Group's administrative expenses for the six months ended 30 June 2015 were approximately RMB81.69 million (same period in 2014: approximately RMB63.89 million), representing an increase of approximately 27.9% over the corresponding period in 2014, of which administrative expenses of comprehensive development business were approximately RMB63.74 million, representing an increase of approximately 39.4% over the same period of 2014, which was mainly due to the increase of daily operating expenses and labor costs; administrative expenses of paper packaging business were approximately RMB17.95 million, which was similar to that of the corresponding period of 2014.

Interest Expenses

The interest expenses of the Group were approximately RMB113 million for the six months ended 30 June 2015 (same period in 2014: approximately RMB86.09 million), representing an increase of approximately 31.4% over the same period in 2014, of which interest expenses of comprehensive development business were approximately RMB110 million, representing an increase of approximately 31.5% over the same period in 2014, mainly due to the increased amount of loan for building new theme park facilities of its subsidiary; interest expenses of paper packaging business were approximately RMB2.61 million, representing an increase of approximately 26.1% over the same period in 2014, mainly due to the increased amount of loan to supplement the liquidity.

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015, 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 33 days for the six months ended 30 June 2015, which was substantially the same as compared with 35 days for the year ended 31 December 2014. The debtors' turnover days of the Group's paper packaging business were 119 days for the six months ended 30 June 2015, which was substantially the same as compared with 114 days for the year ended 31 December 2014. The creditors' turnover days of the Group's paper packaging business were 68 days for the six months ended 30 June 2015, which was lower than 76 days for the year ended 31 December 2014, mainly due to the shortened credit period granted by the suppliers.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 30 June 2015 was approximately RMB6,497 million (31 December 2014: approximately RMB6,384 million). As at 30 June 2015, the Group had current assets of approximately RMB18,658 million (31 December 2014: approximately RMB18,677 million) and current liabilities of approximately RMB5,899 million (31 December 2014: approximately RMB5,510 million). The current ratio was 3.16 as at 30 June 2015, representing a slight decrease as compared with 3.39 as at 31 December 2014.

As at 30 June 2015, the Group had outstanding bank and other loans of approximately RMB3,776 million, without any fixed rate loans (31 December 2014: outstanding bank and other loans of approximately RMB3,522 million, without any fixed rate loans). The interest rates of bank and other loans of the Group ranged from 1.73% to 6.64% per annum for the six months ended 30 June 2015 (from 1.50% to 6.64% per annum for the year ended 31 December 2014). Some of these bank loans were secured by floating charges of certain inventories 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 52.6% as at 30 June 2015, which was slightly lower than approximately 53.0% as at 31 December 2014.

As at 30 June 2015, approximately 37% of the total amount of outstanding bank and other loans of the Group was denominated in Renminbi (31 December 2014: approximately 36%), approximately 35% of its outstanding bank and other loans was denominated in Hong Kong Dollars (31 December 2014: approximately 34%) and approximately 28% of its outstanding bank and other loans was denominated in United States Dollars (31 December 2014: approximately 30%). As at 30 June 2015, approximately 73% of the total amount of cash and cash equivalents of the Group was denominated in Renminbi (31 December 2014: approximately 70%), approximately 21% of its cash and cash equivalents was denominated in Hong Kong Dollars (31 December 2014: approximately 7%) and approximately 6% of its cash and cash equivalents was denominated in United States Dollars (31 December 2014: approximately 10%).

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 United States 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 2015. During the Period Under Review, the Group did not enter into any foreign exchange forward contracts and other material financial instruments for hedging foreign exchange risks purpose.

Contingent Liabilities

The Group has no contingent liabilities as at 30 June 2015 (31 December 2014: Nil).

IMPORTANT EVENTS

Subscription of Shares in CDCT Development

On 24 April 2015, Chengdu OCT successfully won the public tender for the subscription (the “Subscription”) of 25,000,000 shares of 成都文化旅遊發展股份有限公司 (Chengdu Culture & Tourism Development Company Limited) (“CDCT Development”) at the subscription price of RMB10.61 (equivalent to approximately HK\$13.43) per share and the total consideration was RMB265,250,000 (equivalent to approximately HK\$335,759,494), and the Subscription Shares represent approximately 33.33% of CDCT Development’s share capital as enlarged by the Subscription. The Group was of the view that as CDCT Development possessed quality assets and had great growth potential, the Subscription was an attractive opportunity to expand the Group’s investment portfolio and was expected to provide satisfactory return to the Group. The transaction was completed in June 2015, and Chengdu OCT acquired approximately 33.33% equity interest of CDCT Development’s shares. For further details, please refer to the announcement of the Company dated 24 April 2015.

CORPORATE GOVERNANCE

For the six months ended 30 June 2015, 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 2015 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 Period Under Review. During the same period, neither the Company nor any of its subsidiaries has purchased or sold any of its shares.

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

Hong Kong, 13 August 2015

As at the date of this announcement, the Board of the Company comprises seven Directors, namely: Ms. Wang Xiaowen, Ms. Xie Mei and Mr. Lin Kaihua 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.