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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)

2016 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 2016 (the “**Period Under Review**”), together with the comparative figures for the corresponding period in 2015 as follows.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

		Six months ended 30 June	
		2016	2015
	<i>Note</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	5	2,137,362	1,996,253
Cost of sales		<u>(1,607,303)</u>	<u>(1,415,318)</u>
Gross profit		530,059	580,935
Other revenue		21,995	19,154
Other net losses	6	(285)	(1,117)
Distribution costs		(112,604)	(81,332)
Administrative expenses		(88,302)	(81,689)
Other operating expenses		<u>(29,167)</u>	<u>(303)</u>

		Six months ended 30 June	
		2016	2015
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Profit from operations		321,696	435,648
Finance costs	7(a)	(127,209)	(113,087)
Share of profits of associates		272,325	75,295
Share of loss of joint venture		(471)	—
Profit before tax	7	466,341	397,856
Income tax expenses	8	(166,661)	(190,317)
Profit for the period		<u>299,680</u>	<u>207,539</u>
Attributable to:			
Owners of the Company		211,566	105,003
Non-controlling interests		88,114	102,536
		<u>299,680</u>	<u>207,539</u>
Earnings per share (RMB)	9		
Basic		<u>0.299</u>	<u>0.138</u>
Diluted		<u>0.283</u>	<u>0.137</u>

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

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit for the period	<u>299,680</u>	<u>207,539</u>
Other comprehensive income for the period, net of tax:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(81,153)</u>	<u>(7,068)</u>
Total comprehensive income for the period	<u><u>218,527</u></u>	<u><u>200,471</u></u>
Attributable to:		
Owners of the Company	130,413	97,935
Non-controlling interests	<u>88,114</u>	<u>102,536</u>
	<u><u>218,527</u></u>	<u><u>200,471</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2016

		At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
	Note		
Non-current assets			
Fixed assets			
– Investment property under development		763,529	–
– Investment property		1,539,603	770,615
– Property, plant and equipment		1,195,083	1,232,849
– Interests in leasehold land held for own use		627,217	637,396
Intangible assets		2,299	2,125
Goodwill		75,616	103,740
Investments in associates		1,440,104	394,588
Investment in joint venture		24,529	–
Other financial assets		4,320	4,320
Deferred tax assets		177,131	160,947
Other long-term deposits		–	1,107,843
		<u>5,849,431</u>	<u>4,414,423</u>
Current assets			
Inventories		12,180,683	13,183,088
Trade and other receivables	10	804,361	1,107,857
Cash and cash equivalents	11	<u>3,163,284</u>	<u>3,374,156</u>
		<u>16,148,328</u>	<u>17,665,101</u>
Current liabilities			
Trade and other payables	12	2,930,500	2,912,157
Receipts in advance		908,438	605,260
Bank loans		1,628,901	1,313,139
Related party loans		2,333,964	1,373,752
Current tax liabilities		<u>316,379</u>	<u>766,481</u>
		<u>8,118,182</u>	<u>6,970,789</u>
Net current assets		<u>8,030,146</u>	<u>10,694,312</u>
Total assets less current liabilities		<u>13,879,577</u>	<u>15,108,735</u>

		At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
	<i>Note</i>		
Non-current liabilities			
Bank and other loans		2,283,730	2,817,516
Related party loans		4,490,625	5,283,346
Deferred tax liabilities		207,317	234,948
		6,981,672	8,335,810
NET ASSETS		6,897,905	6,772,925
CAPITAL AND RESERVES			
Share capital		67,337	67,337
Reserves	13	3,005,384	2,968,518
Equity attributable to owners of the Company		3,072,721	3,035,855
Non-controlling interests		3,825,184	3,737,070
TOTAL EQUITY		6,897,905	6,772,925

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 11 August 2016.

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 2016 comprise Overseas Chinese Town (Asia) Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) and the Group’s investments in associates and joint venture. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 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 2015 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 2016. 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 positions. 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	
	2016	2015	2016	2015	2016	2015
	<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	1,769,886	1,584,380	367,476	411,873	2,137,362	1,996,253
Inter-segment revenue	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Reportable segment revenue	<u>1,769,886</u>	<u>1,584,380</u>	<u>367,476</u>	<u>411,873</u>	<u>2,137,362</u>	<u>1,996,253</u>
Reportable segment net profit/(loss) attributable to owners of the Company	<u>213,114</u>	<u>94,568</u>	<u>(1,548)</u>	<u>10,435</u>	<u>211,566</u>	<u>105,003</u>

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit		
Reportable segment profit attributable to owners of the Company	211,566	105,003
Elimination of inter-segment profits	<u>—</u>	<u>—</u>
Reportable segment profit derived from Group's external customers	<u>211,566</u>	<u>105,003</u>
Consolidated net profit attributable to owners of the Company	<u>211,566</u>	<u>105,003</u>

5. REVENUE

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

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

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Comprehensive development business	1,769,886	1,584,380
Paper packaging business	367,476	411,873
	<u>2,137,362</u>	<u>1,996,253</u>

6. OTHER NET LOSSES

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net loss on disposal of fixed assets	(7)	—
Net exchange losses	(167)	(2,416)
Others	(111)	1,299
	<u>(285)</u>	<u>(1,117)</u>

7. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(a) Finance costs:		
Interest on bank and other loans	82,999	77,671
Interest on related party loans	<u>144,241</u>	<u>249,529</u>
Total borrowing costs wholly repayable within five years	227,240	327,200
Amount capitalised	<u>(100,031)</u>	<u>(214,113)</u>
	<u>127,209</u>	<u>113,087</u>
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(b) Other items:		
Interest income	(17,873)	(19,123)
Amortisation of intangible assets	166	105
Depreciation	99,187	83,982
Impairment of goodwill	28,124	—
(Reversal of impairment loss)/impairment loss on trade and other receivables	(9)	399
Net write off/(reversal of write off) of inventories	423	(82)
Rentals receivable from investment property less direct outgoings RMB23,577,000 (Six months ended 30 June 2015: RMB12,578,000)	<u>(26,386)</u>	<u>(11,714)</u>

8. INCOME TAX EXPENSES

	Six months ended 30 June	
	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax		
– People's Republic of China ("PRC") corporate income tax	108,314	94,284
– PRC land appreciation tax	<u>75,407</u>	<u>112,384</u>
	<u>183,721</u>	<u>206,668</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(17,060)</u>	<u>(16,351)</u>
	<u><u>166,661</u></u>	<u><u>190,317</u></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 2015: 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 2015: 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 2015: 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 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	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Earnings attributable to ordinary equity holders for the purpose of calculating basic earnings per share	195,367	89,636
Preference share dividends saving on conversion of convertible preference shares	<u>16,199</u>	<u>15,367</u>
Earnings attributable to ordinary equity holders for the purpose of calculating diluted earnings per share	<u>211,566</u>	<u>105,003</u>
	Six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	652,366,000	650,336,000
Effect of dilutive potential ordinary shares arising from convertible preference shares	96,000,000	–
Effect of dilutive potential ordinary shares arising from share options	<u>–</u>	<u>1,761,000</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>748,366,000</u>	<u>652,097,000</u>

As the conversion of the Company's convertible preference shares and exercise of share options 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 2016 respectively.

10. TRADE AND OTHER RECEIVABLES

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

	At 30 June 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Current	292,578	259,291
Less than 3 months past due	5,040	7,861
3 to 12 months past due	1,160	2,022
More than 12 months past due	1,906	1,253
	<u>300,684</u>	<u>270,427</u>

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 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Cash at banks and in hand	3,140,936	3,329,537
Cash at banks restricted for secure the issuance of bills payable	22,348	44,619
	<u>3,163,284</u>	<u>3,374,156</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 2016 RMB'000 (unaudited)	At 31 December 2015 RMB'000 (audited)
Due within 3 months or on demand	609,696	1,023,353
Over 3 months but less than 12 months	42,430	—
	<u>652,126</u>	<u>1,023,353</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	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Final dividend in respect of the financial year ended 31 December 2015, approved and paid during the interim period, of HK14.00 cents per ordinary share (equivalent RMB11.86 cents per ordinary share) (year ended 31 December 2014: HK16.00 cents per ordinary share (equivalent RMB12.65 cents per ordinary share))	77,348	82,510
Final dividend in respect of the financial year ended 31 December 2015, approved and paid during the interim period, of HK20.25 cents per convertible preference share (equivalent RMB16.87 cents per convertible preference share) (year ended 31 December 2014: HK20.25 cents per convertible preference share (equivalent RMB16.01 cents per convertible preference share))	<u>16,199</u>	<u>15,367</u>
	<u>93,547</u>	<u>97,877</u>

The directors do not propose the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: RMB Nil).

(b) Transfer to reserve

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

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

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

(c) Equity settled share-based transactions

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

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:

	2016		2015	
	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	26,424	4.04	29,700
Exercised during the period	—	—	4.04	(2,576)
Lapsed during the period	4.04	(26,424)	4.04	(700)
Outstanding at 30 June	—	—	4.04	26,424

The total expense recognised for the six months ended 30 June 2016 arising from the share options granted on 3 March 2011 was RMB Nil (six months ended 30 June 2015: RMB322,000).

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS AND BUSINESS REVIEW

In the first half of 2016, the global economy remained complicated and grim, economic recovery in the United States is slower than expected and the referendum of exit from the Europe by the United Kingdom made Europe the new risk point for the global economy. The PRC government maintained a prudent approach in its monetary and fiscal policies, and deepened structural reforms on the supply side. While the domestic economy reached the bottom and signs of stability could be seen, it was still exposed to substantial downward pressure. Under these complex domestic and international economic conditions, the Group steadily implemented its established strategy and achieved satisfactory operating results leveraging on its extensive experience and high quality products.

For the Period Under Review, the Group recorded a revenue of approximately RMB2.14 billion, representing an increase of approximately 7.1% from the corresponding period of 2015. Further, the profit attributable to owners of the Company was approximately RMB211.57 million, representing an increase of approximately 101.5% from the corresponding period of 2015.

Comprehensive Development Business

In the first half of 2016, benefited from the property destocking policy since 2015 and stimulated by various attempts at cutting interest rates and the Required Reserve Ratio, the real estate market in the PRC continued its upward trend since the end of last year. Nevertheless, the segregation of cities intensified, differentiation was seen among cities as different regulatory policies introduced that suited their local markets. Demands in the first-tier cities and several key second-tier cities continued to soar and the property market recorded a growth in both sales volume and price, while most third-tier and fourth-tier cities faced severe inventory pressure and its emphasis remains in accelerating the destocking process. The Group has always upheld the strategy of deep plowing in the first-tier and second-tier cities to achieve steady development in comprehensive development business.

For the Period Under Review, the comprehensive development business of the Group recorded a revenue of approximately RMB1.77 billion, representing an increase of approximately 11.7% from the corresponding period of 2015. Further, the profit attributable to owners of the Company was approximately RMB213.11 million, representing an increase of approximately 125.4% from the corresponding period of 2015.

During the Period Under Review, the Shanghai Suhewan Project was mainly engaged in the sales of waterfront multi-storey residential properties which are highly scarce in the market, luxury high-rise residential tower with excellent views, low-density residential properties, apartment-style offices and some boutique business premises. For the Period Under Review, the contracted sales area and amount of the Shanghai Suhewan Project were approximately 22,900 sq.m. and approximately RMB2.02 billion, respectively, with contracted sales amount increased by approximately 54.6% as compared with the same period of last year, and the settled area and amount were approximately 17,300 sq.m. and approximately RMB1.41 billion, respectively, with settled amount increased by approximately 51.1% compared with the same period of last year. During the Period Under Review, Shanghai Suhewan East No.88 has won “Real Estate Design Award 2015-2016-China – Gold Award for Residential Property Comprehensive Project”, and 41 Jiefang of Shanghai Suhewan West has won “Real Estate Design Award 2015-2016-China – Commercial & Office Comprehensive Property Project Award”. The Shanghai Suhewan Project has received numerous awards, which was a high recognition for the overall project planning and product design, as well as a general acknowledgement to the development capability and product development of our brand OCT.

During the Period Under Review, Chengdu Tianfu OCT Industry Development Company Limited (“Chengdu OCT”) focused on the sales of high-end office properties, high-rise residential properties, multi-storey residential properties and some low-density residential properties. During the Period Under Review, the contracted sales area and amount of residential and office properties of Chengdu OCT were approximately 38,000 sq.m. and approximately RMB279.00 million, respectively, and the settled area and amount were approximately 33,500 sq.m. and approximately RMB270.00 million, respectively. The current rentable area for commercial use is approximately 83,900 sq.m., of which 99% has been leased. Swan Castle residential property of Chengdu OCT has won the National High Quality Project Award granted by China Association of Construction Enterprise Management (中國施工企業管理協會) in early 2016. During the Period Under Review, Chengdu Happy Valley achieved a revenue of approximately RMB109.00 million, which recorded a decrease of approximately 11% compared with the same period of last year, with a visitor flow of approximately 1.00 million, which remained broadly flat as compared with the same period of last year.

On 7 March 2016, 成都華僑城創盈企業管理有限公司 (Chengdu OCT Chuang Ying Enterprise Management Company Limited) (“Chengdu Chuang Ying”), a wholly-owned subsidiary of Chengdu OCT, acquired 50% equity interests in 成都市保鑫泉盛房地產開發有限公司 (Chengdu Baoxin Quansheng Real Estate Development Company Limited) (“Chengdu Baoxin Quansheng”) from 成都保鑫投資有限公司 (Chengdu Baoxin Investment Company Limited) (“Chengdu Baoxin Investment”) at a consideration of RMB25 million. Chengdu Baoxin Quansheng owns a land located in Jinniu District in Chengdu city with a total site area of approximately 58,300 sq.m. and total gross floor area of not more than 174,900 sq.m. which will mainly be used for the development of high-rise residential property, ground-floor shops, commercial duplexes, apartment buildings and underground car parking space. At the end of June 2016, the first phase of Chengdu Baoxin Quansheng project has been offered on the market for pre-sale.

Located at the core business district of Bell Tower at the centre of Xi'an city and adjacent to the Yongningmen metro station, the OCT Chang'an Metropolis Project enjoys superior location and convenient transportation as well as strong business atmosphere. During the Period Under Review, the Group successfully completed all transfer of ownership rights for the offices and certain car parking spaces under the OCT Chang'an Metropolis Project with an aggregate gross floor area of approximately 104,700 sq.m and completed the amendments to the contracts for all tenants of Building 2 and put forward the retrofitting of Building 3.

During the Period Under Review, the Beijing Unique Garden Project focused on the sales of high-rise residential properties. The contracted sales area and amount were approximately 10,400 sq.m. and approximately RMB568.00 million, respectively, and the settled area and amount were approximately 65,800 sq.m. and approximately RMB3.09 billion, respectively. During the Period Under Review, the Beijing Unique Garden Project contributed an investment return of approximately RMB250.23 million to the Company.

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 five environmental friendly packaging production bases and several branches in the economically vital region such as Pearl River Delta and Yangtze River Delta regions, located in Huizhou, Zhongshan, Shanghai, Chuzhou, Suzhou and other places respectively.

During the Period Under Review, due to the downturn in macro-economy, pressure had been accumulating within the domestic manufacturing industry and the ancillary packaging enterprises including shrinking export orders, weak growth in domestic orders, fierce market competition and continuous increase in operating costs. Facing such unfavorable business conditions, the Group, on one hand, ramped up its efforts in exploring sales in domestic market, and adjusted order structure to achieve stable sales volume; and on the other hand, the Group lowered the cost and improved the efficiency of its practice, and vigorously promoted the reform of equipment and logistics automation to enhance the comprehensive operational efficiency of the Company. During the first half of the year, the new factory of Suzhou Huali has been put into operation, which will further enhance the productivity of the paper packaging business of the Group and is estimated to further consolidate its market share in Yangtze River Delta region.

During the Period Under Review, the paper packaging business of the Group recorded a revenue of approximately RMB367.48 million, representing a decrease of approximately 10.8% as compared with the same period of 2015, and the loss attributable to owners of the Company of approximately RMB1.55 million, as compared with a profit of approximately RMB10.44 million for the same period of 2015.

OUTLOOK

Looking forward to the second half of 2016, global economy is fraught with uncertainties and risk-off sentiment in global economy may deteriorate. Due to the combined effect continuously brought by the further deepening of reforms and innovations and the impact of macro-control, the domestic economy is running smoothly in general. However, given the poor external conditions and sluggish demand growth, downward pressure will still exist in the domestic economy for the second half of the year. It is the real estate policy of the PRC to persist in its risk control and destocking measure. The market-oriented adjustments in the industry are expected to accelerate while the market segregation will intensify. The property market in the first and second-tier cities is expected to record a steady growth, and high-quality real estate companies will maintain long-term development potentials. All projects of the Group are situated in the first and second-tier core cities, which is beneficial to the business development of the Group. In addition, the Group will quicken the pace of innovative development, explore and attempt to realize the organic combination of financial innovation and industrial strength and lay stress on the enhancement of the corporate value in the future.

Comprehensive Development Business

For the second half of 2016, in response to the property destocking target of the PRC, the Group will accelerate the speed of turnover of its assets, in order to speed up the recovery of funds. As the property market continued its steady momentum, by leveraging on the long-accumulated customer base and high quality products and services of the Group, we believed that we can achieve satisfactory sales results in the projects.

The Shanghai Suhewan Project will introduce Bulgari Residence for the first time which possesses the scarce landscape resources, continue to sell waterfront multi-storey residential properties, high-rise residential towers and boutique business premises, and accelerate the construction and pre-opening preparation of Bulgari Hotel. As the strategic planning of “One Shaft Three Belts (一軸三帶)” in new Jing’an District in Shanghai is freshly announced, the Suhewan Segment, being a core segment of the new Jing’an District, is expected to be the new development core of Shanghai. As an iconic commercial complex project of the Suhewan Segment, the Shanghai Suhewan Project has gradually matured and turned the segment into a new luxury accommodation district in the city centre of Shanghai. The Chengdu OCT Project will launch the high-end custom villa in the only eyot of the downtown of Chengdu, continue its sale of high-end office products and high-rise residential properties and boost the development of business properties. It is expected that the construction of the Chongqing OCT Land Project will be commenced in the second half of the year. Retrofitting of Building 3 of the OCT Chang’an Metropolis Project will be completed and the leasing will be launched in the second half of the year.

For the second half of the year, we will continue to adhere to the industry-leading development concept and clear market orientation, explore regions with geographical advantages and growth potential in the first and second-tier cities, make active efforts in seeking land resources and project merger and acquisition opportunities which are in line with the Group's strategic positioning, and enrich our portfolio of quality project reserve. In the meantime, we will fully utilize our advantages, to constantly explore and innovate products, and reinforce future development potentials of the Company.

Paper Packaging Business

Led and put forward by the national industrial strategies such as "Industry 4.0" and "Intellectual manufacturing", the pace of industrial transformation and upgrading has been speeded up further. Meanwhile, benefited from the fast-growing e-business and stimulated by the demand in logistics market, the Group is of the view that the paper packaging business will enjoy new development opportunities in the future. However, the Group will still face fierce market competition within this sector. For the second half of the year, the Group will make greater efforts in exploring domestic market, actively tapping into market segments such as e-business and logistics, optimize order structure; while putting greater efforts in the reform of equipment and logistics automation with a view to enhance operational efficiency. In addition, the Group will also actively explore innovation in products, technology and management, as well as the enhancement of R&D and design capabilities in packing and integrated services.

The Group will strive to bring satisfactory returns to its shareholders with the support by its parent company, Overseas Chinese Town Enterprise Company (華僑城集團公司) and by leveraging the brands, resources and experience advantages of its parent company in the composite project development areas and through innovation development and win-win cooperation.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group employed approximately 2,624 full-time staff. The basic remuneration 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. Directors' remuneration is determined with reference to a variety of factors including market conditions and responsibilities assumed by each director. Apart from the basic remuneration and statutory benefits, the Group also provides discretionary bonuses to the staff based upon the Group's results and their individual performance.

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

FINANCIAL REVIEW

As at 30 June 2016, the Group's total assets were approximately RMB22.00 billion, whereas the Group's total equity amounted to approximately RMB6.90 billion. The Group recorded a revenue of approximately RMB2.14 billion for the six months ended 30 June 2016, representing an increase of approximately 7.1% over the same period of 2015, among which the revenue from comprehensive development business was approximately RMB1.77 billion, representing an increase of approximately 11.7% over the same period of 2015, mainly due to the increase in the revenue contributed by OCT Shanghai Land; the revenue from paper packaging business was approximately RMB367.48 million, representing a decrease of approximately 10.8% over the same period of 2015, mainly due to the intensified market competition, decrease in customer orders and drop in selling price. Profit attributable to owners of the Company was approximately RMB211.57 million for the six months ended 30 June 2016, representing an increase of approximately 101.5% over the same period of 2015, among which profit attributable to owners of the Company arising from comprehensive development business was approximately RMB213.11 million, representing an increase of approximately 125.4% over the same period of 2015, which was mainly due to a significant increase of share of profits of associates; loss attributable to owners of the Company arising from paper packaging business was approximately RMB1.55 million, while profit over the same period of 2015 was approximately RMB10.44 million, mainly due to the intensified market competition, decrease in customer orders and drop in gross margin. For the six months ended 30 June 2016, basic earnings per share were RMB0.299 (same period in 2015: RMB0.138), representing an increase of approximately 116.7% over the same period of 2015.

For the six months ended 30 June 2016, the Group's gross profit margin was approximately 24.8% (same period in 2015: approximately 29.1%), representing a decrease of approximately 4.3 percentage points over the same period of 2015, among which the gross profit margin of its comprehensive development business was approximately 27.7%, representing a decrease of approximately 5.5 percentage points over the same period of 2015, 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 10.9%, representing a decrease of approximately 2.3 percentage points over the same period of 2015, which was mainly due to the fall in selling price and increase in cost of sales.

Distribution Costs and Administrative Expenses

Distribution costs of the Group for the six months ended 30 June 2016 were approximately RMB112.60 million (same period in 2015: approximately RMB81.33 million), representing an increase of approximately 38.4% over the corresponding period in 2015, of which distribution costs of comprehensive development business were approximately RMB91.43 million, representing an increase of approximately 57.0% over the corresponding period of 2015, which was mainly due to the increase in the promotion expenses and sales commissions as compared with the same period in last year; distribution costs from paper packaging business were approximately RMB21.17 million, representing a decrease of approximately 8.4% over the corresponding period of 2015, which was mainly due to the decrease in sales commissions and transportation costs resulted from the decrease in the revenue from paper packaging business.

The Group's administrative expenses for the six months ended 30 June 2016 were approximately RMB88.30 million (same period in 2015: approximately RMB81.69 million), representing an increase of approximately 8.1% over the corresponding period in 2015, of which administrative expenses of comprehensive development business were approximately RMB71.60 million, representing an increase of approximately 12.3% over the same period of 2015, which was mainly due to Xi'an OCT Land commenced operation and incurred expenses of approximately RMB2.55 million (same period in 2015: RMB Nil) and the increase in labor costs during the Period Under Review; administrative expenses of paper packaging business were approximately RMB16.70 million, representing a decrease of approximately 7.0% over the same period of 2015, which was mainly due to the tightened control of the management over the operational costs of paper packaging business.

Interest Expenses

The interest expenses of the Group were approximately RMB127.21 million for the six months ended 30 June 2016 (same period in 2015: approximately RMB113.09 million), representing an increase of approximately 12.5% over the same period in 2015, of which interest expenses of comprehensive development business were approximately RMB124.56 million, representing an increase of approximately 13.2% over the same period in 2015, mainly due to the increased amount of loan for developing new projects; interest expenses of paper packaging business were approximately RMB2.65 million, which is substantially the same comparing to the corresponding period in 2015.

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016, 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 2016, which was substantially the same as compared with 32 days for the year ended 31 December 2015. The debtors' turnover days of the Group's paper packaging business were 135 days for the six months ended 30 June 2016, representing an increase of 19 days as compared with 116 days for the year ended 31 December 2015, mainly due to the longer settlement period resulted from the change of payment method by some customers. The creditors' turnover days of the Group's paper packaging business were 52 days for the six months ended 30 June 2016, which was 10 days lower than 62 days for the year ended 31 December 2015, 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 2016 was approximately RMB6.90 billion (31 December 2015: approximately RMB6.77 billion). As at 30 June 2016, the Group had current assets of approximately RMB16.15 billion (31 December 2015: approximately RMB17.67 billion) and current liabilities of approximately RMB8.12 billion (31 December 2015: approximately RMB6.97 billion). The current ratio was 1.99 as at 30 June 2016, decrease by 0.54 as compared to that as at 31 December 2015 (31 December 2015: 2.53), which was mainly due to the repayment of certain long-term related party loans and the transfer of part of the loans from non-current liabilities to current liabilities during the Period Under Review. The Group generally finances its operations with internally generated cash flow and credit facilities provided by banks and shareholder's loan.

As at 30 June 2016, the Group had outstanding bank and other loans of approximately RMB3.91 billion, without any fixed rate loans (31 December 2015: outstanding bank and other loans of approximately RMB4.13 billion, without any fixed rate loans). The interest rates of bank and other loans of the Group ranged from 2.12% to 6.38% per annum for the six months ended 30 June 2016 (from 2.14% to 6.64% per annum for the year ended 31 December 2015). Some of these bank loans were secured by floating charges of certain assets of the Group and corporate guarantees provided by certain subsidiaries of the Company. The Group's gearing ratio (being the total borrowings including bills payable and loans divided by total assets) was approximately 48.8% as at 30 June 2016, which was substantially the same as compared with 48.9% as at 31 December 2015.

As at 30 June 2016, approximately 40.9% of the total amount of outstanding bank and other loans of the Group was denominated in Renminbi (31 December 2015: approximately 38.7%), approximately 34.4% of its outstanding bank and other loans was denominated in Hong Kong Dollars (31 December 2015: approximately 36.9%) and approximately 24.7% of its outstanding bank and other loans was denominated in United States Dollars (31 December 2015: approximately 24.4%). As at 30 June 2016, approximately 85.2% of the total amount of cash and cash equivalents of the Group was denominated in Renminbi (31 December 2015: approximately 78.2%), approximately 9.6% of its cash and cash equivalents was denominated in Hong Kong Dollars (31 December 2015: approximately 19.2%) and approximately 5.2% of its cash and cash equivalents was denominated in United States Dollars (31 December 2015: approximately 2.6%).

The Group's liquidity position remains stable. The Group's transactions and monetary assets are principally denominated in Renminbi, Hong Kong Dollars and United States Dollars. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates for the six months ended 30 June 2016. The Group did not enter into any foreign exchange forward contracts and other material financial instruments for hedging foreign exchange risks purpose for the six months ended 30 June 2016.

Contingent Liabilities

The Group has no contingent liabilities as at 30 June 2016 (31 December 2015: Nil).

IMPORTANT EVENTS

Acquisition of Chengdu Baoxin Quansheng

On 7 March 2016, Chengdu Chuang Ying acquired 50% equity interests in Chengdu Baoxin Quansheng from Chengdu Baoxin Investment at a consideration of RMB25.0 million. Chengdu Chuang Ying and Chengdu Baoxin Investment shall provide shareholders' loan and corporate guarantees for the bank loans to Chengdu Baoxin Quansheng in proportion to their respective equity interests, the total amount of which shall not exceed RMB1.95 billion. Chengdu Baoxin Quansheng owns a land located in Jinniu District in Chengdu city with a total site area of approximately 58,300 sq.m. and total gross floor area not more than 174,900 sq.m. At the end of June 2016, the first phase of Chengdu Baoxin Quansheng project has been offered on the market for pre-sale. For more details, please refer to the announcement of the Company dated 7 March 2016 and the circular of the Company dated 5 May 2016.

CORPORATE GOVERNANCE

For the six months ended 30 June 2016, the Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

Securities Transactions by Directors

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

Audit Committee

The audit committee of the Company and the management have reviewed the unaudited interim results announcement and the unaudited interim report of the Group for the six months ended 30 June 2016 and have discussed the internal control, accounting principles and practices adopted by the Group with the management of the Company.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has redeemed any of its shares during the six months ended 30 June 2016. During the same period, neither the Company nor any of its subsidiaries has purchased or sold any of its shares.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.oct-asia.com) and the Stock Exchange (www.hkexnews.hk). The 2016 interim report will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Overseas Chinese Town (Asia) Holdings Limited
Yao Jun
Chairman

Hong Kong, 11 August 2016

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