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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)

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2016

RESULTS

The board (the “Board”) of directors (“Directors”) of Overseas Chinese Town (Asia) Holdings Limited (the “Company”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2016 (the “Period Under Review”) prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”), together with the comparative figures for the year ended 31 December 2015.

Audited financial information of the Group for the year ended 31 December 2016 prepared in accordance with the HKFRSs are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2016

	<i>Note</i>	2016 RMB'000	2015 RMB'000
Revenue	4(a)	5,358,174	6,436,110
Cost of sales		<u>(3,712,045)</u>	<u>(4,414,956)</u>
Gross profit		1,646,129	2,021,154
Other revenue		44,033	46,717
Other net gains/(losses)		10,373	(9,669)
Distribution costs		(285,833)	(284,517)
Administrative expenses		(248,930)	(249,613)
Other operating expenses		<u>(103,855)</u>	<u>(122,770)</u>
Profit from operations		1,061,917	1,401,302
Finance costs	5(a)	(254,777)	(222,935)
Share of profits of associates		480,926	188,307
Share of loss of a joint venture		<u>(5,456)</u>	<u>—</u>
Profit before tax	5	1,282,610	1,366,674
Income tax expense	6	<u>(665,952)</u>	<u>(704,731)</u>
Profit for the year		<u>616,658</u>	<u>661,943</u>
Attributable to:			
Owners of the Company		385,511	273,042
Non-controlling interests		<u>231,147</u>	<u>388,901</u>
		<u>616,658</u>	<u>661,943</u>
Dividend payable to owners of the Company attributable to the year Final dividend proposed after the end of the reporting period	7	<u>110,740</u>	<u>92,813</u>
Earnings per share (RMB)	8		
Basic		<u>0.57</u>	<u>0.40</u>
Diluted		<u>0.52</u>	<u>0.37</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Profit for the year	<u>616,658</u>	<u>661,943</u>
Other comprehensive income for the year, net of tax:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(300,871)</u>	<u>(146,260)</u>
Total comprehensive income for the year	<u><u>315,787</u></u>	<u><u>515,683</u></u>
Attributable to:		
Owners of the Company	84,640	126,782
Non-controlling interests	<u>231,147</u>	<u>388,901</u>
	<u><u>315,787</u></u>	<u><u>515,683</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	<i>Note</i>	2016 RMB'000	2015 RMB'000
Non-current assets			
Fixed assets			
– Investment property under development		821,096	–
– Investment property		1,556,753	770,615
– Property, plant and equipment		1,227,053	1,232,849
– Interests in leasehold land held for own use		617,031	637,396
		4,221,933	2,640,860
Intangible assets		2,092	2,125
Goodwill		570	103,740
Investments in associates		1,634,164	394,588
Investment in a joint venture		19,544	–
Other financial assets		247,320	4,320
Deferred tax assets		154,251	160,947
Other long-term deposits		–	1,107,843
		6,279,874	4,414,423
Current assets			
Inventories		10,490,803	13,183,088
Trade and other receivables	9	530,196	1,107,857
Other financial assets		1,159,700	–
Cash and cash equivalents		2,077,758	3,374,156
		14,258,457	17,665,101
Current liabilities			
Trade and other payables	10	2,845,650	2,912,157
Receipts in advance		1,423,911	605,260
Bank and other loans		2,559,663	1,313,139
Related party loans		1,212,000	1,373,752
Current tax liabilities		421,618	766,481
		8,462,842	6,970,789
Net current assets		5,795,615	10,694,312
Total assets less current liabilities		12,075,489	15,108,735

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Non-current liabilities		
Bank and other loans	1,716,975	2,817,516
Related party loans	3,380,348	5,283,346
Deferred tax liabilities	<u>211,464</u>	<u>234,948</u>
	<u>5,308,787</u>	<u>8,335,810</u>
NET ASSETS	<u>6,766,702</u>	<u>6,772,925</u>
CAPITAL AND RESERVES		
Share capital	67,337	67,337
Reserves	<u>2,959,611</u>	<u>2,968,518</u>
Equity attributable to owners of the Company	3,026,948	3,035,855
Non-controlling interests	<u>3,739,754</u>	<u>3,737,070</u>
TOTAL EQUITY	<u>6,766,702</u>	<u>6,772,925</u>

NOTES

1. REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed the financial results for the year ended 31 December 2016. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2016 have been compared by the Company's auditors, RSM Hong Kong, Certified Public Accountants, to the amounts set out in the Group's audited financial statements for the year and the amounts were found to be in agreement. The work performed by RSM Hong Kong in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements.

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

(a) Application of new and revised HKFRSs

The HKICPA has issued a number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2016. Of these, the following new or revised HKFRSs are relevant to the Group:

Amendments to HKAS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments to HKAS 1 clarify, rather than significantly change, existing HKAS 1 requirements. The amendments clarify various presentation issues relating to:

- Assessment of materiality versus minimum disclosure requirements of a standard.
- Disaggregation of specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position. There is also new guidance on the use of subtotals.
- Confirmation that the notes do not need to be presented in a particular order.
- Presentation of other comprehensive income items arising from equity-accounted associates and joint ventures.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2016. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7 Statement of Cash Flows: Disclosure initiative	1 January 2017
Amendments to HKAS 12 Income Taxes: Recognition of deferred tax assets for unrealised losses	1 January 2017
HKFRS 9 Financial Instruments	1 January 2018
HKFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to HKFRS 2 Share-based Payment: Classification and measurement of share-based payment transactions	1 January 2018
Amendments to HKFRS 4: Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 16 Leases	1 January 2019
Amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associates or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course.

HKFRS 9 Financial Instruments

The standard replaces HKAS 39 Financial Instruments: Recognition and Measurement.

The standard introduces a new approach to the classification of financial assets which is based on cash flow characteristics and the business model in which the asset is held. A debt instrument that is held within a business model whose objective is to collect the contractual cash flows and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at amortised cost. A debt instrument that is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the instruments and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at fair value through other comprehensive income. All other debt instruments are measured at fair value through profit or loss. Equity instruments are generally measured at fair value through profit or loss. However, an entity may make an irrevocable election on an instrument-by-instrument basis to measure equity instruments that are not held for trading at fair value through other comprehensive income.

The requirements for the classification and measurement of financial liabilities are carried forward largely unchanged from HKAS 39 except that when the fair value option is applied changes in fair value attributable to changes in own credit risk are recognised in other comprehensive income unless this creates an accounting mismatch.

HKFRS 9 introduces a new expected-loss impairment model to replace the incurred-loss impairment model in HKAS 39. It is no longer necessary for a credit event or impairment trigger to have occurred before impairment losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income, an entity will generally recognise 12-month expected credit losses. If there has been a significant increase in credit risk since initial recognition, an entity will recognise lifetime expected credit losses. The standard includes a simplified approach for trade receivables to always recognise the lifetime expected credit losses.

The de-recognition requirements in HKAS 39 are carried forward largely unchanged.

HKFRS 9 substantially overhauls the hedge accounting requirements in HKAS 39 to align hedge accounting more closely with risk management and establish a more principle based approach.

The Group's financial assets that are currently classified as available-for-sale include certain unlisted equity securities. The Group expects to irrevocably designate these equity securities as fair value through other comprehensive income. This will give rise to a change in accounting policy. Under HKFRS 9 recycling of the fair value gains and losses is not permitted. The unlisted equity securities are currently measured at cost less impairment with any impairment losses recognised in profit or loss. HKFRS 9 requires fair value measurement with fair value changes recognised in other comprehensive income without recycling.

The new expected credit loss impairment model in HKFRS 9 may result in the earlier recognition of impairment losses on the Group's trade receivables and other financial assets. The Group is unable to quantify the impact until a more detailed assessment is completed.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 replaces all existing revenue standards and interpretations.

The core principle of the standard is that an entity recognises revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to become entitled in exchange for those goods and services.

An entity recognises revenue in accordance with the core principle by applying a 5-step model:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies a performance obligation

The standard also includes comprehensive disclosure requirements relating to revenue.

The Group is unable to estimate the impact of the new standard on the consolidated financial statements until a more detailed analysis is completed.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

The Group's property leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in HKFRS 16 and the effects of discounting.

4. REVENUE AND SEGMENT REPORTING

(a) 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 and business tax), including the sales of properties, rental income from investment properties, ticket sales from theme park and sales of paper cartons and products are as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Comprehensive development business	4,597,075	5,596,276
Paper packaging business	761,099	839,834
	<u>5,358,174</u>	<u>6,436,110</u>

The Group's customer base is diversified and there was no customer with whom transactions exceeded 10% of the Group's revenue in 2016.

Further details regarding the Group's principal activities are disclosed in note 4(b).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the most senior executive management of the Group for the purposes of resource allocation and performance assessment, the Group has the following two reportable segments.

- Comprehensive development business: this segment engaged in the development and operation of tourism theme park, developed and sold residential properties, development and management of properties and property investment.
- Paper packaging business: this segment engaged in the manufacture and sale of paper cartons and products.

(i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the senior executive management of the Group monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets. Segment liabilities include trade creditors, accruals and bills payable attributable to the manufacturing and sales activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment result is “net profit”. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Expenses not specifically attributed to individual segments, such as directors’ and auditors’ remuneration and other head office or corporate administration costs, were allocated to each individual segment in proportion to its revenue.

Information regarding the Group’s reportable segments as provided to the most senior executive management of the Group for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2016 and 2015 is set out below.

	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	<u>4,597,075</u>	<u>5,596,276</u>	<u>761,099</u>	<u>839,834</u>	<u>5,358,174</u>	<u>6,436,110</u>
Reportable segment net profit/(loss)	<u>399,395</u>	<u>254,911</u>	<u>(13,884)</u>	<u>18,131</u>	<u>385,511</u>	<u>273,042</u>
Interest income	31,126	35,234	8,078	7,332	39,204	42,566
Interest expense	250,962	217,454	3,815	5,481	254,777	222,935
Depreciation and amortisation for the year	180,812	166,518	28,949	37,028	209,761	203,546
Share of profits of associates	480,926	188,307	–	–	480,926	188,307
Share of loss of a joint venture	(5,456)	–	–	–	(5,456)	–
Income tax expense	661,412	693,289	4,540	11,442	665,952	704,731
Addition to segment non-current assets during the year	1,409,532	1,403,557	21,591	58,900	1,431,123	1,462,457
Reportable segment assets	19,010,148	20,212,275	1,528,183	1,867,249	20,538,331	22,079,524
Reportable segment liabilities	12,885,943	14,092,496	885,686	1,214,103	13,771,629	15,306,599
Investments in associates	1,634,164	394,588	–	–	1,634,164	394,588
Investment in a joint venture	19,544	–	–	–	19,544	–

(ii) *Reconciliations of reportable segment revenue, profit or loss, assets and liabilities*

	2016 RMB'000	2015 RMB'000
Revenue		
Reportable segment revenue	5,358,174	6,436,110
Elimination of inter segment revenue	—	—
Consolidated revenue	<u>5,358,174</u>	<u>6,436,110</u>
Profit		
Reportable segment profit	385,511	273,042
Elimination of inter segment profits	—	—
Reportable segment profit derived from Group's external customers	385,511	273,042
Consolidated net profit attributable to non-controlling interests	<u>231,147</u>	<u>388,901</u>
Consolidated net profit	<u>616,658</u>	<u>661,943</u>
Assets		
Reportable segment assets	<u>20,538,331</u>	<u>22,079,524</u>
Consolidated total assets	<u>20,538,331</u>	<u>22,079,524</u>
Liabilities		
Reportable segment liabilities	<u>13,771,629</u>	<u>15,306,599</u>
Consolidated total liabilities	<u>13,771,629</u>	<u>15,306,599</u>

(iii) *Geographical information:*

As at 31 December 2016, the Group's revenue from external customers and its non-current assets are located in the People's Republic of China (the "PRC") (including Hong Kong) (2015: the PRC (including Hong Kong)).

5. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
(a) Finance costs:		
Interest on bank and other loans	164,530	170,189
Interest on related party loans	<u>264,233</u>	<u>420,485</u>
Total borrowing costs	428,763	590,674
Amount capitalised	<u>(173,986)</u>	<u>(367,739)</u>
	<u><u>254,777</u></u>	<u><u>222,935</u></u>

The weighted average capitalisation rate of funds borrowed generally is at a rate of 3.96% per annum (2015: 5.30% per annum).

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
(b) Employee benefits expenses:		
Contributions to defined contribution retirement schemes	17,612	17,358
Salaries, wages and other benefits	267,330	249,037
Equity-settled share-based payment expenses	<u>–</u>	<u>684</u>
	<u><u>284,942</u></u>	<u><u>267,079</u></u>

	2016 RMB'000	2015 <i>RMB'000</i>
(c) Other items:		
Amortisation of intangible assets	398	291
Depreciation		
– investment property	61,202	24,112
– interests in leasehold land held for own use	20,365	20,360
– other assets	127,796	158,783
Impairment losses		
– goodwill	103,170	119,736
– trade and other receivables	344	1,468
Net loss/(gain) on disposal of fixed assets	291	(76)
Operating lease charges in respect of properties	30,874	34,982
Net exchange (gains)/losses	(9,784)	10,347
Auditors' remuneration		
– audit services	1,357	1,446
– other services	624	399
Rentals receivable from investment properties		
less direct outgoings of RMB63,590,000 (2015: RMB24,860,000)	(30,803)	(26,176)
Cost of inventories	3,707,817	4,413,701
Reversal of allowance for trade and other receivables	<u>(1,955)</u>	<u>(1,083)</u>

Cost of inventories included RMB243,450,000 (2015: RMB246,463,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above.

The reversal of allowance for trade and other receivables made in prior years arose due to improvement in the repayment records of certain debtors.

6. INCOME TAX EXPENSE

(a) Income tax has been recognised in profit or loss as following:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Current tax		
– PRC Corporate Income Tax (“CIT”)		
Charge for the year	243,346	291,181
(Over)/under provision in prior years	<u>(6,330)</u>	<u>53,173</u>
	237,016	344,354
– PRC Land Appreciation Tax (“LAT”)	<u>445,724</u>	<u>423,266</u>
	<u>682,740</u>	<u>767,620</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(16,788)</u>	<u>(62,889)</u>
	<u><u>665,952</u></u>	<u><u>704,731</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 year (2015: RMB Nil).

No provision for Hong Kong Profits Tax has been made in the financial statements since the Group has sufficient tax losses brought forward to set off against current year's assessable profit. No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year ended 31 December 2015.

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% (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 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) *LAT*

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 LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual 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 LAT is calculated.

(b) **Reconciliation between income tax expense and accounting profit at applicable tax rates:**

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Profit before tax	<u>1,282,610</u>	<u>1,366,674</u>
Tax at the CIT rate of 25%	320,653	341,669
Tax effect of non-deductible expenses	49,442	96,334
Tax effect of non-taxable income	(52,013)	(50,538)
(Over)/under provision in prior years	(6,330)	53,173
Tax effect of recognition of temporary difference not previously recognised	–	(53,356)
Temporary difference not included in deferred tax assets	19,907	–
LAT	445,724	423,266
Tax effect of LAT	<u>(111,431)</u>	<u>(105,817)</u>
Income tax expense	<u>665,952</u>	<u>704,731</u>

7. DIVIDENDS

(i) Dividends payable to owners of the Company attributable to the year:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of HK16.00 cents per ordinary share (equivalent RMB14.31 cents per ordinary share) (2015: HK14.00 cents per ordinary share (equivalent RMB11.73 cents per ordinary share))	93,354	76,522
Final dividend proposed after the end of the reporting period of HK20.25 cents per convertible preference share (equivalent RMB18.11 cents per convertible preference share) (2015: HK20.25 cents per convertible preference share (equivalent RMB16.97 cents per convertible preference share))	<u>17,386</u>	<u>16,291</u>
	<u>110,740</u>	<u>92,813</u>

(ii) Dividends payables to owners of the Company attributable to the previous financial year, approved and paid during the year:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK14.00 cents per ordinary share (equivalent RMB11.86 cents per ordinary share) (2015: HK16.00 cents per ordinary share (equivalent RMB12.65 cents per ordinary share))	77,348	82,510
Final dividend in respect of the previous financial year, approved and paid during the year, of HK20.25 cents per convertible preference share (equivalent RMB16.87 cents per convertible preference share) (2015: 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>

8. EARNINGS PER SHARE

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Earnings		
Earnings attributable to ordinary equity holders for the purpose of calculating basic earnings per share	369,312	257,675
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>385,511</u>	<u>273,042</u>
	2016	2015
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	652,366,000	651,359,000
Effect of dilutive potential ordinary shares arising from convertible preference shares	<u>96,000,000</u>	<u>96,000,000</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>748,366,000</u>	<u>747,359,000</u>

9. TRADE AND OTHER RECEIVABLES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Trade receivables and bills receivable:		
Amounts due from fellow subsidiaries	29,366	20,548
Amounts due from third parties	272,464	260,632
Less: allowance for doubtful debts	<u>(9,142)</u>	<u>(10,753)</u>
	<u>292,688</u>	<u>270,427</u>
Prepayments, deposits and other receivables:		
Amounts due from fellow subsidiaries	2,590	6,448
Amounts due from associates	18,489	83,459
Amount due from an intermediate parent	1,213	1,197
Amounts due from third parties	<u>215,216</u>	<u>746,326</u>
	<u>237,508</u>	<u>837,430</u>
	<u><u>530,196</u></u>	<u><u>1,107,857</u></u>

The amounts due from an intermediate parent and fellow subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

Apart from rental deposits of RMB13,268,000 (2015: RMB13,607,000) which are expected to be recovered after one year, all of the trade and other receivables, net of impairment losses for bad and doubtful debts, are expected to be recovered within one year.

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Current	<u>282,219</u>	<u>259,291</u>
Less than 3 months past due	9,063	7,861
More than 3 months but less than 12 months past due	970	2,022
More than 12 months past due	<u>436</u>	<u>1,253</u>
Amount past due	<u>10,469</u>	<u>11,136</u>
	<u><u>292,688</u></u>	<u><u>270,427</u></u>

10. TRADE AND OTHER PAYABLES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Trade payables and bills payables:		
Amounts due to fellow subsidiaries	5,382	4,820
Amounts due to third parties	<u>627,992</u>	<u>1,018,533</u>
	633,374	1,023,353
Other payables and accruals:		
Amounts due to ultimate parent	4	4
Amounts due to intermediate parents	275,134	212,920
Amounts due to fellow subsidiaries	35,139	27,169
Amounts due to associates	759,169	379,500
Amounts due to third parties	<u>1,142,830</u>	<u>1,269,211</u>
	<u><u>2,845,650</u></u>	<u><u>2,912,157</u></u>

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

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Due within 3 months or on demand	<u><u>633,374</u></u>	<u><u>1,023,353</u></u>

成都天府華僑城實業發展有限公司 (Chengdu Tianfu OCT Industry Development Company Limited) (“Chengdu OCT”) received advances amounting to RMB550,000,000 for construction of infrastructure facilities in previous years. As at 31 December 2016, the balance of the advances received deducting the carrying amount of the related infrastructure facilities was RMB167,818,000 (2015: RMB196,036,000), which was included in other payables.

Proposed Final Dividend and Closure of Register

The register of members of the Company will be closed from 29 May 2017 to 2 June 2017 (both days inclusive), for the purpose of determining shareholders' entitlement to attend the forthcoming annual general meeting (the "Annual General Meeting"), during which period no transfer of shares of the Company will be registered. In order to qualify for attending the Annual General Meeting, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 26 May 2017.

The Board recommends the payment of a final dividend (the "Final Dividend") of HK16 cents per share to shareholders whose names appear on the register of members of the Company on 12 June 2017. The register of members will be closed from 8 June 2017 to 12 June 2017, both days inclusive, and the proposed Final Dividend is expected to be paid on 22 June 2017. The payment of Final Dividend shall be subject to the approval of the shareholders at the Annual General Meeting to be held on 2 June 2017. In order to be qualified for the proposed Final Dividend, shareholders should deliver share certificates together with transfer documents to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 7 June 2017.

The Board has approved the payment of the preferential dividend (the "Preferential Dividend") of HK20.25 cents per convertible preference share for the year ended 31 December 2016, to holders of convertible preference shares of the Company on 13 April 2017. The Preferential Dividend will be calculated on a daily and 365 days per year basis and distributed to the relevant holders of the convertible preference shares.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2016, the global economy continued to witness gradual recovery with twists and turns amid deepened adjustments. Economic growth of countries from emerging markets continued to slow down, while the Chinese economy showed early signs of stabilization and upward trend, although the foundation was still relatively weak. Despite such complex domestic and international economic conditions, the Group adhered to its established strategy, and achieved steady development in its businesses leveraging on its extensive experience and high quality products. During the Period Under Review, the Company recorded a revenue of approximately RMB5.36 billion, representing a decrease of approximately 16.7% over the corresponding period of 2015. Profit attributable to shareholders amounted to approximately RMB385.51 million, representing an increase of approximately 41.2% as compared with the corresponding period of 2015.

Grasping Market Opportunities and Achieving Stable and Healthy Development of Existing Business

Comprehensive Development Business

In 2016, the PRC destocking policies on real estates achieved positive results, and the transaction volume of the real estate market nationwide recorded a new high. The Group's comprehensive development business delivered satisfactory operating results as a result of its efforts in full play of its brand advantages, integration of customer resources and acceleration of the pace of destocking. During the Period Under Review, the comprehensive development business of the Company recorded a revenue of approximately RMB4.60 billion, representing a decrease of approximately 17.9% as compared with the corresponding period of 2015; profit attributable to shareholders amounted to approximately RMB399.39 million, representing an increase of approximately 56.7% over the corresponding period of 2015.

Shanghai Suhewan Project (owned as to 50.5% by the Company)

The Shanghai Suhewan Project, which is developed by Overseas Chinese Town (Shanghai) Land Company Limited ("OCT Shanghai Land"), is advantageously situated at the junction of Suzhou River and Huangpu River banks, spanning across 1 km on the shorelines of Suzhou River and within the core district of the Inner Ring, Shanghai and possesses the scarce landscape resources. The project is comprised of three parcels of land, namely 1 Jiefang, 41 Jiefang and 42 Jiefang with a total site area of approximately 71,000 sq.m., a gross floor area (above ground) of approximately 280,000 sq.m. and a total gross floor area of approximately 430,000 sq.m. Products offered by the Shanghai Suhewan Project include waterfront multi-storey residential buildings, luxury residential properties, apartment-style offices, luxury hotels, boutique business premises and studios for artists, etc.

During the Period Under Review, the Shanghai Suhewan Project launched the Bulgari Residence, the first in the country, and continued to engage in the sales of waterfront multi-storey residential properties which are highly scarce in the market, luxury high-rise residential tower, apartment-style offices and boutique business premises, which received high recognition from the market. In the ranking of high-end served departments with an area above 150 sq.m. and a total price of more than RMB10 million in Shanghai for the year 2016, the Bulgari Residence ranked first and second in terms of total sales and units sold, respectively. The waterfront multi-storey residential properties made new high record in the country in terms of unit price of residential products. During the Period Under Review, the contracted sales area and amount of the Shanghai Suhewan Project were approximately 50,800 sq.m. and approximately RMB4.784 billion, respectively, with contracted sales amount increased by approximately 23.6% as compared with the same period of 2015, and the settled area and amount were approximately 38,000 sq.m. and approximately RMB3.43 billion, respectively, with settled amount recorded an increase of approximately 3.7% compared with the same period of 2015.

In 2016, the Bulgari Residence of the Shanghai Suhewan Project was granted the "Most Collectable Apartment Project 2016" by China Business News (第一財經日報). The project also obtained the "Popular China Real Estate Award – Top Ten Luxury Residential Properties in China 2016" granted by the organization committee of Boao Real Estate Forum (博鰲房地產論壇).

Chengdu OCT Project (owned as to 51% by the Company)

The Chengdu OCT Project is a large comprehensive development project located at both sides of Shaxi Line of Outer Sanhuan Road, Jinniu District, Chengdu City, Sichuan Province, comprising residential, commercial properties and a Happy Valley theme park, occupying a total site area of approximately 1,827,000 sq.m. and gross floor area of approximately 2,250,000 sq.m..

During the Period Under Review, Chengdu OCT recorded a revenue of approximately RMB1.11 billion. The business mainly covers sales of high-end office products, high-rise residential properties, multi-storey residential properties and part of the low-density residential properties. During the Period Under Review, the contracted sales area and revenue of the residential and office property of Chengdu OCT reached approximately 138,500 sq.m. and approximately RMB1,104.00 million respectively, while the settled area and revenue were approximately 97,000 sq.m. and approximately RMB804.00 million respectively. The current rentable area for commercial use is approximately 96,000 sq.m., of which 93% has been occupied. Chengdu Happy Valley has attracted approximately 2.18 million visitors, revenue from which amounted to approximately RMB253.00 million. In 2016, Chengdu OCT officially introduced a Wal-Mart's Sam's Club store, the first in southwest China, marking the acceleration in the materialization of commercial facilities of Chengdu OCT.

OCT Chang'an Metropolis Project (owned as to 100% by the Company)

The OCT Chang'an Metropolis Project is located at the core business district of Zhonglou at the centre of Xi'an. As a complex sitting above the metro-station, the project enjoys prime location and superior commercial environment. The OCT Chang'an Metropolis Project was acquired by the Company on 9 October 2015, the total gross floor area of which is approximately 104,700 sq.m., comprising high-end office properties such as Building 2# and Building 3#, as well as some car parking spaces. During the Period Under Review, the Group has completed the transfer of titles for all relevant properties and the novation of all tenants' contracts for Building 2#. The decoration and retrofitting works of Building 3# has also been completed.

Chongqing OCT Land Project (owned as to 100% by the Company)

Located at Lijia Block, New North Zone, major development zone in Chongqing, the Chongqing OCT Land Project has an aggregate site area of approximately 180,000 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 approximately 440,000 sq.m. The Chongqing OCT Land Project enjoys a supreme location and with rich landscape resources, overlooking the panorama of Jialing River with a Happy Valley theme park under construction and large greenbelt planned in the neighborhood. The multi-storey products launched in the first phase of the Chongqing OCT Land Project have been offered on the market for pre-sale in March 2017.

Beijing Unique Garden Project (owned as to 33% by the Company)

The Beijing Unique Garden Project, developed by Beijing Guangying Residential Property Development Limited, is located at Laiguangyingxiang in Chaoyang District, Beijing, with a total site area of approximately 73,000 sq.m. and a total gross floor area of approximately 182,000 sq.m. All properties of the project are developed for residential purpose. In 2016, the Beijing Unique Garden Project speeded up the process of destocking and settlement on completion. Contracted sales area and revenue reached approximately 10,700 sq.m. and approximately RMB673.00 million respectively. The settled area and revenue were approximately 102,200 sq.m. and approximately RMB5,118.00 million respectively. During the Period Under Review, the Beijing Unique Garden Project contributed investment returns of approximately RMB458.03 million to the Company.

Xi'an OCT Project (owned as to 25% by the Company)

Located at No. 2 of Second Beichitou Road, to the east of Tang Paradise, Qujiang New District, Xi'an City, Shaanxi Province, the Xi'an OCT Project is in proximity to several famous scenic spots and has a total site area of approximately 137,000 sq.m. Most of products for the project are low-density residential properties. During the Period Under Review, contracted sales area and revenue reached approximately 17,900 sq.m. and approximately RMB351.00 million respectively. The settled area and revenue were approximately 19,500 sq.m. and approximately RMB409.00 million, respectively. During the Period Under Review, the project contributed investment returns of approximately RMB7.03 million to the Company.

CDCT Development Project (owned as to approximately 33.33% by Chengdu OCT)

Chengdu Culture & Tourism Development Company Limited ("CDCT Development") owns the Xiling Snow Mountain Ski Resort in the national forest park "Xiling Snow Mountain", a national 4A tourist attraction, as well as the high-quality assets including the auxiliary hotels and cableway in Dayi County, Chengdu, Sichuan Province. Its shares were listed on the National Equities Exchange and Quotation System (also known as the New Third Board). During the Period Under Review, CDCT Development contributed investment returns of approximately RMB12.33 million to the Company.

CSI Project (owned as to 49% by Chengdu OCT)

In January 2016, Chengdu OCT Chuang Ying Enterprise Management Company Limited ("Chengdu Chuang Ying"), a wholly-owned subsidiary of Chengdu OCT, acquired 49% equity interests in Chengdu Sports Industry Company Limited ("CSI Company") at a total consideration of approximately RMB798 million. CSI Company owns a parcel of land located in Luomashi business district, a core business district in Chengdu, Sichuan Province, of which a site area of approximately 15,300 sq.m. will be developed into a commercial complex project namely "the Chengdu Centre", which is a landmark building for culture and tourism of Chengdu City. "The Chengdu Centre" is a development designed with various functions, including tourism and sight-seeing, commercial services, high-end accommodation facilities, as well as facilities for cultural

and creative activities. CSI Company owns and operates the largest stadium in Chengdu capable of accommodating about 40,000 persons for holding activities such as large-scale performances and sports competitions, which continuously generates revenue for CSI Company. The project will enlarge the portfolio of projects of the Group in Chengdu, and will enhance the Group's brand influence in the city.

Chengdu Baoxin Quansheng Project (owned as to 50% by Chengdu OCT)

In March 2016, Chengdu Chuang Ying acquired 50% equity interests in Chengdu Baoxin Quansheng Real Estate Development Company Limited ("Chengdu Baoxin Quansheng") from Chengdu Baoxin Investment Company Limited (成都保鑫投資有限公司), an indirect wholly-owned company of Poly Real Estate Group Co., Ltd., at a consideration of RMB25 million. Chengdu Baoxin Quansheng owns a piece of 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. During the Period Under Review, Chengdu Baoxin Quansheng project has launched its first batch of products, and the contracted sales area and revenue reached approximately 68,300 sq.m. and approximately RMB732.00 million, respectively.

Paper Packaging Business

The Group has more than 30 years of experience in the packaging and printing industry. It has set up five environmental packaging and manufacturing bases and several subsidiaries in economically dynamic regions including the Pearl River Delta and Yangtze River Delta, which are located in Huizhou of Guangdong, Shanghai, Zhongshan of Guangdong, Chuzhou of Anhui and Suzhou of Jiangsu, respectively, and has built up the "Huali" brand with solid customer base and good market reputation.

In 2016, under the influence of the macro economic conditions, domestic manufacturing industries and related supporting packaging companies were faced with adverse conditions, such as decrease in orders from overseas markets, continued rise in operating costs and weak growth in demand. In particular, the business environment was extremely hard in the fourth quarter as the raw paper market experienced unusual conditions, such as severe imbalance in supply and demand and surge in price in a short term. In the face of these internal and external headwinds, the Group secured the stable operation of our paper packaging business through the integration of corporate resources and enhancement of operating efficiency. The capacity of the Group's paper packaging business was further improved in 2016 as the new factory of Suzhou Huali Environmental Packaging Technology Co., Ltd ("Suzhou Huali") was put into operation. During the Period Under Review, paper packaging business recorded a turnover of approximately RMB761.10 million, representing a decrease of approximately 9.4% over the same period of 2015. Loss attributable to shareholders amounted to approximately RMB13.88 million while a profit of approximately RMB18.13 million was recorded for the same period of 2015.

A Robust Start in Our Innovative Financial Business with Investment in Industrial Funds

In 2016, the Group took an active approach to exploring and attempting to realize the organic combination of financial innovation and industrial strength, and made breakthrough in the area of industrial fund investment with the investment in a number of projects, including the Capital Fortune Investment New Industries Investment Fund, the Capital Fortune Investment No.10 Fund and the NCI Fund. We are confident that these initiatives will create more strategic investment opportunities for the Group.

On 30 September 2016, Shenzhen Huayou Investment Co., Ltd. (“Huayou Investment”), an indirect wholly-owned subsidiary of the Group, entered into a limited partnership agreement with Shenzhen Capital Fortune Investment Management Co., Ltd. (“Capital Fortune Investment”) and a number of other partners to establish the Shenzhen Capital Fortune Investment Emerging Industries Investment Company (LLP) (“Capital Fortune Investment New Industries Investment Fund”). The total capital was RMB1.00 billion, of which RMB143.00 million was contributed by Huayou Investment. The investment of the Capital Fortune Investment New Industries Investment Fund covers a wide range of emerging industries, including new-energy automobiles, pharmacy and health, mobile internet, energy-saving and environmental protection.

On 19 December 2016, Huayou Investment entered into a limited partnership agreement with Capital Fortune Investment and a number of other partners to establish the Shenzhen Capital Fortune Investment No.10 Investment Enterprise (LLP) (“Capital Fortune Investment No.10 Fund”). The total capital was RMB206.00 million, of which RMB100.00 million was contributed by Huayou Investment. The Capital Fortune Investment No.10 Fund mainly engages in investment in the equity interests of a PRC securities firm.

On 28 December 2016, City Legend International Limited (“City Legend”), an indirect wholly-owned subsidiary of the Group, applied for investing in the segregated portfolio of the NCI Fund, a segregated portfolio company (“NCI Fund”). The amount of investment was US\$50.00 million. The NCI Fund mainly engages in investment in the equity interest of a high-tech company operating in the PRC, which proposed to apply for initial public offering of its securities.

FINANCIAL REVIEW

As at 31 December 2016, the Group's total assets amounted to approximately RMB20.54 billion, representing a decrease of approximately 7.0% over that as at 31 December 2015; the Group's total equity amounted to approximately RMB6.77 billion, approximate to that as at 31 December 2015.

For the year ended 31 December 2016, the Group realized revenue of approximately RMB5.36 billion, representing a decrease of approximately 16.7% over the same period of 2015, of which, revenue of the comprehensive development business was approximately RMB4.60 billion, representing a decrease of approximately 17.9% over the same period of 2015, primarily due to the decrease in revenue from Chengdu OCT; and revenue of the paper packaging business was approximately RMB761.10 million, representing a decrease of approximately 9.4% over the same period of 2015, primarily due to the decrease in customer orders and drop in selling price as a result of the intensified market competition. Profit attributable to owners of the Company was approximately RMB385.51 million, representing an increase of approximately 41.2% over the same period of 2015, of which, profit attributable to owners of the Company of the comprehensive development business was approximately RMB399.39 million, representing an increase of approximately 56.7% over the same period of 2015, mainly due to the significant increase in share of profits of associates; loss attributable to owners of the Company for the paper packaging business was approximately RMB13.88 million, while recorded a profit of approximately RMB18.13 million for the same period of 2015, mainly due to the recognition of impairment losses of the goodwill of paper packaging business of approximately RMB24.94 million (2015: RMB Nil), decrease in customer orders and drop in gross profit margin as a result of the intensified market competition during the Period Under Review. The basic earnings per share for 2016 was RMB0.57, representing an increase of approximately 42.5% over the same period of 2015 (2015: RMB0.40).

During the Period Under Review, the Group's gross profit margin was approximately 30.7% (2015: approximately 31.4%), representing a decrease of 0.7 percentage points over the same period of 2015, of which, the gross profit margin of the comprehensive development business was approximately 34.0%, which was substantially the same as compared to the same period of 2015; and the gross profit margin of the paper packaging business was approximately 10.7%, representing a decrease of 2.3 percentage points over the same period of 2015, mainly due to the fall in selling price and increase in cost of sales. Net profit margin attributable to owners of the Company was approximately 7.2% (2015: approximately 4.2%), representing an increase of 3.0 percentage points over the same period of 2015, of which, the net profit margin attributable to owners of the comprehensive development business was approximately 8.7%, representing an increase of 4.1 percentage points over the same period of 2015; and the net profit margin attributable to owners of the paper packaging business was a negative of approximately 1.8%, while it was a positive of approximately 2.2% for the same period of 2015.

Distribution Costs and Administrative Expenses

Distribution costs of the Group for the year ended 31 December 2016 were approximately RMB285.83 million (2015: approximately RMB284.52 million), representing an increase of approximately 0.5% over the same period of 2015, of which, distribution costs of the comprehensive development business were approximately RMB240.15 million, representing an increase of approximately 1.6% over the same period of 2015, which was mainly due to the increase in promotion expenses of Shanghai Land as compared to that of last year; distribution costs of the paper packaging business were approximately RMB45.68 million, representing a decrease of approximately 5.0% as compared to the same period of 2015, which was mainly due to the decrease in sales commissions and transportation expenses resulted from the decrease in revenue of the paper packaging business.

The Group's administrative expenses for the year ended 31 December 2016 were approximately RMB248.93 million (2015: approximately RMB249.61 million), representing a decrease of approximately 0.3% over the same period of 2015, of which, administrative expenses of the comprehensive development business were approximately RMB213.71 million, which was approximate to the same period of 2015; administrative expenses of the paper packaging business were approximately RMB35.22 million, equivalent to that in the same period of 2015.

Interest Expenses

The interest expenses of the Group were approximately RMB254.78 million for the year ended 31 December 2016 (2015: approximately RMB222.94 million), representing an increase of approximately 14.3% over the same period of 2015, of which interest expenses of comprehensive development business were approximately RMB250.96 million, representing an increase of approximately 15.4% over the same period of 2015, mainly due to more loan interests capitalized in last year; interest expenses of paper packaging business were approximately RMB3.82 million, representing a decrease of approximately 30.3% over the same period of 2015, mainly due to decrease in the amount of the loans related to paper packaging business.

Dividends

The Board has resolved to recommend the payment of a final dividend of HK16.00 cents per ordinary share for the year ended 31 December 2016 (2015: HK14.00 cents per ordinary share).

The Board has resolved to approve the payment of a preferential dividend of HK20.25 cents per convertible preference share for the year ended 31 December 2016 (2015: HK20.25 cents).

Inventories, Debtors' and Creditors' Turnover

For the year ended 31 December 2016, the Group's inventory turnover days for the paper packaging business were 35 days, representing an increase of 3 days as compared to 32 days for the year ended 31 December 2015, which was mainly due to the increase in inventory. The Group's debtors' turnover days for the paper packaging business were 129 days for the year ended 31 December 2016, representing an increase of 13 days as compared to 116 days for the year ended 31 December 2015, which was mainly due to the longer settlement period resulted from the change of payment method by some customers. The Group's creditors' turnover days for the paper packaging business were 50 days for the year ended 31 December 2016, representing a decrease of 12 days as compared to 62 days for the year ended 31 December 2015, which was mainly due to the shortened credit period after enjoying the cash discount granted by the suppliers.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 31 December 2016 was approximately RMB6.77 billion (31 December 2015: approximately RMB6.77 billion). As at 31 December 2016, the Group had current assets of approximately RMB14.26 billion (31 December 2015: approximately RMB17.67 billion) and current liabilities of approximately RMB8.46 billion (31 December 2015: approximately RMB6.97 billion). The current ratio was 1.68 as at 31 December 2016, decreased by 0.85 as compared to that as at 31 December 2015 (31 December 2015: 2.53), which was mainly due to the repayment of certain 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 31 December 2016, the Group had outstanding bank and other loans of approximately RMB4.28 billion, without any fixed-rate loans (31 December 2015: outstanding bank and other loans of approximately RMB4.13 billion, without any fixed-rate loans). As at 31 December 2016, the interest rates of bank and other loans of the Group ranged from 1.05% to 6.38% per annum (31 December 2015: ranged from 2.14% to 6.64% per annum). Some of those 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 43.2% as at 31 December 2016, representing a decrease of 5.7 percentage points as compared to approximately 48.9% as at 31 December 2015, which was mainly due to the decrease in the amount of related party loans.

As at 31 December 2016, approximately 37.3% of the total amount of outstanding bank and other loans of the Group amounting to approximately RMB1.60 billion was in Renminbi (31 December 2015: approximately 38.7%); approximately 50.6% of which amounting to approximately HK\$2.42 billion was in Hong Kong Dollars (31 December 2015: approximately 36.9%), approximately 12.1% of which amounting to approximately US\$74.80 million was in United States Dollars (31 December 2015: approximately 24.4%). As at 31 December 2016, approximately 89.8% of the total amount of cash and cash equivalents of the Group was in Renminbi (31 December 2015: approximately 78.2%), approximately 7.8% of which was in Hong Kong Dollars (31 December 2015: approximately 19.2%) and approximately 2.4% of which was 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. For the year ended 31 December 2016, the Group has not experienced any material difficulties in or effects on its operations or liquidity as a result of fluctuations in currency exchange rates. For the year ended 31 December 2016, the Group did not enter into any foreign exchange forward contracts and other material financial instruments for hedging foreign exchange risks purpose.

Employees and Remuneration Policy

As at 31 December 2016, the Group employed approximately 2,484 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 members. Salaries of the 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 basing on a variety of factors such as market conditions and responsibilities assumed by each Director. Apart from the basic remuneration and statutory benefits, the Group also provides discretionary bonuses based on the Group's results and the individual performance of the staff.

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.

In according to the ordinary resolution passed at the extraordinary general meeting on 15 February 2011, the Board adopted a new share option scheme and simultaneously terminated the share option scheme which was adopted by the Company on 12 October 2005. On 2 March 2016, all share options granted under the new share option scheme have expired. During the year ended 31 December 2016, no share options was exercised.

Contingent Liabilities

The Group had no contingent liabilities as of 31 December 2016.

Important Events

Acquisition of Chengdu Baoxin Quansheng

On 7 March 2016, Chengdu Chuang Ying, a wholly-owned subsidiary of Chengdu OCT, entered into a cooperation agreement with 成都保鑫投資有限公司 (Chengdu Baoxin Investment Company Limited) ("Chengdu Baoxin Investment") to acquire 50% equity interest 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") held by Chengdu Baoxin Investment at a consideration of RMB25.00 million. Chengdu Chuang Ying and Chengdu Baoxin Investment should provide shareholders' loan to Chengdu Baoxin

Quansheng in proportion to their respective equity interests in Chengdu Baoxin Quansheng and provide corporate guarantees required for the bank loan(s) to be obtained by Chengdu Baoxin Quansheng, the total amount of which shall not exceed RMB1.95 billion. Chengdu Baoxin Quansheng owned a land located in Jinniu District, 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. For more details, please refer to the announcement of the Company dated 7 March 2016.

Investment in Capital Fortune Emerging Industry Funds

As at 30 September 2016, Huayou Investment, an indirect wholly-owned subsidiary of the Company, entered into a limited partnership agreement with Capital Fortune Investment and other several partners to establish Capital Fortune Emerging Industry Funds in the total capital of RMB1.00 billion, of which RMB143.00 million was contributed by Huayou Investment. The investment scope of Capital Fortune Emerging Industry Funds covers emerging industries, such as new-energy automobiles, pharmacy and health, mobile internet, energy-saving and environmental protection. For further details, please refer to the announcements dated 30 September 2016, 11 October 2016 and 24 October 2016 of the Company and the circular dated 27 October 2016 of the Company.

Investment in Capital Fortune Fund No.10

As at 19 December 2016, Huayou Investment entered into a limited partnership agreement with Capital Fortune Investment and other several partners to establish Capital Fortune Investment No.10 Fund in the total capital of RMB206.00 million, of which RMB100.00 million was contributed by Huayou Investment. Capital Fortune Fund No.10 engages in investment in the equity interest in a PRC securities firm. For further details, please refer to the announcement dated 19 December 2016 of the Company.

Investment in NCI Fund

As at 28 December 2016, City Legend, an indirect wholly-owned subsidiary of the Company has applied for investing in the total amount of US\$50.00 million in the NCI Fund. The investment objective of NCI Fund is to invest in equity securities in a high technology company whose operation is based in the PRC and propose to make initial public offering of its securities. For further details, please refer to the announcement dated 28 December 2016 of the Company.

Subsequent Events

Investment in Minsheng Education

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

Investment in Shanghai Libao Huachen Fund

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

OUTLOOK

Looking into 2017, the global economy will face great uncertainty and the economic recovery will be weak due to the lingering and profound impact of the global financial crisis. For domestic economy, the “structural reforms on the supply side” has reaped preliminary fruits. Despite the progressive stabilization of the overall economic conditions driven by stabilized domestic consumption and investment needs, the foundation for improvement on the basis of stable development is still relatively fragile. The PRC government will adhere to the core policy of “structural reforms on the supply side”, implement the “prudent and neutral” monetary policies, deepen the “innovation-driven” development strategy, and boost the continued optimization and transformation of the industrial structure. Taking into account of these factors, we expect the quality of economic growth will improve gradually.

In 2017, as the domestic real estate market becomes more diversified, the PRC government will persist in its risk control and destocking measure and deepen the control measures on regional level based on the principle of “specific policies for different cities”. In order to create a more stable market environment, while providing support to home purchasers for accommodation purpose, more emphasis will be placed on constraining speculative investment needs. Meanwhile, the Central Government will speed up the pace of the long-term mechanism for the real estate market. This, coupled with the breakthrough and progress in regional integration and new mode of urbanization, create a favorable environment for the long-term development of the real estate market. The Group maintains its prudently optimistic outlook for the domestic real estate market in 2017.

In 2017, as the Central Government expedites industrial upgrade, makes innovation in respect of economic development mode and deepens the reform of state-owned enterprises, Overseas Chinese Town Enterprise Company (華僑城集團公司) (“OCT Group”), the controlling shareholder of the Company, will further promote industrial distribution with the focus placed on two strategic themes, i.e. “culture + tourism + urbanisation” and “tourism + internet + finance”, with a view to become the “pacemaker of cultural industry, leader of new-type urbanisation and fugleman of all-for-one tourism in the PRC” and achieve leapfrog development.

The external macro-environment confronted with by the Group is undergoing tremendous and profound changes, which create unprecedented historic opportunities and great prospects for a new round of reform and development of the Group.

Comprehensive Development Business

In 2017, the Company will focus on making greater efforts in promoting its new products in the market, accelerating the turnaround of products and enhancing operation efficiency through making close attention to the policies stimulated by the central and local government and base on the market conditions improvement and development policy. The planning of each comprehensive development project is as follows:

The Shanghai Suhewan Project will continue to introduce Bulgari Residence which possesses the scarce landscape resources, as well as waterfront multi-storey residential properties, high-rise residential towers and boutique business premises. The total saleable area is approximately 96,500 sq.m. in 2017. The highly-anticipated Bulgari Hotel will commence operation in the second half of 2017. As the strategic planning of “One Shaft Three Belts” (一軸三帶) in new Jing’an District in Shanghai is freshly announced, the Suhewan Segment, being a core segment of the new Jing’an District, is expected to be the new development core of Shanghai. As an iconic commercial complex project of the Suhewan Segment, the Shanghai Suhewan Project will remain in the spotlight of the market. The Chengdu OCT Project will launch the high-end customized villa in the only eyot of the downtown of Chengdu and

a new phase of high-rise residential properties, and will continue its sale of low-density residential properties and high-end office products. Total saleable area will reach approximately 210,000 sq.m. in 2017. The Chengdu OCT Project will also speed up its commercial development and the first Wal-Mart Sam's Club store in the southwest China is expected to open in 2017. With regard to "the Chengdu Centre", a commercial complex under the CSI Project and in which Chengdu OCT holds equity interest, the planning and approval will be completed and construction will be commenced in 2017. In 2017, the high-rise and multi-story residential products of the Chongqing OCT Project will be launched by batches, with total saleable area of approximately 170,000 sq.m. The leasing for Building 3# of the OCT Chang'an Metropolis Project will be started in 2017.

Meanwhile, we will continue to adhere to the leading development and operation concept, give full play to our advantages, actively concern and looking for diversified investment opportunities by adhering to the overall development strategy of OCT, thus to enhance our development potential.

Paper Packaging Business

Looking into 2017, the competition in the paper packaging market will still be extraordinarily intense. Adhering to market and customer orientation, the Group will further optimise its sales strategy, enhance operation efficiency and promote cost reduction and efficiency enhancement while paying attention to production safety, so as to keep steady business development.

Innovative Development Concept

In 2017, the Group will accelerate its pace of innovative development and further improve and consolidate the important role of OCT Group's sole overseas listed investment and financing platform. It will proactively acquire and foster high quality resources and businesses with strong cooperation with OCT industrial ecosphere and growth potentials by means of domestic and overseas direct investments, indirect investments (industrial funds), etc. and build new development drivers for the Company with innovative financial measures to continuously enhance its corporate value.

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

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not purchased its own listed shares during the Period Under Review. During the Period Under Review, save as disclosed in this announcement, the Company or any of its subsidiaries has not purchased or sold or redeemed any of the listed shares in the Company.

CORPORATE GOVERNANCE REPORT

The Company believes that high standard corporate governance and highly efficient management team are very important in enhancing the investors' confidence and the return to the shareholders, and can also increase long-term share value. Therefore, the Company is committed to implementing and maintaining a high standard of corporate governance, emphasizing good communication with shareholders and investors, and nurturing the corporate culture of strict code of conduct, with a view to continuously improving the Company's transparency in management. This includes timely, comprehensive and accurate disclosure of information of the Company to safeguard the shareholders' interest and to raise long-term share value.

The Company had complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing Rules for the year ended 31 December 2016.

AUDIT COMMITTEE

This results announcement and audited financial statements of the Company for the year ended 31 December 2016 had been reviewed by the Audit Committee of the Company before they were presented to the Board for approval.

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

Hong Kong, 30 March 2017

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