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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 UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

RESULTS

The board (the “**Board**”) of directors (“**Directors**”) of Overseas Chinese Town (Asia) Holdings Limited (the “**Company**”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2019 (the “**Current Period**”) prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”), together with the comparative figures for the year ended 31 December 2018.

Unaudited financial information of the Group for the year ended 31 December 2019 prepared in accordance with the HKFRSs are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Renminbi)

		2019 (unaudited) RMB'000	2018 (Note) RMB'000
	<i>Note</i>		
Continuing operations			
Revenue	<i>3</i>	2,071,903	1,584,694
Cost of sales		<u>(1,306,174)</u>	<u>(1,026,106)</u>
Gross profit		765,729	558,588
Other income	<i>4</i>	93,836	124,257
Other net gains	<i>5</i>	225,993	368,930
Distribution costs		(103,200)	(124,736)
Administrative expenses		(403,405)	(334,304)
Other operating expenses		<u>(4,014)</u>	<u>(459)</u>
Profit from operations		574,939	592,276
Finance costs	<i>6(a)</i>	(268,732)	(175,061)
Share of profits less losses of associates		306,063	418,994
Share of (loss)/profit of joint ventures		<u>(8,150)</u>	<u>229,244</u>
Profit before taxation	<i>6</i>	604,120	1,065,453
Income tax	<i>7</i>	<u>(354,514)</u>	<u>(206,898)</u>
Profit for the year from continuing operations		249,606	858,555
Discontinued operation			
Profit for the year from discontinued operation		<u>–</u>	<u>68,272</u>
Profit for the year		<u>249,606</u>	<u>926,827</u>

	<i>Note</i>	2019 (unaudited) RMB'000	2018 (Note) RMB'000
Profit for the year		<u>249,606</u>	<u>926,827</u>
Attributable to:			
Equity holders of the Company		266,961	798,702
Non-controlling interests		<u>(17,355)</u>	<u>128,125</u>
Profit for the year		<u>249,606</u>	<u>926,827</u>
Earnings per share (RMB)	<i>9</i>		
Basic earnings per share			
From continuing operations		0.04	0.68
From discontinued operation		<u>–</u>	<u>0.09</u>
		<u>0.04</u>	<u>0.77</u>
Diluted earnings per share			
From continuing operations		0.04	0.67
From discontinued operation		<u>–</u>	<u>0.09</u>
		<u>0.04</u>	<u>0.76</u>

Note: The Group has initially applied HKFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information is not restated in this respect.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in Renminbi)

	2019 (unaudited) RMB'000	2018 (Note) RMB'000
Profit for the year	249,606	926,827
Other comprehensive income for the year (after tax and reclassification adjustments)		
<i>Item that will not be reclassified to profit or loss:</i>		
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)	166,598	(176,404)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences	(164,501)	(203,218)
Share of other comprehensive income of associates	11,246	(84,124)
Cumulative exchange differences reclassified to profit or loss upon disposal of an associate	(1,440)	–
	(154,695)	(287,342)
Other comprehensive income for the year	11,903	(463,746)
Total comprehensive income for the year	261,509	463,081
Attributable to:		
Equity holders of the Company	278,864	334,956
Non-controlling interests	(17,355)	128,125
Total comprehensive income for the year	261,509	463,081

Note: The Group has initially applied HKFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information is not restated in this respect.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019
(Expressed in Renminbi)

		2019	2018
		(unaudited)	(Note)
	<i>Note</i>	RMB' 000	RMB' 000
Non-current assets			
Investment property		5,285,739	2,877,838
Other property, plant and equipment		2,017,431	2,074,898
Interests in leasehold land held for own use		1,596,979	1,483,911
		8,900,149	6,436,647
Intangible assets		52,922	6,273
Goodwill		570	570
Interests in associates		5,410,696	4,919,831
Interests in joint ventures		302,560	287,330
Other financial assets		1,618,292	1,437,525
Finance lease receivables		382,253	230,870
Trade and other receivables	<i>10</i>	1,623	2,476
Deferred tax assets		222,012	191,012
		16,891,077	13,512,534
Current assets			
Trading securities		118,480	—
Inventories and other contract costs		5,767,090	7,055,723
Finance lease receivables		117,206	65,342
Trade and other receivables	<i>10</i>	880,060	1,222,255
Cash at bank and on hand		2,681,489	3,222,953
		9,564,325	11,566,273

		2019 (unaudited) RMB'000	2018 (Note) RMB'000
	Note		
Current liabilities			
Trade and other payables	11	2,875,136	2,657,446
Contract liabilities		512,781	143,949
Bank and other loans		2,099,413	4,979,886
Related party loans		913,400	2,037,700
Lease liabilities		26,489	–
Current taxation		791,848	748,884
		<u>7,219,067</u>	<u>10,567,865</u>
Net current assets		<u>2,345,258</u>	<u>998,408</u>
Total assets less current liabilities		<u>19,236,335</u>	<u>14,510,942</u>
Non-current liabilities			
Bank and other loans		6,016,264	1,410,771
Related party loans		59,350	–
Lease liabilities		52,341	–
Deferred tax liabilities		188,932	194,514
		<u>6,316,887</u>	<u>1,605,285</u>
NET ASSETS		<u>12,919,448</u>	<u>12,905,657</u>
CAPITAL AND RESERVES			
Share capital		67,337	67,337
Perpetual capital securities		5,296,195	5,294,665
Reserves		3,982,543	4,104,240
Total equity attributable to equity holders of the Company		<u>9,346,075</u>	<u>9,466,242</u>
Non-controlling interests		<u>3,573,373</u>	<u>3,439,415</u>
TOTAL EQUITY		<u>12,919,448</u>	<u>12,905,657</u>

Note: The Group has initially applied HKFRS 16 at 1 January 2019. Under the transition methods chosen, comparative information is not restated in this respect.

NOTES:

1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Listing Rules).

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that other investments in equity securities are stated at their fair value.

The consolidated annual results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 December 2019 but are extracted from those financial statements.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

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.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the 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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“short-term leases”) and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are comprehensive development, equity investment and fund business and finance lease.

Revenue represents the sales value of goods or services supplied to customers (net of value-added tax and business tax). Disaggregation of revenue with customer by business lines is as follows:

	Continuing operations		Discontinued operation		Total	
	2019	2018	2019	2018	2019	2018
	(unaudited)		(unaudited)		(unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15						
Disaggregated by business lines						
– Sale of properties	1,329,853	814,226	–	–	1,329,853	814,226
– Sale of tickets of theme park	260,858	304,185	–	–	260,858	304,185
– Construction contracts	47,619	151,327	–	–	47,619	151,327
– Hotel revenue	191,126	90,533	–	–	191,126	90,533
– Consulting services	15,667	46,384	–	–	15,667	46,384
– Paper packaging business	–	–	–	400,258	–	400,258
	1,845,123	1,406,655	–	400,258	1,845,123	1,806,913
Revenue from other sources						
– Rental income from investment properties	205,430	164,850	–	–	205,430	164,850
– Finance lease income	21,350	13,189	–	–	21,350	13,189
	<u>2,071,903</u>	<u>1,584,694</u>	<u>–</u>	<u>400,258</u>	<u>2,071,903</u>	<u>1,984,952</u>

The Group's customer base is diversified and there was no customer with whom transactions exceeded 10% of the Group's revenue in 2019.

(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 four reportable segments.

- Comprehensive development business: this segment engaged in the development and operation of tourism theme park, developed and sold residential properties, construction services, development and management of properties, property investment and operation of hotel.
- Equity investment and fund business: this segment engaged in the investment in new urbanisation industrial ecosphere, such as domestic and overseas direct investments, industrial fund, and education.

- Finance lease business: this segment engaged in the finance lease business.
- Paper packaging business (discontinued): this segment engaged in the manufacture and sale of paper cartons and products.

The operating results of paper packaging business for the year ended 31 December 2018 are presented as discontinued operation in the consolidated financial statements.

(i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management 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 lease liabilities attributable to the 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" after taxation. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below:

Continuing operations

	Comprehensive development business		Equity investment and fund business		Finance lease business		Paper packaging business (discontinued)		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(unaudited)	(Note)	(unaudited)	(Note)	(unaudited)	(Note)	(unaudited)	(Note)	(unaudited)	(Note)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15										
Disaggregated by timing of revenue recognition										
Point in time	1,797,504	1,255,328	-	-	-	-	-	400,258	1,797,504	1,655,586
Over time	47,619	151,327	-	-	-	-	-	-	47,619	151,327
	1,845,123	1,406,655	-	-	-	-	-	400,258	1,845,123	1,806,913
Revenue from other sources	205,430	164,850	-	-	21,350	13,189	-	-	226,780	178,039
Revenue from external customers	2,050,553	1,571,505	-	-	21,350	13,189	-	400,258	2,071,903	1,984,952
Reportable segment revenue	2,050,553	1,571,505	-	-	21,350	13,189	-	400,258	2,071,903	1,984,952
Reportable segment profit for the year	90,337	607,395	150,710	50,789	2,508	4,375	-	68,272	243,555	730,831

Continuing operations

	Comprehensive development business			Equity investment and fund business			Finance lease business			Paper packaging business (discontinued)			Total	
	2019	2018	(Note)	2019	2018	(Note)	2019	2018	(Note)	2019	2018	(Note)	2019	2018
	<i>(unaudited)</i>	<i>(Note)</i>		<i>(unaudited)</i>	<i>(Note)</i>		<i>(unaudited)</i>	<i>(Note)</i>		<i>(unaudited)</i>	<i>(Note)</i>		<i>(unaudited)</i>	<i>(Note)</i>
	<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i>	<i>RMB'000</i>
Interest income														
– Bank deposits	7,805	10,588		183	144		666	42		–	1,207		8,654	11,981
– Amount due from associates	22,217	13,333		–	–		–	–		–	–		22,217	13,333
Interest expense	(164,491)	(82,417)		(60,199)	(90,135)		(8,463)	(2,509)		–	–		(233,153)	(175,061)
Depreciation and amortisation for the year	(334,385)	(299,385)		–	–		–	–		–	(3,549)		(334,385)	(302,934)
Share of profits less losses of associates	221,969	378,491		84,094	40,503		–	–		–	–		306,063	418,994
Share of (loss)/profit of joint ventures	(8,157)	229,244		7	–		–	–		–	–		(8,150)	229,244
Reportable segment assets	20,803,489	18,353,661		3,194,700	2,898,604		486,381	307,872		–	45,844		24,484,570	21,605,981
Additions to non-current segment assets during the year	2,839,053	2,265,193		–	–		–	–		–	6,314		2,839,053	2,271,507
Reportable segment liabilities	9,702,587	6,784,503		2,386,942	2,615,678		75,764	38,610		–	10,234		12,165,293	9,449,025
Interests in associates	3,994,185	3,468,824		1,416,511	1,451,007		–	–		–	–		5,410,696	4,919,831
Interests in joint ventures	279,174	287,330		23,384	–		–	–		–	–		302,560	287,330

Note: The Group has initially applied HKFRS 16 at 1 January 2019. Under the modified retrospective approach applied, the comparative information is not restated in this respect.

(ii) Reconciliations of reportable segment profit or loss

	2019 (unaudited) RMB'000	2018 <i>(Note)</i> <i>RMB'000</i>
Reportable segment profit derived from Group's external customers	243,555	730,831
Unallocated head office and corporate gains	6,051	195,996
Consolidated profit	249,606	926,827

Note: The Group has initially applied HKFRS 16 at 1 January 2019. Under the modified retrospective approach applied, the comparative information is not restated in this respect.

(iii) Reconciliations of reportable segment assets and liabilities

	2019 (unaudited) RMB'000	2018 <i>(Note)</i> <i>RMB'000</i>
Assets		
Reportable segment assets	24,484,570	21,605,981
Elimination of inter-segment receivables	(25,311)	—
	24,459,259	21,605,981
Unallocated head office and corporate assets	1,996,143	3,472,826
Consolidated total assets	26,455,402	25,078,807
Liabilities		
Reportable segment liabilities	12,165,293	9,449,025
Elimination of inter-segment payables	(25,311)	—
	12,139,982	9,449,025
Unallocated head office and corporate liabilities	1,395,972	2,724,125
Consolidated total liabilities	13,535,954	12,173,150

Note: The Group has initially applied HKFRS 16 at 1 January 2019. Under the modified retrospective approach applied, the comparative information is not restated in this respect.

(iv) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property, other property, plant and equipment, interests in leasehold land held for own use, intangible assets, goodwill and interests in associates and joint ventures and other financial assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods and properties sold. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, interests in leasehold land held for own use and investment properties, the location of the operation to which they are allocated, in the case of intangible assets, goodwill and other financial assets, and the location of operations, in the case of interest in associates and joint ventures.

	Revenues from external customers		Specified non-current assets	
	2019 (unaudited) RMB'000	2018 RMB'000	2019 (unaudited) RMB'000	2018 (Note) RMB'000
Mainland China	2,070,316	1,984,952	16,033,336	12,851,575
Hong Kong	1,587	–	251,853	236,601
	2,071,903	1,984,952	16,285,189	13,088,176

Note: The Group has initially applied HKFRS 16 at 1 January 2019. Under the modified retrospective approach applied, the comparative information is not restated in this respect.

4 OTHER INCOME

	Continuing operations		Discontinued operation		Total	
	2019 (unaudited) RMB'000	2018 RMB'000	2019 (unaudited) RMB'000	2018 RMB'000	2019 (unaudited) RMB'000	2018 RMB'000
Interest income on financial assets measured at amortised cost:						
– Bank deposits	68,300	100,341	–	1,207	68,300	101,548
– Amount due from associates	22,217	13,333	–	–	22,217	13,333
Total interest income	90,517	113,674	–	1,207	90,517	114,881
Government grants	1,908	306	–	2	1,908	308
Forfeiture income on deposit on pre-sale of properties	315	10,277	–	–	315	10,277
Dividend income from unlisted equity securities	1,096	–	–	–	1,096	–
	93,836	124,257	–	1,209	93,836	125,466

5 OTHER NET GAINS

	Continuing operations		Discontinued operation		Total	
	2019	2018	2019	2018	2019	2018
	(unaudited)		(unaudited)		(unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gain on disposal of subsidiaries	–	55,650	–	62,757	–	118,407
Gain on previously held interest in a subsidiary upon loss of control	–	40,101	–	–	–	40,101
Gain on partial disposals of an associate	72,374	–	–	–	72,374	–
Gain on previously held interest in an associate upon loss of significant influence	54,090	–	–	–	54,090	–
Net realised and unrealised gains on unlisted equity securities	12,190	116,474	–	–	12,190	116,474
Net gain/(loss) on disposal of property, plant and equipment	40	1,641	–	(636)	40	1,005
Net exchange gain/(loss)	88,578	162,016	–	(554)	88,578	161,462
Others	(1,279)	(6,952)	–	85	(1,279)	(6,867)
	<u>225,993</u>	<u>368,930</u>	<u>–</u>	<u>61,652</u>	<u>225,993</u>	<u>430,582</u>

6 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Continuing operations		Discontinued operation		Total	
	2019	2018	2019	2018	2019	2018
	(unaudited)	(Note)	(unaudited)	(Note)	(unaudited)	(Note)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest on bank and other loans	261,652	161,411	–	–	261,652	161,411
Interest on lease liabilities	5,105	–	–	–	5,105	–
Interest on related party loans	111,773	92,093	–	–	111,773	92,093
Accrued interest on significant financing component of contract liabilities	10,812	–	–	–	10,812	–
Total interest expense	389,342	253,504	–	–	389,342	253,504
Less: amount capitalised*	(120,610)	(78,443)	–	–	(120,610)	(78,443)
	<u>268,732</u>	<u>175,061</u>	<u>–</u>	<u>–</u>	<u>268,732</u>	<u>175,061</u>

Note: The Group has initially applied HKFRS 16 at 1 January 2019. Under the modified retrospective approach applied, the comparative information is not restated in this respect.

* The borrowing costs have been capitalised at a weighted average rate of 4.38% per annum (2018: 3.81%).

(b) Staff costs

	Continuing operations		Discontinued operation		Total	
	2019 (unaudited) RMB'000	2018 RMB'000	2019 (unaudited) RMB'000	2018 RMB'000	2019 (unaudited) RMB'000	2018 RMB'000
Contributions to defined contribution retirement plan	23,650	20,323	–	2,611	23,650	22,934
Salaries, wages and other benefits	361,875	274,771	–	53,702	361,875	328,473
	<u>385,525</u>	<u>295,094</u>	<u>–</u>	<u>56,313</u>	<u>385,525</u>	<u>351,407</u>

(c) Other items

	Continuing operations		Discontinued operation		Total	
	2019 (unaudited) RMB'000	2018 RMB'000	2019 (unaudited) RMB'000	2018 RMB'000	2019 (unaudited) RMB'000	2018 RMB'000
Amortisation of intangible assets	9,392	1,027	–	16	9,392	1,043
Depreciation						
– owned property, plant and equipment*	203,798	298,358	–	3,533	203,798	301,891
– right-of-use assets*	139,226	–	–	–	139,226	–
	<u>343,024</u>	<u>298,358</u>	<u>–</u>	<u>3,533</u>	<u>343,024</u>	<u>301,891</u>
Impairment losses/(Reversal of impairment losses)						
– trade and other receivables	1,085	(3,082)	–	(71)	1,085	(3,153)
– finance lease receivables	2,929	3,541	–	–	2,929	3,541
	<u>4,014</u>	<u>459</u>	<u>–</u>	<u>(71)</u>	<u>4,014</u>	<u>388</u>

	2019 (unaudited) RMB'000	2018 RMB'000
Total minimum lease payments for leases previously classified as operating leases under HKAS 17*	–	24,748
Rentals receivable from investment properties less direct outgoings of RMB23,457,000 (2018: RMB11,773,000)	(181,793)	(153,076)
Cost of inventories [#]	1,089,777	1,159,375

- * The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated.
- # Cost of inventories includes RMB256,673,000 (2018: RMB257,000,000) relating to staff costs, depreciation and amortisation expenses, and lease expenses, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	Continuing operations		Discontinued operation		Total	
	2019	2018	2019	2018	2019	2018
	(unaudited)		(unaudited)		(unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current tax						
Provision for corporate income tax ("CIT") for the year	67,324	80,202	–	19,302	67,324	99,504
Under/(over)- provision in respect of prior years	17,527	(25,594)	–	(608)	17,527	(26,202)
	84,851	54,608	–	18,694	84,851	73,302
PRC LAT	306,245	182,050	–	–	306,245	182,050
	391,096	236,658	–	18,694	391,096	255,352
Deferred tax						
Origination and reversal of temporary differences	(36,582)	(29,760)	–	789	(36,582)	(28,971)
	354,514	206,898	–	19,483	354,514	226,381

(i) CIT

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 (2018: Nil).

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year ended 31 December 2019 and 2018.

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% (2018: 25%).

Additionally, a 10% withholding tax is levied for income derived from or accruing in the PRC. However, as for the dividend income, due 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, associates and joint ventures to Hong Kong holding companies of the Group are subject to 5% withholding income tax since 1 January 2008 and onwards.

(ii) PRC LAT

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.

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

	Continuing operations		Discontinued operation		Total	
	2019	2018	2019	2018	2019	2018
	(unaudited)		(unaudited)		(unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit before taxation	<u>604,120</u>	<u>1,065,453</u>	<u>–</u>	<u>87,755</u>	<u>604,120</u>	<u>1,153,208</u>
Notional tax on profit before taxation, calculated at the PRC CIT rate of 25%	151,030	266,363	–	21,939	151,030	288,302
Tax effect of tax rate difference	(2)	786	–	(5,926)	(2)	(5,140)
Tax effect of non-deductible expenses	86,518	63,099	–	4,184	86,518	67,283
Tax effect of non-taxable income	(140,935)	(260,585)	–	(106)	(140,935)	(260,691)
Tax effect of temporary difference not recognised	24,775	27,064	–	–	24,775	27,064
Tax effect of temporary difference not previously recognised	(14,083)	(772)	–	–	(14,083)	(772)
Under/(over)-provision in respect of prior years	<u>17,527</u>	<u>(25,594)</u>	<u>–</u>	<u>(608)</u>	<u>17,527</u>	<u>(26,202)</u>
	<u>124,830</u>	<u>70,361</u>	<u>–</u>	<u>19,483</u>	<u>124,830</u>	<u>89,844</u>
PRC LAT	306,245	182,050	–	–	306,245	182,050
Tax effect of PRC LAT	<u>(76,561)</u>	<u>(45,513)</u>	<u>–</u>	<u>–</u>	<u>(76,561)</u>	<u>(45,513)</u>
	<u>229,684</u>	<u>136,537</u>	<u>–</u>	<u>–</u>	<u>229,684</u>	<u>136,537</u>
Income tax expense	<u>354,514</u>	<u>206,898</u>	<u>–</u>	<u>19,483</u>	<u>354,514</u>	<u>226,381</u>

8 DIVIDENDS

- (i) **The Board will consider whether to propose the payment of a final dividend for the year ended 31 December 2019 after the audited financial statements is available.**

Final dividend in respect of the year ended 31 December, 2018 of HK22.00 cents (equivalent to RMB19.28 cents) per ordinary share, amounting to approximately RMB144,285,000 has been proposed by the Directors.

- (ii) **Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year**

	2019 (unaudited) RMB'000	2018 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK22.00 cents per ordinary share (equivalent to RMB19.71 cents per ordinary share) (2018: HK48.00 cents per ordinary share (equivalent to RMB40.47 cents per ordinary share))	144,829	302,855
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$Nil cents per convertible preference share (equivalent to RMBNil cents per convertible preference share) (2018: HK20.25 cents per convertible preference share (equivalent to RMB16.23 cents per convertible preference share))	–	15,576
	<u>144,829</u>	<u>318,431</u>

9 EARNINGS PER SHARE

(a) Basic earnings per share

(i) Profit attributable to ordinary shareholders of the Company (basic)

	Continuing operations		Discontinued operation		Total	
	2019	2018	2019	2018	2019	2018
	(unaudited)		(unaudited)		(unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the year, attributable to equity holders of the Company	266,961	730,430	–	68,272	266,961	798,702
Less: Profit attributable to the shareholders of perpetual capital securities	(238,615)	(228,694)	–	–	(238,615)	(228,694)
Profit attributable to the shareholders of convertible preference shares	–	(15,576)	–	–	–	(15,576)
Profit attributable to ordinary shareholders (basic)	<u>28,346</u>	<u>486,160</u>	<u>–</u>	<u>68,272</u>	<u>28,346</u>	<u>554,432</u>

(ii) Weighted average number of ordinary shares (basic)

	2019 (unaudited) '000	2018 '000
Issued ordinary shares at 1 January	748,366	652,366
Effect of conversion of convertible preference shares	–	65,753
Weighted average number of ordinary shares at 31 December	<u>748,366</u>	<u>718,119</u>

(b) Diluted earnings per share

(i) Profit attributable to ordinary shareholders of the Company (diluted)

	Continuing operations		Discontinued operation		Total	
	2019	2018	2019	2018	2019	2018
	(unaudited)		(unaudited)		(unaudited)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit attributable to ordinary shareholders (basic)	28,346	486,160	–	68,272	28,346	554,432
Preference shares dividends saving on conversion of convertible	–	15,576	–	–	–	15,576
Profit attributable to ordinary shareholders (diluted)	<u>28,346</u>	<u>501,736</u>	<u>–</u>	<u>68,272</u>	<u>28,346</u>	<u>570,008</u>

(ii) Weighted average number of ordinary shares (diluted)

	2019 (unaudited) '000	2018 '000
Weighted average number of ordinary shares at 31 December	748,366	718,119
Effect of dilutive potential ordinary shares arising from convertible preference shares	–	30,247
Weighted average number of ordinary shares (diluted) at 31 December	<u>748,366</u>	<u>748,366</u>

10 TRADE AND OTHER RECEIVABLES

	2019 (unaudited) RMB'000	2018 RMB'000
Trade debtors and bills receivable		
– Amounts due from fellow subsidiaries	16,345	6,974
– Amounts due from third parties	13,630	42,129
Less: allowance for doubtful debts	(1,095)	(1,545)
	<u>28,880</u>	<u>47,558</u>
Other receivables:		
– Amounts due from associates (note i)	95,360	583,227
– Amounts due from intermediate parents	–	1,157
– Amounts due from fellow subsidiaries	17,007	15,385
– Amounts due from other related parties	–	9,444
– Amounts due from third parties	64,384	212,568
Less: allowance for doubtful debts	(12,717)	(11,182)
	<u>164,034</u>	<u>810,599</u>
Financial assets measured at amortised cost	192,914	858,157
Deposits and prepayments (note ii)	688,769	366,574
	<u>881,683</u>	<u>1,224,731</u>
Presenting as:		
	2019 (unaudited) RMB'000	2018 RMB'000
Non-current assets (note iii)	1,623	2,476
Current assets	880,060	1,222,255
	<u>881,683</u>	<u>1,224,731</u>

(i) Except for amounts of RMB16,891,000 (2018: RMB437,872,000) which are interest bearing at 2.5% (2018: 2.5% to 6%) per annum, the amounts due from associates, intermediate parents, fellow subsidiaries and other related parties are unsecured, non-interest bearing and repayable on demand.

(ii) During the year ended 31 December 2018, the Group entered into one land grant contract for acquisition of the land in the PRC. As at 31 December 2018, a total consideration of RMB204,000,000 was paid and recognised as deposit for the acquisition of the land. During the year ended 31 December 2019, the acquisition of the land was completed and respective land use right certificate was obtained.

During the year ended 31 December 2019, the Group entered into one land grant contract for acquisition of the land in the PRC and as at 31 December 2019, a total consideration of RMB510,000,000 was paid and recognised as deposit for the acquisition of the land.

(iii) Apart from prepayment of RMB1,623,000 under non-current assets (2018: RMB2,476,000) is expected to be recovered after one year, all of the trade and other receivables are expected to be recovered within one year.

Ageing analysis

As at the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	2019 (unaudited) RMB'000	2018 RMB'000
Within 1 year	28,734	45,809
1 to 2 years	146	890
2 to 3 years	–	859
	<u>28,880</u>	<u>47,558</u>

11 TRADE AND OTHER PAYABLES

	2019 (unaudited) RMB'000	2018 RMB'000
Trade creditors and bills payable:		
– Amounts due to fellow subsidiaries	24,058	23,311
– Amounts due to third parties	<u>1,162,468</u>	<u>1,158,482</u>
	<u>1,186,526</u>	<u>1,181,793</u>
Other payables and accruals:		
– Amounts due to associates	132,431	132,431
– Amounts due to joint ventures	210,932	195,087
– Amount due to the intermediate parent	45,514	–
– Amounts due to fellow subsidiaries	331,014	311,956
– Amount due to other related party	249,900	–
– Amounts due to third parties (note i)	<u>535,187</u>	<u>612,711</u>
	<u>1,504,978</u>	<u>1,252,185</u>
Interest payables:		
– Amount due to an associate	36,417	32,876
– Amounts due to a joint venture	7,686	–
– Amounts due to intermediate parents	21,369	23,717
– Amounts due to fellow subsidiaries	71	57,723
– Amounts due to other related parties	13,737	–
– Amounts due to third parties	<u>29,915</u>	<u>17,674</u>
	<u>109,195</u>	<u>131,990</u>
Financial liabilities measured at amortised cost	2,800,699	2,565,968
Deposits (note ii)	<u>74,437</u>	<u>91,478</u>
	<u>2,875,136</u>	<u>2,657,446</u>

Notes:

- (i) Chengdu OCT, a subsidiary of the Group, received advances amounting to RMB550,000,000 for construction of infrastructure facilities in previous years. As at 31 December 2019, the balance of the advances received deducting the carrying amount of the related infrastructure facilities was RMB135,742,000 (2018: RMB145,394,000), which was included in other payables.
- (ii) At 31 December 2019, deposits of RMB73,558,000 (2018: RMB55,591,000) are expected to be settled after more than one year. All of the other payables and accrued expenses and deposits are expected to be settled within one year.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2019 (unaudited) RMB'000	2018 <i>RMB'000</i>
Within 1 year	1,118,073	1,101,819
1 to 2 years	33,552	20,956
2 to 3 years	2,640	31,041
Over 3 years	32,261	27,977
	1,186,526	1,181,793

Proposed Final Dividend

The Board will consider whether to propose the payment of a final dividend upon completion of the auditing process by the external auditors of the Company. Further announcement will be made by the Company in accordance with the requirements of the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS AND BUSINESS REVIEW

Through comprehensive development, equity investment and fund management, the Group has developed remarkable investment capability to maximise shareholder value by widening capital channels, prudent screening of cases and broadening investment project reserves, and is striving to become a leading investment group in China specialising in “culture, tourism, new urbanisation and industrial ecosphere investment”.

During the Current Period, the Group recorded a revenue of approximately RMB2.07 billion, representing an increase of 30.7% as compared to the same period of 2018, which was mainly due to the increase in saleable products of the comprehensive development business compared to that of last year. In addition, profit attributable to equity holders of the Company amounted to approximately RMB266.96 million, representing a decrease of approximately 66.6% as compared with the same period of 2018, which was mainly due to the decrease in share of profits of associates and joint ventures.

Comprehensive Development Business

In 2019, under the main principle of “houses are for inhabitation, not for speculation” and “one city, one policy”, the central government continued to pursue the goal of “stabilising land and housing prices while managing market expectations”, insisted on the principle that houses shall be used for residential purpose, and accelerated the establishment of the long-term mechanism. During the year, more control policies were introduced, and the control policy system was also rapidly established. With regard to funding, funding sources for real estate development and investment as well as for enterprises had been tightened, and the cost for bond issuance in overseas financing markets was also rising. With regard to land supply, during the year, the reform made to put construction land under collective operation on the market improved the current landscape of construction land supply. With regard to geographical location, the trend of differentiation between regions continued. As the strategy of the “implementation of policies according to local conditions” entered a critical transitional phase, the development opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta are generally considered to be favourable.

During the Current Period, the Group recorded a revenue from the comprehensive development business of approximately RMB2.05 billion, representing a year-on-year increase of approximately 30.5% as compared to the same period in 2018, and a segment profit attributable to equity holders of the Company amounted to approximately RMB107.69 million, representing a year-on-year decrease of approximately 77.5% as compared to the same period in 2018.

In 2019, the Group actively strengthened its presence in key cities across the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta. Through strategies including direct investment and cooperation with outstanding companies, the Group successfully acquired three comprehensive development projects during the year, namely the Hefei Chaohu Bantang Hot Spring Town Project, the Hefei Airport International Town Project and the Zhongshan Yuhong Project, and gained additional land reserves of approximately 1,200,000 sq.m. and an additional planned saleable gross floor area of approximately 1,270,000 sq.m. During the Current Period, the operation of each project of the Group is as follows:

Hefei Chaohu Bantang Hot Spring Town Project (owned as to 51% by the Company)

The land parcel of Hefei Chaohu Bantang Hot Spring Town Project newly acquired by the Group is situated in the northwest of the Intersection of Jinchao Avenue and Beiwaihuan Road and south of Juzhangshan Road in the Chaohu Economic Development Zone, Heifei, with a total site area of approximately 413,900 sq.m. and a total planned gross floor area of approximately 460,400 sq.m. The land parcel is planned to be developed into an international high quality hot spring destination with waterparks, commercial blocks, hotels and ecological residential properties, etc. Situated at core tourism hotspots of Chaohu, the land parcel of the Hefei Chaohu Bantang Hot Spring Town Project is in close vicinity to the Chaohu Bantang Hot Spring Resort in Hefei City, the only national tourism resort in Anhui Province with rich recreational resources and well-established ancillary facilities in the neighborhood.

Hefei Airport International Town Project (owned as to 51% by the Company)

The phase I land parcel of Hefei Airport International Town Project newly acquired by the Group is situated at the core of the Hefei Airport Economic Demonstration Zone nearby Hefei Xinqiao Airport and Hefei Changxin Integrated Circuit Base (合肥長鑫集成電路基地). Hefei Airport Economic Demonstration Zone is a provincial project of Anhui that has formed a cluster of integrated circuit industries and attracted the best of domestic and international talents. The phase I land parcel of the project occupies a total site area of approximately 848,000 sq.m. with a planned gross floor area of approximately 1,255,000 sq.m. The Company plans to develop low-rise buildings, townhouses and high-rise buildings, commercial blocks, business offices, hotels, exhibition centres and ancillary buildings on the land parcel. The target is to create a new model for the integration of industry and city with “culture and creativity, technology innovation as well as new urbanisation” as the development vision.

Zhongshan Yuhong Project (owned as to 21% by the Company)

During the Current Period, the Group acquired 21% equity interest in Zhongshan Yuhong Real Estate Development Limited* (中山禹鴻房地產開發有限公司) (“**Zhongshan Yuhong**”). Situated at the Zhongshan Torch Development Zone* (中山市火炬開發區), the project occupies a total site area of approximately 90,500 sq.m. with a planned gross floor area of approximately 271,500 sq.m., and is planned to be developed as high-rise residential properties and townhouses. The land parcel of the project occupies a superior geographical location with good ancillary facilities, and the area is positioned as an important innovation base for the technology industry in the Guangdong-Hong Kong-Macao Greater Bay Area. The development of Zhongshan Yuhong Project was divided into two phases, and phase I has commenced construction, targeting to be launched at the end of 2020.

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

The Shanghai Suhewan Project developed by Overseas Chinese Town (Shanghai) Land Company Limited* (華僑城(上海)置地有限公司) (“**OCT Shanghai Land**”) is favourably situated at the junction of Suzhou River and Huangpu River banks and within the core district of the Inner Ring, Shanghai, adjoining the Bund and facing Lujiazui across the river, and possesses highly scarce landscape resources. Shanghai Suhewan Project comprises 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. The Shanghai Suhewan Project is an integration of arts and humanities, fashion business, high-end residence and urban entertainment. Products offered by the Shanghai Suhewan Project include waterfront multi-storey residential buildings, luxury residential properties, apartment-style offices, Bvlgari Hotel, boutique business premises and studios for artists, etc.

During the Current Period, the contracted sales area and amount of the Shanghai Suhewan Project were approximately 2,500 sq.m. and approximately RMB152 million, respectively, and the settled area and amount were approximately 37,870 sq.m. and approximately RMB310 million, respectively.

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

The Chengdu OCT Project developed by Chengdu Tianfu OCT Industry Development Company Limited* (成都天府華僑城實業發展有限公司) (“**Chengdu OCT**”) is a large comprehensive development project located at both sides of Shaxi Line of Outer Sanhuan Road of Jinniu District in Chengdu City in Sichuan Province. The project comprises a premium residential community, urban entertainment and commercial complex and the Happy Valley theme park, occupying a total site area of approximately 1,827,000 sq.m. and a total gross floor area of approximately 2,250,000 sq.m.

During the Current Period, Chengdu OCT focused mainly on the sales of high-end low-density residential properties, high-end apartments and shops. The contracted sales area and amount reached approximately 89,400 sq.m. and approximately RMB1,594 million, respectively, while the settled area and amount were approximately 55,400 sq.m. and approximately RMB1,036 million, respectively. The current rentable area for commercial use is approximately 125,400 sq.m., of which approximately 96% has been leased. Chengdu Happy Valley has attracted approximately 3.27 million visitors during the year and achieved a revenue of approximately RMB261 million, representing a year-on-year growth of approximately 15%.

During the Current Period, “OCT•Sky Island” (華僑城•天嶼), the high-end low-density residential project of Chengdu OCT, was awarded the “Award of High-end Masterpiece of China (Chengdu) Property Market for 2019” (2019年成都樓市高端傑作大獎). “OCT•Cloud Shore” (華僑城•雲岸), a high-end apartment project, was awarded the “Award of Most Valuable Real Estate Project of China (Chengdu) for 2019” (2019中國成都樓市最具價值地產項目大獎) as well as “Award of New City Landmark” (城市新銳地標大獎).

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

Located at the Bell Tower business district at the centre of Xi'an City, the OCT Chang'an Metropolis Project is a commercial landmark along Chang'an Road. The project occupies a total gross floor area of approximately 104,700 sq.m., comprising high-end office properties such as Building No. 2 and Building No. 3, as well as part of the car parking space. During the Current Period, the rent level of the project ranked at the forefront among office buildings in Xi'an City, with an overall letting rate of approximately 86%.

Chongqing OCT Land Project (owned as to 49% by the Company)

Chongqing OCT Land Project, developed by Chongqing OCT Real Estate Limited* (重慶華僑城置地有限公司) (“Chongqing OCT Land”), is located at Lijia Block, New North Zone, Chongqing City. The project occupies a superior geographical location and possesses rich landscape resources, overlooking the panorama of Jialing River with the Happy Valley theme park and large greenbelt in the neighborhood. The project occupies a total site area of approximately 180,000 sq.m. and a total gross floor area of approximately 440,000 sq.m. Its major components are mid-to-high end high-rise residential properties and multi-storey residential properties. During the Current Period, the contracted sales area and amount of Chongqing OCT Land Project reached approximately 45,100 sq.m. and approximately RMB491 million, respectively, while the settled area and amount were approximately 14,700 sq.m. and approximately RMB56 million, respectively.

Industrial Park Projects

During the Current Period, the Group had industrial park projects in regions including Suzhou in Jiangsu, Chuzhou in Anhui and Huizhou in Guangdong, offering a leasable area of approximately 147,000 sq.m. The parks were operated in good conditions with rental income for the year exceeding RMB19 million.

Equity Investment and Fund Business

In 2019, with fundraising growing increasingly difficult and a weak secondary market, the equity market experienced a significant drop in both investment activities and investment amounts. Against this backdrop, leading investment institutions had a significant advantage in acquiring projects, with technological innovation as the major driving force. The establishment of the Science and Technology Innovation Board during the year may also become a new way for exit. The private equity fund industry experienced steady growth overall, recording an increase in the total size of funds and registered private equity fund products as compared with last year. The number of private equity institutions that manage funds exceeding RMB10 billion further increased as compared with last year. These leading institutions have greater clout in several aspects including fundraising and investment. Meanwhile, state-owned enterprises have emerged as major players. At the same time, foreign-invested private equity funds have fastened expansion pace in China's market, and further expanded business scope.

During the Current Period, a segment profit attributable to equity holders of the Company amounted to approximately RMB150.71 million, representing a year-on-year increase of approximately 196.7% as compared to the same period in 2018.

In 2019, along with a steady improvement in equity investment capability and the gradual refinement of fund management framework, the Group made further strides in equity investment and fund business, and moved closer to the goal of becoming a specialised investment group. With regard to equity investment, on one hand, the Group continued to actively explore and attempt to organically integrate financial innovation with industry advantages through domestic and foreign investments, mergers and acquisitions, industry investment and other methods. On the other hand, the Group made a comprehensive and full assessment on its existing equity investment projects to choose the right timing for profit-exit from an equity project. With regard to fund management, the Group completed the investment and establishment of two funds during the year, thus increasing the size of funds under its management. During the Current Period, the total size of funds under management of and invested by the Group amounted to approximately RMB3.6 billion, representing an increase of approximately 77% as compared with that of last year.

During the Current Period, the Group completed the establishment and filing for the fund of Xiamen OCT Runyu Investment Partnership (Limited Partnership) (廈門華僑城潤禹投資合夥企業(有限合夥)). The fund will mainly invest in non-publicly traded enterprise equity interests of non-listed companies, in particular, the equity interests of urbanisation project companies in the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta Economic Zone and other regions. The total size of the fund amounted to RMB1.5 billion.

During the Current Period, the Group has invested in Guangzhou Yueke Talent Entrepreneurship Investment Partnership (Limited Partnership) (廣州粵科人才創業投資中心(有限合夥)). The fund has been established to help strengthen the Company's presence in strategic emerging industries such as artificial intelligence, information technology and cultural tourism technology, with a target fund size of RMB500 million.

Finance Lease Business

During the Current Period, the Group recorded a revenue of approximately RMB21.35 million from the finance lease business, representing a year-on-year increase of approximately 61.9% as compared to the same period in 2018, and a segment profit. Profit attributable to equity holders of the Company amounted to approximately RMB2.51 million, representing a year-on-year decrease of approximately 42.7%, as compared to the same period in 2018.

The Group's finance lease business primarily focused on the customer base consisting of large to mid-scale state-owned enterprises, high quality listed companies, etc. We exercised due care in the selection of cooperative targets, so as to improve our risk management. During the Current Period, the Group achieved excellent performance in cash collection for existing projects under the finance lease business, and advanced the expansion of new projects in a steady and orderly manner. As of the end of 2019, the total asset size of the Group's existing projects under the finance lease business amounted to approximately RMB520 million.

FINANCIAL REVIEW

As at 31 December 2019, the Group's total assets amounted to approximately RMB26.455 billion, representing an increase of approximately 5.5% over that as at 31 December 2018; the Group's total equity amounted to approximately RMB12.919 billion, which was approximately the same as that as at 31 December 2018.

For the year ended 31 December 2019, the Group realised revenue from the continuing operations of approximately RMB2.07 billion, representing an increase of approximately 30.7% compared to the same period of 2018, of which, revenue of the comprehensive development business was approximately RMB2.05 billion, representing an increase of approximately 30.5% compared to the same period of 2018, primarily due to the increase in saleable products of Chengdu OCT Project compared to that of last year; and revenue of the finance lease business amounted to approximately RMB21.35 million, representing an increase of approximately 61.9% compared to the same period of 2018, primarily due to the increase in the finance lease business commenced in 2018.

For the year ended 31 December 2019, the Group's gross profit margin from the continuing operations was approximately 37.0% (2018: approximately 35.2%), representing an increase of 1.8 percentage points compared to the same period of 2018, of which, the gross profit margin of the comprehensive development business was approximately 36.3%, representing an increase of 1.6 percentage points compared to the same period of 2018, mainly due to the focus on selling products with higher gross profit margin of Chengdu OCT Project in 2019; and the gross profit margin of the finance lease business was approximately 58.5%, representing a decrease of 22.5 percentage points compared to the same period of 2018, mainly due to an increase in interest expenses. The net profit margin of the comprehensive development business attributable to equity holders of the Company was approximately 5.3%, representing a decrease of 25.2 percentage points compared to the same period of 2018, mainly due to the decrease in profits from associates and joint ventures; and the net profit margin of the finance lease business was approximately 11.7%, representing a decrease of 21.5 percentage points compared to that of 2018, mainly due to the increase in professional consultant fees and the interest expenses generated from the Group's continuous expansion of finance lease business.

For the year ended 31 December 2019, profit attributable to equity holders of the Company was approximately RMB267 million, representing a decrease of approximately 66.6% compared to the same period of 2018, of which, profit attributable to the comprehensive development business was approximately RMB108 million, representing a decrease of approximately 77.5% compared to the same period of 2018, mainly due to the decrease in profits from associates and joint ventures; profit attributable to the finance lease business was approximately RMB2.51 million, representing a decrease of approximately 42.7% compared to the same period of 2018, mainly due to the increase in professional consultant fees; and profit attributable to the equity investment and fund business was approximately RMB151 million, representing an increase of approximately 196.7% over the same period of 2018, mainly due to the significant increase in investment return.

For the year ended 31 December 2019, the basic earnings per share attributable to shareholders of the Company was approximately RMB0.04, representing a decrease of approximately 94.8% over the same period of 2018 (2018: approximately RMB0.77). Gross profit recorded an increase of RMB207 million. The profit from continuing operations for the year still recorded a decrease of RMB609 million, mainly due to the decrease in other net gains and the share of profits of associates and joint ventures, and the increase in the expense from business expansion.

The Group's other net gains for 2019 recorded a decrease of approximately RMB143 million over the same period of last year, primarily due to the decrease of the one-off net gains on disposal of investment during the previous year and the decrease of exchange gains for the Current Period over that of last year.

The investment return from associates for the Current Period recorded a decrease of approximately RMB113 million compared to that of last year, mainly due to the one-off gains from Yuzhou bargain purchase of approximately RMB156 million was included in the share of profits less losses of associates in 2018.

The investment return from joint ventures for the Current Period recorded a decrease of approximately RMB237 million compared to that of last year, which was due to the fact that Chengdu Baoxin Quansheng Real Estate Development Company Limited, our joint venture, has recognised over 90% of its sales amount from Chengdu Baoxin Quansheng Project in 2018, resulting in an investment return of approximately RMB229 million in 2018.

Distribution Costs and Administrative Expenses

The Group's distribution costs from the continuing operations for the year ended 31 December 2019 were approximately RMB103 million (2018: approximately RMB125 million), of which, distribution costs of the comprehensive development business were approximately RMB103 million, representing a decrease of approximately 17.6% compared to the same period of 2018, which was mainly due to the decrease in advertising expenses for projects with good locations during the Current Period.

The Group's administrative expenses from the continuing operations for the year ended 31 December 2019 were approximately RMB403 million (2018: approximately RMB334 million), representing an increase of approximately 20.7% as compared to the same period of 2018, of which, administrative expenses of the comprehensive development business were approximately RMB289 million (2018: approximately RMB257 million), representing an increase of approximately 12.6% as compared to the same period of 2018, which was mainly due to the increase in labour costs; administrative expenses from the finance lease business were approximately RMB4.84 million (2018: approximately RMB2.43 million), representing an increase of approximately 99.2% as compared to the same period of 2018, which was mainly due to the increase in professional consultant fees generated from the business scale expansion of the finance lease business; and administrative expenses of the equity investment and fund business were approximately RMB9.59 million (2018: approximately RMB15.52 million), representing a decrease of approximately 38.2% as compared to the same period of 2018, which was mainly due to the decrease of agent fees generated in the year as a result of smooth proceed of the equity investment and fund business of the major expansion business of last year.

Interest Expenses

The Group's interest expenses from the continuing operations for the year ended 31 December 2019 were approximately RMB269 million (2018: approximately RMB175 million), representing an increase of approximately 53.7% as compared to the same period of 2018, of which, interest expenses of the comprehensive development business were approximately RMB164 million (2018: approximately RMB82.42 million), representing an increase of approximately 99% as compared to the same period of 2018, mainly due to the increase in the weighted average amount of loans; interest expenses of the finance lease business were approximately RMB8.46 million (2018: approximately RMB2.43 million), representing an increase of approximately 248.1% as compared to the same period of 2018, mainly due to the increase in the weighted average amount of loans; and interest expenses of the equity investment and fund business were approximately RMB60.20 million (2018: approximately RMB90.13 million), representing a decrease of approximately 33.2% as compared to the same period of 2018, mainly due to the decrease in the amount of loans.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 31 December 2019 was approximately RMB12.919 billion (31 December 2018: approximately RMB12.906 billion); current assets were approximately RMB9.564 billion (31 December 2018: approximately RMB11.566 billion); current liabilities were approximately RMB7.219 billion (31 December 2018: approximately RMB10.568 billion). The current ratio was approximately 1.32 as at 31 December 2019, representing an increase of 0.23 as compared to that as at 31 December 2018 (31 December 2018: approximately 1.09), mainly due to the Group's refinancing of short-term liabilities to long-term liabilities during the Current Period. The Group generally finances its operations with internally generated cash flow, credit facilities provided by banks and shareholder's loans.

As at 31 December 2019, the Group had outstanding bank and other loans of approximately RMB8.116 billion, without any fixed-rate loans (31 December 2018: outstanding bank and other loans of approximately RMB6.391 billion, without any fixed-rate loans). As at 31 December 2019, the interest rates of bank and other loans of the Group ranged from 3.37% to 4.99% per annum (31 December 2018: ranged from 3.14% to 6.38% per annum). Some of those bank loans were secured by certain assets of the Group and corporate guarantees provided by certain related companies of the Company. The Group's gearing ratio (being the total borrowings including bills payable and loans divided by total assets) was approximately 34.3% as at 31 December 2019, representing an increase of 0.7 percentage point as compared with approximately 33.6% as at 31 December 2018, mainly due to the increase in the amount of loans as at the end of the period.

As at 31 December 2019, approximately 61.9% of the total amount of outstanding bank and other loans of the Group amounting to approximately RMB5.021 billion was in Hong Kong Dollars (31 December 2018: approximately 88.9%); and approximately 38.1% of which amounting to approximately RMB3.095 billion was in Renminbi (31 December 2018: approximately 11.1%). As at 31 December 2019, approximately 58.5% of the total amount of cash and cash equivalents of the Group was denominated in United States Dollars (31 December 2018: approximately 67.6%), approximately 32.9% of which was denominated in Renminbi (31 December 2018: approximately 30.3%) and approximately 8.6% of which was denominated in Hong Kong Dollars (31 December 2018: approximately 2.1%).

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 2019, 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 2019, the Group did not enter into any foreign exchange forward contracts and other material financial instruments for hedging foreign exchange risks purpose.

Contingent Liabilities

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the property units. Pursuant to the mortgage agreements signed between the Group and the banks, the guarantee will be released upon the issuance of the individual property ownership certificate. Should the mortgagors fail to pay the mortgage monthly installment before the issuance of the individual property ownership certificate, the banks can draw down the security deposits up to the amount of outstanding mortgage installments and demand the Group to repay the outstanding balance if the deposit balance is insufficient.

The amount of guarantee deposits required varies among different banks, but usually within a range of 0% to 5% of the mortgage loans granted to buyers, with prescribed capped amount.

The management does not consider it probable that the Group will sustain a loss under these guarantees as the bank has the rights to sell the properties and recovers the outstanding loan balance from the sale proceeds if the property buyers default payment. The management also considers that the market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group. Therefore, no liabilities are recognised in respect of these guarantees.

As at 31 December 2019, guarantees given by financial institutions for mortgages facilities granted to buyers of the Group's properties amounted to approximately RMB322 million in total (31 December 2018: approximately RMB824 million).

OUTLOOK

Comprehensive Development Business

In 2020, under the premise of maintaining the stable operation of the real estate market, the main principle of “houses are for inhabitation, not for speculation” will remain unchanged. With the ongoing progress of urbanisation, there will be constant demand for improved living conditions, which will provide stronger support to the market scale. It is expected that demand in the real estate market of China will remain relatively high. However, due to the great differences between each city and region, the differentiation of urban policies in different cities under the control policy of “implementation of policies according to local conditions” will be deepened. At the same time, the five mega city clusters will become China’s most promising regions with the most development potential in the future, especially core city clusters in China, namely the Beijing-Tianjin-Hebei Area, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, which are likely to develop into world-class city clusters with global influence.

In 2020, the Group will firmly grasp the development opportunities in the Yangtze River Delta Area and the Guangdong-Hong Kong-Macao Greater Bay Area and further its efforts in the comprehensive development projects that focus on new urbanisation, cultural tourism, hot spring and healthcare. We will actively pay attention to and search for diversified investment opportunities, strengthen strategic synergy and business cooperation with invested enterprises. Through various ways such as acquisition, cooperation and equity investment, we will acquire high-quality lands at low cost to increase resource reserve for the projects. On the other hand, we will accelerate the sell-through of existing projects, increase liquidity and revitalise existing resources through various measures, so as to catalyse the reform and upgrade of the comprehensive development business.

In 2020, the planned comprehensive development projects of the Group are as follows: the first batch of residential products of Hefei Chaohu Bantang Hot Spring Town Project, which occupies 101,000 sq.m., is expected to be launched in the middle of 2020, while the construction of water parks, hotels and certain commercial projects is expected to commence in the second half of 2020. The planning of Hefei Airport International Town Project has been completed and is expected to commence construction in the first half of 2020, and commence project sale in 2021. The Group does not rule out the possibility to continuously bid for the land use rights for Phase II of the project during the year. Phase I of high-rise residential properties of Zhongshan Yuhong Project is expected to commence sale at the end of 2020, with a total saleable area of approximately 257,000 sq.m., while the construction of Phase II of the high-rise residential properties is expected to commence in the first half of 2020. The Group will step up its selling efforts for products under Shanghai Suhewan Project and Chongqing OCT Land Project.

The transformation and upgrade of industrial properties and the construction of industrial parks are to witness promising prospects as local governments introduced policies in relation to the separate sales of title of industrial properties. By combining location advantages and integrating surrounding resources, the Group will actively research on innovative development models for existing industrial lands, and continue to push forward industrial park operation and new project construction in the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta region. Following the completion of the OCT Changshu Industrial Park Project in 2020, the leasable area will be increased by approximately 38,700 sq.m., and is scheduled to be leased to the public in the second quarter of 2020.

Equity Investment and Fund Business

Looking ahead to 2020, government-guided funds will strengthen its efforts on deployment in equity investment, while investment institutions will head toward the new market norm of differentiated competition. With regard to funds, it is expected that in 2020, leading private equity fund managers will continuously gain size in funds under management and enjoy resource advantages, while large foreign investment institutions are more poised to register and incorporate private equity firms in China. Along with the continuous development of domestic private equity funds as well as the rising professional level of investors, private equity product lines will also be continuously enriched, gradually moving closer to a mature financial market. The transition of the approval system to the registration system will also provide more exit channels for fund projects.

Being OCT Group's only offshore listed company and leveraging on its parent company's leading position in the culture and tourism industry, the Group's equity investment and fund businesses will be able to gain a strong foothold in the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, with a primary focus on industries including culture, tourism, technology, education, consumption, healthcare and new urbanisation, etc. The Group will fully leverage on its strengths in industry investment and merger and acquisition, tap the growth potential of relevant industries from an industry perspective, increase project resource reserves, explore channels to create synergy, enhance post-investment management efficiency, and facilitate the rapid development of the invested enterprises. With regard to the raising and utilisation of funds, we will conduct fundraising with high efficiency through various financing methods, and increase the profitability of projects by utilising the lower capital costs. With the management throughout the process of "fundraising, investment, management and exit" being refined, liquidity will be improved, and resource allocation will be optimised. With regard to equity investment, we will primarily focus on high quality companies which possess the potential to become leaders in specific segments, as well as enterprises with unique characteristics and certain market entry barriers in specific segments. We will actively explore equity investment opportunities through the prudent selection of high-quality projects. With regard to fund management, through extensive cooperation with leading fund investment institutions and unleashing their respective professional strengths, the Group pays extra attention to high quality potential targets in their initial establishment and growing stage, fully leverages on social capital and gradually expands the size of funds under management step by step.

Finance Lease Business

In 2020, the Group's finance lease business will keep up with macro-environment changes and CBIRC's regulatory trends with proactive expansion and tight risk control. We will conduct finance lease business in sectors such as theme parks and the manufacturing industry, and step up efforts to push forward the expansion of our business in order to constantly increase operating income.

The Board is very confident about the future development prospects of the Group. With the support of its controlling shareholders, the Group will continue to march ahead with innovative development and endeavour to generate ideal investment returns for shareholders.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group had approximately 1,352 full-time employees. The basic salaries of the employees of the Group are determined with reference to the industrial benchmark, the employees' experience and their performance, and equal opportunities will be offered to all the staff. Salaries of our employees are maintained at a competitive level and reviewed annually, with reference to the relevant labour market and economic situation. Directors' remuneration is determined based 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 provides discretionary bonuses based on the Group's operating results and the individual performance of the staff.

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

IMPORTANT EVENTS

Acquisition of 21% Equity Interest and Debt Interest in Zhongshan Yuhong

On 26 March 2019, Shenzhen Huajing Investment Limited* (深圳市華京投資有限公司) ("Shenzhen Huajing"), a wholly-owned subsidiary of the Company, entered into a joint venture agreement with Zhuhai Yiyun Real Estate Limited* (珠海依雲房地產有限公司) ("Zhuhai Yiyun"), Xiamen Yuzhou Grand Future Real Estate Development Company Limited* (廈門禹洲鴻圖地產開發有限公司) ("Xiamen Yuzhou") and Zhongshan Yuhong, to acquire 21% equity interest and debt interest in Zhongshan Yuhong at a consideration of approximately RMB1.26 million and approximately RMB332 million, respectively. For further details, please refer to the announcement dated 26 March 2019 and the circular dated 24 April 2019 of the Company.

Entering into the Finance Lease and Factoring Framework Agreements

On 7 May 2019, OCT Financial Leasing Co., Ltd.* (華僑城融資租賃有限公司) (“OCT Financial Leasing”), a direct wholly-owned subsidiary of the Company, entered into finance lease and factoring framework agreements (the “Finance Lease and Factoring Framework Agreements”) with OCT Group and OCT Ltd., respectively, agreeing to provide finance lease and factoring services to OCT Group and OCT Ltd., respectively. For further details, please refer to the announcement dated 7 May 2019 and the circular dated 23 May 2019 of the Company.

Acquisition of the Land Use Rights in Chaohu, Hefei, Anhui Province

On 15 May 2019, Shenzhen OCT Gangya Holdings Development Co., Ltd.* (深圳華僑城港亞控股發展有限公司) (“OCT Gangya”), an indirect wholly-owned subsidiary of the Company, and Hefei Guojia Industry Capital Management Co., Ltd.* (合肥國嘉產業資本管理有限公司) (“Hefei Guojia”) jointly bid for and won the land use rights of a land in Chaohu, Hefei, Anhui Province (the “Land”) at the price of approximately RMB1.13 billion. The Land has a total site area of approximately 414,000 sq.m. On 3 June 2019, OCT Gangya and Hefei Guojia entered into a joint venture agreement, agreeing to establish a project company to jointly develop the Land. For further details, please refer to the announcements dated 15 May 2019 and 3 June 2019 and the circular dated 24 June 2019 of the Company.

Establishment of Xiamen OCT Runyu Investment Partnership (Limited Partnership)

On 7 November 2019, Shenzhen Huajing Investment Limited* (深圳市華京投資有限公司) (“Shenzhen Huajing”) and Shenzhen OCT Huaxin Equity Investment Management Limited* (深圳華僑城華鑫股權投資有限公司) (“OCT Huaxin”), indirect wholly-owned subsidiaries of the Company, entered into a limited partnership agreement with Shenzhen Qianhai Yuzhou Fund Management Co., Ltd.* (深圳前海禹舟基金管理有限公司) (“Yuzhou Fund Management”) and Xiamen Zhongmao Yitong Commerce Co., Ltd.* (廈門中茂益通商貿有限公司) (“Xiamen Zhongmao”) for the establishment of a limited partnership for investment purpose. The capital contribution subscribed for by the partners to the partnership is RMB1,500 million. For further details, please refer to the announcement dated 7 November 2019 and the circular dated 24 December 2019 of the Company.

Formation of Guangzhou Yueke Talent Entrepreneurship Investment Partnership (Limited Partnership)

On 25 November 2019, Shenzhen Huayou Investment Co., Ltd.* (深圳市華友投資有限公司) (“Shenzhen Huayou”), an indirect wholly-owned subsidiary of the Company, entered into a limited partnership agreement (the “Limited Partnership Agreement”) with four corporate partners to form Guangzhou Yueke Talent Entrepreneurship Investment Partnership (Limited Partnership) with a total capital contribution of RMB375 million upon formation of the fund. For further details, please refer to the announcement of the Company dated 25 November 2019.

Acquisition of Land Use Rights in Hefei Airport International Town

On 13 December 2019, Hefei OCT Industry Development Co., Ltd.* (合肥華僑城實業發展有限公司) (“Hefei OCT Industry”), a non-wholly owned subsidiary of the Company, obtained the land use rights of the five parcels of land situated at the first phase of Hefei Airport International Town (“the Land”) at a consideration of approximately RMB2,640 million. The total site area of the Land is approximately 1,042 mu. On 27 December 2019, Hefei OCT Industry entered into Land Use Rights Grant Contracts with Hefei Natural Resources and Planning Bureau for the acquisition of the Land. For further details, please refer to the announcement dated 13 December 2019 and the circular dated 22 January 2020 of the Company.

Disposal of Listed Securities in Tianli Education

From 7 November 2019 to 20 December 2019, City Legend International Limited* (華昌國際有限公司) (“City Legend”), a wholly-owned subsidiary of the Company, disposed of an aggregate of 57,334,000 shares (“Tianli Shares”) of Tianli Education International Holdings Limited (“Tianli Education”) in a series of transactions on the market and through block trade. For further details, please refer to the announcement of the Company dated 20 December 2019.

SUBSEQUENT EVENT(S)

Disposal of Listed Securities in Tianli Education

On 3 January 2020, City Legend, disposed of an aggregate of 42,666,000 Tianli Shares in a series of transactions on the market and through block trade. After a further decrease in shareholding, the Group ceased to hold any Tianli Shares. For further details, please refer to the announcement of the Company dated 3 January 2020.

Establishment of Dongguan City OCT Lüwen Technology Investment Partnership (Limited Partnership)

On 6 March 2020, Shenzhen OCT Huaxin Equity Investment Management Limited (“OCT Huaxin”) and Shenzhen Huayou Investment Co., Ltd. (“Shenzhen Huayou”), indirect wholly-owned subsidiaries of the Company, entered into a limited partnership agreement with Dongguan City Industrial Investment Parent Fund Co., Ltd.* (東莞市產業投資母基金有限公司) (“Dongguan Industrial Investment”), Guangdong Province Yueke Songshan Lake Innovation Venture Capital Parent Fund Co., Ltd.* (廣東省粵科松山湖創新創業投資母基金有限公司) (“Songshan Lake Venture Capital”) and Dongguan City Multiplier Program Industrial M&A Parent Fund Partnership* (東莞市倍增計劃產業併購母基金合夥企業) (“Dongguan Industrial M&A”) for the establishment of a limited partnership for investment purpose. The total capital contribution subscribed for by all the partners to the partnership is RMB300 million. For further details, please refer to the announcement of the Company dated 6 March 2020.

Proactive Response to Deal with the Novel Coronavirus Epidemic

In 2020, the outbreak and rapid spreading of the Coronavirus Disease 2019 (“COVID-19”) in China at the beginning of the year has caused a relatively large impact on China’s economy in a short period of time, and the PRC government has responded to the epidemic through various measures, such as strengthening quarantine control, reducing mass gatherings and delaying the time for resumption of work.

Since mid-February this year, the Group has attached great importance to the health and safety of employees and actively promoted the work resumption rate. And in mid-March, the construction sites, offline sales, offices and commercialised area have been fully restored. The daily production and operation activities of the Group have been carried out in a steady and orderly manner. In face of the impact of the epidemic, the Group has taken a variety of measures to actively respond to the epidemic in order to minimise the impact of the epidemic on our businesses. The Group's comprehensive development projects are mainly concentrated in the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, and there are no projects in Hubei Province. Currently, the sales progress of the projects has been delayed. However, the property sales plan for the year is basically unchanged. The Group will accelerate the progress of the construction of projects and refine cost control while ensuring the quality of projects. In terms of commercial property operation, the Group has fulfilled its responsibilities as a state-owned enterprise to reduce part of the rent of tenants, resulting in a decrease in rental income. However, the tenants are mainly large-scale enterprises, which are generally more cooperative and have stronger willingness to renew and perform their contracts. Chengdu Happy Valley Theme Park, a subsidiary of the Group, has closed during the period of the epidemic, and its ticket revenue was greatly affected in the first quarter. However, it is expected that this kind of short-distance leisure tourism will take the lead to recover after the epidemic. Projects invested by the equity investment and fund businesses of the Group are mainly held for a long term, which have a limited impact on investment income in the long run.

The Board and the management of the Group will continue to monitor the development of the epidemic, actively respond during the daily operation of the Company, endeavor to minimise the adverse impact of the epidemic on the Company, and strive to turn crisis into opportunity during times of market volatility and correction. By reasonably assessing the situation, we will seize opportunities from high-quality investment and market recovery following the end of the epidemic, so as to safeguard the interests of the Company and its shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not purchased its own listed shares during the Current Period. During the period, 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 safeguarding 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, focusing on 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 increase long-term share value.

During the year ended 31 December 2019, the Company had complied with the applicable code provisions of the Corporate Governance Code (the "Code") with the exception of the deviation from code provision A.6.7 as explained below.

Code provision A.6.7 of the Code provides that independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Certain executive Directors and non-executive Director were not able to attend the general meetings held in 2019 due to their unavoidable business engagements. Other Directors who attended the general meetings were of sufficient calibre and knowledge for answering questions raised by the shareholders at the general meetings to ensure effective communication with the shareholders of the Company.

Except for the deviation from code provision A.6.7 of the Code, the Company's corporate governance practices have complied with the Code as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2019.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company the accounting principles, practices and treatment adopted by the Group, the internal control procedures, the annual results of the Company for the year ended 31 December 2019, and the Audit Committee has agreed with the unaudited annual results for the year ended 31 December 2019 set out in this announcement.

UNAUDITED ANNUAL RESULTS

Due to the precautionary and control measures, including the travel and resumption of work restrictions after the Chinese new year holiday, implemented in the PRC after the outbreak of the COVID-19, some associate companies of the Company (the "**Associate(s)**") , which are accounted for by the Group under the equity method, were unable to complete their external audits and provide their audited financial information to the Group as scheduled. As a result, the external auditors of the Company could not complete the audit procedures in relation to the Group's share of the results of these Associates and the related balances as at and for the year ended 31 December 2019. As a result, the accompanying unaudited annual results have not been agreed with the Company's external auditors in accordance with Rule 13.49(2) of the Listing Rules. It is expected that the auditing process will be completed and the annual results will be agreed with the Company's external auditors in late April of 2020. Further announcement will be made by the Company in accordance with the requirements of the Stock Exchange.

UNCERTAINTY ON FINANCIAL ITEMS OF THE UNAUDITED ANNUAL RESULTS

We draw attention to the consolidated statement of profit or loss and consolidated statement of financial position of the unaudited annual results of the Company, which stated that the Company had a share of profits less losses of Associates of RMB306 million for the year ended 31 December 2019 and interests in Associates of RMB5.41 billion as at 31 December 2019. Please note that the above figures were derived from the unaudited financial information provided by the Associates. If the Associates adjust the financial information after completion of their external audit procedures, the Company may need to adjust: (i) the share of profits less losses of associates and the share of other comprehensive income of associates for the year ended 31 December 2019 and interests in associate as at 31 December 2019; (ii) the profits and total comprehensive income of the Company for the year ended 31 December 2019; and (iii) the assets and equity of the Company as at 31 December 2019, accordingly.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.oct-asia.com) and the Stock Exchange (www.hkexnews.com.hk). The 2019 annual report will be despatched to the shareholders of the Company and available on the above websites in due course.

The financial information contained herein in respect of the annual results of the Group has not been audited and has not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Overseas Chinese Town (Asia) Holdings Limited
He Haibin
Chairman

Hong Kong, 31 March 2020

As at the date of this announcement, the Board comprises seven Directors, including three executive Directors namely Mr. He Haibin, Ms. Xie Mei and Mr. Lin Kaihua, one non-executive Director namely Mr. Zhang Jing and three independent non-executive Directors namely Ms. Wong Wai Ling, Mr. Lam Sing Kwong Simon and Mr. Chu Wing Yiu.