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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)

2020 INTERIM RESULTS ANNOUNCEMENT

RESULTS

The board (the “Board”) of directors (the “Directors”) of Overseas Chinese Town (Asia) Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2020 (the “Period under Review”), together with the comparative figures for the corresponding period in 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2020 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2020	2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	343,510	310,840
Cost of sales		<u>(322,988)</u>	<u>(271,715)</u>
Gross profit		20,522	39,125
Other income		33,081	49,450
Other net gain		47,100	12,794
Distribution costs		(42,816)	(29,201)
Administrative expenses		(131,532)	(127,391)
Other operating expenses		<u>–</u>	<u>(114)</u>
Loss from operations		(73,645)	(55,337)
Finance costs	4(a)	(116,007)	(126,610)
Share of profits less losses of associates		66,445	178,117
Share of profits less losses of joint ventures		<u>2,875</u>	<u>(1,041)</u>
Loss before taxation	4	(120,332)	(4,871)
Income tax	5	<u>(10,108)</u>	<u>(9,388)</u>
Loss for the period		<u>(130,440)</u>	<u>(14,259)</u>
Attributable to:			
Equity holders of the Company		(55,652)	34,358
Non-controlling interests		<u>(74,788)</u>	<u>(48,617)</u>
Loss for the period		<u>(130,440)</u>	<u>(14,259)</u>
Loss per share (RMB)	6		
Basic loss per share		<u>(0.237)</u>	<u>(0.108)</u>
Diluted loss per share		<u>(0.237)</u>	<u>(0.108)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Loss for the period	<u>(130,440)</u>	<u>(14,259)</u>
Other comprehensive income for the period (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)	<u>24,252</u>	<u>284,529</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences	(153,891)	(25,763)
Share of other comprehensive income of associates	<u>4,246</u>	<u>(10,197)</u>
	<u>(149,645)</u>	<u>(35,960)</u>
Other comprehensive income for the period	<u>(125,393)</u>	<u>248,569</u>
Total comprehensive income for the period	<u>(255,833)</u>	<u>234,310</u>
Attributable to:		
Equity holders of the Company	(181,045)	282,927
Non-controlling interests	<u>(74,788)</u>	<u>(48,617)</u>
Total comprehensive income for the period	<u>(255,833)</u>	<u>234,310</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020 – unaudited

(Expressed in Renminbi)

		At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
	Note		
Non-current assets			
Investment property		5,245,832	5,285,739
Other property, plant and equipment		1,962,893	2,017,431
Interests in leasehold land held for own use		1,570,855	1,596,979
		<u>8,779,580</u>	<u>8,900,149</u>
Intangible assets		48,249	52,922
Goodwill		570	570
Interests in associates		5,473,588	5,410,696
Interests in joint ventures		613,469	302,560
Other financial assets		1,640,141	1,618,292
Finance lease receivables		327,924	382,253
Trade and other receivables	7	1,623	1,623
Deferred tax assets		209,948	222,012
		<u>17,095,092</u>	<u>16,891,077</u>
Current assets			
Trading securities		–	118,480
Inventories and other contract costs		8,749,170	5,767,090
Finance lease receivables		110,375	117,206
Trade and other receivables	7	548,928	880,060
Cash at bank and on hand	8	2,769,270	2,681,489
		<u>12,177,743</u>	<u>9,564,325</u>
Current liabilities			
Trade and other payables	9	2,794,882	2,875,136
Contract liabilities		477,924	512,781
Lease liabilities		27,667	26,489
Bank and other loans		1,598,015	2,099,413
Related party loans		1,486,806	913,400
Current taxation		492,948	791,848
		<u>6,878,242</u>	<u>7,219,067</u>

	At 30 June 2020	At 31 December 2019
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net current assets	<u>5,299,501</u>	<u>2,345,258</u>
Total assets less current liabilities	<u>22,394,593</u>	<u>19,236,335</u>
Non-current liabilities		
Bank and other loans	7,102,361	6,016,264
Related party loans	1,429,510	59,350
Lease liabilities	45,376	52,341
Deferred tax liabilities	<u>187,623</u>	<u>188,932</u>
	<u>8,764,870</u>	<u>6,316,887</u>
NET ASSETS	<u>13,629,723</u>	<u>12,919,448</u>
CAPITAL AND RESERVES		
Share capital	67,337	67,337
Perpetual capital securities	5,296,995	5,296,195
Reserves	<u>3,669,061</u>	<u>3,982,543</u>
Total equity attributable to equity holders of the Company	9,033,393	9,346,075
Non-controlling interests	<u>4,596,330</u>	<u>3,573,373</u>
TOTAL EQUITY	<u>13,629,723</u>	<u>12,919,448</u>

NOTES

(Expressed in Renminbi)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 31 August 2020.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs) issued by the HKICPA.

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

2 CHANGES IN ACCOUNTING POLICIES

The group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

None of above developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Disaggregating of 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), including the sales of properties, rental income from investment properties, ticket sales from theme park and finance lease income are as follows:

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by business lines		
– Sale of properties	141,666	31,109
– Sale of tickets of theme park	34,242	91,475
– Hotel revenue	58,338	83,853
	234,246	206,437
Revenue from other sources		
– Rental income from investment properties	97,204	96,830
– Finance lease income	12,060	7,573
	343,510	310,840

The Group's customer base is diversified and there was no customer with whom transactions exceeded 10% of the Group's revenue during the six months ended 30 June 2020.

Further details regarding the Group's principal activities are disclosed in note 3(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 three reportable segments.

- Comprehensive development business: this segment engaged in the development and operation of tourism theme park, development and sale of residential properties, development and management of properties, property investment and operation of hotel.
- Equity investment and fund business: this segment engaged in domestic and overseas direct investments, industrial fund and education.
- Finance lease business: this segment engaged in the finance lease business.

(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.

The Group has changed the system of performance evaluation from the classification of investees by their business nature to the nature of investments. Accordingly, certain investments under comprehensive development business segment to equity investment and fund business segment. Comparative figures were restated accordingly to conform with current period's presentation.

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 six months ended 30 June 2020 and 2019 is set out below.

For the six months ended	Comprehensive development business		Equity investment and fund business		Finance lease business		Total	
	2020 RMB'000	2019 RMB'000 (Restated)	2020 RMB'000	2019 RMB'000 (Restated)	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15								
Disaggregated by timing of revenue recognition								
Point in time	234,246	206,437	-	-	-	-	234,246	206,437
Revenue from other sources	97,204	96,830	-	-	12,060	7,573	109,264	104,403
Revenue from external customers	331,450	303,267	-	-	12,060	7,573	343,510	310,840
Reportable segment revenue	<u>331,450</u>	<u>303,267</u>	<u>-</u>	<u>-</u>	<u>12,060</u>	<u>7,573</u>	<u>343,510</u>	<u>310,840</u>
Reportable segment (loss)/profit for the period	<u>(207,346)</u>	<u>(105,835)</u>	<u>42,544</u>	<u>98,612</u>	<u>2,252</u>	<u>2,284</u>	<u>(162,550)</u>	<u>(4,939)</u>
As at 30 June/31 December								
Reportable segment assets	21,456,494	18,740,098	5,563,959	5,258,091	499,364	486,381	27,519,817	24,484,570
Reportable segment liabilities	9,906,561	7,753,986	4,256,800	4,335,543	77,711	75,764	14,241,072	12,165,293

(ii) *Reconciliations of reportable segment profit or loss*

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Reportable segment loss	<u>(162,550)</u>	<u>(4,939)</u>
Reportable segment loss derived from the Group's external customers	(162,550)	(4,939)
Unallocated head office and corporate gain/(expense)	<u>32,110</u>	<u>(9,320)</u>
Consolidated loss	<u><u>(130,440)</u></u>	<u><u>(14,259)</u></u>

(iii) *Reconciliations of reportable segment assets and liabilities*

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Assets		
Reportable segment assets	27,519,817	24,484,570
Elimination of inter-segment receivables	<u>(26,059)</u>	<u>(25,311)</u>
	27,493,758	24,459,259
Unallocated head office and corporate assets	<u>1,779,077</u>	<u>1,996,143</u>
Consolidated total assets	<u><u>29,272,835</u></u>	<u><u>26,455,402</u></u>
	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Liabilities		
Reportable segment liabilities	14,241,072	12,165,293
Elimination of inter-segment payables	<u>(26,059)</u>	<u>(25,311)</u>
	14,215,013	12,139,982
Unallocated head office and corporate liabilities	<u>1,428,099</u>	<u>1,395,972</u>
Consolidated total liabilities	<u><u>15,643,112</u></u>	<u><u>13,535,954</u></u>

(iv) *Geographic information*

The following table sets out information about the geographical location of the Group's revenue from external. The geographical location of customers is based on the location at which the services were provided or the goods and properties sold.

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	341,071	310,834
Hong Kong	2,439	6
	<u>343,510</u>	<u>310,840</u>

4 PROFIT BEFORE TAXATION

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

(a) Finance costs

	For the six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other loans	145,639	109,489
Interest on related party loans	37,476	57,604
Interest on lease liabilities	2,199	2,696
	<u>185,314</u>	<u>169,789</u>
Total interest expense	185,314	169,789
Less: amount capitalised	<u>(69,307)</u>	<u>(43,179)</u>
	<u>116,007</u>	<u>126,610</u>

(b) Other items

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Interest income	(32,473)	(48,836)
Amortisation of intangible assets	4,673	717
Depreciation charge		
– owned property, plant and equipment	100,839	103,987
– right-of-use assets	88,167	67,670
Net (reversal of impairment losses)/impairment losses		
– trade and other receivables and contract assets	(12)	507
– finance lease receivables	(638)	(393)
Fair value loss/(gain) on financial assets measured at fair value through profit or loss	2,402	(1,628)
Net exchange gain	45,800	9,932

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Current tax		
Provision for corporate income tax (“CIT”) for the period	16,208	1,732
(Over)/under- provision in respect of prior period	(38,575)	10,547
	(22,367)	12,279
PRC LAT	21,720	4,345
	(647)	16,624
Deferred tax		
Origination and reversal of temporary differences	10,755	(7,236)
	10,108	9,388

(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 period (six months ended 30 June 2019: Nil).

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the six months ended 30 June 2020 and 2019.

Pursuant to the income tax rules and regulations of the PRC, taxation for PRC subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant cities in the PRC at 25% (six months ended 30 June 2019: 25%).

Additionally, a 10% withholding tax is levied for income derived from or accruing in 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 the joint venture 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.

6 LOSS PER SHARE

(a) Loss attributable to ordinary equity shareholders of the Company (basic)

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Loss attributable to equity holders of the Company	(55,652)	34,358
Less: profit attributable to the holders of perpetual capital securities	(121,808)	(115,517)
Loss attributable to ordinary shareholders (basic)	<u>(177,460)</u>	<u>(81,159)</u>

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

	Six months ended 30 June	
	2020	2019
	'000	'000
Issued ordinary shares	<u>748,366</u>	<u>748,366</u>

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

7 TRADE AND OTHER RECEIVABLES

	At 30 June	At 31 December
	2020	2019
	RMB'000	RMB'000
Trade debtors:		
– Amounts due from fellow subsidiaries	2,288	16,345
– Amounts due from third parties	26,218	13,630
Less: allowance for doubtful debts	<u>(1,082)</u>	<u>(1,095)</u>
	<u>27,424</u>	<u>28,880</u>
Other receivables:		
– Amounts due from associates	235,691	95,360
– Amounts due from fellow subsidiaries	18,080	17,007
– Amounts due from third parties	57,731	64,384
Less: allowance for doubtful debts	<u>(12,714)</u>	<u>(12,717)</u>
	<u>298,788</u>	<u>164,034</u>
Financial assets measured at amortised cost	326,212	192,914
Deposits and prepayments	<u>224,339</u>	<u>688,769</u>
	<u>550,551</u>	<u>881,683</u>

Presenting as:

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Non-current assets	1,623	1,623
Current assets	548,928	880,060
	<u>550,551</u>	<u>881,683</u>

Except for amounts of RMB17,224,000 (2019: RMB16,891,000) which are interest-bearing at 2.5% (2019: 2.5%) per annum, the amounts due from associates, intermediate parents, fellow subsidiaries and other related parties are unsecured, non-interest bearing and repayable on demand.

Apart from prepayment of RMB1,623,000 under non-current assets which is expected to be recovered after one year at 30 June 2020 and 31 December 2019, all of the trade and other receivables are expected to be recovered within one year.

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. During the period ended 30 June 2020, the acquisition of the land was completed and respective deposit was transferred to inventory as at 30 June 2020.

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

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Within 1 years	27,250	28,734
1 to 2 years	174	146
	<u>27,424</u>	<u>28,880</u>

8 CASH AT BANK AND ON HAND

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Cash at bank and on hand on the consolidated statement of financial position	2,769,270	2,681,489
Cash at bank pledged for bank loans	–	(753,425)
Cash at bank pledged for certain mortgage facilities	(5,174)	(5,174)
Bank deposits with maturity of more than three months	–	(119,990)
Restricted cash for REITs programme	(9,526)	(4,826)
	<u>2,754,570</u>	<u>1,798,074</u>

9 TRADE AND OTHER PAYABLES

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Trade creditors:		
– Amounts due to fellow subsidiaries	29,802	24,058
– Amounts due to third parties	1,016,372	1,162,468
	<u>1,046,174</u>	<u>1,186,526</u>
Other payables and accruals:		
– Amounts due to associates	132,457	132,431
– Amount due to a joint venture	197,622	210,932
– Amount due to the intermediate parent	189,440	45,514
– Amounts due to fellow subsidiaries	475,228	331,014
– Amount due to other related party	–	249,900
– Amounts due to third parties	495,817	535,187
	<u>1,490,564</u>	<u>1,504,978</u>
Interest payables:		
– Amount due to an associate	45,557	36,417
– Amount due to a joint venture	10,684	7,686
– Amounts due to intermediate parents	22,741	21,369
– Amounts due to fellow subsidiaries	71	71
– Amounts due to other related parties	32,173	13,737
– Amounts due to third parties	64,821	29,915
	<u>176,047</u>	<u>109,195</u>
Financial liabilities measured at amortised cost	2,712,785	2,800,699
Deposits	82,097	74,437
	<u>2,794,882</u>	<u>2,875,136</u>

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

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Within 1 year	974,797	1,118,073
1 to 2 years	34,183	33,552
2 to 3 years	5,161	2,640
Over 3 years	32,033	32,261
	<u>1,046,174</u>	<u>1,186,526</u>

10 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June 2020 RMB'000	2019 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of HK1.25 cents per ordinary share (equivalent to RMB1.12 cents per ordinary share) (2019: HK22.00 cents per ordinary share (equivalent to RMB19.28 cents per ordinary share))	<u>8,558</u>	<u>144,828</u>

(b) Perpetual capital securities

On 28 September 2017, the Company issued senior guaranteed perpetual capital securities with a principal amount of US\$800,000,000.

The securities confer a right to receive distributions at the applicable distribution rate of 4.3% per annum from and including 10 April 2018, payable semi-annually on 10 April and 10 October of each year. After 10 October 2020, the distribution rate would be reset to a percentage per annum equal to the sum of (a) 2.708%, (b) the Treasury Rate and (c) a margin of 5% per annum. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the Company, in whole but not in part. While any distribution payments are unpaid or deferred, the Company cannot declare or pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank.

In the opinion of the management, the Company is able to control the delivery of cash or other financial assets to the holders of the perpetual capital securities due to redemption other than an unforeseen liquidation of the Company. Accordingly, the perpetual capital securities are classified as equity instruments. The perpetual capital securities are guaranteed by the Company's ultimate parent, Overseas Chinese Town Enterprises Company Limited (華僑城集團有限公司).

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results and Business Review

In the first half of 2020, the novel coronavirus epidemic (the “Epidemic”) continued to spread around the world, and the downside risks of the world economy have intensified, factors of instability have increased, geopolitical relations became increasingly tense and trade protectionism spread. In the face of major changes unseen in a century, the Chinese government resolutely formulated and quickly implemented a series of epidemic prevention and control measures, effectively controlling the Epidemic in a relatively short period of time. In addition, the Chinese government has formulated a series of counter-cyclical adjustment policies focusing on ensuring employment and stabilizing people’s livelihood. The domestic economy has maintained an overall stable and gradual improvement in the first half of the year. Facing with the adverse impact of the Epidemic on the macro economy, China actively encourages and promotes the optimisation and upgrading of the industrial structure. High-tech industries represented by semiconductors and integrated circuits, as well as various new online consumer formats and new business models have become new highlights.

Facing the more complex and changeable internal and external economic situation, the Group insists on advancing strategic transformation, with “culture, tourism, new urbanisation and industrial ecosphere investment” as its core business, exploring innovative development models in fields such as pan-tourism, pan-health, pan-technology and new urbanization. The Group actively grasps the development and investment opportunities arising from the new era, and makes them the new driving forces for the transformation and upgrade of the Group.

During the Period under Review, the Group realised revenue of approximately RMB344 million, representing an increase of approximately 10.5% over the same period of 2019, primarily due to the increase in revenue recognized by comprehensive development business; the loss attributable to equity holders of the Company was approximately RMB55.65 million, representing a decrease of approximately 262.0% over the profit attributable to equity holders of the Company of approximately RMB34.36 million for the same period of 2019, primarily due to the impact of the Epidemic on the operation of the hotel and culture tourism projects and the decrease in the share attributable to profits attributable to associates.

Comprehensive Development

In the first half of 2020, affected by the Epidemic, the overall scale of sales of the real estate industry in China declined compared to the same period last year. The policy-side regulation and the objectivity of China's urbanization process resulted in the acceleration of the differentiation between cities, together with the continuous increase in market concentration, the competition of the real estate market has become increasingly intense in the Silver Age.

During the Period under Review, the Group recorded a revenue from the comprehensive development business of approximately RMB331 million and the loss attributable to equity holders of the Company amounted to approximately RMB133 million.

Comprehensive development projects invested by the Group focus on the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area and other core metropolitan areas. Affected by the Epidemic, the construction and launch of several projects have been delayed. With regard to the operation of commercial properties, the Group implemented the responsibilities as a state-owned enterprise in the first half of the year, reducing and exempting part rents of the tenants. However, benefited from the growth of leased area and the high occupancy rate, the rental income increased slightly in the period. The Chengdu Happy Valley theme park and hotels of the Group were affected by the Epidemic and their operating income fell sharply. The park was closed during the Epidemic, and ticket revenue was greatly affected.

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

The land parcel of Hefei OCT Bantang Hot Spring Town Project is situated in the west side of the Intersection of Jinchao Avenue and Beiwaihuan Road, which is the core tourism hotspots of Chaohu and in close vicinity to the Chaohu Bantang Hot Spring Resort in Hefei City, the only national tourism resort in Anhui Province.

The Hefei OCT Bantang Hot Spring Town Project takes hot spring culture as the core, presenting the leisure, vacation and living experience combining elegance and refinement with modern fashion, and is planned to be developed into waterparks, commercial blocks, hotels, ecological residential properties, etc., to build a regional cultural tourism industry cluster in Chaohu, and to create a quality hot spring destination. The project has a total site area of approximately 415,000 sq.m. and a gross floor area of approximately 345,000 sq.m. Of which, the residential land is divided into two phases of development. The total site area of the first phase residential land is 94,000 sq.m, and its currently has already commenced construction and is scheduled to be launched in the second half of 2020; the total site area of the first phase commercial land is 118,000 sq.m, including waterparks, hotels and partial commercial property, and it is scheduled to commence construction in the second half of 2020 and will be officially put into operation in 2022.

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

The phase I land parcel of the Hefei Airport International Town Project 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 relying on the forward-looking high-tech manufacturing layout of Hefei Municipal Government. The demonstration zone will be built into an international free trade port, a world-class chip industry R&D and manufacturing cluster development base.

The Hefei Airport International Town Project plans to organically integrate technology, humanities, industry and ecology to provide business offices, business services, cultural creativity, high-tech industry incubation and art exhibitions, etc. The Company plans to develop ancillary facilities such as low-rise buildings, townhouses and high-rise buildings, commercial blocks, business offices, hotels, exhibition centres on the land parcel, so as to create a new model for the integration of industry and city. The phase I land parcel of the project occupies a total site area of approximately 695,000 sq.m. with the total site area of approximately 848,000 sq.m. The project has opened the Innovation and Exhibition Centre in May 2020, and the first phase of the project is planned to commence construction in the second half of 2020, and strived to be launched sales.

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

Zhongshan Yuhong Project situated at the Zhongshan Torch Development Zone* (中山市火炬開發區), the project occupies a total site area of approximately 91,000 sq.m. with a planned gross floor area of approximately 272,000 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, of which phase I has commenced construction, targeting to be launched at the end of 2020.

Industrial Park

The Group operates three industrial park projects in regions including Suzhou in Jiangsu and Huizhou in Guangdong. The management and operation of each industrial parks is good, and the tenant satisfaction is generally high. Among them, the occupancy rate of Suzhou and Huizhou industrial parks is 100%.

Equity Investment and Fund Management

In the first half of 2020, since the increasing downturn pressure of macro economy and the impact of Epidemic, the difficulty in fund raising in China's equity investment market was increasing. The number of the fundraising, investment and exit ends in China's equity investment all showed a trend of decrease. Under the such background, the proportion of investment from governments and government-guided platforms increased. Additionally, along with the deepening reform of the capital market, the number of IPOs of and withdrawal gain from investees continued to grow. Challenges and opportunities coexist in China's private equity investment market.

Being the only offshore listed platform of Overseas Chinese Town Group Company Limited (華僑城集團有限公司) ("OCT Group"), the Group will fully exert the advantages of OCT's brand and capital, through domestic and overseas investment, mergers and acquisitions and industry investment and other means, to deeply focus on culture, tourism, new urbanization and industry ecosphere, and will proactively seek for and promote the coordinated development of finance innovation and culture, tourism, technology, new urbanization and other industries from a forward looking perspective, to expand and strengthen the fund management business and enhance its influence in the industry.

For the Period under Review, the profit attributable to the equity shareholders of the equity investment and fund management business amounted to approximately RMB42.54 million.

Up to the first half year of 2020, the Company managed and participated in 9 funds, a total of 40 projects under the fund business. And the scale of fund management and participation in investment expanded to approximately RMB3.9 billion. During the Period under Review, the Group participated in the establishment of Dongguan City OCT Luwen Technology Investment Partnership (Limited Partnership) (東莞市華僑城旅文科技投資合夥企業(有限合夥)) (the "**Dongguan Fund**"). The total size of the fund is RMB300 million. The fund is the first actively managed market-based fund of the Group, the major subscribers are government-guided funds and local industrial parent funds, and it plans to invest in equity in cultural tourism and cultural tourism technology companies.

Finance Lease

During the Period under Review, OCT Financial Leasing Co., Ltd.* (華僑城融資租賃有限公司) ("OCT Financial Leasing"), a wholly-owned subsidiary of the Company, mainly engaged in the finance lease and factoring business in sectors such as theme parks and the manufacturing industry, and is currently the vice-chairman unit of Shenzhen Financial Leasing Industry Association. During the Period under Review, OCT Financial Leasing entered into finance lease and factoring framework agreements with an amount of RMB1 billion with OCT Group and Shenzhen Overseas Chinese Town Company Limited (深圳華僑城股份有限公司) ("OCT Ltd."), respectively, which will help the Group to continue to expand its financial leasing business.

Outlook

The Group's strategic transformation has achieved phased results. Equity investment and fund business have achieved sustainable and stable development. The scale of fund management has increased year by year. Several projects invested by the equity investment business have reached exit standards and obtained investment income; The sales of newly investment projects under comprehensive development business such as Hefei OCT Bantang Hot Spring Town project, Hefei Airport International Town and Zhongshan Yuhong are expected to be launched in the second half of the year and will contribute revenue in 2021. New growth momentum has been gradually formed. In order to grasp the opportunities for market recovery and high-quality investment opportunities after the Epidemic, the Company will accelerate the sales of existing properties in the second half of 2020, speed up the exit of late-stage projects, revitalise existing assets. Under the current complex macroeconomic situation, we will speed up the recovery of funds, cultivate internal strength, optimize asset structure, analyze the situation externally, deploy investment business, and strive to turn crises into opportunities amid market fluctuations and backlashes, and protect the interests of the Company and shareholders.

Comprehensive Development

It is expected that in the second half of 2020, the Epidemic will spread globally and the world economy will be in recession. Under the policy of “six stabilities and six guarantees”, China's economy will recover ahead of the rest of the world and become the main driver of the global economic growth. As a crucial part of social fixed asset investment and household consumption, real estate will continue to play an important role as a social and economic stabilizer. It is expected that under the main tone of “housing is not for speculation”, the precise and efficient control policy of “taking measures in response to local conditions” will continue to deepen.

In the second half of 2020, the Group will accelerate the sell-through of existing projects, and strive to overcome the impact of the Epidemic, accelerate the progress of projects, and refine cost control while ensuring the quality of projects. Meanwhile, the Group will improve liquidity, and speed up capital turnover by revitalizing existing assets. On the other hand, the Group will seize the development opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta Area to obtain low-cost and high-quality land in a timely manner so as to enrich its project resource reserves.

Equity Investment and Fund Management

Looking forward to the second half of 2020, facing fundraising headwinds, government-guided funds will intensify the layout of equity investment. However, the growth rate will slow down, the leading institutions will be favored by more capital, and many small and medium-sized institutions will be difficult to maintain operation. The polarization will be more obvious, and the industrial capital that has industrial resource advantages and can provide empowerment for the investees is expected to be further recognized by high-quality enterprises. At the same time, due to the impact of the Epidemic, corporate financing needs have increased substantially, and industrial capital will usher in good opportunities for investment and layout.

Being the only offshore listed company of OCT Group, the Group's equity investment and fund management businesses will be based in the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, having culture, tourism, technology, education, consumption, mega healthcare, new urbanisation and other industries as its key investment areas. The Group will fully leverage on its strengths in industry capital investment and merger and acquisition, strengthen the effectiveness of investment management, explore channels to create synergy, and facilitate the rapid development of the investees.

In the second half of 2020, Xiamen OCT Runyu Fund under the Group will accelerate the promotion of equity investment of urbanization projects companies in the the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta Economic Zone and other regions; the Dongguan Fund will actively seek for high-quality companies with the potential in the segment and carefully select high-quality projects. In addition, the Group will continue to explore fund cooperation with high-quality capital contributors in the industry (such as government-guided funds and industry-leading enterprises) to strive to expand our fund management scale.

Finance Lease

In the second half of 2020, in terms of financial leasing business, the Group will grasp the changes in the macro environment, follow the regulatory trend of the CBIRC, actively expand meanwhile strictly control risks, and focus on the main customer base consisting of large and medium state-owned enterprises, high quality listed companies to promote business expansion and increase operating income.

FINANCIAL REVIEW

As at 30 June 2020, the Group's total assets were approximately RMB29.273 billion, whereas the total equity amounted to approximately RMB13.630 billion.

For the Period under Review, the Group realised revenue of approximately RMB344 million, representing an increase of approximately 10.5% over the same period of 2019, of which, revenue from the comprehensive development business was approximately RMB331 million, representing an increase of approximately 9.3% over the same period of 2019, primarily due to the increase in revenue from the Chengdu OCT Project; and revenue from the finance lease business was approximately RMB12.06 million, representing an increase of approximately 59.2% over the same period of 2019, primarily due to the increase in the finance lease business during the Period under Review.

For the Period under Review, the Group's gross profit margin was approximately 6.0% (same period of 2019: approximately 12.6%), representing a decrease of 6.6 percentage points over the same period of 2019, of which, the gross profit margin of the comprehensive development business was approximately 2.8%, representing a decrease of 7.6 percentage points over the same period of 2019, mainly due to the decrease in revenue of Shanghai Bulgari Hotel and the operating expenses incurred at the initial stage of the launch of new projects; and the gross profit margin of the finance lease business was approximately 28.9%, representing a decrease of 15.4 percentage points over the same period of 2019, mainly due to the lower gross profit margin for new customers.

For the Period under Review, loss attributable to equity holders of the Company was approximately RMB55.65 million, representing a decrease of approximately 262.0% over the profit attributable to the same period of 2019 of approximately RMB34.36 million, of which, loss attributable to the comprehensive development business was approximately RMB133 million, representing an increase of approximately 131.3% over the restated loss attributable to the same period of 2019 of approximately RMB57.32 million, mainly due to the impact of the Epidemic has caused a decrease in the profits of hotels and cultural tourism projects; profit attributable to the finance lease business was approximately RMB2.25 million, which is similar to the same period of 2019; and profit attributable to the investment and fund business was approximately RMB42.54 million, representing a decrease of approximately 56.9% over the restated profit of approximately RMB98.72 million attributable to the same period of 2019, mainly due to the decrease in the share of profits of associates.

For the Period under Review, the basic loss per share attributable to shareholders of the Company was approximately RMB0.237, representing an increase of approximately 119.4% over the same period of 2019 (same period of 2019: loss of approximately RMB0.108), mainly due to the increase in loss attributable to ordinary shareholders of the Company.

Distribution Costs and Administrative Expenses

For the Period under Review, the Group's distribution costs were approximately RMB42.82 million (same period of 2019: approximately RMB29.20 million), representing an increase of approximately 46.6% over the same period of 2019, mainly due to the increase in sales commissions and advertising expenses as a result of the increase in revenue from the comprehensive development business.

For the Period under Review, the Group's administrative expenses were approximately RMB132 million (same period of 2019: approximately RMB127 million), representing an increase of approximately 3.2% over the same period of 2019. Of which, administrative expenses of the comprehensive development business were approximately RMB98.80 million, representing an increase of approximately 5.9% over the same period of 2019, which was mainly attributable to the new projects in Hefei and Zhongshan of the comprehensive development business; administrative expenses of the finance lease business were approximately RMB1.04 million, representing a decrease of approximately 26.9% over the same period of 2019, which was mainly due to the decrease in professional consultant fees; and administrative expenses of the investment and fund business were approximately RMB3.17 million, representing a decrease of approximately 21.1% over the same period of 2019, primarily due to the decrease in travel expenses during the Epidemic.

Interest Expenses

For the Period under Review, the Group's interest expenses were approximately RMB116 million (2019: approximately RMB127 million), representing a decrease of approximately 8.4% over the same period of 2019, mainly due to the decrease in the weighted average interest rates for loans.

Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020, taking into account of the long-term development of the Company and its active participation in potential investment opportunities.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 30 June 2020 was approximately RMB13.63 billion (31 December 2019: approximately RMB12.919 billion). As at 30 June 2020, the Group had current assets of approximately RMB12.178 billion (31 December 2019: approximately RMB9.564 billion) and current liabilities of approximately RMB6.878 billion (31 December 2019: approximately RMB7.219 billion). The current ratio was approximately 1.77 as at 30 June 2020, representing an increase of 0.45 as compared with that of approximately 1.32 as at 31 December 2019, mainly due to the Group's refinancing of short-term liabilities to long-term liabilities during the period. The Group generally finances its operations with internally generated cash flow, credit facilities provided by banks and shareholders' loans.

As at 30 June 2020, the Group had outstanding bank and other loans of approximately RMB8.7 billion, with fixed rate loans of approximately RMB3.681 billion (31 December 2019: outstanding bank and other loans of approximately RMB8.116 billion, without any fixed rate loans). As at 30 June 2020, the interest rates of bank and other loans of the Group ranged from 1.59% to 4.60% per annum (31 December 2019: ranged from 3.37% to 4.99% 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 39.7% as at 30 June 2020, representing an increase of 5.4 percentage points as compared with that of approximately 34.3% as at 31 December 2019, which was mainly due to the increase in loans as of the end of the period.

As at 30 June 2020, approximately 75.2% of the total amount of outstanding bank and other loans of the Group was denominated in Hong Kong Dollars (31 December 2019: approximately 61.9%); and approximately 24.8% was denominated in Renminbi (31 December 2019: approximately 38.1%). As at 30 June 2020, approximately 43.6% of the total amount of cash at bank and on hand of the Group was denominated in United States Dollars (31 December 2019: approximately 58.5%); approximately 50.8% was denominated in Renminbi (31 December 2019: approximately 32.9%); and approximately 5.6% was denominated in Hong Kong Dollars (31 December 2019: approximately 8.6%).

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

Contingent Liabilities

The Group has 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 to the extent that 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 property 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. No liability is therefore recognised in respect of these guarantees.

As at 30 June 2020, guarantees given to financial institutions for mortgages facilities granted to buyers of the Group's properties amounts to approximately RMB673 million (31 December 2019: approximately RMB322 million).

Treasury Policy

The Group has adopted a prudent treasury policy and has maintained a healthy liquidity position throughout the Period under Review. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

Employees and Remuneration Policy

As at 30 June 2020, the Group employed approximately 1,275 full-time staff in total. The basic remunerations of the employees of the Group are determined with reference to the industry's remuneration benchmark, the employees' experience and their performance, and equal opportunities are 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 the economic situation. The remunerations of the Directors are 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 also provides bonuses to the staff based upon the Group's results and their individual performance.

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

IMPORTANT EVENTS

Disposal of Listed Securities in Tianli Education International Holdings Limited (“Tianli Education”)

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

Entering into of the Limited Partners Agreement

On 6 March 2020, Shenzhen OCT Huaxin Equity Investment Management Limited* (深圳市華僑城華鑫股權投資管理有限公司) (“Shenzhen OCT Huaxin”) and Shenzhen Huayou Investment Limited* (深圳市華友投資有限公司) (“Shenzhen Huayou”), both of which are 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 (Limited Partnership)* (東莞市倍增計劃產業併購母基金合夥企業(有限合夥)) (“Dongguan Industrial M&A”) in relation to the establishment of the Dongguan Fund for the purpose of investment (the “Limited Partnership Agreement”). For further details, please refer to the announcement of the Company dated 6 March 2020.

Renewal of Finance Lease and Factoring Framework Agreements

On 18 May 2020, OCT Financial Leasing entered into finance lease and factoring framework agreements with: (i) OCT Group; and (ii) OCT Ltd., each being a connected person of the Company, pursuant to which OCT Financial Leasing agreed to provide finance lease and factoring services to OCT Group and OCT Ltd.. Each of the finance lease and factoring framework agreements was effective for one year from the date of approval of the finance lease and factoring agreements by the independent shareholders at the extraordinary general meeting held on 19 June 2020. For further details, please refer to the announcements of the Company dated 7 May 2019, 19 June 2019 and 18 May 2020, and the circular of the Company dated 29 May 2020.

Entering into of the Equity Transfer Agreement

On 12 June 2020, Shenzhen Huayou entered into an equity transfer agreement with Happy Valley Cultural Tourism Development Co., Ltd.* (歡樂谷文化旅遊發展有限公司) (“Happy Valley Cultural Tourism”), a company held as to 60% by OCT Ltd. and a connected person of the Company, and the Dongguan Fund, pursuant to which Shenzhen Huayou has agreed to transfer 1% of the equity interest in the Dongguan Fund to Happy Valley Cultural Tourism at the consideration of RMB3,000,185.40. For further details, please refer to the announcement of the Company dated 12 June 2020.

SUBSEQUENT EVENT(S)

Entering into of the Property Management Framework Agreement

On 8 July 2020, Hefei OCT Huanchao Cultural Tourism Real Estate Development Co., Ltd* (合肥華僑城環巢文旅置業發展有限公司) (“Hefei OCT Huanchao”), an indirect non-wholly owned subsidiary of the Company, has entered into a property management framework agreement with the Hefei branch office of OCT Property (Group) Co., Ltd. (華僑城物業(集團)有限公司合肥分公司) (“OCT Property (Hefei)”), a connected person of the Company, pursuant to which OCT Property (Hefei) will provide property management services for the development project in respect of Hefei OCT Bantang Hot Spring Town* (合肥巢湖半湯溫泉小鎮) and the office areas of Hefei OCT Huanchao to Hefei OCT Huanchao for the period from 8 July 2020 to 31 December 2022. For further details, please refer to the announcement of the Company dated 8 July 2020.

Issue of Perpetual Capital Securities in the Amount of US\$500.00 million

In July 2020, the Company successfully issued the Perpetual Capital Securities in an aggregate principal amount of US\$500.00 million, which is unconditionally guaranteed by OCT Group. The securities are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) at an initial distribution rate of 4.5%, and the purpose of issuance is to replace the old bonds issued in 2017. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. For further details, please refer to the announcements of the Company dated 6 July 2020, 9 July 2020 and 15 July 2020.

Change of Chairman of the Board, Executive Director and Chairman of the Nomination Committee of the Company (The “Nomination Committee”)

Mr. He Haibin (何海濱) has tendered his resignation as the chairman of the Board, an executive Director, and the chairman of the Nomination Committee, with effect from 12 August 2020 due to his other work commitment. On the same date, Mr. Zhang Dafan (張大帆) has been appointed as the chairman of the Board, an executive Director and the chairman of the Nomination Committee. For further details, please refer to the announcement of the Company dated 12 August 2020.

Entering into of the Finance Lease Agreement

On 13 August 2020, CMB Financial Leasing Co., Ltd. (the “Lessor”), and Chengdu Tianfu OCT Industry Development Co., Ltd.* (成都天府華僑城實業發展有限公司) (the “Lessee”), an indirect non-wholly owned subsidiary of the Company, entered into the finance lease agreement, pursuant to which: (i) the Lessor conditionally agreed to purchase certain amusement and ancillary facilities (such as roller coaster and waterpark facilities (the “Leased Assets”)) currently owned by the Lessee, at the purchase consideration of RMB500,000,000.00; and (ii) following the acquisition, the Lessor conditionally agreed to lease the Leased Assets to the Lessee, for a lease term of 36 months at an aggregate estimated lease payment of approximately RMB549,401,142.48. Upon expiry of the lease term, the Lessee shall purchase the Leased Assets at the repurchase consideration of RMB1.00. For further details, please refer to the announcement of the Company dated 13 August 2020.

Entering into of the Planning Technical Services Framework Agreement

On 17 August 2020, Hefei OCT Industry Development Co., Ltd. (合肥華僑城實業發展有限公司) (“Hefei OCT Industry”), an indirect non-wholly owned subsidiary of the Company, has entered into a planning technical services framework agreement with Shenzhen OCT Innovation and Research Institute Co., Ltd. (深圳華僑城創新研究院有限公司) (“OCT IRI”), a connected person of the Company. Pursuant to the agreement, OCT IRI will provide planning and project design technical services for the Hefei Airport Town Project to Hefei OCT Industry for the period from 17 August 2020 to 31 December 2022. For further details, please refer to the announcement of the Company dated 17 August 2020.

Issue of Perpetual Capital Securities in the Amount of US\$300.00 million

In August 2020, the Company successfully issued the Perpetual Capital Securities in an aggregate principal amount of US\$300.00 million, which is unconditionally guaranteed by OCT Group. The securities are listed on the Stock Exchange at an initial distribution rate of 4.5%, and the purpose of the issuance is to replace the old bonds issued in 2017. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. For further details, please refer to the announcement of the Company dated 25 August 2020.

Disposal of Listed Securities in Tongcheng-Elong Holdings Limited (“Tongcheng-Elong”)

In August 2020, City Legend disposed an aggregate of 5,919,600 Tongcheng-Elong shares in a series of transactions on the market. For further details, please refer to the announcement of the Company dated 28 August 2020.

Save as disclosed in this announcement, no important events affecting the Group have occurred since the end of the Period under Review.

CORPORATE GOVERNANCE

For the Period under Review, the Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The audit committee of the Company and the management have reviewed the unaudited interim results announcement and the unaudited interim report of the Group for the Period under Review, and discussed the internal control, accounting principles and practices adopted by the Group with the management of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has redeemed any of its shares during the Period under Review. During the same period, neither the Company nor any of its subsidiaries has purchased or sold any of its shares.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.oct-asia.com) and the Stock Exchange (www.hkexnews.com.hk). The 2020 interim report will be dispatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Overseas Chinese Town (Asia) Holdings Limited
Zhang Dafan
Chairman

Hong Kong, 31 August 2020

As at the date of this announcement, the Board of the Company comprises seven Directors, namely: Mr. Zhang Dafan, Ms. Xie Mei and Mr. Lin Kaihua as executive Directors; Mr. Wang Wenjin as non-executive Director; Ms. Wong Wai Ling, Professor Lam Sing Kwong Simon and Mr. Chu Wing You as independent non-executive Directors.

* *for identification purpose only*