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Overseas Chinese Town (Asia) Holdings Limited

華僑城（亞洲）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03366)

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

RESULTS

The board (the “**Board**”) of directors (“**Directors**”) of Overseas Chinese Town (Asia) Holdings Limited (the “**Company**”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 (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 2019.

Audited financial information of the Group for the year ended 31 December 2020 prepared in accordance with the HKFRSs are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

(Expressed in Renminbi)

		2020	2019
	Note	RMB'000	RMB'000
Revenue	3	1,306,550	2,071,903
Cost of sales		<u>(990,072)</u>	<u>(1,306,174)</u>
Gross profit		316,478	765,729
Other income	4	65,646	93,836
Other net gains	5	465,514	221,979
Distribution costs		(97,768)	(103,200)
Administrative expenses		<u>(352,270)</u>	<u>(403,405)</u>
Profit from operations		397,600	574,939
Finance costs	6(a)	(183,099)	(268,732)
Share of profits less losses of associates		(136,902)	306,063
Share of loss of joint ventures		<u>(939)</u>	<u>(8,150)</u>
Profit before taxation	6	76,660	604,120
Income tax	7	<u>(101,093)</u>	<u>(354,514)</u>
(Loss)/profit for the year		<u>(24,433)</u>	<u>249,606</u>
Attributable to:			
Equity holders of the Company		63,757	266,961
Non-controlling interests		<u>(88,190)</u>	<u>(17,355)</u>
(Loss)/profit for the year		<u>(24,433)</u>	<u>249,606</u>
Basic (loss)/earning per share (RMB)	9	<u>(0.29)</u>	<u>0.04</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

(Expressed in Renminbi)

	2020 RMB'000	2019 RMB'000
(Loss)/profit for the year	(24,433)	249,606
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 FVTOCI – net movement in fair value reserves (non-recycling)	90,240	166,598
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences	(87,654)	(164,501)
Share of other comprehensive income of associates	185,243	11,246
Cumulative exchange differences reclassified to profit or loss upon disposal of a subsidiary/ an associate	6,270	(1,440)
	103,859	(154,695)
Other comprehensive income for the year	194,099	11,903
Total comprehensive income for the year	169,666	261,509
Attributable to:		
Equity holders of the Company	257,856	278,864
Non-controlling interests	(88,190)	(17,355)
Total comprehensive income for the year	169,666	261,509

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

(Expressed in Renminbi)

	<i>Note</i>	2020 RMB'000	2019 <i>RMB'000</i>
Non-current assets			
Investment property		2,487,968	5,285,739
Other property, plant and equipment		981,721	2,017,431
Interests in leasehold land held for own use		1,228,041	1,596,979
		4,697,730	8,900,149
Intangible assets		42,702	52,922
Goodwill		–	570
Interests in associates		4,368,908	5,410,696
Interests in joint ventures		1,197,304	302,560
Other financial assets		1,141,530	1,618,292
Finance lease receivables		251,944	382,253
Trade and other receivables	10	–	1,623
Deferred tax assets		76,631	222,012
		11,776,749	16,891,077
Current assets			
Trading securities		–	118,480
Inventories and other contract costs		8,302,909	5,767,090
Finance lease receivables		108,679	117,206
Trade and other receivables	10	946,603	880,060
Cash at bank and on hand		4,274,938	2,681,489
		13,633,129	9,564,325
Assets of disposal group classified as held for sale		12,079	–
		13,645,208	9,564,325

	<i>Note</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current liabilities			
Trade and other payables	<i>11</i>	1,554,090	2,875,136
Contract liabilities		1,459,276	512,781
Bank and other loans		573,899	2,099,413
Related party loans		862,400	913,400
Lease liabilities		13,330	26,489
Current taxation		169,570	791,848
		4,632,565	7,219,067
Liabilities directly associated with assets of disposal group classified as held for sale		1,849	—
		4,634,414	7,219,067
Net current assets		9,010,794	2,345,258
Total assets less current liabilities		20,787,543	19,236,335
Non-current liabilities			
Bank and other loans		6,032,109	6,016,264
Related party loans		1,359,660	59,350
Lease liabilities		11,265	52,341
Deferred tax liabilities		159,323	188,932
		7,562,357	6,316,887
NET ASSETS		13,225,186	12,919,448

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
CAPITAL AND RESERVES		
Share capital	67,337	67,337
Perpetual capital securities	5,610,431	5,296,195
Reserves	<u>3,752,628</u>	<u>3,982,543</u>
Total equity attributable to equity holders of the Company	9,430,396	9,346,075
Non-controlling interests	<u>3,794,790</u>	<u>3,573,373</u>
TOTAL EQUITY	<u>13,225,186</u>	<u>12,919,448</u>

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 2020 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 as explained in the accounting policies.

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 consolidated annual results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 December 2020 but are extracted from those financial statements.

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 the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

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

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.

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 sales related tax. Disaggregation of revenue with customer by business lines is as follows:

	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by business lines		
– Sale of properties	792,046	1,329,853
– Sale of tickets of theme park	115,817	260,858
– Hotel revenue	187,856	191,126
– Fund management fee income	5,139	–
– Construction contracts	–	47,619
– Consulting services	–	15,667
	1,100,858	1,845,123
Revenue from other sources		
– Rental income from investment properties	183,188	205,430
– Finance lease income	22,504	21,350
	1,306,550	2,071,903

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's revenues. In 2020, revenue from sales of property to this customer amounted to approximately RMB261,319,000 (2019: Nil).

(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, 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.

(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 and other non-current asset. 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 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 year's presentation.

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 2020 and 2019 is set out below.

	Comprehensive development business		Equity investment and fund business		Finance lease business		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)		(Restated)				
Revenue from contracts with customers within the scope of HKFRS 15								
Disaggregated by timing of revenue recognition								
Point in time	1,095,719	1,797,504	-	-	-	-	1,095,719	1,797,504
Over time	-	47,619	5,139	-	-	-	5,139	47,619
	1,095,719	1,845,123	5,139	-	-	-	1,100,858	1,845,123
Revenue from other sources	183,188	205,430	-	-	22,504	21,350	205,692	226,780
Revenue from external customers	1,278,907	2,050,553	5,139	-	22,504	21,350	1,306,550	2,071,903
Reportable segment profit/(loss) for the year								
	271,524	(74,590)	(277,805)	315,637	7,214	2,508	933	243,555
Interest income								
– Bank deposits	12,469	7,805	308	183	508	666	13,285	8,654
– Amounts due from associates	19,370	22,217	-	-	-	-	19,370	22,217
Interest expense	(99,628)	(113,186)	(69,187)	(111,504)	(9,270)	(8,463)	(178,085)	(233,153)
Depreciation and amortisation for the year	(352,603)	(334,385)	-	-	-	-	(352,603)	(334,385)
Share of profits less losses of associates	46,601	(1,405)	(183,503)	307,468	-	-	(136,902)	306,063
Share of (loss)/profit of joint ventures	3,474	(8,157)	(4,413)	7	-	-	(939)	(8,150)
Reportable segment assets	16,059,025	18,740,098	5,882,709	5,258,091	375,054	486,381	22,316,788	24,484,570
Additions to non-current segment assets during the year	230,369	2,839,053	-	-	-	-	230,369	2,839,053
Reportable segment liabilities	7,504,714	9,702,587	3,397,869	2,386,942	49,291	75,764	10,951,874	12,165,293
Interests in associates	838,214	1,930,794	3,530,694	3,479,902	-	-	4,368,908	5,410,696
Interests in joint ventures	-	279,174	1,197,304	23,386	-	-	1,197,304	302,560

(ii) Reconciliations of reportable segment profit or loss

	2020 RMB'000	2019 RMB'000
Reportable segment profit derived from Group's external customers	933	243,555
Unallocated head office and corporate net (expense)/ income	<u>(25,366)</u>	<u>6,051</u>
Consolidated (loss)/profit for the year	<u>(24,433)</u>	<u>249,606</u>

(iii) Reconciliations of reportable segment assets and liabilities

	2020 RMB'000	2019 RMB'000
Assets		
Reportable segment assets	22,316,788	24,484,570
Elimination of inter-segment receivables	<u>(26,815)</u>	<u>(25,311)</u>
	22,289,973	24,459,259
Unallocated head office and corporate assets	<u>3,131,984</u>	<u>1,996,143</u>
Consolidated total assets	<u>25,421,957</u>	<u>26,455,402</u>
	2020 RMB'000	2019 RMB'000
Liabilities		
Reportable segment liabilities	10,951,874	12,165,293
Elimination of inter-segment payables	<u>(26,815)</u>	<u>(25,311)</u>
	10,925,059	12,139,982
Unallocated head office and corporate liabilities	<u>1,271,712</u>	<u>1,395,972</u>
Consolidated total liabilities	<u>12,196,771</u>	<u>13,535,954</u>

(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	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	1,301,771	2,070,316	10,874,022	16,033,336
Hong Kong	4,779	1,587	574,152	251,853
	<u>1,306,550</u>	<u>2,071,903</u>	<u>11,448,174</u>	<u>16,285,189</u>

4 OTHER INCOME

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income on financial assets measured at amortised cost:		
– Bank deposits	34,476	68,300
– Amounts due from associates	<u>19,370</u>	<u>22,217</u>
Total interest income	53,846	90,517
Government grants	10,972	1,908
Forfeiture income on deposit on pre-sale of properties	828	315
Dividend income from unlisted equity securities	<u>–</u>	<u>1,096</u>
	<u>65,646</u>	<u>93,836</u>

5 OTHER NET GAINS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Gain on disposal of subsidiaries	340,972	–
Net realised and unrealised (loss)/gain on equity securities	(9,704)	12,190
Net exchange gain	132,236	88,578
Net (loss)/gain on disposal of property, plant and equipment	(597)	40
Gain on partial disposals of an associate	–	72,374
Gain on previously held interest in an associate upon loss of significant influence	–	54,090
Others	<u>2,607</u>	<u>(5,293)</u>
	<u>465,514</u>	<u>221,979</u>

6 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank and other loans	264,359	261,652
Interest on lease liabilities	3,839	5,105
Interest on related party loans	90,402	111,773
Accrued interest on significant financing component of contract liabilities	<u>–</u>	<u>10,812</u>
Total interest expense	358,600	389,342
Less: amount capitalised*	<u>(175,501)</u>	<u>(120,610)</u>
	<u>183,099</u>	<u>268,732</u>

* The borrowing costs have been capitalised at a weighted average rate of 4.22% per annum (2019: 4.38%).

(b) Staff costs

	2020 RMB'000	2019 RMB'000
Salaries, wages and other benefits	298,133	361,875
Contributions to defined contribution retirement plan	7,420	23,650
	<u>305,553</u>	<u>385,525</u>

(c) Other items

	2020 RMB'000	2019 RMB'000
Amortisation of intangible assets	9,311	9,392
Depreciation		
– owned property, plant and equipment	239,251	203,798
– right-of-use assets	129,293	139,226
	<u>368,544</u>	<u>343,024</u>
Impairment losses/(reversal of impairment losses)		
– trade and other receivables	1,312	1,085
– finance lease receivables	(2,088)	2,929
– interest in an associate	70,000	–
	<u>69,224</u>	<u>4,014</u>
Auditors' remuneration		
– audit services	2,848	2,900
– other services	3,269	2,492
	<u>6,117</u>	<u>5,392</u>
Rentals receivable from investment properties less direct outgoings of RMB10,222,000 (2019: RMB23,457,000)	172,966	181,793
Cost of inventories*	622,479	1,089,777

* Cost of inventories includes RMB77,246,000 (2019: RMB256,673,000) relating to staff costs, 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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current tax		
Provision for corporate income tax (“CIT”) for the year (i)	31,341	67,324
(Over)/under-provision in respect of prior years	(37,961)	17,527
Withholding tax (iii)	47,411	—
	40,791	84,851
PRC LAT (ii)	58,832	306,245
	99,623	391,096
Deferred tax		
Origination and reversal of temporary differences	1,470	(36,582)
	101,093	354,514

(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 (2019: Nil).

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year ended 31 December 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% (2019: 25%).

(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.

(iii) Withholding tax

Withholding taxes are levied on dividend distributions arising from profit of the Mainland China subsidiaries within the Group earned after 1 January 2008, and disposal gain earned by Hong Kong subsidiaries upon disposal of Mainland China subsidiaries at the applicable tax rates. During the year, as a result of disposal of subsidiaries, a provision of withholding tax was recognised in profit or loss accordingly.

During the year, withholding taxes included the tax effect on the dividends distributed by Mainland China subsidiaries of RMB18,940,000 (2019: Nil) and on the disposal gain earned by Hong Kong subsidiaries upon disposal of Mainland subsidiaries of RMB28,471,000 (2019: Nil).

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit before taxation	<u>76,660</u>	<u>604,120</u>
Notional tax on profit before taxation, calculated at the rates applicable the jurisdictions concerned	(32,922)	151,030
Tax effect of tax rate difference	(2)	(2)
Tax effect of non-deductible expenses	99,349	86,518
Tax effect of non-taxable income	(59,499)	(140,935)
Tax effect of temporary difference not recognised	91,154	24,775
Tax effect of temporary difference not previously recognised	(3,150)	(14,083)
(Over)/under-provision in respect of prior years	<u>(37,961)</u>	<u>17,527</u>
	----- 56,969	----- 124,830
PRC LAT	58,832	306,245
Tax effect of PRC LAT	<u>(14,708)</u>	<u>(76,561)</u>
	----- 44,124	----- 229,684
Income tax expense	<u>101,093</u>	<u>354,514</u>

The 10% withholding tax rate on gain on disposal of Mainland China subsidiaries earned by Hong Kong subsidiaries of the Group was accounted for in calculation of notional tax.

8 DIVIDENDS

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

	2020 RMB'000	2019 RMB'000
No final dividend proposed after the end of the reporting period (2019: HK1.25 cents per ordinary share (equivalent to RMB1.12 cents per ordinary share))	<u>–</u>	<u>8,380</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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

	2020 RMB'000	2019 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK1.25 cents per ordinary share (equivalent to RMB1.14 cents per ordinary share) (2019: 22.00 cents per ordinary share (equivalent to RMB19.71 cents per ordinary share))	<u>8,558</u>	<u>144,829</u>

9 BASIC (LOSS)/EARNING PER SHARE

(a) (Loss)/profit attributable to ordinary shareholders of the Company

	2020 RMB'000	2019 RMB'000
Profit attributable to equity holders of the Company	63,757	266,961
Less: Profit attributable to the holders of perpetual capital securities	<u>(283,209)</u>	<u>(238,615)</u>
(Loss)/profit attributable to ordinary shareholders	<u>(219,452)</u>	<u>28,346</u>

(b) Weighted average number of ordinary shares

	2020 '000	2019 '000
Issued ordinary shares	<u>748,366</u>	<u>748,366</u>

No dilutive loss per share is presented as there were no dilutive potential ordinary shares in issue during both years.

10 TRADE AND OTHER RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivable		
– Amounts due from fellow subsidiaries	–	16,345
– Amounts due from third parties	<u>13,042</u>	<u>13,630</u>
	13,042	29,975
Less: loss allowance	<u>(228)</u>	<u>(1,095)</u>
	----- 12,814	----- 28,880
Other receivables:		
– Amounts due from associates (note (i))	113,634	95,360
– Amounts due from intermediate parents	1,094	–
– Amounts due from fellow subsidiaries (note (ii))	708,727	17,007
– Amounts due from third parties	<u>66,865</u>	<u>64,384</u>
	890,320	176,751
Less: loss allowance	<u>(325)</u>	<u>(12,717)</u>
	----- 889,995	----- 164,034
Financial assets measured at amortised cost	902,809	192,914
Deposits and prepayments (note (iii))	<u>43,794</u>	<u>688,769</u>
	<u>946,603</u>	<u>881,683</u>
Presenting as:		
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Non-current assets (note (iv))	–	1,623
Current assets	<u>946,603</u>	<u>880,060</u>
	<u>946,603</u>	<u>881,683</u>

Notes:

- (i) Except for amounts of RMB72,401,000 (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.
- (ii) As at 31 December 2020, amounts due from fellow subsidiaries included the consideration receivable of RMB706,416,000 upon disposal of Chengdu OCT.
- (iii) In 2019, the Group entered into one land grant contract for acquisition of the land in the Mainland China and prepaid the consideration of RMB510,000,000 and recognised as deposit for the acquisition of the land. During the year, the prepayment was transferred to inventories upon the completion of the acquisition.
- (iv) As at 31 December 2020, 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 debtor's receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	2020 RMB'000	2019 <i>RMB'000</i>
Within 1 year	4,344	28,734
1 to 2 years	8,470	146
	12,814	28,880

11 TRADE AND OTHER PAYABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade creditors and bills payable:		
– Amounts due to fellow subsidiaries	7,957	24,058
– Amounts due to third parties	<u>464,199</u>	<u>1,162,468</u>
	<u>472,156</u>	<u>1,186,526</u>
Other payables and accruals:		
– Amounts due to associates	80,520	132,431
– Amounts due to joint ventures	–	210,932
– Amount due to the intermediate parent	–	45,514
– Amounts due to fellow subsidiaries	343,740	331,014
– Amount due to other related party	–	249,900
– Amounts due to third parties	<u>413,524</u>	<u>535,187</u>
	<u>837,784</u>	<u>1,504,978</u>
Interest payables:		
– Amount due to an associate	54,798	36,417
– Amount due to a joint venture	–	7,686
– Amount due to the intermediate parent	36,350	21,369
– Amounts due to fellow subsidiaries	71	71
– Amounts due to other related parties	49,605	13,737
– Amounts due to third parties	<u>29,168</u>	<u>29,915</u>
	<u>169,992</u>	<u>109,195</u>
Financial liabilities measured at amortised cost	1,479,932	2,800,699
Deposits (note)	<u>74,158</u>	<u>74,437</u>
	<u>1,554,090</u>	<u>2,875,136</u>

Note: As at 31 December 2020, deposits of RMB48,361,000 (2019: RMB73,558,000) 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.

As at 31 December 2020, amounts due to fellow subsidiaries in deposit is RMB15,919,000 (2019: RMB1,564,000).

Ageing analysis

As at 31 December 2020, the ageing analysis of trade creditors payable, based on the invoice date, are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 1 year	458,241	1,118,073
1 to 2 years	10,395	33,552
2 to 3 years	3,339	2,640
Over 3 years	181	32,261
	<u>472,156</u>	<u>1,186,526</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results and Business Review

In the first half of 2020, COVID-19 raided the world and increased instability of the world economy, but the crisis gave birth to new opportunities and new situations amidst changes. In the second half of the year, with the effective control of domestic epidemic, economic recovery showed a good momentum, and the overall investment atmosphere improved. The Group actively seized market opportunities, adjusted asset structure, and persevered in financing difficulties. The scale of asset management has steadily increased. The Group adhered to the value in the selection of investment targets and completed urbanization equity projects and fund investment through direct equity investment, industrial funds, etc. The Group continued to innovate in exit methods, realized project exit with the help of offshore funds, and formed replicable exit models to increase the speed of asset turnover. With its professional and industrial advantages, the Group will continue to optimize the closed-loop asset management of “fundraising, investment, management, and exit” to create comprehensive asset management capability.

During the Current Period, the Group recorded a revenue of approximately RMB1.307 billion, representing a decrease of approximately 36.9% as compared to the same period of 2019, which was mainly due to the decrease in revenue from the Chengdu OCT Project. In addition, profit attributable to equity holders of the Company amounted to approximately RMB64 million, representing a decrease of approximately 76.1% as compared with the same period of 2019, which was mainly due to the decrease in profit of equity investments and fund business.

Comprehensive Development Business

In 2020, China's real estate market has withstood the test of the epidemic. The sales in the first quarter were most affected, but since the second quarter, the market has gradually recovered and grown for the year, and the Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area have shown positive trend. In terms of policy, under the background of the main tone of "houses are for inhabitation, not for speculation, and implementing policies according to local conditions", there was an overall trend of loosening then tightening throughout the year, maintaining a stable and healthy development of the market. In terms of products, products for improvement performed well in the new housing market, and the demand continues.

The comprehensive development projects invested by the Group focus on cities in the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and other core metropolitan areas, and products for improvement are the majority. Although affected by the epidemic, newly acquired projects were launched ready for sale by the end of the year, crashing the construction period. Property sales grasped the policy pace, sped up the process of sales, and realized the equity exit of Chengdu OCT and Xi'an OCT Land Project. During the Current Period, the Group recorded a revenue from the comprehensive development business of approximately RMB1.279 billion, representing a year-on-year decrease of approximately 37.6% as compared to the same period in 2019, and a segment profit attributable to equity holders of the Company amounted to approximately RMB360 million, as compare to a loss of approximately RMB57.24 million for the same period in 2019.

The operation of each project of the Group is as follows:

No.	Name of project	Location	Use of Land	Area of land (ten thousand m ² , full caliber)	Gross floor area (ten thousand m ² , full caliber)	Way of acquisition	Percentage of interest	Phase of project
1	Hefei OCT Bantang Hot Spring Town Project	Hefei	Residential+ Commercial+ Hotel+ Waterpark	41.5	34.5	Listing-for-Sale	51.00%	Being marketed
2	Hefei Airport International Town Project	Hefei	Residential+ Commercial+ Hotel	69.5	84.8	Listing-for-Sale	51.00%	Being marketed
3	Zhongshan Yuhong Project	Zhongshan	Residential	9.1	27.2	Equity acquisition	21.00%	Being marketed
4	Shanghai Suhewan Project	Shanghai	Residential+ Commercial+ Hotel	7.1	43.0	Equity acquisition	50.50%	Being marketed
5	Chongqing OCT Land Project	Chongqing	Residential	18.0	44.0	Listing-for-Sale	49.00%	Being marketed

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

The phase I land parcel of Hefei Airport International Town Project is situated at the core of the Hefei Airport Economic Demonstration Zone. Hefei Airport Economic Demonstration Zone is a provincial project of Anhui province that has formed a cluster of integrated circuit, new energy automobiles, 5G, artificial intelligence and other high technology industries, and attracted the best of domestic and international talents. During the Current Period, the OCT Hefei Airport International Town Project Exhibition Center was launched to show the development vision of “post-urbanisation development demonstration” and development idea of “technology innovation+culture and creativity”, building the project into an online celebrity check-in place in Hefei. During the Current Period, the contracted sales area and amount of the project were approximately 238,600 sq.m. and approximately RMB2,470 million, respectively.

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

Situated at core tourism hotspots of Chaohu, the land parcel of the Hefei OCT 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. Since the start of the project, Hefei OCT Bantang Hot Spring Town has successively carried out activities such as “Small Town Life Aesthetics Season”, National Day Carnival, “Intangible Cultural Heritage Workshop” and other activities and cultural travel experiences, which have triggered the widespread dissemination of Chaohu culture. During the Current Period, the contracted sales area and amount of the project were approximately 2,100 sq.m. and approximately RMB29 million, respectively.

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

During the Current Period, the Group held 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 enjoyed the geographical advantages as an important innovation base for the technology industry in the Guangdong-Hong Kong-Macao Greater Bay Area. The high-rise residential properties of Phase I of Zhongshan Yuhong Project commenced sales in October 2020. During the Current Period, the contracted sales area and amount of the project were approximately 49,400 sq.m. and approximately RMB944 million, respectively.

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

The Shanghai Suhewan Project 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. The project is an integration of arts and humanities, fashion business, high-end residence and urban entertainment. During the Current Period, the contracted sales area and amount of the project were approximately 7,200 sq.m. and approximately RMB518 million, respectively, and the settled area and amount were approximately 7,400 sq.m. and approximately RMB532 million, respectively. Through fine management and multiple methods to overcome the impact of the COVID-19 pandemic, the revenue of Bvlgari Hotel operated thereunder is basically the same as last year.

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

The Chongqing OCT Land Project is located at Lijia Block, New North Zone, Chongqing City. The project overlooks the panorama of Jialing River with the Happy Valley theme park in the neighborhood. During the Current Period, the contracted sales area and amount of the project were approximately 47,900 sq.m. and approximately RMB695 million, respectively, and the settled area and amount were approximately 111,800 sq.m. and approximately RMB1,663 million, respectively.

Industrial Park Project

During the Current Period, the Group had industrial park projects in regions including Suzhou, Jiangsu province, Chuzhou, Anhui province and Huizhou, Guangdong province, offering a leasable area of approximately 179,000 sq.m. The parks were operated in good conditions with rental income for the year exceeding RMB21.54 million.

Equity Investment and Fund Business

In 2020, with the downward pressure on the macro economy brought by the COVID-19 pandemic, together with the increasingly stringent regulatory environment, for equity investment, the fundraising became more difficult, the industry concentration has increased, and the market has shown a structural trend of, for example, having more active state-owned entities. With the domestic pandemic under control, the number and amount of equity investment in the second half of 2020 has improved significantly. Companies in the mature and expansion phases have become popular investment, and those in initial phases have less intention. The pandemic and the Sino-US trade and industrial disputes have increased the attention of investment institutions to industries such as medical, high-end manufacturing, and technology and investment activities in related fields has significantly increased. During the year, the Science and Technology Innovation Board ran steadily for the first full year and the piloted reform of the registration system expanded the exit channels.

Being the only offshore listed platform of OCT Group, the Group has the ability to flexibly link the advantageous industrial resources including culture, tourism and technology of OCT Group. Direct equity investment and fund management business will be based in the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, focusing on industries such as culture, tourism, technology, education, consumption, pan-health and new urbanization, fully exert the advantages of industrial capital investment and mergers and acquisitions, enhance the investment management efficiency, explore ways of synergy and linkage and promote the rapid development of investees.

As of the end of 2020, the total size of funds under management of and invested by the Group amounted to approximately RMB4.3 billion, representing an increase of approximately 19.4% as compared with that of last year. In terms of fundraising, the Group and Dongguan Industrial Parent Fund and Yueke and other well-known state-owned institutions established OCT Lwen Technology Fund, an actively managed fund, with the size of RMB300 million and investment in fields including cultural tourism, information technology, artificial intelligence, new retails (consumption) and modern education. In terms of investment, Xiamen OCT Runyu Fund under the Group successfully completed the full investment of the fundraising, and implemented sustainable and fast-turnover investment products. In addition, the Group cooperated with CCB International and established offshore funds and invested in Xi'an OCT Land Project with a size of approximately HK\$850 million, and held by the Group as to approximately 49%. During the Current Period, the Group disposed the shares of Tongcheng Elong in the secondary market and realized approximately HK\$550 million.

During the Current Period, there was a segment loss attributable to the equity holders of the Company amounting to approximately RMB278 million, as compared to a profit of approximately RMB316 million for the same period in 2019, which was mainly due to the loss arising from investment in associates.

Finance Lease Business

During the Current Period, the Group recorded a revenue of approximately RMB22.50 million from the finance lease business, representing a year-on-year increase of approximately 5.4% as compared to the same period in 2019. Profit attributable to equity holders of the Company amounted to approximately RMB7.21 million, representing a year-on-year increase of approximately 187.6%, as compared to the same period in 2019. During the Current Period, the Group achieved excellent performance in cash collection for existing projects under the finance lease business. As of the end of 2020, the total asset size of the Group's existing projects under the finance lease business amounted to approximately RMB380 million.

FINANCIAL REVIEW

As at 31 December 2020, the Group's total assets amounted to approximately RMB25.422 billion, representing a decrease of approximately 3.9% over that as at 31 December 2019; the Group's total equity amounted to approximately RMB13.225 billion, representing an increase of approximately 2.4% over that as at 31 December 2019.

For the year ended 31 December 2020, the Group realised revenue of approximately RMB1.307 billion, representing a decrease of approximately 36.9% compared to the same period of 2019, of which, revenue of the comprehensive development business was approximately RMB1.279 billion, representing a decrease of approximately 37.6% compared to the same period of 2019, primarily due to the decrease in revenue of Chengdu OCT Project; and revenue of the finance lease business amounted to approximately RMB22.50 million, representing an increase of approximately 5.4% compared to the same period of 2019, primarily due to the increase in business during the Current Period.

For the year ended 31 December 2020, the Group's gross profit margin was approximately 24.2% (2019: approximately 37.0%), representing a decrease of 12.8 percentage points compared to the same period of 2019, of which, the gross profit margin of the comprehensive development business was approximately 22.8%, representing a decrease of 13.5 percentage points compared to the same period of 2019, mainly due to the proactive minimisation of inventories and speeding up the exit of late-stage projects with lower gross profit margin to revitalise existing assets in 2020; and the gross profit margin of the finance lease business was approximately 57.6%, approximating to that of the same period last year. The net profit margin of the comprehensive development business attributable to equity holders of the Company was approximately 28.1%, representing an increase of 30.9 percentage points compared to the same period of 2019, mainly attributable to the disposal gain realised from disposal of Chengdu OCT Project and Xi'an OCT Land Project during the Current Period; and the net profit margin of the finance lease business was approximately 32.1%, representing an increase of 20.4 percentage points compared to that of 2019, mainly due to the decrease in administrative expenses during the Current Period generated from the Group's expansion of finance lease business in 2019.

For the year ended 31 December 2020, profit attributable to equity holders of the Company was approximately RMB64 million, representing a decrease of approximately 76.1% compared to the same period of 2019, of which, profit attributable to the comprehensive development business was approximately RMB360 million, comparing to the loss of approximately RMB57.24 million in the same period of 2019, mainly attributable to the recognition of profit from disposal of Chengdu OCT Project and Xi'an OCT Land Project during the Current Period; profit attributable to the finance lease business was approximately RMB7.21 million, representing an increase of approximately 187.6% compared to the same period of 2019, mainly due to the decrease in administrative expenses; and loss attributable to the equity investment and fund business was approximately RMB277 million, comparing to the profit of approximately RMB316 million in the same period of 2019, mainly due to the loss arising from investment in associates.

For the year ended 31 December 2020, the basic loss per share attributable to shareholders of the Company was approximately RMB0.29, and the basic earnings per share was approximately RMB0.04 over the same period of 2019. The losses for the year were RMB24 million, as compared to a profit for the year of approximately RMB250 million of the same period last year, mainly due to the loss arising from investment in associates.

Affected by the COVID-19 pandemic on global economy, the Group has prudently re-assessed the recoverable amount of the interests in associates. For the year ended 31 December 2020, the Group recognised impairment loss of RMB70 million for the interests in associates, the amount was refer to its value-in-use which was calculated by estimation the Group's share of the present value of the estimated future cash flows expected to be generated by the associate.

Distribution Costs and Administrative Expenses

The Group's distribution costs for the year ended 31 December 2020 were approximately RMB98 million (2019: approximately RMB103 million), representing a decrease of approximately 5.3% compared to the same period of 2019, which was mainly due to the decrease in sales commissions and advertising expenses as a result of the decrease in revenue from the comprehensive development business.

The Group's administrative expenses for the year ended 31 December 2020 were approximately RMB352 million (2019: approximately RMB403 million), representing a decrease of approximately 12.7% as compared to the same period of 2019, of which, administrative expenses of the comprehensive development business were approximately RMB234 million (2019: approximately RMB282 million), representing a decrease of approximately 17.2% as compared to the same period of 2019, which was mainly due to the decrease in relevant costs caused by the decrease in revenue; administrative expenses from the finance lease business were approximately RMB3.90 million (2019: approximately RMB4.84 million), representing a decrease of approximately 19.3% as compared to the same period of 2019, which was mainly due to the decrease in professional consultant fees; and administrative expenses of the equity investment and fund business were approximately RMB16.55 million (2019: approximately RMB16.73 million), which were approximate with that of the same period last year.

Interest Expenses

The Group's interest expenses for the year ended 31 December 2020 were approximately RMB183 million (2019: approximately RMB269 million), representing a decrease of approximately 31.9% as compared to the same period of 2019, of which, interest expenses of the comprehensive development business were approximately RMB100 million (2019: approximately RMB113 million), representing a decrease of approximately 12.0% as compared to the same period of 2019, mainly due to the decrease in the weighted average ratio of loans; interest expenses of the finance lease business were approximately RMB9.27 million (2019: approximately RMB8.46 million), representing an increase of approximately 9.5% as compared to the same period of 2019, mainly due to the increase in the weighted average amount of loans; and interest expenses of the equity investment and fund business were approximately RMB69.19 million (2019: approximately RMB111 million), representing a decrease of approximately 38.0% as compared to the same period of 2019, mainly due to the decrease in the weighted average ratio of loans.

Dividends

The Board resolved not to proposed payment of a final dividend for the year ended 31 December 2020 (2019: HK\$1.25 cents per ordinary share) after considering the Company's long-term development and active participation of potential investment opportunities.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 31 December 2020 was approximately RMB13.225 billion (31 December 2019: approximately RMB12.919 billion); current assets were approximately RMB13.645 billion (31 December 2019: approximately RMB9.564 billion); current liabilities were approximately RMB4.634 billion (31 December 2019: approximately RMB7.219 billion). The current ratio was approximately 2.94 as at 31 December 2020, representing an increase of 1.62 as compared to that as at 31 December 2019 (31 December 2019: approximately 1.32), mainly due to the Group having sold the Chengdu OCT Project and Xi'an OCT Land Project to revitalize existing funds 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 2020, the Group had outstanding bank and other loans of approximately RMB6.606 billion, of which, approximately RMB2.078 billion was fixed-rate loans (31 December 2019: outstanding bank and other loans of approximately RMB8.116 billion, without any fixed-rate loans). As at 31 December 2020, the interest rates of bank and other loans of the Group ranged from 1.33% to 4.75% 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 34.7% as at 31 December 2020, representing an increase of 0.3 percentage point as compared with approximately 34.4% as at 31 December 2019, which was approximate with that of the same period last year.

As at 31 December 2020, approximately 53.8% of the total amount of outstanding bank and other loans of the Group amounting to approximately RMB3.556 billion was in Hong Kong Dollars (31 December 2019: approximately 61.9%); and approximately 46.2% of which amounting to approximately RMB3.050 billion was in Renminbi (31 December 2019: approximately 38.1%). As at 31 December 2020, approximately 0.4% of the total amount of cash and cash equivalents of the Group was denominated in United States Dollars (31 December 2019: approximately 58.5%), approximately 59.4% of which was denominated in Renminbi (31 December 2019: approximately 32.9%) and approximately 40.2% of which 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 year ended 31 December 2020, 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 2020, the Group did not enter into any foreign exchange forward contracts and other material financial instruments for hedging foreign exchange risk 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 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 2020, guarantees given by financial institutions for mortgages facilities granted to buyers of the Group's properties amounted to approximately RMB100 million in total (31 December 2019: approximately RMB322 million).

OUTLOOK FOR 2021

Comprehensive Development Business

In 2021, with the establishment and implementation of a long-term mechanism for the real estate industry, it is expected that future policies will remain consistent, under the main tone of “houses are for inhabitation, not for speculation, and implementation policies according to local conditions”, strengthening risk control, cultivating core areas, and exerting brand and product strength will become the homeopathic way to maintain competitive advantage.

The Group will accelerate the development process of high-quality characteristic comprehensive development projects, continue to promote the realisation of existing properties, accelerate asset turnover, finely manage costs, and improve the efficiency of capital utilization. At the same time, we will actively acquire low-cost land, reserving comprehensive development projects in core metropolitan areas such as the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area.

In 2021, the Group’s comprehensive development projects are planned as follows: Hefei Airport International Town project is scheduled to promote the sales of residential and commercial area of approximately 201,000 square meters. Hefei OCT Bantang Hot Spring Town project is scheduled to promote the sales of residential and commercial area of approximately 112,000 square meters. The hotel and certain commercial projects are planned to start at the second half of 2021. Zhongshan Yuhong project is scheduled to continue to promote the high-rise residential sales plan, with a saleable area of approximately 92,600 square meters. Shanghai Suhewan project and Chongqing OCT Land project will continue to increase product sales.

Equity Investment and Fund Business

In 2021, the private equity investment industry will have new usher in a new round of development opportunities amid adjustments. With policies encouraging the entry of long-term funds such as those from banks and insurance, and increasing support, the private equity investment industry may have more resources. The implementation of the comprehensive registration system will be accelerated, and the exit channels will be smoother and more diverse. Meanwhile, an intensification of industry competition, increasing financial supervision, a return to value investment, a focus on risk control and strengthening post-investment management will lay the foundation for the development and prosperity of investment institutions. Benefiting from these, industrial capital will have a good time for investment allocations. In addition, as the downward pressure on the global economy will increase and uncertain factors will lead to increased risk aversion, mature companies in middle and late stages will also receive more capital attention.

In 2021, the Group will actively implement the established strategies. In terms of fundraising, the Group will continue to expand the scale of fund management with government-guided funds and high-quality enterprises in the industry as its main partners. In terms of investment, the Group will combine direct equity investment with industry funds, to reasonably match short-term, medium-term and long-term project investments. Qiaorun Investment Partnership will continue to accelerate corporate equity investment in urbanization projects in the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta Economic Zone and other regions. OCT Tourism and Culture Technology Fund will actively seek high-quality companies with the potential to become a leader in the segment, and carefully select high-quality projects. In early 2021, it has invested in Liweijia (a home Internet platform) and Yidong Technology (a research and development and manufacturing company of marine electric drive system). In terms of management, the Group will actively reserve high-quality equity investment projects, and strengthen the post-investment empowerment with the invested companies in the advantageous industries of OCT Group. At the same time, the Company will continue to optimize the post-investment management system, strengthen the risk identification and response capabilities of the investee enterprises to minimize investment risks. In terms of exit, the Group's equity investment projects and fund investments will usher in partial exits, contributing investment income and bringing back capital.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had approximately 314 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.

IMPORTANT EVENTS

Disposal of Listed Securities in Tianli Education

On 3 January 2020, City Legend Limited (“**City Legend**”), a subsidiary of the Company, disposed of an aggregate of 42,666,000 Tianli Education 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 Education 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, OCT Huaxin and 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), 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) 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) 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.

Renewal of Finance Lease and Factoring Framework Agreements

As the 2019 Finance Lease and Factoring Framework Agreements will expire on 18 June 2020, on 18 May 2020, OCT Financial Leasing, a direct wholly-owned subsidiary of the Company, entered into agreements with OCT Group and OCT Ltd., pursuant to which OCT Financial Leasing agreed to provide finance lease and factoring services to OCT Group and OCT Ltd., respectively. For further details, please refer to the announcement dated 18 May 2020 and the circular dated 29 May 2020 of the Company.

Issue of US\$800,000,000 Perpetual Capital Securities

The Company issued perpetual capital securities with a total principal of US\$800,000,000 in two installments which were unconditionally guaranteed by OCT Group and listed on The Stock Exchange of Hong Kong Limited. The initial distribution rate was 4.50%. For further details, please refer to the announcements dated 6 July 2020 and 9 July 2020 and the listing notices dated 15 July 2020 and 25 August 2020 of the Company.

Entering into A Finance Lease Agreement for Chengdu Happy Valley

On 13 August 2020, Chengdu Tianfu OCT Industry Development Co., Ltd.* (成都天府華僑城實業發展有限公司)(“**Chengdu OCT**”), an indirect non-wholly owned subsidiary of the Company, entered into a finance lease agreement with CMB Financial Leasing Co., Ltd. (招銀金融租賃有限公司), pursuant to which: (i) CMB Financial Leasing Co., Ltd. conditionally agreed to purchase certain amusement and ancillary facilities (such as roller coaster and waterpark facilities) used in Chengdu Happy Valley currently owned by Chengdu OCT, and (ii) following the acquisition, CMB Financial Leasing Co., Ltd. conditionally agreed to lease the leased assets to Chengdu OCT, for a lease term of 36 months. For further details, please refer to the announcement dated 13 August 2020 and the circular dated 30 September 2020 of the Company.

Assignment of 50.99% of Equity Interest and Debt in Chengdu OCT

Bantix International Limited (“Bantix International”) entered into the equity transfer agreement with OCT (Chengdu) Investment Co., Ltd. (華僑城(成都)投資有限公司) (“OCT Chengdu Investment”) and Chengdu OCT on 4 September 2020 in relation to the transfer of 50.99% of the equity interest in Chengdu OCT to OCT Chengdu Investment at the consideration of RMB1,092 million; Bantix International, OCT Chengdu Investment and Chengdu OCT entered into the debt transfer agreement on 4 September 2020 in relation to the assignment of the debt of RMB160 million from Bantix International to OCT Chengdu Investment. For further details, please refer to the announcement dated 4 September 2020 and the circular dated 30 September 2020 of the Company.

Subscription of 49% Interest in the Cayman Fund and Disposal of Part Equity Interest of the Target Company

The Company and HNW Investment Fund Series SPC entered into the cooperation agreement on 8 December 2020 in relation to (among others) (i) the subscription of not more than 49% interest of Serica segregated portfolio at the subscription amount of not more than HK\$417 million; (ii) the disposal of the entire issued shares of City Turbo Limited (港名有限公司) (“City Turbo”) (including the entire assets, rights and liabilities of City Turbo) at the consideration of approximately HK\$2,037 million; and (iii) the granting of share repurchase options to other investors in respect of their respective participating shares. For further details, please refer to the announcement dated 8 December 2020 and the circular dated 15 December 2020 of the Company.

Disposal of Listed Securities of Tongcheng-Elong

City Legend disposed on-market the listed securities of Tongcheng-Elong in a series of transactions. After six disposals, the Group held 70,549,880 of Tongcheng-Elong shares, accounting for approximately 3.25% of the issued share capital of Tongcheng-Elong as at 30 November 2020. For further details, please refer to the announcements dated 28 August 2020, 11 November 2020, 17 November 2020, 20 November 2020, 2 December 2020 and 18 December 2020 of the Company in relation to six disposals and the circular dated 31 December 2020.

SUBSEQUENT EVENTS

Further Disposal of Listed Securities of Tongcheng-Elong

City Legend disposed on-market the listed securities of Tongcheng-Elong in a series of transactions. As at the date of this announcement, the Group held 46,925,080 of Tongcheng-Elong shares, accounting for approximately 2.14% of the issued share capital of Tongcheng-Elong as at 28 February 2021. For further details, please refer to the announcements dated 17 February 2021, 19 February 2021 and 25 February 2021 of the Company.

Establishment of Xiamen Qiaorun Investment Partnership (Limited Partnership) (廈門僑潤投資合夥企業(有限合夥))

On 23 February 2021, Shenzhen Huayou and Shenzhen OCT Gangya, both of which are indirect wholly-owned subsidiaries of the Company, entered into the limited partnership agreement with Panxing Capital Management (Shenzhen) Co., Ltd.* (潘興資本管理(深圳)有限公司), Shanghai Xuxiang Trading Co. Ltd.* (上海煦翔貿易有限公司) and Xiamen Zhongmao Yitong Commerce Co., Ltd. (廈門中茂益通商貿有限公司) in relation to the establishment of a partnership for the purpose of investment. The total capital contribution to be subscribed by all partners to the partnership is RMB800,020,000. For further details, please refer to the announcement of the Company dated 23 February 2021.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not purchased its own listed shares during the reporting period. During the Current 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 the return to the shareholders, and can also increase long-term share value. Therefore, the Company is committed to implementing and maintaining a high standard of corporate governance, emphasizing good communication with shareholders and investors, and nurturing the corporate culture of strict code of conduct, with a view to continuously improving the Company's transparency in management. This includes timely, comprehensive and accurate disclosure of information of the Company to safeguard the shareholders' interest and to raise long-term share value.

The Company had complied with all the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2020.

AUDIT COMMITTEE

The results and the financial statements of the Company for the year ended 31 December 2020 had been reviewed by the Audit Committee of the Company before they were presented to the Board for approval.

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

Hong Kong, 31 March 2021

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

* *For identification purpose only*