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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)

2021 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 2021 (the “Period Under Review”), together with the comparative figures for the corresponding period in 2020 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*for the six months ended 30 June 2021 – unaudited**(Expressed in Renminbi)*

		Six months ended 30 June	
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
			(Restated)
Revenue	4	200,157	343,510
Cost of sales		<u>(152,822)</u>	<u>(322,988)</u>
Gross profit		47,335	20,522
Other income		32,621	33,081
Other net gain		52,214	47,100
Distribution costs		(40,548)	(42,816)
Administrative expenses		<u>(101,119)</u>	<u>(131,532)</u>
Loss from operations		(9,497)	(73,645)
Finance costs	5(a)	(57,447)	(116,007)
Share of profits less losses of associates		32,317	(78,717)
Share of profits less losses of joint ventures		<u>23,949</u>	<u>2,875</u>
Loss before taxation	5	(10,678)	(265,494)
Income tax	6	<u>(721)</u>	<u>(10,108)</u>
Loss for the period		<u>(11,399)</u>	<u>(275,602)</u>
Attributable to:			
Equity holders of the Company		18,173	(200,814)
Non-controlling interests		<u>(29,572)</u>	<u>(74,788)</u>
Loss for the period		<u>(11,399)</u>	<u>(275,602)</u>
Loss per share (RMB)	7		
Basic loss per share		<u>(0.127)</u>	<u>(0.431)</u>
Diluted loss per share		<u>(0.127)</u>	<u>(0.431)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2021 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Loss for the period	(11,399)	(275,602)
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 fair value through other comprehensive income (FVTOCI) – net movement in fair value reserves (non-recycling)	246,580	24,252
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences	(1,340)	(153,891)
Share of other comprehensive income of associates	23,944	4,246
	22,604	(149,645)
Other comprehensive income for the period	269,184	(125,393)
Total comprehensive income for the period	257,785	(400,995)
Attributable to:		
Equity holders of the Company	287,357	(326,207)
Non-controlling interests	(29,572)	(74,788)
Total comprehensive income for the period	257,785	(400,995)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2021 – unaudited

(Expressed in Renminbi)

		At 30 June 2021	At 31 December 2020
	<i>Note</i>	RMB'000	RMB'000
Non-current assets			
Investment property		2,447,367	2,487,968
Property, plant and equipment		965,998	981,721
Interests in leasehold land held for own use		<u>1,211,992</u>	<u>1,228,041</u>
		4,625,357	4,697,730
Intangible assets		38,137	42,702
Interests in associates		4,289,658	4,368,908
Interests in joint ventures		1,170,008	1,197,304
Other financial assets		309,440	1,141,530
Finance lease receivables		171,944	251,944
Deferred tax assets		<u>91,951</u>	<u>76,631</u>
		10,696,495	11,776,749
Current assets			
Inventories and other contract costs		9,047,766	8,302,909
Finance lease receivables		98,679	108,679
Trade and other receivables	8	1,392,525	946,603
Cash at bank and on hand	9	<u>3,796,164</u>	<u>4,274,938</u>
		14,335,134	13,633,129
Assets of disposal group classified as held for sale		<u>–</u>	<u>12,079</u>
		14,335,134	13,645,208

		At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
	<i>Note</i>		
Current liabilities			
Trade and other payables	<i>10</i>	1,596,413	1,554,090
Contract liabilities		2,056,504	1,459,276
Lease liabilities		7,963	13,330
Bank and other loans		282,090	573,899
Related party loans		862,400	862,400
Current taxation		150,665	169,570
		4,956,035	4,632,565
Liabilities directly associated with assets of disposal group classified as held for sale		—	1,849
		4,956,035	4,634,414
Net current assets		9,379,099	9,010,794
Total assets less current liabilities		20,075,594	20,787,543
Non-current liabilities			
Bank and other loans		5,824,487	6,032,109
Related party loans		720,000	1,359,660
Lease liabilities		8,333	11,265
Deferred tax liabilities		159,296	159,323
		6,712,116	7,562,357
NET ASSETS		13,363,478	13,225,186

		At 30 June 2021	At 31 December 2020
	<i>Note</i>	RMB'000	RMB'000
CAPITAL AND RESERVES			
Share capital		67,337	67,337
Perpetual capital securities	<i>11(b)</i>	5,607,504	5,610,431
Reserves		3,923,419	3,752,628
		<hr/>	<hr/>
Total equity attributable to equity holders of the Company		9,598,260	9,430,396
Non-controlling interests		3,765,218	3,794,790
		<hr/>	<hr/>
TOTAL EQUITY		13,363,478	13,225,186
		<hr/> <hr/>	<hr/> <hr/>

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 24 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 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 2020 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 has not been 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:

- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

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 PRIOR PERIOD RESTATEMENT

As a result of the restatement of interim results for the six months ended 30 June 2020 announced by a listed associate of the Group on 12 August 2021, certain comparative figures have been adjusted to reflect the restated financial impact on the share of profits less losses of associates. The restatement does not affect the published financial statements of the Group for the year ended 31 December 2020.

The following table summarises the impact of restatement on the Group's consolidated statements of profit or loss for the six months ended 30 June 2020. This table shows only those line items impacted by the restatement:

	As previously reported (A) RMB'000	Restated (B) RMB'000	Difference: impact of restatement (B)-(A) RMB'000
Line items in the consolidated statement of profit or loss for the six months ended 30 June 2020 impacted by the restatement			
Share of profits less losses of associates	66,445	(78,717)	(145,162)
Loss before taxation	(120,332)	(265,494)	(145,162)
Loss for the period	(130,440)	(275,602)	(145,162)
Loss attributable to equity holders of the Company	(55,652)	(200,814)	(145,162)
Basic loss per share (RMB)	(0.237)	(0.431)	(0.194)
Diluted loss per share (RMB)	(0.237)	(0.431)	(0.194)

4 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	
	2021	2020
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by business lines		
– Sale of properties	46,518	141,666
– Hotel revenue	113,991	58,338
– Sale of tickets of theme park	–	34,242
	<u>160,509</u>	<u>234,246</u>
Revenue from other sources		
– Rental income from investment properties	30,586	97,204
– Finance lease income	9,062	12,060
	<u>200,157</u>	<u>343,510</u>

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 2021 (six months ended 30 June 2020: nil).

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

(b) Segment reporting

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

- Comprehensive development business: this segment engaged in 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 the investment in new urbanisation industrial ecosphere, such as domestic and overseas direct investments, industrial fund.
- 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 non-current assets. Segment liabilities include trade creditors, accruals and lease liabilities attributable to the sales activities of the individual segments and borrowings managed directly by the segments.

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2021 and 2020 is set out below.

For the six months ended 30 June	Comprehensive development business		Equity investment and fund business		Finance lease business		Total	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000 (Restated)	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000 (Restated)
Revenue from contracts with customers within the scope of HKFRS 15 Disaggregated by timing of revenue recognition								
Point in time	160,509	234,246	-	-	-	-	160,509	234,246
Revenue from other sources	30,586	97,204	-	-	9,062	12,060	39,648	109,264
Revenue from external customers	191,095	331,450	-	-	9,062	12,060	200,157	343,510
Reportable segment revenue	191,095	331,450	-	-	9,062	12,060	200,157	343,510
Reportable segment profit/ (loss) for the period	14,668	(207,346)	(21,402)	(102,618)	4,199	2,252	(2,535)	(307,712)
<i>As at 30 June/31 December</i>								
Reportable segment assets	16,707,349	16,059,025	5,035,014	5,882,709	340,592	375,054	22,082,955	22,316,788
Reportable segment liabilities	7,942,824	7,504,714	2,572,965	3,397,869	44,116	49,291	10,559,905	10,951,874

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

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000 (Restated)
Reportable segment loss	(2,535)	(307,712)
Unallocated head office and corporate (expense)/income	<u>(8,864)</u>	<u>32,110</u>
Consolidated loss	<u>(11,399)</u>	<u>(275,602)</u>

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

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
	Assets	
Reportable segment assets	22,082,955	22,316,788
Elimination of inter-segment receivables	<u>–</u>	<u>(26,815)</u>
	22,082,955	22,289,973
Unallocated head office and corporate assets	<u>2,948,674</u>	<u>3,131,984</u>
Consolidated total assets	<u>25,031,629</u>	<u>25,421,957</u>
Liabilities		
Reportable segment liabilities	10,559,905	10,951,874
Elimination of inter-segment payables	<u>–</u>	<u>(26,815)</u>
	10,559,905	10,925,059
Unallocated head office and corporate liabilities	<u>1,108,246</u>	<u>1,271,712</u>
Consolidated total liabilities	<u>11,668,151</u>	<u>12,196,771</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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	197,915	341,071
Hong Kong	2,242	2,439
	<u>200,157</u>	<u>343,510</u>

5 LOSS BEFORE TAXATION

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

(a) **Finance costs**

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other loans	89,429	145,639
Interest on related party loans	49,266	37,476
Interest on lease liabilities	430	2,199
	<u>139,125</u>	<u>185,314</u>
Total interest expense	139,125	185,314
Less: amount capitalised	(81,678)	(69,307)
	<u>57,447</u>	<u>116,007</u>

(b) Other items

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Interest income	(22,361)	(32,473)
Amortisation of intangible assets	4,565	4,673
Depreciation charge		
– investment property, owned property, plant and equipment	47,807	100,839
– right-of-use assets	42,895	88,167
Net impairment losses/(reversal of impairment losses)		
– trade and other receivables	3	(12)
– finance lease receivables	–	(638)
Fair value loss on financial assets measured at fair value through profit or loss (“FVTPL”)	853	2,402
Net exchange gain	(9,923)	(45,800)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current tax		
Provision for corporate income tax (“CIT”)	13,684	16,208
Over-provision in respect of prior period	–	(38,575)
	13,684	(22,367)
PRC land appreciation tax (“LAT”)	2,384	21,720
	16,068	(647)
Deferred tax		
Origination and reversal of temporary differences	(15,347)	10,755
	721	10,108

(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 2020: Nil).

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the six months ended 30 June 2021 and 2020.

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 2020: 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.

7 BASIC LOSS PER SHARE

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
		(Restated)
Profit/(loss) attributable to equity holders of the Company	18,173	(200,814)
Less: profit attributable to the holders of perpetual capital securities	<u>(113,337)</u>	<u>(121,808)</u>
Loss attributable to ordinary shareholders	<u>(95,164)</u>	<u>(322,622)</u>

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

	Six months ended 30 June	
	2021	2020
	'000	'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 periods.

8 TRADE AND OTHER RECEIVABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade debtors	7,160	13,042
Less: allowance for doubtful debts	<u>(228)</u>	<u>(228)</u>
	<u>6,932</u>	<u>12,814</u>
Other receivables:		
– Amounts due from associates (<i>note (i)</i>)	23,616	113,634
– Amount due from an intermediate parent	1,094	1,094
– Amounts due from fellow subsidiaries (<i>note (ii)</i>)	162,673	708,727
– Amounts due from third parties	<u>82,827</u>	<u>66,865</u>
	270,210	890,320
Less: allowance for doubtful debts	<u>(325)</u>	<u>(325)</u>
	<u>269,885</u>	<u>889,995</u>
Financial assets measured at amortised cost	276,817	902,809
Deposits and prepayments (<i>note (iii)</i>)	<u>1,115,708</u>	<u>43,794</u>
	<u>1,392,525</u>	<u>946,603</u>

Notes:

- (i) As at 30 June 2021, the amounts due from associates, an intermediate parent, fellow subsidiaries, and other related parties are unsecured, interest-free, and repayable on demand. As at 31 December 2020, amounts due from an associate of RMB72,401,000 are interest-bearing at 2.5% per annum.
- (ii) As at 30 June 2021, amounts due from fellow subsidiaries included the consideration receivable of RMB160,345,000 upon disposal of Chengdu Tianfu OCT Industry Development Co., Ltd. (成都天府華僑城實業發展有限公司) (31 December 2020: RMB706,416,000).
- (iii) During the six months ended 30 June 2021, the Group entered into land grant contracts to acquire certain pieces of land in the PRC and prepaid the deposits of RMB870,000,000 for this acquisition.
- (iv) As at 30 June 2021, all the trade and other receivables are expected to be recovered within one year.

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 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year	6,848	4,344
1 to 2 years	<u>84</u>	<u>8,470</u>
	<u>6,932</u>	<u>12,814</u>

9 CASH AT BANK AND ON HAND

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Cash at bank and on hand on the consolidated statement of financial position	3,796,164	4,274,938
Restricted cash for REITs programme	<u>(4,775)</u>	<u>(5,418)</u>
Cash and cash equivalents on the consolidated cash flow statement	<u>3,791,389</u>	<u>4,269,520</u>

10 TRADE AND OTHER PAYABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade creditors:		
– Amounts due to fellow subsidiaries	7,293	7,957
– Amounts due to third parties	<u>329,150</u>	<u>464,199</u>
	<u>336,443</u>	<u>472,156</u>
Other payables and accruals:		
– Amounts due to associates	190,770	80,520
– Amount due to a joint venture	45,571	–
– Amounts due to fellow subsidiaries	345,416	343,740
– Amounts due to third parties	<u>435,945</u>	<u>413,524</u>
	<u>1,017,702</u>	<u>837,784</u>
Interest payables:		
– Amount due to an associate	9,090	54,798
– Amounts due to an intermediate parent	36,336	36,350
– Amount due to a fellow subsidiary	71	71
– Amount due to a non-controlling interest	5,072	2,854
– Amount due to a related party	67,343	46,751
– Amounts due to third parties	<u>74,939</u>	<u>29,168</u>
	<u>192,851</u>	<u>169,992</u>
Financial liabilities measured at amortised cost	1,546,996	1,479,932
Deposits	<u>49,417</u>	<u>74,158</u>
	<u>1,596,413</u>	<u>1,554,090</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 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year	322,326	458,241
1 to 2 years	3,559	10,395
2 to 3 years	10,395	3,339
Over 3 years	<u>163</u>	<u>181</u>
	<u>336,443</u>	<u>472,156</u>

11 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	
	2021 RMB'000	2020 RMB'000
No dividend in respect of the previous financial year, approved and paid during the period (2020: HK1.25 cents per ordinary share (equivalent to RMB1.12 cents per ordinary share))	<u>–</u>	<u>8,558</u>

(b) Perpetual capital securities

On 15 July 2020, the Company issued senior guaranteed perpetual capital securities with a principal amount of US\$500,000,000 (equivalent to RMB3,468,150,000).

The securities confer a right to receive distributions at the applicable distribution rate of 4.5% per annum from and including 15 July 2020, payable semi-annually on 15 July and 15 January of each year. After 15 July 2023, the distribution rate would be reset to a percentage per annum equal to the sum of (a) 4.312%, (b) the Treasury Rate and (c) a margin of 4% per annum.

On 25 August 2020, the Company issued another senior guaranteed perpetual capital securities with a principal amount of US\$300,000,000 (equivalent to RMB2,052,900,000).

The securities confer a right to receive distributions at the applicable distribution rate of 4.5% per annum from and including 25 August 2020, payable semi-annually on 15 February and 15 August of each year. After 25 August 2023, the distribution rate would be reset to a percentage per annum equal to the sum of (a) 4.343%, (b) the Treasury Rate and (c) a margin of 4% per annum.

The securities are unconditionally and irrevocably guaranteed by Overseas Chinese Town Enterprises Limited Company.

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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results and Business Review

Since the beginning of 2021, benefiting from factors such as policy mix for ensuring stable growth and the acceleration of vaccination, the economy has continued to recover strongly in PRC. In the first half of the year, the total Gross Domestic Product (“GDP”) in China increased by 12.7% compared to the same period last year, significantly faster than other major economies in the world. Meanwhile, the competition between PRC and the United States in the fields of foreign trade and technology is still severe, and the global political and economic landscape is complex and changeable. The PRC government remains committed to taking technological self-reliance as a strategic support for national development, and actively cultivates new growth drivers through “innovation-driven development”.

In the first half of 2021, the Group focused on the strategic positioning of building a “cultural tourism + technology” cross-border investment and asset management company, deeply promoted strategic transformation, and took the professional and industrial advantages to continuously optimize closed-loop asset management of “fundraising, investment, management and exit” to create a comprehensive assets management capability. The Group actively seized the investment opportunities related to consumption upgrade and technological innovation brought about by the high-quality development of the economy in PRC, focused on key investment areas, adjusted the asset structure, and steadily increased the scale of asset management. The Group actively followed the general trend of the high-quality development of the cultural and tourism industry and strengthened in-depth coordination and cooperation with various business segments of the OCT Group. The Group adhered to value in the selection of investment targets and completed multiple equity projects for and fund investment in cultural tourism urbanization. In terms of exiting, the Group revitalized existing assets in a timely manner, optimized resource allocation, and increased the speed of asset turnover.

During the Period Under Review, the Group recorded a revenue of approximately RMB200 million, representing a decrease of approximately 41.7% as compared to the same period of 2020, which was mainly due to the decrease in revenue from property sales carried forward during the current period. In addition, profit attributable to equity holders of the Company amounted to approximately RMB18.17 million, turning a profit as compared to the restated loss attributable to equity holders of approximately RMB201 million for the same period of 2020.

Equity Investment and Fund Business

In the first half of 2021, the economy continued to recover, and the liquidity was relatively sufficient on the market, which have boosted market confidence. Both the fundraising side and the investment side of private equity investment fund industry in PRC have shown a significant recovery trend. Digital transformation based on consumption, artificial intelligence, and medical care will become a new engine driving high-quality economic development.

The Group responds to the times and changes with the trend. Direct equity investment and fund management business bases in the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, focusing on industries such as technology, consumption, culture, tourism and new urbanization, fully exerts the advantages of industrial capital investment and mergers and acquisitions, enhances the investment management efficiency. Meanwhile, being the only offshore listed platform of OCT Group, the Group deeply links OCT Group's advantageous industrial resources such as culture, tourism, technology and others to fully empower the investees and promote the rapid development of the investees.

Since the beginning of 2021, the total size of funds under management of and invested by the Group has amounted to approximately RMB4.3 billion. In terms of investment, OCT Tourism and Culture Technology Fund, the first actively managed fund of the Group, continuously seek and select high-quality companies with potential to become a leader in the field. The investment in Liweijia (a home Internet platform) and Yidong Technology (a research and development and manufacturing company of marine electric drive system) have been completed. The Group comprehensively strengthened its strategic synergy, invested in 9.5% of the equity interest in Semk Holdings International Limited, a licensing operator of PRC's well-known IP, namely B.Duck, at a consideration of HK\$140 million, and relied on OCT Group's cultural and tourism advantage industries to achieve a good synergy effect of mutual empowerment. In addition, the Group duly increased investment in fast-turnover products with liquidity and profitability. In terms of management, the Group timely optimized various internal control procedures and strengthened management of funds under management and investees to strictly observe the bottom line of risk. In terms of exit, the Group selected mature projects and exited for profit timely. The Group exited part of the investment projects under Xiamen OCT Runyu Fund, realizing approximately RMB1.25 billion in cash, and it is expected to exit completely in the second half of the year. The Group has further disposed of the shares of Tongcheng Elong in the secondary market and realized HK\$1.88 billion in total from a series of sales since August 2020. Shenzhen Lihexing Co., Ltd. (深圳市利和興股份有限公司) (Stock code: SZ301013), in which the Group has invested in through fund investment, successfully listed on the ChiNext Market of the Shenzhen Stock Exchange, making available for access to the major withdraw channel in the future. Furthermore, assets management companies comprising the Group have been granted types 4 and 9 licenses by the Securities and Futures Commission of Hong Kong, which will expand fund-raising channels and provide customers with more diversified cross-border asset management services to seize investment opportunities in the cross-border bidirectional capital flows in PRC.

During the Period Under Review, segment loss attributable to equity holders of the Company amounted to approximately RMB21.40 million.

Comprehensive Development Business

In the first half of 2021, the key themes in the policies of “houses are for people to live in, not for speculation (房住不炒)” and “Three Stabilities (三穩)” remained unchanged. The long-term regulation mechanism for real estate market has gradually matured, measures to regulate real estate market in different cities have been enhanced, and policies have been tightened continuously. The irrational rise in housing prices has been effectively curbed. The growth of interest-bearing debt in the industry has been restricted by the policy for “Three Red Lines (三道紅線)” and the expansion of real estate enterprises has been slowed down. Loan concentration management has facilitated the tightening of mortgage lines and lengthening the loan cycle. The centralized land supply is conducive to stabilizing land market expectations, and it is expected that land market will be gradually cooled in the future. Under the current situation of the industry with stricter policy environment, limited scale growth, increased financing difficulty, and general decline in profit margins, higher requirements have been imposed on real estate enterprises in respect of its own risk control, operation management, and product quality.

The Group maintained a positive and prudent attitude towards comprehensive development business, focused on the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area and other core metropolitan areas, and actively adopted methods such as cooperation with leading companies and joint investment to achieve complementary advantages and risk control, promoting the stable and high-quality development of comprehensive development business.

In the first half of the year, the Group has continued to improve its ability to deeply plough the metropolitan areas in Yangtze River Delta. Following that phase I of Hefei Airport International Town Project received high recognition on the market, the Group succeed in bidding for approximately 913.05 mu land for phase II of the project at a low premium rate. The Group will continue to focus on the operation and development of supporting industries and urban life facilities and continue to build the brand image of the town through unified planning of phase I and phase II of the land, providing high-quality products to the market. In addition, the Group has continued to accelerate the overall development progress of new projects and speed up to reduce stock products.

During the Period Under Review, the Group recorded a revenue from the comprehensive development business of approximately RMB191 million, representing a decrease of approximately 42.3% as compared to the same period in 2020, and a segment profit attributable to equity holders of the Company of approximately RMB44 million as compared to a loss of RMB133 million for the same period in 2020.

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

No.	Name of project	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	Progress of project	Total areas	Accumulated
								launched for sales (ten thousand m ² , full caliber)	sales area (ten thousand m ² , full caliber)
1	Phase I of Hefei Airport International Town Project	Residential+ Commercial+ Hotel	69.5	84.8	Listing-for- sale	51%	Being marketed	25.34	25.26
2	Phase II of Hefei Airport International Town Project	Residential+ Commercial	60.9	74.5	Listing-for- sale	51%	To be constructed	-	-
3	Hefei OCT Bantang Hot Spring Town Project	Residential+ Commercial+ Hotel+ Waterpark	41.5	34.5	Listing-for- sale	51%	Being marketed	3.4	0.3
4	Zhongshan Yuhong Project	Residential	9.1	27.2	Equity acquisition	21%	Being marketed	13.7	11.5
5	Shanghai Suhewan Project	Residential+ Commercial+ Hotel	7.1	43	Equity acquisition	50.5%	Being marketed	23.0	16.7
6	Chongqing OCT Land Project	Residential	18	44	Listing-for- sale	49%	Being marketed	40.1	35.8

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

Hefei Airport International Town is situated at the core area of Hefei Xinqiao Technology Innovation Demonstration Zone, North District of Hefei Economic and Technological Development Zone, Anhui Province. Hefei Xinqiao Technology Innovation 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. In the first half of 2021, the decontamination rate of the first batch of products sold in phase I of the project reached 99.7%. The construction of the second batch of residential and commercial projects has started, and it is striving to launch sales within this year.

Phase II of the project occupies a total site area of approximately 609,000 sq.m. with a total capacity site area of approximately 745,000 sq.m. It is planned to develop high-rise buildings, townhouses and houses, commercial blocks and commercial offices. It is expected that construction of land parcels in phase II of the project will commence in the second half of 2021, and sales of the residential will commence in the first half of 2022; The commercial sector includes commercial blocks, offices and cultural buildings, which are expected to start operation in 2024.

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

Situated at core tourism hotspots of Chaohu, the land parcel of the Hefei Chaohu Bantang Hot Spring Town Project is in close vicinity to the Chaohu Bantang Hot Spring Resort in Hefei City, the only national tourism resort in Anhui province. The project plans to build water park, commercial block, hotel, ecological residence, etc., and create a high-quality hot spring resort destination. The residential land parcel is developed in two phases, and sale of phase I has been launched.

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

During the Period Under Review, 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. During the Period Under Review, the contracted sales area and sales amount of Zhongshan Yuhong Project phase I were approximately 60,000 sq.m. and approximately RMB1,270 million, respectively. Phase II of the project has started construction and sale is expected to be launched the second half of 2021.

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

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. In the first half of the year, by seizing the opportunity of the recovery of the domestic tourism market, the Bvlgari Hotel operated by it continued to recover steadily through multi-dimensional accurate publicity and reasonable price system. The average house price and room revenue ranked first in the market, realizing an income of approximately RMB114 million, which represents an increase of about 96% over the same period last year, exceeding the income level before the COVID-19 pandemic. In addition, the rental rate and rental income of Bvlgari apartments have increased significantly.

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

The Chongqing OCT Land Project is located at Lijia Block, New North Zone, Chongqing. The project overlooks the panorama of Jialing River with the Happy Valley theme park in the neighborhood. During the Period Under Review, the contracted sales area and amount of the project were approximately 47,000 sq.m. and approximately RMB800 million, respectively.

Industrial Park Project

During the Period Under Review, the Group had industrial park projects in regions including Suzhou, Jiangsu province and Huizhou, Guangdong province, offering a leasable area of approximately 157,800 sq.m. The parks were operated in good conditions with rental income for the first half of 2021 exceeding RMB13.26 million.

Financial Leasing Business

During the Period Under Review, the Group had no new financial leasing business, and the collection of stock projects was good. In the first half of 2021, the accumulated collection was approximately RMB96.608 million, the operating income was approximately RMB9.06 million, and the segment profit attributable to the equity holders of the Company was RMB4.20 million.

Outlook

The Group's strategic transformation has achieved phased results. The scale of fund management has increased year by year. Several projects invested have reached exit standards and obtained investment income; the ability of "fundraising, investment, management and exit" has been improved in an all-round way. In order to grasp the high-quality investment opportunities provided by China's strong economic recovery and the vigorous development of various new economies and new business forms for the market, in the second half of 2021, the Group will continue to strengthen the investment layout in core areas such as science and technology, consumption and new urbanization, continuously expand the scale of actively managed funds, improve the post-investment digital management level, and accelerate the inventory and turnover of stock assets, optimize the asset structure and financial resource allocation, so as to further consolidate the foundation of strategic transformation and enrich the achievements of strategic transformation.

Equity Investment and Fund Business

In the second half of 2021, adjustments in the private equity investment industry will usher in a new round of development opportunities. 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, with the intensified competition in the industry and enhanced financial supervision, returning to value investing, focusing 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, intensified downward pressure on the global economy and uncertainties will lead to increased risk aversion, mature companies in middle and late stages will also receive more capital attention.

In the second half of the year, the Group will continue to actively implement the strategic positioning of building a “cultural tourism + technology” cross-border investment and asset management company, increase fund-raising efforts and expand the scale of asset management by using OCT’s brand and resource advantages in the field of cultural tourism urbanization, and actively seize the trending investment opportunities such as cultural and tourism industry consumption upgrades, digitization of cultural and tourism industry as well as cultural and tourism urbanization products in the “post-epidemic” era. At the same time, the Group will utilize the Hong Kong asset management license to capture high-quality investment opportunities both domestically and abroad, taking fully advantages of cross-border asset management, and strive to create favourable returns on investment for shareholders.

In terms of fundraising, the Group will continue to expand the scale of fund management with government-guided funds, parent funds and high-quality enterprises in the industry as its main partners. The Group has established Nantong Zijing Industrial Parent Fund with a total scale of RMB1 billion in July 2021, and will focus on high-quality sub-funds for investment layout. 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. OCT Tourism and Culture Technology Fund will continue to actively seek high-quality companies with the potential to become a leader in the segment, and carefully select high-quality projects, and will gradually increase its valuation through post-investment management and empowerment. In terms of management, the Group will actively reserve high-quality equity investment projects, strengthen the post-investment empowerment with the invested companies in the advantageous industries of OCT, and continue to optimize internal control procedures to strictly control risks. In terms of exit, the Group will actively seize market exit opportunities and steadily realize project exit.

Comprehensive Development Business

In the second half of 2021, with the implementation of the long-term mechanism for the real estate industry, it is expected that the future policies will remain consistent. Under the key themes of “houses are for people to live in, not for speculation”, 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 sale of projects such as phase I of Hefei Airport International Town, Hefei OCT Bantang Hot Spring Town and Zhongshan Yuhong, which will continue to contribute to the Group’s revenue and profits in the future. The Group will also intensify its efforts to promote the realization of existing properties, accelerate asset turnover, finely manage costs, and improve the efficiency of capital utilization.

In the second half of 2021, the Group’s comprehensive development projects are planned as follows: Hefei Airport International Town project will start to construct an area of 448,100 square meters, increasing a saleable value of residential and commercial area by approximately RMB6.2 billion. Zhongshan Yuhong project will continue to promote the sales plan for phase II of high-rise residential buildings, with a saleable value of approximately RMB1.9 billion. Shanghai Suhewan project and Chongqing OCT Land project will continue to increase product sales.

Financial Review

As at 30 June 2021, the Group's total assets were approximately RMB25.032 billion, whereas the total equity amounted to approximately RMB13.363 billion.

During the six months ended 30 June 2021, the Group realised revenue of approximately RMB200 million, representing a decrease of approximately 41.7% over the same period of 2020, of which, revenue from the comprehensive development business was approximately RMB191 million, representing a decrease of approximately 42.3% over the same period of 2020, primarily due to the decrease in property sales revenue carried forward during the Period under Review; and revenue from the finance lease business was approximately RMB9.06 million, representing a decrease of approximately 24.9% over the same period of 2020, primarily due to the decrease in the finance lease business during the Period under Review.

During the six months ended 30 June 2021, the Group's gross profit margin was approximately 23.6% (same period of 2020: approximately 6.0%), representing an increase of 17.6 percentage points over the same period of 2020, of which, the gross profit margin of the comprehensive development business was approximately 20.1%, representing an increase of 17.3 percentage points over the same period of 2020, mainly due to the increase in gross profit of Shanghai Bvlgari Hotel; and the gross profit margin of the finance lease business was approximately 75.2%, representing an increase of 46.3 percentage points over the same period of 2020, mainly due to the decrease in interest expenses.

During the six months ended 30 June 2021, profit attributable to equity holders of the Company was approximately RMB18.17 million, turning to a profit as compared to the loss for the same period of last year (as a listed associate of the Group announced on 12 August 2021 to restate its interim results for the six months ended 30 June 2020, the restated loss attributable to equity holders of the Company was approximately RMB201 million for the same period of 2020), of which, profit attributable to the comprehensive development business was approximately RMB44.24 million as compared to the loss of approximately RMB133 million for the same period of 2020, mainly due to the decrease in administrative expenses and interest expenses and the increase in gross profit from hotel business; profit attributable to the finance lease business was approximately RMB4.2 million, representing an increase of approximately 86.4% over the profit attributable to the same period of 2020 of approximately RMB2.25 million, mainly due to the decrease in interest expenses; and loss attributable to the investment and fund business was approximately RMB21.40 million, representing a decrease of approximately 79.2% as compared to the restated loss of approximately RMB103 million for the same period of 2020, mainly due to the increase in share of profits less losses of associates.

During the six months ended 30 June 2021, the basic loss per share attributable to shareholders of the Company was approximately RMB0.127, representing a decrease of approximately 70.5% over the same period of 2020 (same period of 2020: restated basic loss per share of approximately RMB0.431), mainly due to the decrease in loss attributable to ordinary shareholders of the Company.

Distribution Costs and Administrative Expenses

During the six months ended 30 June 2021, the Group's distribution costs were approximately RMB40.55 million (same period of 2020: approximately RMB42.82 million), representing a decrease of approximately 5.3% over the same period of 2020, mainly due to the decrease in sales commissions and advertising expenses as a result of the decrease in revenue from the comprehensive development business.

During the six months ended 30 June 2021, the Group's administrative expenses were approximately RMB101 million (same period of 2020: approximately RMB132 million), representing a decrease of approximately 23.1% over the same period of 2020. Of which, administrative expenses of the comprehensive development business were approximately RMB62.77 million, representing a decrease of approximately 36.5% over the same period of 2020, which was mainly attributable to the decrease in staff costs and depreciation charge as a result of the exit of Chengdu OCT Project and Xi'an Land Project at the end of last year; administrative expenses of the finance lease business were approximately RMB0.18 million, representing a decrease of approximately 82.4% over the same period of 2020, which was mainly due to the decrease in professional consultant fees; and administrative expenses of the investment and fund business were approximately RMB10.84 million, representing an increase of approximately 242.2% over the same period of 2020, primarily due to the increase in intermediary fees due to the expansion of investment and fund business.

Interest Expenses

During the six months ended 30 June 2021, the Group's interest expenses from continuing operations were approximately RMB57.45 million (2020: approximately RMB116 million), representing a decrease of approximately 50.5% over the same period of 2020, mainly due to the decrease in loans and 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 2021, 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 2021 was approximately RMB13.363 billion (31 December 2020: approximately RMB13.225 billion). As at 30 June 2021, the Group had current assets of approximately RMB14.335 billion (31 December 2020: approximately RMB13.645 billion) and current liabilities of approximately RMB4.956 billion (31 December 2020: approximately RMB4.634 billion). The current ratio was approximately 2.89 as at 30 June 2021, which were approximate with that as at 31 December 2020 (31 December 2020: approximately 2.94). The Group generally finances its operations with internally generated cash flow, credit facilities provided by banks and shareholders' loans.

As at 30 June 2021, the Group had outstanding bank and other loans of approximately RMB6.107 billion, with fixed rate loans of approximately RMB1.935 billion (31 December 2020: outstanding bank and other loans of approximately RMB6.606 billion, with fixed rate loans of approximately RMB2.078 billion). As at 30 June 2021, the interest rates of bank and other loans of the Group ranged from 1.25% to 4.75% per annum (31 December 2020: ranged from 1.33% to 4.75% 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 30.7% as at 30 June 2021, representing a decrease of 4.0 percentage points as compared with that of approximately 34.7% as at 31 December 2020, which was mainly due to the decrease in loans.

As at 30 June 2021, approximately 47.2% of the total amount of outstanding bank and other loans of the Group was denominated in Hong Kong Dollars (31 December 2020: approximately 53.8%); and approximately 52.8% was denominated in Renminbi (31 December 2020: approximately 46.2%). As at 30 June 2021, approximately 0.1% of the total amount of cash at bank and on hand of the Group was denominated in United States Dollars (31 December 2020: approximately 0.4%); approximately 50.3% was denominated in Renminbi (31 December 2020: approximately 59.4%); and approximately 49.6% was denominated in Hong Kong Dollars (31 December 2020: approximately 40.2%).

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 six months ended 30 June 2021, 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 six months ended 30 June 2021, 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 amount of guarantee deposits required varies among different banks, but usually within a range of 0% to 5% of the mortgage loans granted to buyers, with prescribed capped amount.

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

As at 30 June 2021, guarantees given to financial institutions for mortgages facilities granted to buyers of the Group's properties amounted to approximately RMB280 million (31 December 2020: approximately RMB100 million).

Charge on Assets

As at 30 June 2021, the Group pledged certain assets with a carrying value of approximately RMB1.76 billion, and the total secured assets balance outstanding amounted to approximately RMB980 million.

Employees and Remuneration Policy

As at 30 June 2021, the Group employed approximately 297 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 of the Company 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

Further Disposal of Listed Securities of Tongcheng-Elong

City Legend International Limited ("City Legend", a wholly-owned subsidiary of the Company) disposed on-market the listed securities of Tongcheng-Elong Holdings Limited ("Tongcheng-Elong") in a series of transactions. Following such disposals and as at the date of this announcement, the Company no longer holds any Tongcheng-Elong shares. For further details, please refer to the announcements of the Company dated 17 February 2021, 19 February 2021 and 25 February 2021 and the circular of the Company dated 23 April 2021.

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 OCT Gangya Holdings Development Co., Ltd. (深圳華僑城港亞控股發展有限公司) (“Shenzhen OCT Gangya”) and Shenzhen Huayou Investment Co., Ltd. (深圳市華友投資有限公司) (“Shenzhen Huayou”), both of which are indirect wholly-owned subsidiaries of the Company, Shanghai Xuxiang Trading Co., Ltd. (上海煦翔貿易有限公司), Panxing Capital Management (Shenzhen) Co., Ltd. (潘興資本管理(深圳)有限公司) and Xiamen Zhongmao Yitong Commerce Co., Ltd. (廈門中茂益通商貿有限公司) entered into a limited partnership agreement in relation to the establishment of Xiamen Qiaorun Investment Partnership (Limited Partnership) (廈門僑潤投資合夥企業(有限合夥)). The total capital contribution subscribed by all partners to the partnership was RMB800,020,000. For further details, please refer to the announcement of the Company dated 23 February 2021 and the circular of the Company dated 23 April 2021.

Entering into of the Supplemental Agreement in relation to Subscription of 49% Interest in the Cayman Fund

On 9 April 2021, the Company, City Legend, HNW Investment Fund Series SPC and City Turbo Limited (港名有限公司) entered into a supplemental agreement to the private placing memorandum under which, subject to all parties to the supplemental agreement obtaining all requisite approvals, the open period for the transfer or redemption of the fund shares of the Serica Segregated Portfolio is to be amended. For further details, please refer to the announcement of the Company dated 9 April 2021 and the circular of the Company dated 26 May 2021.

Establishment of Shenzhen Qiaoheng No. 1 Investment Enterprise (Limited Partnership) (深圳僑恒一號投資企業(有限合夥))

On 26 April 2021, Shenzhen OCT Gangya and Shenzhen Huayou entered into a limited partnership agreement with Shenzhen Haomei Enterprise Co., Ltd. (深圳市好美實業有限公司) and Shenzhen Jingcheng Enterprise Co., Ltd. (深圳市靜成實業有限公司) in relation to the establishment of Shenzhen Qiaoheng No. 1 Investment Enterprise (Limited Partnership) (深圳僑恒一號投資企業(有限合夥)). The total capital contribution subscribed by all partners to the partnership was RMB959,000,000. For further details, please refer to the announcement of the Company dated 26 April 2021 and the circular of the Company dated 26 May 2021.

Acquisition of Land Use Rights in the Second Phase of Hefei Airport International Town

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) entered into four State-owned Land Use Right Grant Contracts dated 30 June 2021 (and relevant supplemental agreements dated 30 June 2021) with Hefei Municipal Natural Resources and Planning Bureau (合肥市自然資源和規劃局) in relation to the acquisition of land use rights of four parcels of land, located in the second phase of Hefei Airport International Town and with a total site area of approximately 913.05 mu, at a total consideration of RMB2,805 million. For further details, please refer to the announcement of the Company dated 17 June 2021 and the circular of the Company dated 26 July 2021.

Subsequent Events

Entering into of the Property Services Framework Agreement

On 7 July 2021, Hefei OCT Industry and Hefei branch office (合肥分公司) of OCT Property (Group) Co., Ltd. (華僑城物業(集團)有限公司) (“OCT Property (Hefei)”) entered into a property services framework agreement, pursuant to which OCT Property (Hefei) will provide property services for the Hefei Airport International Town Project and the office areas of Hefei OCT Industry to Hefei OCT Industry for a term from 7 July 2021 to 31 December 2022. For further details, please refer to the announcement of the Company dated 7 July 2021.

Investment in Semk Holdings

On 7 July 2021, City Legend, Semk Holdings International Limited (德盈控股國際有限公司) (“Semk Holdings”), Semk Global Investment Ltd (德盈環球投資有限公司) (“Semk Global”), and Mr. Hui Ha Lam entered into an investment agreement in relation to the subscription and acquisition by City Legend of a total of approximately 9.5% of the enlarged issued share capital of Semk Holdings at an aggregate consideration of HK\$142,500,585. For further details, please refer to the announcement of the Company dated 7 July 2021.

On 9 July 2021, Semk Holdings entered into an amended and restated shareholders’ agreement with City Legend, Semk Global, Top Plenty Limited, Sky Planner Investments Limited, Wisdom Thinker Limited and Unite Way Investment Holding Limited in relation to the management and control of Semk Holdings and its subsidiaries and the rights and interests of its shareholders.

Establishment of Nantong Master Fund

On 19 July 2021, 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) (“OCT Huaxin”, an indirect wholly-owned subsidiary of the Company), Nantong Zijing Huatong Corporate Management Limited (南通紫荊華通企業管理有限公司), Shenzhen OCT Gangya, Nantong Industry Investment Master Fund Limited (南通市產業投資母基金有限公司), Nantong Sutong Technology Industry Park Holding Development Limited (南通蘇通科技產業園控股發展有限公司) and Yiwu Finance Holding Limited (義烏市金融控股有限公司) entered into a partnership agreement in relation to the establishment of Nantong Suxitong Zijing Huaxin Venture Investment Partnership Enterprise (Limited Partnership) (南通蘇錫通紫荊華鑫創業投資合夥企業(有限合夥)). For further details, please refer to the announcement of the Company dated 19 July 2021.

Significant Investments, Material Acquisitions and Disposal

Save as disclosed in this announcement, the Group had no significant investments held, nor material acquisitions and disposal of subsidiaries, associates or joint ventures during the Period under Review.

CORPORATE GOVERNANCE

During the six months ended 30 June 2021, 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. The Board confirms that, having made specific enquiry of all Directors, the Directors have complied with the Model Code and its code of conduct regarding Directors' securities transactions during the six months ended 30 June 2021.

AUDIT COMMITTEE

The audit committee of the Company and the management have reviewed the unaudited interim results announcement and the unaudited interim report of the Group for the six months ended 30 June 2021, 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 six months ended 30 June 2021. During the same period, neither the Company nor any of its subsidiaries has purchased or sold any of its shares.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.oct-asia.com) and the Stock Exchange (www.hkexnews.hk). The 2021 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, 24 August 2021

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; and Ms. Wong Wai Ling, Professor Lam Sing Kwong Simon and Mr. Chu Wing Yiu as independent non-executive Directors.