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## **Overseas Chinese Town (Asia) Holdings Limited**

**華僑城(亞洲)控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 03366)**

### **PRELIMINARY ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **RESULTS**

The board (the “**Board**”) of directors (“**Directors**”) of Overseas Chinese Town (Asia) Holdings Limited (the “**Company**”) is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021 (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 2020.

Unaudited financial information of the Group for the year ended 31 December 2021 prepared in accordance with the HKFRSs are as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

(Expressed in Renminbi)

	Note	2021 (unaudited) RMB'000	2020 RMB'000
<b>Revenue</b>	3	<b>1,474,128</b>	1,306,550
Cost of sales		<u>(1,169,981)</u>	<u>(990,072)</u>
<b>Gross profit</b>		<b>304,147</b>	316,478
Other income	4(a)	<b>55,024</b>	65,646
Other net gains	4(b)	<b>118,265</b>	465,514
Distribution costs		<b>(89,033)</b>	(97,768)
Administrative expenses		<u><b>(273,053)</b></u>	<u>(352,270)</u>
<b>Profit from operations</b>		<b>115,350</b>	397,600
Finance costs	5(a)	<b>(149,216)</b>	(183,099)
Share of profits less losses of associates		<b>(147,032)</b>	(66,902)
Share of profits less losses of joint ventures		<b>88,742</b>	(939)
Impairment losses on associates		<u><b>(750,000)</b></u>	<u>(70,000)</u>
<b>(Loss)/profit before taxation</b>	5	<b>(842,156)</b>	76,660
Income tax	6	<u><b>(56,952)</b></u>	<u>(101,093)</u>
<b>Loss for the year</b>		<u><b>(899,108)</b></u>	<u>(24,433)</u>
<b>Attributable to:</b>			
Equity holders of the Company		<b>(883,252)</b>	63,757
Non-controlling interests		<u><b>(15,856)</b></u>	<u>(88,190)</u>
<b>Loss for the year</b>		<u><b>(899,108)</b></u>	<u>(24,433)</u>
<b>Basic loss per share (RMB)</b>	8	<u><b>(1.49)</b></u>	<u>(0.29)</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

(Expressed in Renminbi)

	2021 (unaudited) <i>RMB'000</i>	2020 <i>RMB'000</i>
<i>Note</i>		
<b>Loss for the year</b>	<b>(899,108)</b>	<b>(24,433)</b>
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Equity investments at FVTOCI – net movement in fair value reserves (non-recycling)	<b>243,697</b>	90,240
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences	<b>13,383</b>	(87,654)
Share of other comprehensive income of associates and a joint venture	<b>48,960</b>	185,243
Cumulative exchange differences reclassified to profit or loss upon wind up of a subsidiary	–	6,270
	<b>62,343</b>	103,859
<b>Other comprehensive income for the year</b>	<b>306,040</b>	194,099
<b>Total comprehensive income for the year</b>	<b>(593,068)</b>	169,666
<b>Attributable to:</b>		
Equity holders of the Company	<b>(577,212)</b>	257,856
Non-controlling interests	<b>(15,856)</b>	(88,190)
<b>Total comprehensive income for the year</b>	<b>(593,068)</b>	169,666

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

(Expressed in Renminbi)

	<b>2021</b>	2020
	<b>(unaudited)</b>	
<i>Note</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>Non-current assets</b>		
Investment property	<b>2,408,972</b>	2,487,968
Property, plant and equipment	<b>986,334</b>	981,721
Interests in leasehold land held for own use	<b>1,187,080</b>	1,228,041
	<b>4,582,386</b>	4,697,730
Intangible assets	<b>33,639</b>	42,702
Interests in associates	<b>3,607,167</b>	4,368,908
Interests in joint ventures	<b>1,137,901</b>	1,197,304
Other financial assets	<b>309,638</b>	1,141,530
Finance lease receivables	<b>122,588</b>	251,944
Deferred tax assets	<b>95,755</b>	76,631
	<b>9,889,074</b>	11,776,749
<b>Current assets</b>		
Inventories and other contract costs	<b>10,299,940</b>	8,302,909
Finance lease receivables	<b>98,928</b>	108,679
Trade and other receivables	<b>2,723,159</b>	946,603
Cash at bank and on hand	<b>3,331,662</b>	4,274,938
	<b>16,453,689</b>	13,633,129
Assets of disposal group classified as held for sale	<b>–</b>	12,079
	<b>16,453,689</b>	13,645,208

		2021 (unaudited) RMB'000	2020 RMB'000
	<i>Note</i>		
<b>Current liabilities</b>			
Trade and other payables	<i>10</i>	2,101,689	1,554,090
Contract liabilities		3,407,258	1,459,276
Bank and other loans		3,322,278	573,899
Related party loans		1,911,000	862,400
Lease liabilities		13,404	13,330
Current taxation		<u>158,777</u>	<u>169,570</u>
		<b>10,914,406</b>	4,632,565
Liabilities directly associated with assets of disposal group classified as held for sale		<u>–</u>	<u>1,849</u>
		<u><b>10,914,406</b></u>	<u>4,634,414</u>
<b>Net current assets</b>		<u><b>5,539,283</b></u>	<u>9,010,794</u>
<b>Total assets less current liabilities</b>		<u><b>15,428,357</b></u>	<u>20,787,543</u>
<b>Non-current liabilities</b>			
Bank and other loans		2,425,082	6,032,109
Related party loans		420,000	1,359,660
Lease liabilities		16,818	11,265
Deferred tax liabilities		<u>167,015</u>	<u>159,323</u>
		<u><b>3,028,915</b></u>	<u>7,562,357</u>
<b>NET ASSETS</b>		<u><b>12,399,442</b></u>	<u>13,225,186</u>

	<b>2021</b>	2020
	<b>(unaudited)</b>	
<i>Note</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>67,337</b>	67,337
Perpetual capital securities	<b>5,606,480</b>	5,610,431
Reserves	<b><u>2,946,691</u></b>	<u>3,752,628</u>
<b>Total equity attributable to equity holders of the Company</b>	<b>8,620,508</b>	9,430,396
<b>Non-controlling interests</b>	<b><u>3,778,934</u></b>	<u>3,794,790</u>
<b>TOTAL EQUITY</b>	<b><u><u>12,399,442</u></u></b>	<u><u>13,225,186</u></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 2021 comprise the Company and its subsidiaries (together referred to as “**the Group**”) and the Group’s interests in associates and joint ventures.

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

The unaudited consolidated annual results set out in this announcement do not constitute the Group’s unaudited consolidated financial statements for the year ended 31 December 2021 but are extracted from those financial statements.

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

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

### 2 CHANGES IN ACCOUNTING POLICIES

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

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

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:

	<b>2021</b> <b>(unaudited)</b> <b>RMB'000</b>	2020  <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by business lines		
– Sale of properties	<b>1,136,823</b>	792,046
– Hotel revenue	<b>242,156</b>	187,856
– Fund management fee income	<b>6,267</b>	5,139
– Sale of tickets of theme park	<u>–</u>	<u>115,817</u>
	<b>1,385,246</b>	1,100,858
Revenue from other sources		
– Rental income from investment properties	<b>73,077</b>	183,188
– Finance lease income	<u><b>15,805</b></u>	<u>22,504</u>
	<u><b>1,474,128</b></u>	<u>1,306,550</u>

The Group's customer base is diversified and includes one customer with whom transactions have exceeded 10% of the Group's revenues (2020: one customer). In 2021, revenue from sales of property to this customer amounted to approximately RMB884,003,000 (2020: RMB261,319,000).

#### (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, 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 assets. Segment liabilities include trade creditors, accruals and lease liabilities attributable to the sales activities of the individual segments and borrowings managed directly by the segments.

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below.

	Comprehensive development business		Equity investment and fund business		Finance lease business		Total	
	2021 (unaudited) RMB'000	2020 RMB'000	2021 (unaudited) RMB'000	2020 RMB'000	2021 (unaudited) RMB'000	2020 RMB'000	2021 (unaudited) RMB'000	2020 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15								
Disaggregated by timing of revenue recognition								
Point in time	1,378,979	1,095,719	-	-	-	-	1,378,979	1,095,719
Over time	-	-	6,267	5,139	-	-	6,267	5,139
	1,378,979	1,095,719	6,267	5,139	-	-	1,385,246	1,100,858
Revenue from other sources	73,077	183,188	-	-	15,805	22,504	88,882	205,692
Revenue from external customers	1,452,056	1,278,907	6,267	5,139	15,805	22,504	1,474,128	1,306,550
Reportable segment profit/(loss) for the year	112,536	271,524	(991,126)	(277,805)	8,693	7,214	(869,897)	933

	Comprehensive development business		Equity investment and fund business		Finance lease business		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	(unaudited) RMB'000	RMB'000	(unaudited) RMB'000	RMB'000	(unaudited) RMB'000	RMB'000	(unaudited) RMB'000	RMB'000
Interest income								
- Bank deposits	24,155	12,469	82	308	1,034	508	25,271	13,285
- Amounts due from associates	1,649	19,370	-	-	-	-	1,649	19,370
Interest expense	(115,594)	(99,628)	(22,520)	(69,187)	(3,991)	(9,270)	(142,105)	(178,085)
Depreciation and amortisation for the year	(175,805)	(352,603)	-	-	-	-	(175,805)	(352,603)
Share of profits less losses of associates	173,097	46,601	(320,129)	(113,503)	-	-	(147,032)	(66,902)
Share of profits less losses of joint ventures	-	3,474	88,742	(4,413)	-	-	88,742	(939)
Impairment losses on associates	-	-	(750,000)	(70,000)	-	-	(750,000)	(70,000)
<b>Reportable segment assets</b>	<b>20,742,486</b>	<b>16,059,025</b>	<b>4,275,040</b>	<b>5,882,709</b>	<b>348,279</b>	<b>375,054</b>	<b>25,365,805</b>	<b>22,316,788</b>
Additions to non-current segment assets during the year	65,190	230,369	-	-	-	-	65,190	230,369
<b>Reportable segment liabilities</b>	<b>11,776,530</b>	<b>7,504,714</b>	<b>1,300,813</b>	<b>3,397,869</b>	<b>45,565</b>	<b>49,291</b>	<b>13,122,908</b>	<b>10,951,874</b>
Interests in associates	789,682	838,214	2,817,485	3,530,694	-	-	3,607,167	4,368,908
Interests in joint ventures	-	-	1,137,901	1,197,304	-	-	1,137,901	1,197,304

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

	2021 (unaudited) RMB'000	2020 RMB'000
Reportable segment (loss)/profit derived from Group's external customers	(869,897)	933
Unallocated head office and corporate net expense	(29,211)	(25,366)
<b>Consolidated loss for the year</b>	<b>(899,108)</b>	<b>(24,433)</b>

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

	<b>2021</b> <b>(unaudited)</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>Assets</b>		
Reportable segment assets	<b>25,365,805</b>	22,316,788
Elimination of inter-segment receivables	<u>–</u>	<u>(26,815)</u>
	<b>25,365,805</b>	22,289,973
Unallocated head office and corporate assets	<u><b>976,958</b></u>	<u>3,131,984</u>
Consolidated total assets	<u><b>26,342,763</b></u>	<u>25,421,957</u>
	<b>2021</b> <b>(unaudited)</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
<b>Liabilities</b>		
Reportable segment liabilities	<b>13,122,908</b>	10,951,874
Elimination of inter-segment payables	<u>–</u>	<u>(26,815)</u>
	<b>13,122,908</b>	10,925,059
Unallocated head office and corporate liabilities	<u><b>820,413</b></u>	<u>1,271,712</u>
Consolidated total liabilities	<u><b>13,943,321</b></u>	<u>12,196,771</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, 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	
	2021 (unaudited) RMB'000	2020 RMB'000	2021 (unaudited) RMB'000	2020 RMB'000
Mainland China	1,469,634	1,301,771	9,118,270	10,874,022
Hong Kong	4,494	4,779	552,461	574,152
	<u>1,474,128</u>	<u>1,306,550</u>	<u>9,670,731</u>	<u>11,448,174</u>

**4 OTHER INCOME AND NET GAINS**

(a) **Other income**

	2021 (unaudited) RMB'000	2020 RMB'000
Interest income on financial assets measured at amortised cost:		
– Bank deposits	42,542	34,476
– Amounts due from associates	<u>1,649</u>	<u>19,370</u>
Total interest income	44,191	53,846
Government grants	10,285	10,972
Forfeiture income on deposit on pre-sale of properties	<u>548</u>	<u>828</u>
	<u>55,024</u>	<u>65,646</u>

(b) Other net gains

	2021 (unaudited) <i>RMB'000</i>	2020 <i>RMB'000</i>
Gain on disposal of subsidiaries	–	340,972
Net realised and unrealised gain/(loss) on equity securities	38,700	(9,704)
Net exchange gain	25,254	132,236
Net gain on disposal of investment properties	52,144	–
Net gain/(loss) on disposal of property, plant and equipment	1,516	(597)
Others	651	2,607
	<u>118,265</u>	<u>465,514</u>

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2021 (unaudited) <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on bank and other loans	176,829	264,359
Interest on lease liabilities	752	3,839
Interest on related party loans	102,259	90,402
	<u>279,840</u>	<u>358,600</u>
Total interest expense	279,840	358,600
Less: amount capitalised*	<u>(130,624)</u>	<u>(175,501)</u>
	<u>149,216</u>	<u>183,099</u>

\* The borrowing costs have been capitalised at a weighted average rate of 3.56% per annum (2020: 4.22%).

(b) Staff costs

	2021 (unaudited) <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries, wages and other benefits	226,826	298,133
Contributions to defined contribution retirement plan	14,650	7,420
	<u>241,476</u>	<u>305,553</u>

(c) **Other items**

	<b>2021</b> <b>(unaudited)</b> <b>RMB'000</b>	2020 <i>RMB'000</i>
Amortisation of intangible assets	<b>9,126</b>	9,311
Depreciation		
– owned property, plant and equipment	<b>101,560</b>	239,251
– right-of-use assets	<b>88,961</b>	129,293
	<b>190,521</b>	368,544
(Reversal of impairment losses)/impairment losses		
– trade and other receivables	<b>(153)</b>	1,312
– finance lease receivables	<b>(898)</b>	(2,088)
– interests in associates	<b>750,000</b>	70,000
	<b>748,949</b>	69,224
Rentals receivable from investment properties less direct outgoings of RMB2,488,000 (2020: RMB10,222,000)	<b>70,589</b>	172,966
Cost of inventories*	<b>935,640</b>	622,479

\* Cost of inventories includes RMB50,037,000 (2020: RMB77,246,000) relating to staff costs, which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

## 6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2021 (unaudited) RMB'000	2020 RMB'000
<b>Current tax</b>		
Provision for corporate income tax ("CIT") for the year (i)	55,417	31,341
Under/(over)-provision in respect of prior years	339	(37,961)
Withholding tax (iii)	—	47,411
	<u>55,756</u>	<u>40,791</u>
PRC land appreciation tax ("PRC LAT") (ii)	<u>12,628</u>	<u>58,832</u>
	<b>68,384</b>	99,623
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>(11,432)</u>	<u>1,470</u>
	<u><b>56,952</b></u>	<u><b>101,093</b></u>

#### (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 (2020: Nil).

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

During the year, no withholding taxes were included in the tax effect on the dividends distributed by Mainland China subsidiaries (2020: RMB18,940,000).

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

	<b>2021</b> <b>(unaudited)</b> <b>RMB'000</b>	2020  <i>RMB'000</i>
(Loss)/profit before taxation	<u><b>(842,156)</b></u>	<u>76,660</u>
Notional tax on profit before taxation, calculated at the rates applicable the jurisdictions concerned	<b>(210,538)</b>	(32,922)
Tax effect of tax rate difference	–	(2)
Tax effect of non-deductible expenses	<b>263,795</b>	99,349
Tax effect of non-taxable income	<b>(22,829)</b>	(59,499)
Tax effect of temporary difference not recognised	<b>20,934</b>	91,154
Tax effect of temporary difference not previously recognised	<b>(4,224)</b>	(3,150)
Under/(over)-provision in respect of prior years	<u><b>339</b></u>	<u>(37,961)</u>
	<u><b>47,477</b></u>	<u>56,969</u>
PRC LAT	<b>12,628</b>	58,832
Tax effect of PRC LAT	<u><b>(3,153)</b></u>	<u>(14,708)</u>
	<u><b>9,475</b></u>	<u>44,124</u>
Income tax expense	<u><b>56,952</b></u>	<u>101,093</u>

The 10% withholding tax rate on gain on disposal of Mainland China subsidiaries earned by Hong Kong subsidiaries of the Group in 2020 was accounted for in calculation of notional tax.



## 7 DIVIDENDS

- (i) No dividend will be attributed to equity shareholders of the Company attributable to the year (2020: Nil).
- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	<b>2021</b> <b>(unaudited)</b> <b>RMB'000</b>	2020  <i>RMB'000</i>
No final dividend in respect of the previous financial year, approved and paid during the year, per ordinary share (2020: HK1.25 cents per ordinary share (equivalent to RMB1.14 cents per ordinary share))	<u>–</u>	<u>8,558</u>

## 8 BASIC LOSS PER SHARE

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

	<b>2021</b> <b>(unaudited)</b> <b>RMB'000</b>	2020  <i>RMB'000</i>
(Loss)/profit attributable to equity holders of the Company	(883,252)	63,757
Less: Profit attributable to the holders of perpetual capital securities	<u>(228,725)</u>	<u>(283,209)</u>
Loss attributable to ordinary shareholders	<u><b>(1,111,977)</b></u>	<u>(219,452)</u>

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

	<b>2021</b> <b>(unaudited)</b> <b>'000</b>	2020  <i>'000</i>
Issued ordinary shares	<u><b>748,366</b></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.

## 9 TRADE AND OTHER RECEIVABLES

	2021 (unaudited) RMB'000	2020 RMB'000
Trade receivable		
– Amounts due from third parties	6,626	13,042
Less: loss allowance	<u>(320)</u>	<u>(228)</u>
	<u>6,306</u>	<u>12,814</u>
Other receivables (note (i)):		
– Amounts due from associates	13,690	113,634
– Amounts due from intermediate parents	1,094	1,094
– Amounts due from fellow subsidiaries	10,467	708,727
– Amounts due from third parties	<u>62,016</u>	<u>66,865</u>
	87,267	890,320
Less: loss allowance	<u>(53)</u>	<u>(325)</u>
	<u>87,214</u>	<u>889,995</u>
Financial assets measured at amortised cost	93,520	902,809
Deposits and prepayments (note (ii))	<u>2,629,639</u>	<u>43,794</u>
	<u>2,723,159</u>	<u>946,603</u>

### Notes:

- (i) Except for amounts of RMB4,006,000 (2020: RMB72,401,000) which are interest bearing at 2.5% (2020: 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 2021, the balance included prepaid leasehold land costs of RMB2,311,958,000 (2020: Nil) in respect of three land purchase. The amount is expected to be transferred to inventories upon obtaining the respective land use right certificates.
- (iii) As at 31 December 2021, 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:

	2021 (unaudited) RMB'000	2020 RMB'000
Within 1 year	6,306	4,344
1 to 2 years	—	8,470
	<u>6,306</u>	<u>12,814</u>

## 10 TRADE AND OTHER PAYABLES

	2021 (unaudited) RMB'000	2020 RMB'000
Trade creditors:		
– Amounts due to fellow subsidiaries	—	7,957
– Amounts due to third parties	646,423	464,199
	<u>646,423</u>	<u>472,156</u>
Other payables and accruals:		
– Amounts due to associates	221,443	80,520
– Amounts due to fellow subsidiaries	346,453	343,740
– Amounts due to third parties	620,781	413,524
	<u>1,188,677</u>	<u>837,784</u>
Interest payables:		
– Amount due to an associate	18,331	54,798
– Amount due to the intermediate parent	53,619	36,350
– Amounts due to fellow subsidiaries	71	71
– Amounts due to other related parties	76,110	49,605
– Amounts due to third parties	26,023	29,168
	<u>174,154</u>	<u>169,992</u>
Financial liabilities measured at amortised cost	2,009,254	1,479,932
Deposits (note)	92,435	74,158
	<u>2,101,689</u>	<u>1,554,090</u>

*Note:* As at 31 December 2021, except for the deposit of RMB45,253,000 (2020: RMB48,361,000) which is expected to be settled after one year, the remaining deposit, other payables and accrued expenses are expected to be settled within one year.

As at 31 December 2021, the deposit payable to fellow subsidiaries amounted to RMB12,000,000 (2020: RMB15,919,000).

### **Ageing analysis**

As at 31 December 2021, the ageing analysis of trade creditors payable, based on the invoice date, are as follows:

	<b>2021</b> <b>(unaudited)</b> <b>RMB'000</b>	2020  <i>RMB'000</i>
Within 1 year	<b>641,786</b>	458,241
1 to 2 years	<b>2,391</b>	10,395
2 to 3 years	<b>2,083</b>	3,339
Over 3 years	<b>163</b>	181
	<b>646,423</b>	472,156

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operating Results and Business Review

As changes unseen in a century and the COVID-19 pandemic were intertwined in 2021, the global political and economic landscape faced increasing instability and uncertainty, the tide of anti-globalization continuously rose, the impact of inflation on the global industrial chain spread at a faster pace, and the global economy recovered unevenly. As China adheres to the policy of “houses should be for living in, not for speculation” and continues to strengthen the governance and regulation of the real estate market, while the demand side faced suppression due to the COVID-19 pandemic, the fundamentals of the real estate industry have undergone drastic changes, with industry clearing and consolidation continuing at an accelerated pace, and the profitability of some of the Group’s associates undergoing deep adjustments, which had a greater impact on the Group’s operating results in 2021. Excluding the effect of certain associates, other businesses of the Company maintained a steady growth trend in general.

During the period, the Group achieved an operating revenue of approximately RMB1,474 million, representing an increase of approximately 12.8% over the corresponding period of last year; loss attributable to equity holders of the Group amounted to approximately RMB883 million during the period, mainly due to a significant increase in share of loss of certain associates and impairment charges recorded on their equity interests during the Current Period as a result of the downturn in the real estate industry.

In 2021, the Group actively seized the investment opportunities related to consumption upgrade and technology innovation brought about by the high quality development of China’s economy, focused as a cross-border investment and asset management company on its strategic positioning of “cultural tourism + technology”, and promoted in-depth strategic transformation; revitalised existing assets when optimising resource allocation and enhancing asset turnover; optimised the capital management closed loop of “fund raising, investment, management and exit” with industrial advantages and expertise to build holistic asset management capabilities; rode on the parent company’s resource advantages in the cultural tourism industry to strengthen the business synergy between our portfolio companies and the parent company to achieve empowerment with capital; and focused on key investment areas, adjusted the asset structure and steadily increase the scale of asset management.

## ***Equity Investment and Fund Business***

In 2021, with the post-pandemic recovery of the domestic economy and the continuous optimisation of the macroeconomic environment, there was an increase in both investment quantity and investment amount. The Chinese economy was recovering from the pandemic, and the equity investment market rebounded rapidly, surpassing the pre-pandemic level and hit a record high. According to the “Review for 2021 and Prospect of China’s Equity Investment Market” released by the Zero2IPO Research Center, the total fundraising amount saw an explosive growth in 2021, with the figure up 88.6% year-on-year, and the number of newly raised funds surged 100.7% year-on-year.

While the fund market was expanding in 2021, the fundraising structure was becoming increasingly polarised. On the one hand, large funds, which were mainly government-guided funds, large industry funds, M&A funds and infrastructure funds, were actively established. On the other hand, newly raised RMB funds managed by state-backed fund managers in 2021 had significant advantages. In addition, with the continuous implementation of the reform of the registration system and the launch of the Beijing Stock Exchange in 2021, the domestic listing channel was relatively smooth, and the number of IPOs of invested companies rose 27.3% year-on-year, which has promoted the rapid increase in the number of exit cases in China’s equity investment market, providing new opportunities for development of the equity investment and fund business.

Being the only overseas listed company under OCT Group, the Group has its direct equity investment and fund business rooted in advantageous areas, such as the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta Economic Circle. With its investment focused on the “cultural tourism + technology” industrial ecosystem, the Group gave full play to the advantages of industrial capital investment and mergers and acquisitions, enhanced investment management capabilities, and improved the post-investment empowerment effect to promote the rapid development of the invested companies to achieve an all-win situation.

In terms of equity investment, relying on OCT Group’s advantage in cultural tourism, the Group invested in Semk Holdings International Limited (德盈控股國際有限公司) (“**Semk Holdings**”, the authorised operator of the PRC well-known IP B.Duck) in 2021, with a current shareholding of approximately 8.36% following Semk Holdings’ listing on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Currently, Semk Holdings has established cooperation with the parent company of the Group in relation to the parent company’s several cultural tourism projects. In 2021, the Group optimised resource allocation and completed its exit in its investment in shares in Tongcheng-Elong Holdings Limited (“**Tongcheng-Elong**”), realising approximately HK\$1.88 billion in total since the first disposal in August 2020.

In terms of fund business, the total size of funds managed and invested by the Group amounted to RMB4.37 billion by the end of 2021, and the size of actively managed funds was RMB1.5 billion. During the Current Period, the Group set up two new funds and acted as the fund manager, which consisted of the first actively managed master fund, Nantong Zijing Industrial Fund, with a size of RMB1 billion, and an actively managed fund, Foshan Gaoxin Technology Industry Fund, with a size of RMB200 million. Another actively managed fund of the Group successively invested in Guangdong ePropulsion Technology Limited, an electric outboard motor brand, which completed a new round of financing during the year and nearly tripled its valuation. One of the companies invested in by a fund invested by the Group completed the initial public offering on the Main Board of the Stock Exchange, opening up the main channel for future exits. During the Current Period, the Group successfully completed the exit from a fund with a size of RMB1.5 billion. Asset management companies of the Group have been granted Types 4 and 9 licenses by the Securities and Futures Commission of Hong Kong, which will expand fundraising channels and provide customers with more diversified cross-border asset management services to seize investment opportunities in the cross-border bidirectional capital flows in the PRC.

In 2021, the Group gained recognition from the industry and won the honours including “China’s Most Growable Institutional Investor in Big Consumption”(“中國大消費最具成長性投資機構” of Chinese Venture, and the Golden Investment Prize of China Venture Capital Research Institute – “Top 30 Institutional Investors in the Field of Culture and Sports Consumption in China”(“中國最佳文體消費領域投資機構top 30”).

During the period, the segment loss attributable to equity holders of the Company amounted to approximately RMB991 million, representing an increase of approximately 256.8% over the corresponding period of last year. As a result of changes in the real estate market, some of the Group’s associates incurred losses as a result of large provisions made against their financial assets, and after careful assessment and consideration, the Group also recorded a significant increase in impairment charges against equity interests in some associates with indications of impairment; excluding the losses and impairment of equity interests in these associates, the Group’s share of segment revenue from other associates amounted to approximately RMB227 million, representing an increase of approximately RMB282 million over the corresponding period in 2020.

## ***Comprehensive Development Business***

In 2021, due to the continuous evolution of COVID-19 and the in-depth adjustment of the real estate industry, industry players accelerated the balance-sheet reduction and clearing. The sector entered the era of deep cultivation. As the policy of “houses should be for living in, not for speculation” became common sense, the regulations on the real estate market in some regions were strengthened, and relevant policies were tightened. The real estate market experienced a heat up at first and then cooled down throughout the year. Liquidity problems of several property developers made home buyers and financial institutions more cautious. Under a stricter policy environment, limited size growth, increased financing difficulty, and a decline in profit margins, higher requirements have been imposed on property developers in respect of their risk control, operation management, and product quality.

Relying on OCT’s brand and resource advantages in cultural tourism and urbanisation, the Group made its presence in cities in the core metropolitan area of the Yangtze River Delta + Guangdong-Hong Kong-Macao Greater Bay Area. It holds comprehensive development projects in Hefei, Shanghai, Chongqing, Zhongshan, etc..

In 2021, the Group successfully bid for approximately 609,000 square metres land parcels in Phase II of Hefei Airport International Town for a total of approximately RMB2.805 billion at a low premium rate of 2.2%, marking its continuous focus on the operation and development of industrial supporting projects and urban life supporting projects. Hefei Airport International Town is located in the core area of Hefei Xinqiao Science and Technology Innovation Demonstration Zone. The project will develop along with key enterprises in the artificial intelligence, new energy vehicle and integrated circuit industries in the Zone.



The Group's comprehensive development projects are as follows:

No.	Name of project	Location	Use of land	Shareholding ratio	Area of land (ten thousand m <sup>2</sup> , full calibre)	Gross floor area (ten thousand m <sup>2</sup> , full calibre)	Progress of project	Total saleable area being		2021 sales area (ten thousand m <sup>2</sup> , full calibre)	2021 sales amount (RMB100 million)
								launched (ten thousand m <sup>2</sup> , full calibre)	Accumulated sales area (ten thousand m <sup>2</sup> , full calibre)		
1	Phase I of Hefei Airport International Town	Hefei Xinqiao Science and Technology Innovation Demonstration Zone	Residential + Commercial + Hotel	51%	69.5	84.8	Being marketed	49.64	38.70	14.84	18.42
2	Phase II of Hefei Airport International Town	Hefei Xinqiao Science and Technology Innovation Demonstration Zone	Residential + Commercial	51%	60.9	74.5	Being constructed	-	-	-	-
3	Hefei OCT Bantang Hot Spring Town	Chaohu Economic Development Zone	Residential + Commercial + Hotel	51%	41.5	34.5	Being marketed	4.00	0.30	0.22	0.32
4	Shanghai Suhe Creek Project	Core area of the inner ring in Jing'an District, Shanghai	Residential + Commercial + Hotel	50.50%	7.1	43	Being marketed	22.53	16.88	0.34	2.52
5	Chongqing OCT Land Project	Chongqing Liangjiang New Area	Residential	49%	18	44	Being marketed	44.30	38.40	7.37	12.38
6	Zhongshan Yuhong Project	Zhongshan Torch Industrial Development Zone	Residential	21%	9.1	27.2	Being marketed	15.50	13.10	8.13	16.33

The Group has three industrial park projects in Huizhou, Guangdong and Suzhou, Jiangsu. As of the end of 2021, the leasable area of the industrial parks was 158,100 square metres. Upon completion of Phase I of the Huizhou OCT Entrepreneurship and Innovation Industrial Park under planning, the gross floor area is expected to increase by approximately 160,000 square metres. The industrial park business operated steadily and well, with a combined occupancy rate of 91.4%. The total operating revenue amounted to approximately RMB27.02 million in 2021, an increase of approximately 25.44% over the same period of last year.

During the Current Period, the Group recorded revenue of approximately RMB1.452 billion from the comprehensive development business, a year-on-year increase of approximately 13.5%. The profit attributable to equity holders of the Company from the segment was approximately RMB128 million, a year-on-year decrease of 64.3% from the profit of approximately RMB360 million in 2020, primarily due to the recognition of one-off gain from the disposal of equity interests of certain subsidiaries during 2020.

### ***Finance Lease Business***

The Group will no longer develop new finance lease business, in a bid to better pool advantageous resources and focus on its core businesses. During the period, revenue from financing lease business amounted to approximately RMB15.8 million and segment profit attributable to equity holders of the Company amounted to approximately RMB8.69 million, representing an increase of approximately 20.5% over the corresponding period in 2020, with good recovery of existing projects. As at the end of 2021, the total asset size of the Group's financing lease business was approximately RMB348 million.

## **FINANCIAL REVIEW**

As at 31 December 2021, the Group's total assets amounted to approximately RMB26.343 billion, representing an increase of approximately 3.6% over that as at 31 December 2020; the Group's total equity amounted to approximately RMB12.399 billion, representing a decrease of approximately 6.2% over that as at 31 December 2020.

For the year ended 31 December 2021, the Group realised revenue of approximately RMB1.474 billion, representing an increase of approximately 12.8% compared to the same period of 2020, of which, revenue of the comprehensive development business was approximately RMB1.452 billion, representing an increase of approximately 13.5% compared to the same period of 2020, primarily due to the increase in revenue carried forward from the Hefei Airport International Town Project; and revenue of the finance lease business amounted to approximately RMB15.8 million, representing a decrease of approximately 29.8% compared to the same period of 2020, primarily due to the decrease in business during the Current Period.

For the year ended 31 December 2021, the Group's gross profit margin was approximately 20.6% (2020: approximately 24.2%), representing a decrease of 3.6 percentage points compared to the same period of 2020, of which, the gross profit margin of the comprehensive development business was approximately 19.7%, representing a decrease of 3.1 percentage points compared to the same period of 2020, mainly due to lower gross profit margin of the products carried forward during the year; and the gross profit margin of the finance lease business was approximately 74.0%, representing an increase of 16.4 percentage points compared to the same period of 2020, mainly due to the decrease in finance costs. The net profit margin of the comprehensive development business attributable to equity holders of the Company was approximately 8.8% (2020: approximately 28.1%), representing a decrease of 19.3 percentage points compared to the same period of 2020, mainly attributable to the recognition of the disposal gain realised from disposal of Chengdu OCT Project and Xi'an OCT Land Project during 2020; and the net profit margin of the finance lease business was approximately 55.0% (2020: approximately 32.1%), representing an increase of 22.9 percentage points compared to that of 2020, mainly due to the decrease in interest expenses and administrative expenses during the Current Period.

For the year ended 31 December 2021, loss attributable to equity holders of the Company was approximately RMB883 million (compared to profit attributable to equity holders of the Company of approximately RMB64 million for 2020), of which, profit attributable to the comprehensive development business was approximately RMB128 million (2020: profit of approximately RMB360 million), representing a decrease of approximately 64.4% compared to the same period of 2020, mainly attributable to the recognition of profit from disposal of Chengdu OCT Project and Xi'an OCT Land Project during 2020; loss attributable to the equity investment and fund business was approximately RMB991 million (2020: loss of approximately RMB277 million), representing an increase of approximately 257.8% compared to the same period of 2020, mainly attributable to the increase in share of loss of associates and provision for impairment of equity interests in associates during the Current Period; and profit attributable to the finance lease business was approximately RMB8.69 million (2020: profit of approximately RMB7.21 million), representing an increase of approximately 20.5% compared to the same period of 2020, mainly attributable to the decrease in administrative expenses and interest expenses.

As a result of changes in the real estate market, some of the Group's associates incurred losses as a result of large provisions made against their financial assets, and after careful assessment and consideration, the Group also recorded a significant increase in impairment charges against equity interests in some associates with indications of impairment; except the losses and impairment of equity interests in these associates, the Group's share of gains from other associates amounted to approximately RMB227 million (2020: losses of approximately RMB55 million), representing an increase of approximately RMB282 million over the corresponding period in 2020.

For the year ended 31 December 2021, the basic loss per share attributable to shareholders of the Company was approximately RMB1.49 (2020: the basic loss per share of approximately RMB0.29), representing an increase of approximately RMB1.20 compared to the same period of 2020. The losses for the year were approximately RMB899 million (2020: losses of approximately RMB24 million), representing an increase of approximately RMB875 million compared to the same period of 2020, mainly due to share of loss of associates and impairment loss on equity interests of approximately RMB897 million during the Current Period (2020: share of loss of associates and impairment losses on equity interests of approximately RMB137 million).

### **Distribution Costs and Administrative Expenses**

The Group's distribution costs for the year ended 31 December 2021 were approximately RMB89 million (2020: approximately RMB98 million), representing a decrease of approximately 9.2% compared to the same period of 2020, which was mainly due to the decrease in sales commissions and advertising expenses.

The Group's administrative expenses for the year ended 31 December 2021 were approximately RMB273 million (2020: approximately RMB352 million), representing a decrease of approximately 22.4% as compared to the same period of 2020, of which, administrative expenses of the comprehensive development business were approximately RMB189 million (2020: approximately RMB234 million), representing a decrease of approximately 19.2% as compared to the same period of 2020, which was mainly due to the decrease in relevant costs (such as labour costs) caused by the improvement in administration; administrative expenses of the finance lease business were approximately RMB0.71 million (2020: approximately RMB3.9 million), representing a decrease of approximately 81.8% as compared to the same period of 2020, which was mainly due to the decrease in professional consultant fees and depreciation and amortisation costs; and administrative expenses of the equity investment and fund business were approximately RMB18.27 million (2020: approximately RMB16.55 million), which were approximate with that of the same period of 2020.

### **Interest Expenses**

The Group's interest expenses for the year ended 31 December 2021 were approximately RMB149 million (2020: approximately RMB183 million), representing a decrease of approximately 18.6% as compared to the same period of 2020, of which, interest expenses of the comprehensive development business were approximately RMB116 million (2020: approximately RMB100 million), representing an increase of approximately 16.0% as compared to the same period of 2020, mainly due to the increase in the weighted average amount of loans; interest expenses of the finance lease business were approximately RMB3.99 million (2020: approximately RMB9.27 million), representing a decrease of approximately 57.0% as compared to the same period of 2020, mainly due to the decrease in the weighted average amount of loans and the weighted average ratio of loans; and interest expenses of the equity investment and fund business were approximately RMB22.52 million (2020: approximately RMB69.19 million), representing a decrease of approximately 67.5% as compared to the same period of 2020, mainly due to the decrease in the weighted average amount of loans and the weighted average ratio of loans.

## **Dividends**

The Board resolved not to propose payment of a final dividend for the year ended 31 December 2021 (2020: Nil) after considering the Company's preliminary annual results and its long-term development plan and objectives.

## **Liquidity, Financial Resources and Capital Structure**

The total equity of the Group as at 31 December 2021 was approximately RMB12.399 billion (31 December 2020: approximately RMB13.225 billion); current assets were approximately RMB16.454 billion (31 December 2020: approximately RMB13.633 billion); current liabilities were approximately RMB10.914 billion (31 December 2020: approximately RMB4.634 billion). The current ratio was approximately 1.51 as at 31 December 2021, representing a decrease of 1.44 as compared to that as at 31 December 2020 (31 December 2020: approximately 2.95), mainly due to reclassification of certain loans from banks and related parties from long-term liabilities to short-term liabilities. The Group generally finances its operations with internally generated cash flow, credit facilities provided by banks and shareholder's loans.

As at 31 December 2021, the Group had outstanding bank and other loans of approximately RMB5.747 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 31 December 2021, the interest rates of bank and other loans of the Group ranged from 1.31% 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 31 December 2021, representing a decrease of approximately 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 bank and other loans.

As at 31 December 2021, approximately 37.9% of the total amount of outstanding bank and other loans of the Group amounting to approximately RMB2.176 billion was denominated in Hong Kong Dollars (31 December 2020: approximately 53.8%); and approximately 62.1% amounting to approximately RMB3.571 billion was denominated in Renminbi (31 December 2020: approximately 46.2%). As at 31 December 2021, approximately 0.1% of the total amount of cash and cash equivalents of the Group was denominated in United States dollars (31 December 2020: approximately 0.4%); approximately 90.7% was denominated in Renminbi (31 December 2020: approximately 59.4%); and approximately 9.2% 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 year ended 31 December 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 year ended 31 December 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 instalment before the issuance of the individual property ownership certificate, the banks can draw down the security deposits up to the amount of outstanding mortgage instalments 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 over the term of the guarantee 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 2021, guarantees given by financial institutions for mortgages facilities granted to buyers of the Group's properties amounted to approximately RMB498 million in total (31 December 2020: approximately RMB100 million).

### **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2021, the Group employed 311 full-time employees in total. The basic remunerations of the employees of the Group are determined with reference to the industry's remuneration benchmark, the employees' experience and their performance, and equal opportunities are offered to all staff members. Salaries of the employees are maintained at a competitive level and are reviewed annually, with reference to the relevant labour market and the economic situation. The remunerations of the Directors are determined based on a variety of factors such as market conditions and responsibilities assumed by each Director, and their performance. 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 during the Current Period. 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***

A wholly-owned subsidiary of the Company, City Legend International Limited (“**City Legend**”), disposed of the listed securities of Tongcheng-Elong in a series of transactions on the market. Following the series of disposals and as at the date of this announcement, the Group no longer holds any shares of Tongcheng-Elong. For further details, please refer to the announcements of the Company dated 17 February 2021, 19 February 2021, 25 February 2021 and 31 March 2021 and two circulars 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 Shenzhen OCT Gangya and Shenzhen Huayou to the partnership was RMB600,010,000. 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 the Supplemental Agreement for Subscription of 49% Interest in Cayman Fund***

On 9 April 2021, the Company, City Legend, HNW Investment Fund Series SPC, Century Ginwa Retail Holdings Limited, Kinetic Creation Global Investments Limited, CCB International Asset Management Limited and Xi’an OCT Land Co., Ltd. and City Turbo Limited (港名有限公司) entered into a supplemental agreement to the Private Placement Memorandum to revise the Private Placement Memorandum (relating to the Group’s subscription of a Cayman Fund in December 2020) 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 such Cayman Fund 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.

***Established 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 Shenzhen OCT Gangya and Shenzhen Huayou to the partnership was RMB719,250,000. 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 Construction Land Use Right Transfer Contracts dated 30 June 2021 (and relevant supplemental agreements dated 30 June 2021) with Hefei Municipal Bureau of Natural Resources and Planning (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 approximately 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.

***Investment in Semk Holdings***

On 7 July 2021, City Legend, Semk Holdings, Semk Global Investment Ltd (德盈環球投資有限公司), 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 after the investment at an aggregate consideration of HK\$142,500,585. City Legend also entered into a shareholders’ agreement with Semk Holdings and its shareholders with respect of its shareholder’s right in the same month.

As of 31 December 2021, the equity acquisition was completed. Semk Holdings completed its initial public offering and commenced listing on the Stock Exchange in January 2022. It also achieved the performance targets for 2021. Therefore, the relevant special shareholders’ rights under the aforesaid shareholders’ agreement have lapsed automatically.

For further details of the investment agreement and shareholders’ agreement, please refer to the announcement of the Company dated 7 July 2021.



### ***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) (“**Shenzhen 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 Master Fund (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))). The total capital contribution to be subscribed by Shenzhen OCT Huaxin and Shenzhen OCT Gangya to the fund is RMB400,000,000. For further details, please refer to the announcement of the Company dated 19 July 2021 and the circular of the Company dated 24 September 2021.

### ***Establishment of Fogao Fund***

On 15 December 2021, Shenzhen OCT Huaxin, Shenzhen Huajing Investment Limited (“**Shenzhen Huajing**”, an indirect wholly-owned subsidiary of the Company), Guangdong Fogao Private Equity Management Limited, Guangdong Fogao Holding Limited, Foshan Nanhai Industry Development Investment Management Limited, Foshan Shunde Shunsheng Investment Development Limited, Foshan Gaotou Yingju Investment Management Limited, Foshan City Gaoming Xijiang Xincheng Development Group Limited and Foshan Sanshui Zhongxin Technology Industrial Park Development Limited entered into a limited partnership agreement in relation to the establishment of Fogao Fund (Foshan Gaoxin Technology Industry Fund Investment Partnership Enterprise (Limited Partnership)). The total capital contribution to be subscribed by Shenzhen OCT Huaxin and Shenzhen Huajing to the fund is RMB70,000,000. For further details, please refer to the announcement of the Company dated 15 December 2021.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS**

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 Current Period.

## **OUTLOOK FOR 2022**

In 2022, in terms of its equity investment and fund business, the Group will rely on OCT’s industrial resource advantages to strengthen cooperation with government-guided funds, market-oriented master funds and listed companies, and expand the size of funds under active management. Centring on new business formats such as smart cities, smart homes and new cultural tourism technologies, the Group will keep an eye on leading institutions in the industry to screen and reserve high-quality investment targets with growth potential. It will strengthen the industry-finance integration and value empowerment, and enhance fund management capabilities. A boost will be given to facilitate the incubation and cultivation of new businesses and new formats.

Under the long-acting mechanism for real estate, the Group will continuously accelerate the development of the comprehensive development business, boost sales, strengthen risk prevention and control, and promote the steady and high-quality development of the business in 2022. The comprehensive development projects are expected to have a total sales area of approximately 629,500 square metres. Among them, Phase I of the Hefei Airport International Town will sell properties with an area of approximately 403,800 square metres, including residential and commercial products. Phase II of the project plans to develop high-rises, foreign-style houses and villas, business streets and business offices, etc. The business sector includes business streets, offices and cultural buildings, which are expected to come into operation from 2024.

In 2022, the Group will seize the opportunities from China's economic restructuring and seek development guided by the idea of "adjusting structure, strengthening capabilities, expanding resources, and shifting the track". Efforts will be made to accelerate the revitalisation of existing assets, and optimise asset structure and financial resource allocation. The Group will improve quality and increase efficiency, strengthen risk prevention and control, and further improve fine management. It will mainly invest in "cultural tourism + technology" to further consolidate the results of strategic transformation.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES**

During the Current Period, the Company or any of its subsidiaries has not purchased, 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 improve the Company's transparency in management. This includes timely, comprehensive and accurate disclosure of information of the Company to safeguard the shareholders' interests and to raise long-term share value.

The Company had complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in force for the year ended 31 December 2021.

## **AUDIT COMMITTEE**

This announcement and unaudited financial statements of the Company for the year ended 31 December 2021 had been reviewed by the Audit Committee of the Company before they were presented to the Board for approval.

## **UNAUDITED ANNUAL RESULTS**

Due to the precautionary and control measures implemented in the PRC as a result of the COVID-19 pandemic, some associate companies of the Company (the “**Associate(s)**”), which are accounted for by the Group under the equity method, were unable to complete their external audits and provide their audited financial information to the Group as scheduled. As a result, the external auditors of the Company could not complete the audit procedures in relation to the Group’s share of the results of these Associates and the related balances as at and for the year ended 31 December 2021. As a result, the unaudited annual results contained herein have not been agreed with the Company’s external auditors in accordance with Rule 13.49(2) of the Listing Rules.

It is currently expected that the auditing process will be completed and the annual results will be agreed with the Company’s external auditors in late April of 2022. Further announcement will be made by the Company in accordance with the requirements of the Stock Exchange.

## **UNCERTAINTY ON FINANCIAL ITEMS OF THE UNAUDITED ANNUAL RESULTS**

We draw attention to the consolidated statement of profit or loss and consolidated statement of financial position of the unaudited annual results of the Company, which stated that the Company had a share of losses less profits of Associates of approximately RMB147 million and impairment losses on Associates of approximately RMB750 million for the year ended 31 December 2021 and interests in Associates of approximately RMB3.61 billion as at 31 December 2021. Please note that the above figures were derived from the unaudited financial information provided by the Associates. If the Associates adjust the financial information after completion of their external audit procedures, the Company may need to adjust: (i) the share of profits less losses of associates, the impairment losses on associates and the share of other comprehensive income of associates for the year ended 31 December 2021 and interests in associate as at 31 December 2021; (ii) the profits and total comprehensive income of the Company for the year ended 31 December 2021; and (iii) the assets and equity of the Company as at 31 December 2021, accordingly.

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

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

Hong Kong, 31 March 2022

*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,.*

*Certain Chinese names of institutions, natural persons or other entities have been translated into English and included in this announcement as unofficial translations for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*