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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

RESULTS

The board (the “**Board**”) of directors (“**Directors**”) of Overseas Chinese Town (Asia) Holdings Limited (the “**Company**”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 (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 2021.

The financial information of the Group for the Current Period prepared in accordance with the HKFRSs are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

(Expressed in Renminbi)

	Note	2022 RMB'000	2021 RMB'000
Revenue	3	3,072,451	1,474,128
Cost of sales		<u>(2,750,134)</u>	<u>(1,169,981)</u>
Gross profit		322,317	304,147
Other income	4(a)	40,354	55,024
Other net (losses)/gains	4(b)	(32,720)	118,265
Distribution costs		(80,171)	(89,033)
Administrative expenses		<u>(285,126)</u>	<u>(273,053)</u>
(Loss)/profit from operations		(35,346)	115,350
Finance costs	5(a)	(140,357)	(149,216)
Share of profits less losses of associates		(1,169,732)	(147,032)
Share of profits less losses of joint ventures		(404,051)	88,742
Impairment losses on associates		<u>(139,254)</u>	<u>(750,000)</u>
Loss before taxation	5	(1,888,740)	(842,156)
Income tax	6	<u>(107,322)</u>	<u>(56,952)</u>
Loss for the year		<u>(1,996,062)</u>	<u>(899,108)</u>
Attributable to:			
Equity holders of the Company		(1,912,536)	(883,252)
Non-controlling interests		<u>(83,526)</u>	<u>(15,856)</u>
Loss for the year		<u>(1,996,062)</u>	<u>(899,108)</u>
Basic loss per share (RMB)	7	<u>(2.88)</u>	<u>(1.49)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

(Expressed in Renminbi)

	2022	2021
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	<u>(1,996,062)</u>	<u>(899,108)</u>
Other comprehensive income for the year (after tax and reclassification adjustments)		
<i>Item that will not be reclassified to profit or loss:</i>		
Equity investments at FVTOCI – net movement in fair value reserves (non-recycling)	–	243,697
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences	(130,449)	13,383
Share of other comprehensive income of associates and a joint venture	<u>(155,695)</u>	<u>48,960</u>
	<u>(286,144)</u>	<u>62,343</u>
Other comprehensive income for the year	<u>(286,144)</u>	<u>306,040</u>
Total comprehensive income for the year	<u>(2,282,206)</u>	<u>(593,068)</u>
Attributable to:		
Equity holders of the Company	(2,198,680)	(577,212)
Non-controlling interests	<u>(83,526)</u>	<u>(15,856)</u>
Total comprehensive income for the year	<u>(2,282,206)</u>	<u>(593,068)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

(Expressed in Renminbi)

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
Non-current assets			
Investment property		425,071	2,408,972
Property, plant and equipment		1,117,909	986,334
Interests in leasehold land held for own use		1,148,499	1,187,080
		2,691,479	4,582,386
Intangible assets		24,517	33,639
Interests in associates		2,124,711	3,607,167
Interests in joint ventures		706,395	1,137,901
Other financial assets		353,098	309,638
Finance lease receivables		–	122,588
Deferred tax assets		148,325	95,755
		6,048,525	9,889,074
Current assets			
Inventories and other contract costs		12,512,456	10,299,940
Finance lease receivables		–	98,928
Trade and other receivables	8	355,324	2,723,159
Cash at bank and on hand		1,915,139	3,331,662
		14,782,919	16,453,689
Assets of disposal group classified as held for sale		1,944,595	–
		16,727,514	16,453,689

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
Current liabilities			
Trade and other payables	9	2,689,507	2,101,689
Contract liabilities		1,609,712	3,407,258
Bank and other loans		2,578,088	3,322,278
Loans from related parties and non-controlling interests		1,941,000	1,911,000
Lease liabilities		11,734	13,404
Current taxation		147,846	158,777
		8,977,887	10,914,406
Liabilities directly associated with assets of disposal group classified as held for sale		1,399,868	–
		10,377,755	10,914,406
Net current assets		6,349,759	5,539,283
Total assets less current liabilities		12,398,284	15,428,357
Non-current liabilities			
Bank and other loans		2,155,215	2,425,082
Related party loans		175,000	420,000
Lease liabilities		6,283	16,818
Deferred tax liabilities		181,103	167,015
		2,517,601	3,028,915
NET ASSETS		9,880,683	12,399,442

	2022	2021
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
CAPITAL AND RESERVES		
Share capital	67,337	67,337
Perpetual capital securities	5,615,314	5,606,480
Reserves	<u>502,624</u>	<u>2,946,691</u>
Total equity attributable to equity holders of the Company	6,185,275	8,620,508
Non-controlling interests	<u>3,695,408</u>	<u>3,778,934</u>
TOTAL EQUITY	<u><u>9,880,683</u></u>	<u><u>12,399,442</u></u>

NOTES

1 BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2022 and 2021 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements.

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 requirements of the Hong Kong Companies Ordinance. The 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 "**Stock Exchange**").

The financial information for the year ended 31 December 2022 included in this preliminary announcement comprise the Company and its subsidiaries and the Group's interests in associates and joint ventures.

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

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 HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendment to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

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.

(i) *Disaggregation of revenue*

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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by business lines		
– Sale of properties	2,833,797	1,136,823
– Hotel revenue	134,333	242,156
– Fund management fee income	<u>10,722</u>	<u>6,267</u>
	2,978,852	1,385,246
Revenue from other sources		
– Rental income from investment properties	91,469	73,077
– Finance lease income	<u>2,130</u>	<u>15,805</u>
	<u>3,072,451</u>	<u>1,474,128</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(i) and 3(b)(iv) respectively.

The Group's customer base is diversified and there is no customer with whom transaction has exceeded 10% of the Group's revenues (2021: one). In 2021, revenue from sales of property to this customer amounted to approximately RMB884,003,000.

(ii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.*

As at 31 December 2022, the aggregated amount of RMB1,787,480,000 (2021: RMB3,699,588,000) under the Group's existing contracts expected to be recognised as revenue in the future upon delivery of properties to customers. The Group will recognise the expected revenue in future when or as the work is completed or, in the case of the properties for sale, when the properties are assigned to the customers, which is expected to occur over the next 12 months.

(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 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 2022 and 2021 is set out below.

	Comprehensive development business		Equity investment and fund business		Finance lease business		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15								
Disaggregated by timing of revenue recognition								
Point in time	2,968,130	1,378,979	-	-	-	-	2,968,130	1,378,979
Over time	-	-	10,722	6,267	-	-	10,722	6,267
	2,968,130	1,378,979	10,722	6,267	-	-	2,978,852	1,385,246
Revenue from other sources	91,469	73,077	-	-	2,130	15,805	93,599	88,882
Revenue from external customers	3,059,599	1,452,056	10,722	6,267	2,130	15,805	3,072,451	1,474,128
Reportable segment loss for the year	(107,625)	112,536	(1,806,105)	(991,126)	3,696	8,693	(1,910,034)	(869,897)
Interest income								
- bank deposits	22,800	24,155	294	82	5,968	1,034	29,062	25,271
- amounts due from associates	132	1,649	-	-	-	-	132	1,649
Interest expense	(114,813)	(115,594)	(21,319)	(22,520)	(1,816)	(3,991)	(137,948)	(142,105)
Depreciation and amortisation for the year	(162,828)	(175,805)	-	-	-	-	(162,828)	(175,805)
Share of profits less losses of associates	95,636	173,097	(1,265,368)	(320,129)	-	-	(1,169,732)	(147,032)
Share of profits less losses of joint ventures	-	-	(404,051)	88,742	-	-	(404,051)	88,742
Impairment losses on associates	-	-	(139,254)	(750,000)	-	-	(139,254)	(750,000)
Reportable segment assets	19,670,119	20,742,486	2,298,817	4,275,040	312,761	348,279	22,281,697	25,365,805
Additions to non-current segment assets during the year	203,086	65,190	-	-	-	-	203,086	65,190
Reportable segment liabilities	10,295,022	11,776,530	1,061,652	1,300,813	42,868	45,565	11,399,542	13,122,908
Interests in associates	899,263	789,682	1,225,448	2,817,485	-	-	2,124,711	3,607,167
Interests in joint ventures	-	-	706,395	1,137,901	-	-	706,395	1,137,901

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Reportable segment loss derived from Group's external customers	(1,910,034)	(869,897)
Unallocated head office and corporate net expense	<u>(86,028)</u>	<u>(29,211)</u>
Consolidated loss for the year	<u><u>(1,996,062)</u></u>	<u><u>(899,108)</u></u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Assets		
Reportable segment assets	22,281,697	25,365,805
Unallocated head office and corporate assets	<u>494,342</u>	<u>976,958</u>
Consolidated total assets	<u><u>22,776,039</u></u>	<u><u>26,342,763</u></u>

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Liabilities		
Reportable segment liabilities	11,399,542	13,122,908
Unallocated head office and corporate liabilities	<u>1,495,814</u>	<u>820,413</u>
Consolidated total liabilities	<u><u>12,895,356</u></u>	<u><u>13,943,321</u></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, 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 and other financial assets, and the location of operations, in the case of interests in associates and joint ventures.

	Revenues from external customers		Specified non-current assets	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Mainland China	3,067,744	1,469,634	5,418,314	9,118,270
Hong Kong	4,707	4,494	481,886	552,461
	<u>3,072,451</u>	<u>1,474,128</u>	<u>5,900,200</u>	<u>9,670,731</u>

4 **OTHER INCOME AND NET GAINS**

(a) **Other income**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest income on financial assets measured at amortised cost:		
– bank deposits	37,900	42,542
– amounts due from associates	132	1,649
Total interest income	38,032	44,191
Government grants	1,952	10,285
Forfeiture income on deposit on pre-sale of properties	370	548
	<u>40,354</u>	<u>55,024</u>

(b) **Other net (losses)/gains**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Net fair value gain on equity securities	56,351	38,700
Reversals of impairment losses on finance lease receivables and trade and other receivables	3,508	1,051
Penalties for delayed delivery of properties	(56,677)	–
Net exchange (loss)/gain	(35,059)	25,254
Net (loss)/gain on disposal of property, plant and equipment	(4)	1,516
Net gain on disposal of investment properties	–	52,144
Others	(839)	(400)
	<u>(32,720)</u>	<u>118,265</u>

5 **LOSS BEFORE TAXATION**

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

(a) **Finance costs**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank and other loans	209,016	176,829
Interest on lease liabilities	661	752
Interest on loans from related parties and non-controlling interests	<u>115,715</u>	<u>102,259</u>
Total interest expense	325,392	279,840
Less: amount capitalised*	<u>(185,035)</u>	<u>(130,624)</u>
	<u>140,357</u>	<u>149,216</u>

* The borrowing costs have been capitalised at a weighted average rate of 3.86% (2021: 3.56%) per annum.

(b) **Staff costs**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Salaries, wages and other benefits	195,105	226,826
Contributions to defined contribution retirement plan	<u>16,264</u>	<u>14,650</u>
	211,369	241,476
Less: amount capitalised under property development projects and construction in progress	<u>(31,483)</u>	<u>(36,255)</u>
Total staff costs expensed during the year	<u><u>179,886</u></u>	<u><u>205,221</u></u>

(c) **Other items**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Amortisation of intangible assets	<u>9,122</u>	<u>9,126</u>
Depreciation		
– owned property, plant and equipment	97,826	101,560
– right-of-use assets	<u>81,256</u>	<u>88,961</u>
Total depreciation expense	179,082	190,521
Less: amount capitalised to construction in progress	<u>(4,089)</u>	<u>(4,089)</u>
	<u><u>174,993</u></u>	<u><u>186,432</u></u>
Auditors' remuneration		
– audit services	4,357	4,438
– other services	<u>534</u>	<u>1,976</u>
	<u><u>4,891</u></u>	<u><u>6,414</u></u>
Rentals income from investment properties less direct outgoings of RMB2,560,000 (2021: RMB2,488,000)	88,909	70,589

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax		
Provision for corporate income tax (“CIT”) for the year (i)	119,789	55,417
(Over)/under-provision in respect of prior years	(463)	339
Withholding tax (iii)	<u>1,758</u>	<u>–</u>
	121,084	55,756
PRC land appreciation tax (“PRC LAT”) (ii)	<u>24,720</u>	<u>12,628</u>
	145,804	68,384
Deferred tax		
Origination and reversal of temporary differences	<u>(38,482)</u>	<u>(11,432)</u>
	<u>107,322</u>	<u>56,952</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 (2021: Nil).

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the years ended 31 December 2022 and 2021.

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% (2021: 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

A withholding tax of 10% is levied on the overseas subsidiaries in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008. Under the China-Hong Kong Tax Treaty and the relevant regulations, a qualified Hong Kong tax resident which is the “beneficial owner” and holds 25% equity interests or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%. Some overseas subsidiaries of the Group are entitled to a reduced withholding tax rate of 5%.

During the year, withholding tax of the dividend distributed by a subsidiary in mainland China amounted to RMB1,758,000 (2021: Nil).

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss before taxation	<u>(1,888,740)</u>	<u>(842,156)</u>
Notional tax on profit before taxation, calculated at the rate of 25%	(472,185)	(210,538)
Tax effect of non-deductible expenses	485,926	263,795
Tax effect of non-taxable income	(17,855)	(22,829)
Tax effect of temporary difference not recognised	94,921	20,934
Tax effect of temporary difference not previously recognised	(1,562)	(4,224)
(Over)/under-provision in respect of prior years	<u>(463)</u>	<u>339</u>
	----- 88,782	----- 47,477
PRC LAT	24,720	12,628
Tax effect of PRC LAT	<u>(6,180)</u>	<u>(3,153)</u>
	----- 18,540	----- 9,475
Income tax expense	<u>107,322</u>	<u>56,952</u>

7 BASIC LOSS PER SHARE

(a) Loss attributable to ordinary shareholders of the Company

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Loss attributable to equity holders of the Company	(1,912,536)	(883,252)
Less: profit attributable to the holders of perpetual capital securities	<u>(245,387)</u>	<u>(228,725)</u>
Loss attributable to ordinary shareholders	<u>(2,157,923)</u>	<u>(1,111,977)</u>

(b) Weighted average number of ordinary shares

	2022	2021
	'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 years.

8 TRADE AND OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivable		
– Amounts due from third parties	5,292	6,626
Less: loss allowance	<u>(294)</u>	<u>(320)</u>
	<u>4,998</u>	<u>6,306</u>
Other receivables (<i>note (i)</i>):		
– Amounts due from associates	14,478	13,690
– Amount due from an intermediate parent	1,094	1,094
– Amounts due from fellow subsidiaries	2,648	10,467
– Amounts due from third parties	<u>36,779</u>	<u>62,016</u>
	54,999	87,267
Less: loss allowance	<u>(55)</u>	<u>(53)</u>
	<u>54,944</u>	<u>87,214</u>
Financial assets measured at amortised cost	59,942	93,520
Prepaid taxes (<i>note (ii)</i>)	275,919	302,372
Prepayment for land use rights	–	2,311,958
Deposits and other prepayments	<u>19,463</u>	<u>15,309</u>
	<u>355,324</u>	<u>2,723,159</u>

Notes:

- (i) Except for amounts of RMB4,377,000 (2021: RMB4,006,000) which are interest-bearing at 2.5% (2021: 2.5%) per annum, the amounts due from associates, an intermediate parent, fellow subsidiaries and other related parties are unsecured, non-interest bearing and repayable on demand.
- (ii) As at 31 December 2022, the prepaid taxes include CIT amounting to RMB11,903,000 (2021: RMB32,817,000) and LAT amounting to RMB62,593,000 (2021: RMB32,625,000).
- (iii) As at 31 December 2022, all of the trade and other receivables, and deposits 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 1 year	<u>4,998</u>	<u>6,306</u>

9 TRADE AND OTHER PAYABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade creditors:		
– Amounts due to fellow subsidiaries	9,231	–
– Amounts due to third parties	<u>862,107</u>	<u>646,423</u>
	----- 871,338	----- 646,423
Other payables and accruals:		
– Amounts due to associates	219,463	221,443
– Amounts due to fellow subsidiaries	346,834	346,453
– Amounts due to intermediate parents	391,214	–
– Amounts due to third parties	<u>530,261</u>	<u>620,781</u>
	----- 1,487,772	----- 1,188,677
Interest payables:		
– Amount due to an associate	36,662	18,331
– Amount due to an intermediate parent	41,455	53,619
– Amounts due to fellow subsidiaries	380	71
– Amounts due to non-controlling interests	141,474	76,110
– Amounts due to third parties	<u>7,524</u>	<u>26,023</u>
	----- 227,495	----- 174,154
Financial liabilities measured at amortised cost	2,586,605	2,009,254
Deposits (<i>note</i>)	<u>102,902</u>	<u>92,435</u>
	<u>2,689,507</u>	<u>2,101,689</u>

Note: As at 31 December 2022, except for the deposit of RMB3,011,000 (2021: RMB45,253,000) 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 2022, the deposit of disposal of Shanghai Shouchi Enterprise Management Ltd. amounted to RMB60,000,000 (2021: Nil).

As at 31 December 2021, the deposit payable to fellow subsidiaries amounted to RMB12,000,000.

Ageing analysis

As at 31 December 2022, the ageing analysis of trade creditors payable, based on the invoice date, are as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	853,066	641,786
1 to 2 years	16,011	2,391
2 to 3 years	15	2,083
Over 3 years	2,246	163
	<u>871,338</u>	<u>646,423</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING RESULTS AND BUSINESS REVIEW

In 2022, the global economy continued to decline, external demand environment underwent major changes, and major adjustments were made to the management and control policies of the real estate industry and fund business. Facing the impact of the deteriorating external operating environment, the overall pressure on operating conditions of the industry, volatility of the pandemic and low market sentiment, the Group focused on implementing lean management and enhancing value creation in 2022. The Group enhanced its asset management capabilities, prevented and defused major risks, revitalized existing assets and broadened sources of liquidity. The Group overcame the cost pressure of Hong Kong Interbank Offered Rate's continuous rise through debt replacement and debt structure optimization, keeping capital costs at a low level, and continued to strengthen the empowerment of invested companies to promote mutual benefit and win-win results. The Group adhered to "long-termism" in project construction and industrial investments, and insisted on sustainable development.

As of 31 December 2022, the Group's total assets were approximately RMB22.776 billion, and its operating revenue for the Current Period was approximately RMB3.072 billion, an increase of approximately 108.4% over the same period in 2021, which was mainly due to the increase in revenue carried forward from comprehensive development projects. The loss attributable to the equity holders of the Company for the Current Period was approximately RMB1.913 billion, as compared to RMB883 million for the same period in 2021. The increase in loss is primarily attributable to, among other things, (i) due to macro-control measures on industry and continued decline in the market environment of the real estate industry, certain of the Group's associates and a joint venture incurred substantial loss in their financial performance resulting from provisions for impairment of inventories, receivables and investments; (ii) based on the prudence principle, provisions were made for impairment loss of inventories in certain of the Group's comprehensive development projects, and for impairment loss of investment in an associate; and (iii) the loss recorded by the hotel and apartment leasing business, which was impacted by the pandemic control measures.

Comprehensive Development Business

In 2022, the real estate industry faced unprecedented challenges due to volatility of the pandemic in many places and the weakening momentum of medium and long-term housing demand. During the Current Period, demand-side policies and the credit environment continued to improve, and the real estate market was still undergoing in-depth adjustments. With the official implementation of the "Three Arrows" policy for real estate at the end of the year, short-term corporate financing channels have been opened, and multiple regulatory agencies have released positive news one after another. However, the residents' income expectations are weak at this stage and the wait-and-see sentiment for house purchases has not yet changed significantly. Therefore, scientific decision-making, precise marketing and destocking will still be the key to the sustainable development of enterprises.

Relying on OCT's brand and resource advantages in cultural tourism and real estate, the Group made its presence in cities in the core metropolitan areas of the Yangtze River Delta + Guangdong-Hong Kong-Macao Greater Bay Area. It holds comprehensive development projects in Hefei, Shanghai, Chongqing, Zhongshan, etc., with land reserves totaling 852,300 square meters and the remaining developable gross floor space of 904,300 square meters.

In 2022, the Hefei Airport International Town project actively explored new marketing models, increased sales efforts in key links and carried out multi-channel marketing through the cloud digital platform. The project achieved satisfactory growth in annual sales, ranking No. 1 in the region in terms of sales. The Group acquired more than 2,000 mu of land in Hefei Airport International Town. At present, a commercial system integrating community, commerce, micro-vacation and industrial office has been formed. Located in the Hefei Science and Technology Innovation Demonstration Zone, the Hefei Airport International Town is a demonstration project for the city-industry integration created by the Group. With the coordinated development with Changxin Memory Technologies, a key enterprise in the integrated circuit industry, and Hefei Xinqiao Electric Vehicle Industrial Park, this project will continue to contribute to the profits of the Group in the future.

In 2022, the Shanghai Suhewan project was impacted by the COVID-19 pandemic, which brought severe challenges to the hotel and apartment leasing business and caused a sharp decrease in the hotel occupancy rate during the Current Period. The Group endeavours to facilitate the daily life of tenants and solve their difficulties when the apartments in Shanghai were under closed-loop management. After the resumption of work and production, the Group formulated a series of measures to boost the leasing performance of apartments in Shanghai, and these efforts and measures have started to deliver results. As of 31 December 2022, the Group had 133 apartments in the Shanghai Suhewan project, with an occupancy rate of approximately 57.1%, and the number of apartments leased out increased by approximately 84.5% year-on-year.

Further information of the Group’s comprehensive development projects are as follows:

No.	1	2	3	4	5	6
Project name	Phase I of Hefei Airport International Town Project	Phase II of Hefei Airport International Town Project	Hefei OCT Bantang Hot Spring Town Project	Shanghai Suhewan Project <i>(Note)</i>	Chongqing OCT Land Project	Zhongshan Yuhong Project
Location	Hefei Xinqiao Science and Technology Innovation Demonstration Zone	Hefei Xinqiao Science and Technology Innovation Demonstration Zone	Chaohu Economic Development Zone	Jing’an District, Shanghai	Chongqing Liangjiang New Area	Zhongshan Torch Industrial Development Zone
Use of land	Residential + Commercial + Hotel	Residential + Commercial	Residential + Commercial + Hotel	Residential + Commercial + Hotel	Residential	Residential
Shareholding ratio	51%	51%	51%	50.50%	49%	21%
Area of land <i>(ten thousand m², full calibre)</i>	69.5	60.9	41.5	7.1	18	9.1
Gross floor area <i>(ten thousand m², full calibre)</i>	84.8	74.5	34.5	43	44	27.2
Acquisition method	Listing-for-sale bidding	Listing-for-sale bidding	Listing-for-sale bidding	Equity acquisition	Listing-for-sale bidding	Equity acquisition
Progress of project	Being marketed	Being marketed	Being marketed	Being marketed	Being marketed	Being marketed
Total saleable area being launched <i>(ten thousand m², full calibre)</i>	57.1	6.5	4.00	20.7	61.6	20.9
Accumulated sales area <i>(ten thousand m², full calibre)</i>	45.9	1.6	0.33	16.8	41.9	16.1
2022 contracted sales area <i>(ten thousand m², full calibre)</i>	7.2	1.6	0.03	0.1	3.5	4.2
2022 contracted sales amount <i>(RMB100 million)</i>	9.6	2.1	0.05	0.4	3.6	7.2

Note: The Group intends to dispose of 51% equity interests in Shanghai Shouchi Enterprise Management Ltd.. The proposed disposal has been approved by the Company’s shareholders. See also “Important Events” below.

Industrial Park Projects

The Group has three industrial park projects in Huizhou, Guangdong and Suzhou, Jiangsu. As of 31 December 2022, the leasable area of the industrial parks was 160,600 square metres.

In 2022, the industrial parks provided full-process consulting and services for enterprises from entering the park to daily management, initially building a smart park service system. The operation of the industrial parks was stable and well-run, with a comprehensive occupancy rate of approximately 96.5%. The revenue in the Current Period derived therefrom was approximately RMB28.49 million, an increase of approximately 5.43% over the same period in 2021, making continuous revenue contributions to the Group.

During the Current Period, the Group recorded revenue of approximately RMB3.06 billion from the comprehensive development business, a year-on-year increase of approximately 111.0%. The segment loss attributable to equity holders of the Company was approximately RMB24 million, a year-on-year decrease of approximately 118.8%, primarily due to some projects suffering large losses due to the impact of the pandemic control measures and the provision for inventory impairment of some projects made by the Company due to the market downturn.

Equity Investment and Fund Business

In 2022, the equity investment market in China developed steadily as a whole. According to the 2022 China Equity Investment Market Research Report released by the Zero2IPO Research Center, the total amount of funds raised throughout the year remained stable, but the average fund-raising scale of a single fund continued to decline, and the bi-polarization trend remained significant. Institutional fundraising is confronted with escalating additional conditions and qualification requirements, making it difficult for most small and medium-sized institutions without state-owned assets or industrial backgrounds to raise large-amount project funds and special funds.

Being the only overseas listed company under OCT Group, a large state-owned central enterprise, the Group has its 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 fully utilised 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, thereby achieving an all-win situation.

The total size of funds managed and invested by the Group amounted to RMB4.37 billion by the end of 2022, and the size of actively managed funds was RMB1.5 billion. During the Current Period, two funds under the Group completed the filing with the Asset Management Association of China. In terms of fund investments, the funds actively managed by the Group, which focuses on the upstream and downstream of the OCT industrial chain, successfully invested in companies such as Kandao Technology (看到科技) (a company admitted into the national list of “little giant” firms recognized as specialized and sophisticated enterprises that produce new and unique products). In terms of fund management, the Group has actively stepped up the business synergy between the invested companies and the parent company to achieve capital empowerment, and coordinated as well as expanded the cooperation between the invested companies and multiple companies under the parent company to achieve a win-win situation. The related VR and live broadcast technology of Kandao Technology has been applied in Happy Valley Theme Park under the parent company, and the cooperation between Mini World IP and Happy Valley Theme Park under the parent company in the creation of themed attractions and themed performances in scenic spots has been implemented in Shenzhen Happy Valley. Some projects invested by the Group’s funds have achieved a satisfactory increase in valuation. In terms of fund exit, the funds managed and participated in by the Group have recorded a total cash withdrawal of more than RMB20 million. One of the companies invested by the funds that the Group participated in has completed the IPO meeting of the STAR Market, while the application made by one company for listing on the STAR Market has been accepted, and two have signed a listing guidance agreement, opening up the main channel for future exit.

In 2022, the Group expanded its market influence and won multiple awards in the capital market industry including “2021–2022 China’s Most Growth Investment Institutions in the New Generation Information Technology Field (2021–2022年度中國新一代信息技術領域最具成長性投資機構)”, “2022 Top 100 Venture Capital Institutions in China (2022年度中國創業投資機構TOP100)” and “Best State-owned Investment Institutions in 2022 (2022年度中最佳國資投資機構)” of Chinese Venture, and the Golden Investment Prize of China Venture Capital Research Institute – “2022 Top 50 Chinese State-Owned Influential Investment Institutions (2022年度中國國資影響力投資機構TOP50)”, “2022 Top 30 Best Investment Institutions in China’s Intelligent Manufacturing Field (2022年度中國最佳智能製造領域投資機構TOP30)” and “2022 China’s Top 50 Influential VC Investment Institutions (2022年度中國影響力VC投資機構TOP50)”.

During the Current Period, the segment loss attributable to the equity holders of the Company was approximately RMB1.806 billion, representing an increase of approximately 82.2% in loss compared to the same period last year. The increase in loss is primarily attributable to the substantial loss incurred by certain of the Group’s associates and joint ventures in the financial performance as a result of provisions for impairment of inventories, receivables due to macro-control measures on industry and continued decline in the market environment of the real estate industry. Based on the prudence principle, provisions were made by the Group for the impairment losses on investment in an associate.

Finance Lease Business

In order to better concentrate resources and promote strategic transformation, the Group no longer expands new financial leasing business. During the Current Period, the revenue of the finance lease business was approximately RMB2.13 million, and the segment profit attributable to equity holders of the Company was approximately RMB3.70 million, a decrease of approximately 57.4% over the same period in 2021, which was mainly due to the decrease in revenue of the finance lease business which was in the final stage of exit.

FINANCIAL REVIEW

As of 31 December 2022, the Group's total assets amounted to approximately RMB22.776 billion, representing a decrease of approximately 13.5% as compared to approximately RMB26.343 billion as of 31 December 2021; and the Group's total equity amounted to approximately RMB9.881 billion, representing a decrease of approximately 20.3% over RMB12.399 billion as at 31 December 2021.

For the Current Period, the Group realized revenue of approximately RMB3.072 billion, representing an increase of approximately 108.4% as compared to approximately RMB1.474 billion for the same period of 2021, of which, the revenue of the comprehensive development business was approximately RMB3.06 billion, representing an increase of approximately 111.0% compared to approximately RMB1.45 billion for the same period of 2021, 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 RMB2.13 million, representing a decrease of approximately 86.5% compared to approximately RMB15.81 million for the same period of 2021, primarily due to the business being in the final stage of exit in the Current Period.

For the Current Period, Group's gross profit margin was approximately 10.5% (2021: approximately 20.6%), representing a decrease of 10.1 percentage points compared to the same period of 2021, of which, the gross profit margin of the comprehensive development business was approximately 10.5%, representing a decrease of 9.2 percentage points compared to the same period of 2021, mainly due to the losses incurred by the hotel and apartment leasing business under the impact of the pandemic control measures in Shanghai and the provisions for inventory impairment made by some real estate projects due to market downturn. Although the performance of the real estate business and commercial leasing business during the Current Period was better than that of the same period of 2021, the overall gross margin remained lower than the same period of 2021; and the gross profit margin of the finance lease business was approximately 97.4%, representing an increase of 23.4 percentage points compared to the same period of 2021, mainly because the financial lease business was in the final stage of exit and the funds had been basically recovered, resulting in a significant drop of interest costs.

For the Current Period, loss attributable to equity holders of the Company was approximately RMB1.913 billion as compared to the loss of approximately RMB883 million for the same period of 2021.

Among these, loss attributable to the comprehensive development business was approximately RMB24 million, compared with a profit of approximately RMB128 million in the same period of 2021, mainly attributable to the facts that the hotel and apartment leasing business suffered losses due to the pandemic control measures throughout 2022 and some real estate projects made provision for impairment losses on inventory.

Loss attributable to the equity investment and fund business was approximately RMB1.806 billion (2021: loss of approximately RMB991 million), representing an increase of approximately 82.2% compared to the same period of 2021, mainly attributable to the facts that some of the Group's associates and joint ventures incurred substantial losses due to the provision for impairment losses on inventories, accounts receivable and investment resulting from the macro-control measures on industry and the continued decline of the market environment of the real estate industry, and the Group made provision for impairment loss on the investment in an associate under the principle of prudence.

Profit attributable to the finance lease business was approximately RMB3.70 million (2021: approximately RMB8.69 million), representing a decrease of approximately 57.4% compared to the same period of 2021, mainly attributable to a decrease in the revenue of the finance lease business.

The provisions for investment impairment in the equity investment and fund business of the Group for the Current Period based on the principle of prudence and the provision for inventory impairment in the comprehensive development business will not have a significant impact on the Group's current overall business operations and cash flow, and the revenue of the comprehensive development business segment increased significantly in 2022. The financing costs of the Group have been maintained at a low level for a long time, and the overall financial position is relatively stable.

For the Current Period, the basic loss per share attributable to equity holders of the Company was approximately RMB2.88 (2021: basic loss per share of approximately RMB1.49), representing an increase of approximately RMB1.39 compared to the same period of 2021. The losses for the year were approximately RMB1.996 billion (2021: losses of approximately RMB899 million), representing an increase of approximately RMB1.097 billion compared to the same period of 2021, mainly due to the facts that the hotel business suffered losses due to the impact of the pandemic control measures, some real estate projects made provision for inventory impairment losses due to the impact of the deteriorating real estate market and some associates of the Group incurred losses, and the Group made provision for impairment loss on investment in an associate due to the macro-control measures on the real estate industry and the continued decline of the market environment of the real estate industry.

Distribution Costs and Administrative Expenses

The Group's distribution costs for the Current Period were approximately RMB80 million (2021: approximately RMB89 million), representing a decrease of approximately 10.1% compared to the same period of 2021.

The Group's administrative expenses for the Current Period were approximately RMB285 million (2021: approximately RMB273 million), representing an increase of approximately 4.4% as compared to the same period of 2021, of which, administrative expenses of the comprehensive development business were approximately RMB213 million (2021: approximately RMB189 million), representing an increase of approximately 12.7% as compared to the same period of 2021, which was mainly due to the increase in property management fees of some projects; administrative expenses of the finance lease business were approximately RMB4.13 million (2021: approximately RMB0.71 million), representing an increase of approximately 481.7% as compared to the same period of 2021, which was mainly due to the sharing of administrative expenses at the headquarters; and administrative expenses of the equity investment and fund business were approximately RMB19.51 million (2021: approximately RMB18.27 million), representing an increase of approximately 6.8% as compared to the same period of 2021, which was mainly due to the increase in brokerage fees.

Interest Expenses

The Group's interest expenses for the Current Period were approximately RMB140 million (2021: approximately RMB149 million), representing a decrease of approximately 6.0% as compared to the same period of 2021, of which, interest expenses of the comprehensive development business were approximately RMB115 million (2021: approximately RMB116 million), representing a decrease of approximately 0.9% as compared to the same period of 2021, mainly due to the decrease in the weighted average amount of loans; interest expenses of the finance lease business were approximately RMB1.82 million (2021: approximately RMB3.99 million), representing a decrease of approximately 54.4% as compared to the same period of 2021; and interest expenses of the equity investment and fund business were approximately RMB21.32 million (2021: approximately RMB22.52 million), representing a decrease of approximately 5.3% as compared to the same period of 2021, mainly due to the decrease in the weighted average amount of loans.

Dividends

The Board did not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil) after considering the Company's long-term development and active participation in potential investment opportunities.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 31 December 2022 was approximately RMB9.881 billion (31 December 2021: approximately RMB12.399 billion); current assets were approximately RMB16.728 billion (31 December 2021: approximately RMB16.454 billion); and current liabilities were approximately RMB10.378 billion (31 December 2021: approximately RMB10.914 billion). The current ratio was approximately 1.61 as at 31 December 2022, representing an increase of approximately 0.1 as compared to that as at 31 December 2021 (31 December 2021: approximately 1.51), mainly due to the decrease in the weighted average balance of short-term bank borrowings in 2022. The Group generally finances its operations with internally generated cash flow, credit facilities provided by banks and shareholder's loans.

As at 31 December 2022, the Group had outstanding bank and other loans of approximately RMB4.733 billion, without fixed rate loans in RMB (31 December 2021: outstanding bank and other loans of approximately RMB5.747 billion, with fixed rate loans in RMB of approximately RMB1.935 billion). As at 31 December 2022, the interest rates of bank and other loans of the Group ranged from 3.30% to 5.95% per annum (31 December 2021: ranged from 1.31% 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 30.1% as at 31 December 2022, representing a decrease of approximately 0.6 percentage points as compared with that of approximately 30.7% as at 31 December 2021, which was mainly due to the decrease in bank and other loans.

As at 31 December 2022, approximately 47.3% of the total amount of outstanding bank and other loans of the Group amounting to approximately RMB2.238 billion was denominated in Hong Kong Dollars (31 December 2021: approximately 37.9%); and approximately 52.7% amounting to approximately RMB2.495 billion was denominated in Renminbi (31 December 2021: approximately 62.1%). As at 31 December 2022, approximately 0.1% of the total amount of cash and cash equivalents of the Group was denominated in United States dollars (31 December 2021: approximately 0.1%); approximately 97.5% was denominated in Renminbi (31 December 2021: approximately 90.7%); and approximately 2.4% was denominated in Hong Kong dollars (31 December 2021: approximately 9.2%).

The Group's liquidity position remains relatively stable. The Group's transactions and monetary assets are principally denominated in Renminbi, Hong Kong Dollars and United States Dollars. For the Current Period, 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. The Group did not enter into any foreign exchange forward contracts and other material financial instruments for hedging foreign exchange risk purposes for the Current Period.

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 could 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 is usually within a range of 0% to 5% of the mortgage loans granted to buyers, with a 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 right to sell the properties and recover the outstanding loan balance from the sale proceeds if the property buyers default on payment. The management also considers that the market value of the underlying properties can cover the outstanding mortgage loans guaranteed by the Group. Therefore, no liabilities are recognised in respect of these guarantees.

As at 31 December 2022, guarantees given by financial institutions for mortgage facilities granted to buyers of the Group's properties amounted to approximately RMB936 million in total (31 December 2021: approximately RMB498 million).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group employed 556 full-time staff in total. The basic remunerations of the employees of the Group are mainly determined with reference to the industry's remuneration benchmark, the employees' experience and their performance, and equal opportunities are offered to all staff members. Staff salaries are maintained at a competitive level and are reviewed periodically (and not less frequent than annually), with reference to the relevant labour market and the economic situation. The remunerations of the Directors are determined according to the Group's remuneration policies and taking into account a variety of factors such as responsibilities assumed by each Director, his/her qualifications and experiences, and the prevailing market conditions. The Company currently does not maintain any share scheme under Chapter 17 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). 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 in general. Most members of the senior management have been working for the Group for many years.

IMPORTANT EVENTS

Proposed Disposal of Partial Interests in Shouchi Enterprise Through Public Tender

Overseas Chinese Town (Shanghai) Land Company Limited (an indirect non-wholly-owned subsidiary of the Company) (“**OCT Shanghai Land**”) intends to dispose of 51% equity interests in Shanghai Shouchi Enterprise Management Ltd. (“**Shouchi Enterprise**”) through public tender to be conducted on the China Beijing Equity Exchange at a tender base price not lower than approximately RMB585 million, and to enter into a joint venture arrangement with the final purchaser. The formal process of the public tender has been commenced, and information about the proposed disposal has been released on the website of the China Beijing Equity Exchange to commence the publication period. As of the date of this announcement, the disposal was still in the process of public tender. Completion and timing of the proposed disposal will depend on the responses from the public tender. The Company currently expects that the publication period will be completed in or around the second quarter of 2023, and will make further announcement(s) on the proposed disposal after the public tender is completed, when the final consideration and the identity of the purchaser are confirmed. For further details, please refer to the circular of the Company dated 25 October 2022.

Entering into the Ancillary Agreement for Cayman Fund

On 30 December 2022, the Company, City Legend International Limited, 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 entered into an ancillary agreement for the Cayman Fund (relating to the Group’s subscription of a Cayman Fund in December 2020) under which, subject to all parties to the ancillary agreement obtaining all requisite approvals, the Company will (or will procure its designated third party to) provide the financial support. For further details, please refer to the announcement of the Company dated 30 December 2022.

Investment in B.Duck Semk in 2021

The Group invested in B.Duck Semk Holdings International Limited (“**B.Duck Semk**”) in 2021. B.Duck Semk completed its listing on the Stock Exchange in January 2022, and has informed the Group of its fulfillment of its performance targets for 2022. For further details, please refer to the announcement of the Company dated 7 July 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 2023

In 2023, the Group will seize the opportunities brought by the overall improvement of the macroeconomy and the gradual stabilization of the real estate market, adhere to lean management and focus on strengthening and optimizing the main business. The Group will revitalize the existing assets and adjust the structure, enhance the ability of asset management and capital operation, and strengthen risk prevention and control and improve operating efficiency under the principle of prudent operation. The Group will also actively explore the organic combination of asset management and capital operation advantages, and empower the main business through investments, so as to contribute new strength to its high-quality development.

In 2023, in terms of the comprehensive development business, the Group will seize the policy window period and accelerate the sales of inventory. It is expected that approximately 255,300 square meters of residential properties will be for sale throughout the year. The Group will continue to focus on projects in core cities of the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, and will select the best from the best, so as to achieve steady, high-quality and sustainable development.

The Group will continue to expand the management and operation of characteristic industrial parks, aiming to continuously consolidate and improve service quality. The Group will also push ahead to promote the construction and pre-sale of the Huizhou OCT Entrepreneurship and Innovation Industrial Park project. The project is expected to be completed in 2024, providing an estimated additional lease area of approximately 93,000 square meters, and will actively explore the asset-light operation mode of the industrial parks.

In 2023, in the equity investment and fund business, the Group is fully supported by OCT's industrial resource advantage. With a diversified fund product matrix preliminarily formed, the Group will link emerging technologies and professionals in the industry and create an innovative ecosystem of funds with "mutual interaction and cross-industry integration" of multiple parties such as investors, FOFs, sub-funds and innovation and entrepreneurship projects and build a reserve of high-quality investment targets. The Group will also strengthen its post-investment empowerment to actively mobilize industrial resources and financial resources in promoting the development and growth of invested companies, and exit at the right time, constantly iterating the closed-loop management ability of "fundraising, investment, management and exit".

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Current Period, save as disclosed in this announcement, 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 Part 2 of Appendix 14 to the Listing Rules for the Current Period.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. In response to specific enquiry by the Company, all Directors confirmed that they have complied with the Model Code at all applicable times during the Current Period.

AUDIT COMMITTEE

This announcement and audited financial statements of the Company for the Current Period had been reviewed by the Audit Committee of the Company before they were presented to the Board for approval.

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

Hong Kong, 31 March 2023

As at the date of this announcement, the Board comprises seven Directors, including three executive Directors namely Mr. Zhang Dafan, Mr. Wang Jianwen 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 or words have been translated into English and included in this announcement as unofficial translations for reference only. In the event of any inconsistency, the Chinese names shall prevail.

Certain figures in this announcement are subject to rounding adjustment.