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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)

2023 INTERIM RESULTS ANNOUNCEMENT

RESULTS

The board (the "Board") of directors (the "Directors") of Overseas Chinese Town (Asia) Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2023 (the "Reporting Period"), together with the comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2023 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**193,621**	877,008
Cost of sales		**(132,468)**	(887,416)
Gross profit/(loss)		**61,153**	(10,408)
Other income		**15,662**	21,927
Other net (loss)/gain		**(2,662)**	8,005
Distribution costs		**(33,961)**	(39,867)
Administrative expenses		**(77,531)**	(93,876)
Loss from operations		**(37,339)**	(114,219)
Finance costs	*4(a)*	**(74,300)**	(56,769)
Share of profits less losses of associates		**(93,103)**	52,816
Share of profits less losses of joint ventures		**(30,642)**	(4,135)
Loss before taxation	*4*	**(235,384)**	(122,307)
Income tax	*5*	**(8,157)**	8,537
Loss for the period		**(243,541)**	(113,770)
Attributable to:			
Equity holders of the Company		**(212,428)**	(61,546)
Non-controlling interests		**(31,113)**	(52,224)
Loss for the period		**(243,541)**	(113,770)
Basic loss per share *(RMB)*	*6*	**(0.456)**	(0.242)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2023 – unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Loss for the period	**(243,541)**	(113,770)
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences	**(178,199)**	(62,486)
Share of other comprehensive income of associates	**7,316**	(40,372)
	(170,883)	(102,858)
Other comprehensive income for the period	**(170,883)**	(102,858)
Total comprehensive income for the period	**(414,424)**	(216,628)
Attributable to:		
Equity holders of the Company	**(383,311)**	(164,404)
Non-controlling interests	**(31,113)**	(52,224)
Total comprehensive income for the period	**(414,424)**	(216,628)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023 – unaudited

(Expressed in Renminbi)

	Note	**At 30 June 2023** *RMB'000*	At 31 December 2022 *RMB'000*
Non-current assets			
Investment property		**420,639**	425,071
Property, plant and equipment		**1,075,516**	1,117,909
Interests in leasehold land held for own use		**1,127,610**	1,148,499
		2,623,765	2,691,479
Intangible assets		**20,048**	24,517
Interests in associates		**2,037,430**	2,124,711
Interests in joint ventures		**595,425**	706,395
Other financial assets		**351,119**	353,098
Deferred tax assets		**148,325**	148,325
		5,776,112	6,048,525
Current assets			
Inventories and other contract costs		**13,432,058**	12,512,456
Trade and other receivables	*7*	**380,167**	355,324
Cash at bank and on hand	*8*	**2,559,850**	1,915,139
		16,372,075	14,782,919
Assets of disposal group classified as held for sale		**1,942,744**	1,944,595
		18,314,819	16,727,514

	Note	**At 30 June 2023** *RMB'000*	At 31 December 2022 *RMB'000*
Current liabilities			
Trade and other payables	*9*	**3,088,555**	2,689,507
Contract liabilities		**1,769,974**	1,609,712
Lease liabilities		**8,993**	11,734
Bank and other loans		**6,577,064**	2,578,088
Loans from related parties and non-controlling interests		**1,911,000**	1,941,000
Current taxation		**142,194**	147,846
		13,497,780	8,977,887
Liabilities directly associated with assets of disposal group classified as held for sale		**1,413,609**	1,399,868
		14,911,389	10,377,755
Net current assets		**3,403,430**	6,349,759
Total assets less current liabilities		**9,179,542**	12,398,284
Non-current liabilities			
Bank and other loans		**2,443,895**	2,155,215
Related party loans		**783,507**	175,000
Lease liabilities		**2,057**	6,283
Deferred tax liabilities		**181,103**	181,103
		3,410,562	2,517,601
NET ASSETS		**5,768,980**	9,880,683

	Note	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
CAPITAL AND RESERVES			
Share capital		**67,337**	67,337
Perpetual capital securities	*10(b)*	**2,082,620**	5,615,314
Reserves		**(45,272)**	502,624
Total equity attributable to equity holders of the Company		**2,104,685**	6,185,275
Non-controlling interests		**3,664,295**	3,695,408
TOTAL EQUITY		**5,768,980**	9,880,683

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 31 August 2023.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs) issued by the HKICPA.

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

2 CHANGES IN ACCOUNTING POLICIES

New and amended HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these 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 in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Disaggregating of revenue

The principal activities of the Group are comprehensive development, equity investment and fund business and finance lease.

Revenue represents the sales value of goods or services supplied to customers net of sales related tax. Disaggregation of revenue with customer by business lines is as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by business lines		
– Sale of properties	**22,129**	795,697
– Hotel revenue	**113,738**	39,564
– Fund management fee income	**4,849**	–
	140,716	835,261
Revenue from other sources		
– Rental income from investment properties	**52,905**	40,078
– Finance lease income	**–**	1,669
	193,621	877,008

The Group's customer base is diversified and there was no customer with whom transactions exceeded 10% of the Group's revenue during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

Further details regarding the Group's principal activities are disclosed in note 3(b).

(b) Segment reporting

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

- Comprehensive development business: this segment engaged in development and sale of residential properties, development and management of properties, property investment and operation of hotel.

- Equity investment and fund business: this segment engaged in the investment in new urbanisation industrial ecosphere, such as domestic and overseas direct investments, industrial fund.

- Finance lease business: this segment engaged in the finance lease business.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current and non-current assets. Segment liabilities include trade creditors, accruals and lease liabilities attributable to the sales activities of the individual segments and borrowings managed directly by the segments.

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2023 and 2022 is set out below.

For the six months ended 30 June	**Comprehensive development business**		**Equity investment and fund business**		**Finance lease business**		**Total**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	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	**135,867**	835,261	**–**	–	**–**	–	**135,867**	835,261
Over time	**–**	–	**4,849**	–	**–**	–	**4,849**	–
Revenue from other sources	**52,905**	40,078	**–**	–	**–**	1,669	**52,905**	41,747
Revenue from external customers	**188,772**	875,339	**4,849**	–	**–**	1,669	**193,621**	877,008
Reportable segment revenue	**188,772**	875,339	**4,849**	–	**–**	1,669	**193,621**	877,008
Reportable segment (loss)/ profit for the period	**(37,340)**	(46,571)	**(186,990)**	(35,034)	**1,232**	3,298	**(223,098)**	(78,307)
As at 30 June/31 December								
Reportable segment assets	**20,614,712**	19,670,119	**2,057,454**	2,298,817	**315,723**	312,761	**22,987,889**	22,281,697
Reportable segment liabilities	**11,291,439**	10,295,022	**1,025,466**	1,061,652	**40,951**	42,868	**12,357,856**	11,399,542

(ii) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Reportable segment loss	**(223,098)**	(78,307)
Unallocated head office and corporate expense	**(20,443)**	(35,463)
Consolidated loss	**(243,541)**	(113,770)

(iii) Reconciliations of reportable segment assets and liabilities

	At 30 June	At 31 December
	2023	2022
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**22,987,889**	22,281,697
Unallocated head office and corporate assets	**1,103,042**	494,342
Consolidated total assets	**24,090,931**	22,776,039
Liabilities		
Reportable segment liabilities	**12,357,856**	11,399,542
Unallocated head office and corporate liabilities	**5,964,095**	1,495,814
Consolidated total liabilities	**18,321,951**	12,895,356

(iv) Geographic information

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Chinese Mainland	**191,197**	874,739
Hong Kong	**2,424**	2,269
	193,621	877,008

4 LOSS BEFORE TAXATION

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

(a) Finance costs

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Interest on bank and other loans	**129,218**	92,693
Interest on loans from related parties and non-controlling interests	**48,489**	54,566
Interest on lease liabilities	**177**	376
Total interest expense	**177,884**	147,635
Less: amount capitalised	**(103,584)**	(90,866)
	74,300	56,769

(b) Other items

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Interest income	**(14,959)**	(20,721)
Amortisation of intangible assets	**4,469**	4,561
Depreciation charge		
– investment property, owned property, plant and equipment	**39,034**	52,132
– right-of-use assets	**24,035**	41,878
Total depreciation expense	**63,069**	94,010
Less: amount capitalised to construction in progress	**(2,841)**	(3,237)
	60,228	90,773
Fair value gain on financial assets measured at fair value through profit or loss ("FVTPL")	**–**	(25,700)
Net exchange (gain)/loss	**(5,385)**	20,518

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Current tax		
Provision for corporate income tax ("CIT")	**6,086**	8,697
Under-provision in respect of prior period	**–**	947
Withholding tax	**–**	1,445
	6,086	11,089
PRC land appreciation tax ("LAT")	**2,071**	–
	8,157	11,089
Deferred tax		
Origination and reversal of temporary differences	**–**	(19,626)
	8,157	(8,537)

(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 Reporting Period (six months ended 30 June 2022: nil).

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the six months ended 30 June 2023 and 2022.

Pursuant to the income tax rules and regulations of the PRC, taxation for PRC subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant cities in the PRC at 25% (six months ended 30 June 2022: 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 Chinese Mainland subsidiaries within the Group earned after 1 January 2008, and disposal gain earned by Hong Kong subsidiaries upon disposal of Chinese Mainland subsidiaries at the applicable tax rates.

6 BASIC LOSS PER SHARE

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

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Loss attributable to equity holders of the Company	**(212,428)**	(61,546)
Less: profit attributable to the holders of perpetual capital securities	**(128,484)**	(119,387)
Loss attributable to ordinary equity shareholders	**(340,912)**	(180,933)

(b) Weighted average number of ordinary shares

	Six months ended 30 June	
	2023	2022
	'000	*'000*
Issued ordinary shares	**748,366**	748,366

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

7 TRADE AND OTHER RECEIVABLES

	At 30 June 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Trade receivable		
– Amounts due from third parties	**10,649**	5,292
Less: loss allowance	**(294)**	(294)
	10,355	4,998
Other receivables *(note (i))*:		
– Amounts due from associates	**9,920**	14,478
– Amount due from an intermediate parent	**1,094**	1,094
– Amounts due from fellow subsidiaries	**4,094**	2,648
– Amounts due from third parties	**57,201**	36,779
	72,309	54,999
Less: loss allowance	**(55)**	(55)
	72,254	54,944
Financial assets measured at amortised cost	**82,609**	59,942
Prepaid taxes *(note (ii))*	**281,896**	275,919
Deposits and other prepayments	**15,662**	19,463
	380,167	355,324

Notes:

(i) As at 30 June 2023, these amounts are unsecured and repayable on demand within one year. These amounts due from associates, intermediate parents, fellow subsidiaries or other related parties are interest-free (31 December 2022: RMB4,377,000 at 2.5% per annum).

(ii) As at 30 June 2023, the prepaid taxes include CIT amounting to RMB42,634,000 (2022: RMB11,903,000) and LAT amounting to RMB64,468,000 (2022: RMB62,593,000).

(iii) As at 30 June 2023, all of the trade and other receivables, and deposits are expected to be recovered within one year.

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

	At 30 June 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Within 1 year	**10,355**	4,998

8 CASH AT BANK AND ON HAND

	At 30 June 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Cash at bank and on hand	**1,978,214**	1,039,455
Property pre-sale proceeds *(note)*	**581,636**	875,684
Cash at bank and on hand on the consolidated statement of financial position	**2,559,850**	1,915,139
Cash and cash equivalents on the consolidated cash flow statement	**2,559,850**	1,915,139

Note: In accordance with the relevant laws and regulations governing the pre-sale of residential properties in Chinese Mainland, prepayments by customers are held by the local authorities and the relevant banks. The amounts can be released to the Group for meeting certain prescribed costs associated with the property development or if certain conditions are fulfilled.

9 TRADE AND OTHER PAYABLES

	At 30 June 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Trade creditors:		
− Amounts due to fellow subsidiaries	**41,935**	35,608
− Amounts due to third parties	**988,879**	835,730
	1,030,814	871,338
Other payables and accruals:		
− Amounts due to associates	**214,513**	219,463
− Amounts due to fellow subsidiaries	**346,146**	346,834
− Amounts due to intermediate parents	**380,388**	391,214
− Amounts due to third parties	**814,188**	530,261
	1,755,235	1,487,772
Interest payables:		
− Amount due to an associate	**45,752**	36,662
− Amount due to an intermediate parent	**14,799**	41,455
− Amount due to a fellow subsidiary	**380**	380
− Amounts due to non-controlling interests	**177,722**	141,474
− Amounts due to third parties	**8,056**	7,524
	246,709	227,495
Financial liabilities measured at amortised cost	**3,032,758**	2,586,605
Deposits	**55,797**	102,902
	3,088,555	2,689,507

As at 30 June 2023, the ageing analysis of trade creditors payables, based on the invoice date, are as follows:

	At 30 June 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Within 1 year	**1,020,948**	853,066
1 to 2 years	**5,936**	16,011
2 to 3 years	**1,831**	15
Over 3 years	**2,099**	2,246
	1,030,814	871,338

10 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

No dividend was approved and paid to equity shareholders of the Company during the interim period attributable to the previous financial year (six months ended 30 June 2022: nil).

(b) Perpetual capital securities

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

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

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

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

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

The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the Company, in whole but not in part. In the opinion of the management, the Company is able to control its obligations to deliver cash or other financial assets to the holders of the perpetual capital securities due to redemption other than an unforeseen liquidation of the Company. Accordingly, the perpetual capital securities are classified as equity instruments.

On 14 June 2023, the Company irrevocably made the redemption notice of First Perpetual Capital Securities with a principal amount of US$500,000,000 (equivalent to RMB3,578,300,000). The Company has redeemed such amount in whole on 17 July 2023 pursuant to the terms and conditions of the First Perpetual Capital Securities. As at 30 June 2023, the principal amount along with the dividend amounted to USD11,250,000 (equivalent to RMB81,290,000) was classified as bank and other loans.

On 24 July 2023, the Company irrevocably made the redemption notice of Second Perpetual Capital Securities with a principal amount of US$300,000,000 (equivalent to RMB2,143,530,000 using exchange rate on that day, which was different from the principal amount RMB2,082,620,000 as at 30 June 2023 of the balance of perpetual capital securities using historical exchange rate). The Company has redeemed the Capital Securities in whole on 25 August 2023 pursuant to the terms and conditions of the Capital Securities.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results and Business Review

In the first half of 2023, China's economy and society's development returned to normal in an all-rounded way, with production demand steadily recovering. In particular, the consumption and service industries, which were previously subject to greater impact of the pandemic, recorded significant growth and showed a stronger effect in driving economic growth. China's economic development has gradually recovered from the pandemic and returned to the track of normal growth. In the first half of the year, the GDP grew by 5.5% year-on-year, of which the growth rate in the second quarter was 6.3%, showing a relatively obvious rebound in economic growth. At present, however, there are still structural contradictions in China's employment, consumption, export and business operations, and the endogenous growth momentum of the economy is yet to be strengthened. Nonetheless, the fact that Chinese economy is characterized by strong resilience, great potential and sufficient vitality remains unchanged, and the economy still possesses the conditions to support high-quality development. In the first half of the year, amid a challenging external environment, the Group continued to implement lean management and strictly controlled costs, as well as speeded up the revitalization of assets to prevent and mitigate major risks. Also, the Group continued to strengthen the empowerment of invested companies to promote mutual benefit and win-win results.

During the Reporting Period, the Group's operating revenue was approximately RMB0.194 billion, a decrease of approximately 77.9% over the same period last year. This was mainly attributable to (among other things) a significant decrease in income carried forward from the comprehensive development business as compared to the same period last year. The loss attributable to the equity holders of the Company was approximately RMB0.212 billion, mainly attributable to the increase in the share of loss of associates, as some associates incurred substantial losses resulting from the continued decline of the market environment of the real estate industry and a decrease in income carried forward from the real estate projects for the Reporting Period.

Comprehensive Development Business

In the first half of 2023, China adhered to the principle of "houses should be for living in, not for speculation" and implemented policies according to the actual conditions of each city to support rigid and reasonable improvement housing demands, leading to the release of part of the previously depressed purchasing demands. Since the second quarter, the real estate market has gradually returned to the right track, however, the imbalance between supply and demand in the real estate market still exists. The real estate industry is still undergoing in-depth adjustments, with real estate development investments fell by 7.9% year-on-year, and the nation-wide sales area of residential properties fell by 5.3% year-on-year. The market differentiation between different cities has intensified, and projects were generally under pressure. Besides, the liquidity risks of certain enterprises have not been fully removed, and it will take time for the easing policy on real estate industry to take effect.

Particularly, 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 (full calibre) totaling approximately 936,700 square meters. In the first half of 2023, the Group's total sales area was approximately 52,300 square meters, recording a total sales amount of approximately RMB811 million, of which the attributable sales amount was approximately RMB284 million.

Basic information of the Group's projects are as follows:

No.	1	2	3	4	5
Project name	Hefei Airport International Town Project	Hefei OCT Bantang Hot Spring Town Project	Shanghai Suhewan Project	Chongqing OCT Land Project	Zhongshan Yuhong Project
Location	Hefei Xinqiao Science and Technology Innovation Demonstration Zone	Chaohu Economic Development Zone	Core Area of Inner Ring of Jing'an District, Shanghai	Chongqing Liangjiang New Area	Zhongshan Torch Industrial Development Zone
Use of land	Residential + Commercial + Hotel	Residential + Commercial + Hotel	Residential + Commercial + Hotel	Residential	Residential
Shareholding ratio	51%	51%	50.50%	49%	21%
Area of land (ten thousand ㎡, full calibre)	130.4	41.5	7.1	18	9.1
Gross floor area (ten thousand ㎡, full calibre)	159.3	34.5	43	44	27.2
Total saleable area being launched (ten thousand ㎡, full calibre)	63.11	4.51	20.67	61.56	28.29

Note: The Group intends to dispose of 51% equity interests in Shanghai Shouchi Enterprise Management Ltd. See also the paragraph headed "Proposed disposal of partial interests in Shouchi Enterprises" on page 29.

The Group has three industrial park projects in Huizhou, Guangdong and Suzhou, Jiangsu. The construction of the new district of the Huizhou OCT Entrepreneurship and Innovation Industrial Park project has commenced in April this year. During the Reporting Period, the leasable area of the industrial parks was approximately 154,700 square meters, with an occupancy rate of 98%. The operation of the industrial parks was stable and well-run during the Reporting Period, with rental income of approximately RMB14,770,400, an increase of approximately 10.62% over the same period last year.

During the Reporting Period, the Group recorded revenue of approximately RMB0.189 billion from the comprehensive development business, a decrease of approximately 78.4% over the same period last year. The segment loss attributable to equity holders of the Company was approximately RMB6.2278 million, a decrease of approximately 210.2% over the same period last year, mainly attributable to the loss of profit attributable to equity holders of the segment during the Reporting Period, as a result of a decrease in income carried forward from other real estate projects during the Reporting Period and an increase in interest expense caused by the interest rate hike of US dollars during the Reporting Period, though the hotel and apartment leasing business in Shanghai recovered as compared with the same period of 2022.

Equity Investment and Fund Business

In the first half of 2023, according to the China Equity Investment Research Report for the First Half of 2023 (《2023年上半年中國股權投資研究報告》) released by Zero2IPO Research Center, due to the impact of unfavorable factors including the weaker-than-expected economic recovery and continued tightening of global liquidity, the index performance of the stock market has diverged, and venture capital investment, especially mature unlisted investment projects, in the private equity market of China also showed a significant trend of divergence. The trilemma of the industry (being difficulties in financing, investment and divestment) is further aggravated.

Being the only overseas listed company under OCT Group, the Group has its 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 approximately RMB4.37 billion as of 30 June 2023, and the size of actively managed funds was approximately RMB1.5 billion. During the Reporting Period, the fund of funds managed by the Group successfully invested in the Nanshan Phase III Fund, with a focus on investment in the fields of cultural and entertainment technologies. Meta-Bounds, a leading high-tech company in the fields of augmented reality (AR) and optical waveguide technology, as well as Epropulsion Technology, a research and development and manufacturing company of marine electric drive system, which are invested by the Group's funds, have achieved a substantive increase in valuations based on their current market values. Four of the companies invested by the funds that the Group participated in have entered the preparatory stages of listing.

During the Reporting Period, the segment loss attributable to the equity holders of the Company was approximately RMB0.187 billion, representing an increase of approximately 433.8% compared to the same period last year, which was mainly attributable to the substantial loss incurred by some associates from the continued decline of the market environment of the real estate industry.

Financial Review

As of 30 June 2023, the Group's total assets amounted to approximately RMB24.091 billion, representing an increase of approximately 5.77% as compared to approximately RMB22.776 billion as of 31 December 2022; and the Group's total equity amounted to approximately RMB5.769 billion, representing a decrease of approximately 41.6% as compared to approximately RMB9.881 billion as at 31 December 2022.

For the six months ended 30 June 2023, the Group realized revenue of approximately RMB0.194 billion, representing a decrease of approximately 77.9% as compared to approximately RMB0.877 billion for the same period of 2022, of which, the revenue of the comprehensive development business was approximately RMB0.189 billion, representing a decrease of approximately 78.4% compared to approximately RMB0.875 billion for the same period of 2022, primarily due to a significant decrease in income carried forward from the Hefei Airport International Town Project in the first half of the year as compared to the same period last year. No revenue from the finance lease business was recorded during the Reporting Period as the finance lease business completed the exit during the Reporting Period and was in the final stage of liquidation, as compared with the revenue of approximately RMB1.67 million for the same period of 2022.

For the six months ended 30 June 2023, the Group's gross profit margin was approximately 31.6% (2022: approximately -1.2%), representing an increase of 32.8 percentage points compared to the same period of 2022, of which, the gross profit margin of the comprehensive development business was approximately 31.7%, representing an increase of 33.1 percentage points compared to the same period of 2022, mainly due to a strong rebound in the hotel and apartment leasing business during the Reporting Period as compared to the same period last year following the lift of pandemic control measures in Shanghai, which led to a higher overall gross profit margin of the comprehensive development segment as compared to the same period last year. As the finance lease business was in the final stage of liquidation, its gross profit margin for the Reporting Period was nil, representing an increase of 26.1 percentage points compared to the same period of 2022.

For the six months ended 30 June 2023, loss attributable to equity holders of the Company was approximately RMB212.43 million as compared to the loss of approximately RMB61.55 million for the same period of 2022.

Among these, loss attributable to the comprehensive development business was approximately RMB6.2278 million (2022: profit of approximately RMB5.65 million), representing a decrease of approximately 210.2% compared to the same period of 2022, mainly attributable to the loss of profit attributable to equity holders of the Company from such business during the Reporting Period, as a result of a decrease in income carried forward from other real estate projects during the Reporting Period and an increase in interest expense caused by the interest rate hike of US dollars during the Reporting Period, though the hotel and apartment leasing business in Shanghai recovered in the first half of 2023 as compared with the same period of 2022.

Loss attributable to the investment and fund business was approximately RMB186.99 million (2022: loss of approximately RMB35.03 million), representing an increase of approximately 433.8% compared to the same period of 2022, mainly attributable to the facts that some of the Group's associates incurred substantial losses resulting from the macro-control measures on industry and the continued decline of the market environment of the real estate industry, which led to a year-on-year increase in share of losses of associates for the Reporting Period.

Profit attributable to the finance lease business was approximately RMB1.23 million (2022: approximately RMB3.30 million), representing a decrease of approximately 62.7% compared to the same period of 2022, mainly attributable to a decrease in the revenue of the finance lease business.

For the six months ended 30 June 2023, the basic loss per share attributable to the shareholders of the Company was approximately RMB0.46 (2022: basic loss per share of approximately RMB0.24), representing an increase of approximately RMB0.22 compared to the same period of 2022. The losses for the Reporting Period were approximately RMB244 million (2022: losses of approximately RMB114 million), representing an increase of approximately RMB130 million compared to the same period of 2022, mainly due to the facts that the performance of the investment and fund segment of the Group continued to decline during the Reporting Period due to the market environment of the real estate industry, and some associates were expected to continue to incur substantial losses, which led to a year-on-year increase in share of losses of associates. As the Group's comprehensive development business recorded a year-on-year decrease in properties being delivered and income carried forward, the comprehensive development segment continued to suffer losses for the Reporting Period.

Distribution Costs and Administrative Expenses

For the six months ended 30 June 2023, the Group's distribution costs were approximately RMB33.96 million (2022: approximately RMB39.87 million), representing a decrease of approximately 14.8% compared to the same period of 2022.

For the six months ended 30 June 2023, the Group's administrative expenses were approximately RMB78.00 million (2022: approximately RMB94.00 million), representing a decrease of approximately 17% compared to the same period of 2022, of which, administrative expenses of the comprehensive development business were approximately RMB61.38 million (2022: approximately RMB56.30 million), representing an increase of approximately 9% compared to the same period of 2022, mainly due to the reclassification of land acquisition tax and surcharges in Shanghai to administrative expenses; and administrative expenses of the investment and fund business were approximately RMB3.43 million (2022: approximately RMB16.61 million), representing a decrease of approximately 79% compared to the same period of 2022, mainly due to the decrease in brokerage fees and amortised costs on contract arrangement.

Interest Expenses

For the six months ended 30 June 2023, the Group's interest expenses were approximately RMB74.30 million (2022: approximately RMB56.77 million), representing an increase of approximately 31% compared to the same period of 2022, of which, interest expenses of the comprehensive development business were approximately RMB45.60 million (2022: approximately RMB45.39 million), representing an increase of approximately 0.5% compared to the same period of 2022; interest expenses of the finance lease business were approximately RMB1.81 million (2022: approximately RMB2.07 million), representing a decrease of approximately 13% compared to the same period of 2022; and interest expenses of the investment and fund business were approximately RMB24.85 million (2022: approximately RMB6.80 million), representing an increase of approximately 265% compared to the same period of 2022, mainly due to the significant increase in head office interest expense costs caused by the interest rate hike of US dollars and a year-on-year increase in the sharing of segment expenses for the Reporting Period.

Dividends

The Board did not recommend the payment of an interim dividend for the half year ended 30 June 2023 (2022: Nil) after considering the Group'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 30 June 2023 was approximately RMB5.769 billion (31 December 2022: approximately RMB9.881 billion); current assets were approximately RMB18.315 billion (31 December 2022: approximately RMB16.728 billion); and current liabilities were approximately RMB14.911 billion (31 December 2022: approximately RMB10.378 billion). The current ratio was approximately 1.23 as at 30 June 2023, representing a decrease of 0.38 as compared to that as at 31 December 2022 (31 December 2022: approximately 1.61), mainly due to the reclassification of certain loans from banks and related parties from long-term liabilities to short-term liabilities and the reclassification of the perpetual capital securities with an amount of US$0.5 billion from equity instruments 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 30 June 2023, the Group had outstanding bank and other loans of approximately RMB9.021 billion, without fixed rate loans in RMB (31 December 2022: outstanding bank and other loans of approximately RMB4.733 billion, without fixed rate loans in RMB). As at 30 June 2023, the interest rates of bank and other loans of the Group ranged from 3.55% to 6.57% per annum (31 December 2022: ranged from 3.30% to 5.95% 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 48.6% as at 30 June 2023, representing an increase of approximately 18.5 percentage points as compared with that of approximately 30.1% as at 31 December 2022, which was mainly due to the increase in bank and other loans.

As at 30 June 2023, approximately 68.8% of the total amount of outstanding bank and other loans of the Group amounting to approximately RMB6.207 billion was denominated in Hong Kong Dollars (31 December 2022: approximately 47.3%); and approximately 31.2% amounting to approximately RMB2.814 billion was denominated in Renminbi (31 December 2022: approximately 52.7%). As at 30 June 2023, approximately 0.1% of the total amount of cash and cash equivalents of the Group was denominated in United States Dollars (31 December 2022: approximately 0.1%); approximately 65.6% was denominated in Renminbi (31 December 2022: approximately 97.5%); and approximately 34.4% was denominated in Hong Kong Dollars (31 December 2022: approximately 2.4%).

The Group's transactions and monetary assets are principally denominated in Renminbi, Hong Kong Dollars and United States Dollars. For the six months ended 30 June 2023, the Group has not experienced any material difficulties in or effects on its operations or liquidity as a result of fluctuations in currency exchange rates. For the six months ended 30 June 2023, the Group did not enter into any foreign exchange forward contracts and other material financial instruments for hedging foreign exchange risk purposes.

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 banks have 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 30 June 2023, guarantees given to financial institutions for mortgage facilities granted to buyers of the Group's properties amounted to approximately RMB898 million in total (31 December 2022: approximately RMB936 million).

Outlook

In the second half of 2023, it is expected that global inflation will remain high, and the global economy will further slow down. China's economic recovery will rely more on domestic demand, with increasing downward pressure on the economy. With continuous uneven recovery across various industries, more specific measures to stabilize growth and shore up confidence are expected to be introduced. In terms of real estate policies, the central government and the State Council have emphasized the adjustment and optimization of real estate policies. In the second half of the year, it is expected that the real estate industry will still be guided by the supporting and caring policies. The real estate market is expected to recover slowly amid fluctuations, as the confidence in house purchasing and the commencement of construction may still take time to recover.

In the second half of 2023, in terms of comprehensive development business, the Group will catch up with the new situation of major changes in the relationship between supply and demand in the real estate market, seize the window period of the recovery of real estate market, implement policies according to the actual conditions of each city to better meet the rigid and reasonable improvement housing demands of residents, and accelerate the sales of inventory. With "property group purchase + government housing vouchers" as the engine, Hefei Airport International Town will, on the one hand, engage enterprises to provide exclusive property purchase discounts and subsidies for the talents, and on the other hand, collaborate with Hefei Economic and Technological Development Area to take over the demand of 14,000 people for resettlement in the area. It will further accelerate sales by virtue of its advantages of low-density green projects in international and quality communities.

The Group will take forward the construction of the Huizhou OCT Entrepreneurship and Innovation Industrial Park project in full stream, and start its pre-sale. Construction of the project is expected to be completed in 2024, providing an estimated additional area of approximately 93,000 square meters and bringing new momentum to the high-quality development of the OCT Entrepreneurship and Innovation Industrial Park. The Group will continue to expand the industrial park business and expand the management and operation of characteristic industrial parks, aiming to continuously consolidate and improve service quality. At the same time, the Group will actively explore the asset-light operation mode of the industrial parks, and connect industrial funds with industrial park business and create mutual benefits between capital investment and business solicitation, thereby realizing the coordinated development of "industrial fund + industrial park" business.

In the second half of 2023, with respect to the equity investment and fund business, the Group will fully leverage OCT's industrial resource advantage to strengthen cooperations with government-guided funds, market-oriented master funds and leading enterprises in the industry. With a diversified fund product matrix preliminarily formed, the Group will build a reserve of high-quality targets of mergers and acquisitions for the Company. In the future, the Group will actively mobilize industrial resources and financial resources in promoting the development and growth of invested companies, and exit at appropriate time.

In the second half of 2023, the Group will adhere to the business development idea of "revitalizing the existing assets and adjusting the structure, implementing lean management to improve efficiency, and focusing on the main business to deliver excellent and strong performance", and strengthen risk prevention and control and improve operating efficiency under the principle of prudent operation. The Group will also build a standardized operating system to improve and optimize the management efficiency and level and to enhance the operational capabilities, with a view to building itself into a market-oriented operating entity with excellence in both industrial operation and capital operation.

Employees and Remuneration Policy

As at 30 June 2023, the Group employed 475 full-time staff in total (30 June 2022: 323). The basic remuneration of the employees of the Group is 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 with reference to the relevant labour market and the economic situation. 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. Directors' and senior management remuneration is determined based on a variety of factors such as individual duties and responsibilities assumed by them, qualifications and experience, prevailing market conditions, and the Company's performance and their individual performance.

The Group has not experienced any significant problems with its employees or disruptions to its operations due to labour disputes nor has it experienced any difficulties in the recruitment and retention of experienced staff during the Reporting 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 DURING AND SUBSEQUENT TO THE REPORTING PERIOD

Amendments to the memorandum and articles of association

With the approval of the shareholders by way of a special resolution at a general meeting, the Company has adopted the second amended and restated memorandum and articles of association (the "M&A") with effect from 20 June 2023. The amendments (among other things) brought the Company's M&A in alignment with the Core Shareholder Protection Standards set out in Appendix 3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the applicable laws of the Cayman Islands. Further information is set out in the Company's circular dated 24 May 2023.

Change of director and personnel

With effect from 23 March 2023, Mr. Wang Jianwen has been appointed as an executive Director and the chief executive officer of the Company, in place of Ms. Xie Mei. Further information is set out in the Company's announcement dated 23 March 2023.

With effect from 26 June 2023, Ms. Cheng Mei and Ms. Ho Sze Man have been appointed as joint company secretaries in place of Mr. Fong Fuk Wai. Further information is set out in the Company's announcement dated 26 June 2023.

Proposed disposal of partial interests in Shouchi Enterprise

With the approval of the shareholders at the general meeting held on 9 November 2022 and the required supervisory approvals, Overseas Chinese Town (Shanghai) Land Company Limited (an indirect non-wholly-owned subsidiary of the Company) has proceeded with the public tender for the disposal of its 51% equity interests in Shanghai Shouchi Enterprise Management Ltd.. Shanghai Shengfenlai Enterprise Consultation Partnership (Limited Partnership) is the successful bidder with the final consideration of RMB612 million. The disposal is expected to be completed during the year. Further information is set out in the Company's circular dated 25 October 2022 and the Company's announcement dated 3 April 2023.

Redemption of perpetual capital securities after the Reporting Period

The Company has redeemed, in whole, the US$500 million senior guaranteed perpetual capital securities (debt stock code: 40303, delisted on 25 July 2023) on 17 July 2023 and the US$300 million senior guaranteed perpetual capital securities (debt stock code: 40356, scheduled to be delisted on 4 September 2023) on 25 August 2023. Accordingly, the above perpetual capital securities were fully redeemed and no longer in issue. Further information is set out in the Company's announcements dated 18 July 2023 and 28 August 2023, respectively.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL

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

CORPORATE GOVERNANCE

Code provision F.2.2 of Part 2 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules stipulates that the chairman of the Board should attend annual general meetings. Mr. Zhang Dafan was unable to attend the 2022 annual general meeting of the Company due to other engagements. Mr. Zhang had fully communicated with other Directors on the contents of the meeting before the meeting, and followed up the opinions of the shareholders at the meeting with the Company after the meeting. Save for the above, during the Reporting Period, the Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Upon specific enquiry, all Directors have confirmed their compliance with the Model Code and the Company's code of conduct regarding Directors' securities transactions during the Reporting Period.

CHANGES IN BIOGRAPHIES OF DIRECTOR

During the Reporting Period, Professor Lam Sing Kwong Simon, an independent non-executive Director of the Company, ceased to be an independent non-executive director of Sinomax Group Limited (stock code: 1418.HK). Mr. Chu Wing Yiu, an independent non-executive Director of the Company, has been appointed as an independent non-executive director of Dah Sing Insurance Company (1976) Limited and a member of the Group Insurance Risk Management Committee of Dah Sing Financial Holdings Limited (stock code: 0440.HK).

AUDIT COMMITTEE

The Audit Committee of the Company have reviewed with management the unaudited interim results, this announcement and the unaudited interim report of the Group for the six months ended 30 June 2023, and discussed the internal control, accounting principles and practices adopted by the Group with the management of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has redeemed, purchased or sold any of its listed securities during the Reporting Period. Subsequent to the Reporting Period, the Company has redeemed, at the principal amount (together with any distributions accrued up to (but excluding) the date of redemption), all of the US$500 million senior guaranteed perpetual capital securities (debt stock code: 40303) and the US$300 million senior guaranteed perpetual capital securities (debt stock code: 40356). For further information, please see the paragraph headed "Redemption of perpetual capital securities after the Reporting Period" in this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the websites of the Company (www.oct-asia.com) and the Stock Exchange (www.hkexnews.hk). The 2023 interim report will be dispatched to the shareholders of the Company and available on the above websites in due course.

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

Hong Kong, 31 August 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 figures set out in this announcement have been subject to rounding adjustment.

This announcement may contain certain forward-looking statements that reflect the Company's plans or expectations for the future. Such statements are based on a number of assumptions, current estimates and projections and are therefore subject to risks, uncertainties or other factors that may or may not beyond the Company's control. The actual results may differ materially and/or adversely. Nothing contained in these statements shall be relied upon as any assurance or representation as to the future or as a representation or warranty otherwise. Neither the Company nor its directors, officers, agents, advisers or representatives assume any responsibility to update, modify or correct such statements or to provide supplemental information in relation thereto.