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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)

2024 INTERIM RESULTS ANNOUNCEMENT

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Overseas Chinese Town (Asia) Holdings Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the six months ended 30 June 2024 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
	<i>Note</i>	2024	2023
		RMB'000	RMB'000
Revenue	3	598,479	193,621
Cost of sales		<u>(487,057)</u>	<u>(132,468)</u>
Gross profit		111,422	61,153
Other income		12,077	15,662
Other net gain/(loss)		221,236	(2,662)
Distribution costs		(17,976)	(33,961)
Administrative expenses		<u>(51,239)</u>	<u>(77,531)</u>
Profit/(loss) from operations		275,520	(37,339)
Finance costs	4(a)	(240,181)	(74,300)
Share of profits less losses of associates		836	(93,103)
Share of profits less losses of joint ventures		<u>(25,469)</u>	<u>(30,642)</u>
Profit/(loss) before taxation	4	10,706	(235,384)
Income tax	5	<u>(217,846)</u>	<u>(8,157)</u>
Loss for the period		<u>(207,140)</u>	<u>(243,541)</u>
Attributable to:			
Equity holders of the Company		(221,217)	(212,428)
Non-controlling interests		<u>14,077</u>	<u>(31,113)</u>
Loss for the period		<u>(207,140)</u>	<u>(243,541)</u>
Basic loss per share (<i>RMB</i>)	6	<u>(0.296)</u>	<u>(0.456)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2024 – unaudited

(Expressed in Renminbi)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Loss for the period	(207,140)	(243,541)
Other comprehensive income for the period (after tax and reclassification adjustments)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences	(60,013)	(178,199)
Share of other comprehensive income of associates	3,960	7,316
	(56,053)	(170,883)
Other comprehensive income for the period	(56,053)	(170,883)
Total comprehensive income for the period	(263,193)	(414,424)
Attributable to:		
Equity holders of the Company	(277,270)	(383,311)
Non-controlling interests	14,077	(31,113)
Total comprehensive income for the period	(263,193)	(414,424)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024 – unaudited

(Expressed in Renminbi)

	<i>Note</i>	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Non-current assets			
Investment property		399,155	407,153
Property, plant and equipment		504,864	509,936
Interests in leasehold land held for own use		232,280	235,603
		<u>1,136,299</u>	<u>1,152,692</u>
Intangible assets		12,033	16,040
Interests in associates		1,875,989	1,894,443
Interests in joint ventures		509,191	536,079
Other financial assets		330,535	368,958
Deferred tax assets		154,676	194,440
		<u>4,018,723</u>	<u>4,162,652</u>
Current assets			
Inventories and other contract costs		12,195,856	12,422,277
Trade and other receivables	7	243,396	297,719
Cash at bank and on hand	8	1,463,148	2,457,335
		<u>13,902,400</u>	<u>15,177,331</u>
Assets of disposal group classified as held for sale		1,946,929	3,591,622
		<u>15,849,329</u>	<u>18,768,953</u>

		At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Current liabilities			
Trade and other payables	9	2,710,881	4,837,993
Contract liabilities		719,388	1,217,635
Lease liabilities		3,095	5,596
Bank and other loans		1,831,354	2,343,938
Loans from related parties and non-controlling interests		1,911,000	1,911,000
Current taxation		282,435	156,224
		<u>7,458,153</u>	<u>10,472,386</u>
Liabilities directly associated with assets of disposal group classified as held for sale		<u>1,407,821</u>	<u>1,413,075</u>
		<u>8,865,974</u>	<u>11,885,461</u>
Net current assets		<u>6,983,355</u>	<u>6,883,492</u>
Total assets less current liabilities		<u>11,002,078</u>	<u>11,046,144</u>
Non-current liabilities			
Bank and other loans		1,093,852	1,303,645
Related party loans		6,704,085	6,241,988
Lease liabilities		2,412	653
Deferred tax liabilities		127,615	162,551
		<u>7,927,964</u>	<u>7,708,837</u>
NET ASSETS		<u>3,074,114</u>	<u>3,337,307</u>

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
CAPITAL AND RESERVES		
Share capital	67,337	67,337
Deficits	(564,778)	(287,508)
Total deficits attributable to equity holders of the Company	(497,441)	(220,171)
Non-controlling interests	3,571,555	3,557,478
TOTAL EQUITY	3,074,114	3,337,307

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 27 August 2024.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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 2023 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

(a) 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:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“**2020 amendments**”)
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“**2022 amendments**”)
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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 and equity investment and fund business.

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	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by business lines		
– Sale of properties	516,567	22,129
– Hotel revenue	26,857	113,738
– Fund management fee income	3,209	4,849
	<u>546,633</u>	<u>140,716</u>
Revenue from other sources		
– Rental income from investment properties	51,846	52,905
	<u>598,479</u>	<u>193,621</u>

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 two 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.

(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 amortization 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 2024 and 2023 is set out below.

For the six months ended 30 June	Comprehensive development business		Equity investment and fund business		Total	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15						
Disaggregated by timing of revenue recognition						
Point in time	543,424	135,867	-	-	543,424	135,867
Over time	-	-	3,209	4,849	3,209	4,849
Revenue from other sources	51,846	52,905	-	-	51,846	52,905
Revenue from external customers	595,270	188,772	3,209	4,849	598,479	193,621
Reportable segment revenue	595,270	188,772	3,209	4,849	598,479	193,621
Reportable segment profit/(loss) for the period	76,960	(37,340)	(87,134)	(186,990)	(10,174)	(224,330)
As at 30 June/31 December						
Reportable segment assets	17,743,607	20,747,147	1,810,910	1,894,963	19,554,517	22,642,110
Reportable segment liabilities	8,645,059	10,978,373	734,348	693,623	9,379,407	11,671,996

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Reportable segment loss	(10,174)	(224,330)
Unallocated head office and corporate expense	<u>(196,966)</u>	<u>(19,211)</u>
Consolidated loss	<u>(207,140)</u>	<u>(243,541)</u>

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

	At	At
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
Assets		
Reportable segment assets	19,554,517	22,642,110
Unallocated head office and corporate assets	<u>313,535</u>	<u>289,495</u>
Consolidated total assets	<u>19,868,052</u>	<u>22,931,605</u>
Liabilities		
Reportable segment liabilities	9,379,407	11,671,996
Unallocated head office and corporate liabilities	<u>7,414,531</u>	<u>7,922,302</u>
Consolidated total liabilities	<u>16,793,938</u>	<u>19,594,298</u>

(iv) **Geographic information**

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Mainland China	596,012	191,197
Hong Kong	2,467	2,424
	598,479	193,621

4 PROFIT/(LOSS) BEFORE TAXATION

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

(a) **Finance costs**

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
Interest on bank and other loans	103,508	129,218
Interest on lease liabilities	22	177
Interest on loans from related parties and non-controlling interests	209,136	48,489
	312,666	177,884
Total interest expense	312,666	177,884
Less: amount capitalised	(72,485)	(103,584)
	240,181	74,300

(b) Other items

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
Interest income	(11,862)	(14,959)
Amortisation of intangible assets	4,008	4,469
Depreciation charge		
– investment property, owned property, plant and equipment	24,821	39,034
– right-of-use assets	5,004	24,035
	<u>29,825</u>	<u>63,069</u>
Total depreciation expense	29,825	63,069
Less: amount capitalised to construction in progress	<u>(3,294)</u>	<u>(2,841)</u>
	<u>26,531</u>	<u>60,228</u>
Fair value loss on financial assets measured at fair value through profit or loss (“FVTPL”)	32,338	–
Net gain on disposal of property, plant and equipment, intangible assets, investment property and assets held for sale	(266,986)	(7,425)
Net exchange gain	<u>(11,978)</u>	<u>(5,385)</u>

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
Current tax		
Provision for corporate income tax (“CIT”)	23,675	6,086
Over-provision in respect of prior period	<u>(367)</u>	<u>–</u>
	23,308	6,086
PRC land appreciation tax (“LAT”)	<u>199,366</u>	<u>2,071</u>
	222,674	8,157
Deferred tax		
Origination and reversal of temporary differences	<u>(4,828)</u>	<u>–</u>
	<u>217,846</u>	<u>8,157</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 reporting period (six months ended 30 June 2023: nil).

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the six months ended 30 June 2024 and 2023.

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 2023: 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.

6 BASIC LOSS PER SHARE

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Loss attributable to equity holders of the Company	(221,217)	(212,428)
Less: profit attributable to the holders of perpetual capital securities	–	(128,484)
Loss attributable to ordinary equity shareholders	<u>(221,217)</u>	<u>(340,912)</u>

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

	Six months ended 30 June	
	2024	2023
	'000	'000
Issued ordinary shares	<u>748,366</u>	<u>748,366</u>

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

7 TRADE AND OTHER RECEIVABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Trade receivable		
– Amounts due from third parties	16,565	55,804
Less: loss allowance	(223)	(388)
	<u>16,342</u>	<u>55,416</u>
Other receivables (<i>note (i)</i>):		
– Amounts due from associates	7,647	7,742
– Amount due from an intermediate parent	1,094	1,094
– Amounts due from fellow subsidiaries	6,327	6,795
– Amounts due from third parties	41,336	45,237
	<u>56,404</u>	<u>60,868</u>
Less: loss allowance	(33)	(33)
	<u>56,371</u>	<u>60,835</u>
Financial assets measured at amortised cost	72,713	116,251
Prepaid taxes (<i>note (ii)</i>)	160,536	168,379
Deposits and other prepayments	10,147	13,089
	<u>243,396</u>	<u>297,719</u>

Notes:

- (i) As at 30 June 2024, the amounts due from associates, intermediate parents, fellow subsidiaries and other related parties are unsecured, non-interest bearing and repayable on demand.
- (ii) As at 30 June 2024, the prepaid taxes include CIT amounting to RMB14,363,000 (2023: RMB6,521,000) and LAT amounting to RMB47,396,000 (2023: RMB52,911,000).
- (iii) As at 30 June 2024, all of the trade and other receivables, and deposits are expected to be recovered within one year.

As at 30 June 2024, 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 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 year	<u>16,342</u>	<u>55,416</u>

8 CASH AT BANK AND ON HAND

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Cash at bank and on hand	1,275,586	2,249,761
Property pre-sale proceeds (<i>note (i)</i>)	<u>187,562</u>	<u>207,574</u>
Cash at bank and on hand on the consolidated statement of financial position	<u>1,463,148</u>	<u>2,457,335</u>
Cash and cash equivalents on the consolidated cash flow statement	<u>1,463,148</u>	<u>2,457,335</u>

Notes:

- (i) 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.
- (ii) As at 30 June 2024, cash and cash equivalents situated in Chinese Mainland amounted to RMB1,417,689,000 (2023: RMB2,340,541,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

9 TRADE AND OTHER PAYABLES

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Trade creditors:		
– Amounts due to fellow subsidiaries	26,993	50,738
– Amounts due to third parties	<u>860,154</u>	<u>951,408</u>
	<u>887,147</u>	<u>1,002,146</u>
Other payables and accruals:		
– Amounts due to associates	189,829	214,528
– Amounts due to fellow subsidiaries	345,754	347,298
– Amounts due to intermediate parents	481	141,417
– Amounts due to third parties	<u>410,248</u>	<u>460,110</u>
	<u>946,312</u>	<u>1,163,353</u>
Interest payables:		
– Amount due to an associate	62,759	54,993
– Amount due to an intermediate parent	314,362	149,888
– Amount due to a fellow subsidiary	380	380
– Amounts due to non-controlling interests	251,019	214,571
– Amounts due to third parties	<u>21,729</u>	<u>5,713</u>
	<u>650,249</u>	<u>425,545</u>
Financial liabilities measured at amortised cost	2,483,708	2,591,044
Deposits	<u>227,173</u>	<u>2,246,949</u>
	<u>2,710,881</u>	<u>4,837,993</u>

As at 30 June 2024, the ageing analysis of trade creditors payables, based on the invoice date, are as follows:

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within 1 year	858,554	910,993
1 to 2 years	9,447	88,863
2 to 3 years	16,904	29
Over 3 years	2,242	2,261
	887,147	1,002,146

10 CAPITAL, RESERVES AND DIVIDENDS

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 2023: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results and Business Review

The external environment became increasingly complicated and grim during the first half of 2024, with uncertainties increased progressively, which led to a hazy outlook and trend for the short and medium term. The overall economic operation of the PRC has exceeded the market expectation, with a year-on-year increase of 5.0% in GDP in the first half of the year, there was no change in the steady operation and the long-term favourable fundamentals of the economy. Internally, the nationwide fixed asset investment recorded a year-on-year growth of 3.9%, and although the real estate investment remained at a low level, investments in infrastructure and manufacturing industry recorded a growth of 5.4% and 9.5% respectively, indicating a recovery in certain sectors of the economy; externally, the total import and export of goods recorded a year-on-year increase of 6.1% in the first half of the year, which shows a continuously positive trend.

During the Reporting Period, the Group strengthened its bottom-line thinking. It continued to make greater efforts on marketing and sales and cash returns, promoted lean management to strictly control different costs, and enhanced post-investment risk management in a bid to prevent from major risks.

During the Reporting Period, the Group recorded operating income of approximately RMB598 million, representing an increase of approximately 208.25% as compared with the same period of last year, which was mainly attributable to the significant growth in income carried forward from the comprehensive development business as compared to the same period last year; and the loss attributable to equity holders of the Group was approximately RMB221 million, mainly attributable to the profit partially offset by increased finance expenses resulted from the year-on-year growth in liabilities and the persistently high US dollar interest rates during the Reporting Period though the significant year-on-year increase in profit from the comprehensive development business and the great year-on-year decline in loss from the investment and fund business in the Reporting Period.

Comprehensive Development Business

During the first half of 2024, the adjustment on the nationwide general new real estate market continued. The total sales of top 100 real estate enterprises recorded a year-on-year decrease of 41.6% during the Reporting Period, leading to an enormous challenge to the sales scale and level of profitability of the real estate industry. Driven by the effect of “strive for quantity at the cost of price”, the second-hand real estate market maintained the turnover scale to a certain extent. However, the real estate market in certain cities still faced rather great downward pressure. Against this backdrop, the central government proposed “the policy measure on coordinating research on destocking real estate assets and optimizing and increasing the quantity of flat”, and with the implementation of a number of policies, the turnover of second-hand real estate in certain core cities were first to realize improvement, but the new housing market is yet to experience full recovery when more time is needed to witness the effect of the policies.

During the Reporting Period, the Group's comprehensive development business recorded a revenue of approximately RMB595 million, representing an increase of approximately 214.81% as compared with the same period last year; the segment profit attributable to equity holders of the Company was approximately RMB39.37 million, representing an increase of approximately 731.9% as compared with the same period last year. The increase was mainly attributable to the recognition of a gain on hotel series assets transfer in Shanghai and the higher income carried forward and corresponding profit from the comprehensive development projects during the Reporting Period as compared to the same period last year.

The Group holds comprehensive development projects in Hefei, Shanghai, Chongqing, Zhongshan and other places, with a total land reserve of a gross floor area of 1,208,100 square metres. In the first half of 2024, the operating pressure of the Group continued to increase and contracted sales declined. During the Reporting Period, the Group recorded a total sales area of approximately 29,700 square metres, with a total sales amount of approximately RMB413 million, of which the attributable sales amount was approximately RMB142 million.

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

No.	Project name	Location	Use of land	Shareholding ratio	Area of land (ten thousand ^m ² , full calibre)	Gross floor area (ten thousand ^m ² , full calibre)	Total saleable area being launched (ten thousand ^m ² , full calibre)
1	Hefei International Town Project (formerly known as Hefei Airport International Town Project)	Hefei Xinqiao Science and Technology Innovation Demonstration Zone	Residential + Commercial + Hotel	51%	130.4	159.3	70.7
2	Hefei OCT Bantang Hot Spring Town Project	Chaohu Economic Development Zone	Residential + Commercial + Hotel	51%	41.5	34.5	4.5
3	Shanghai Suhewan Project*	Inner Ring Core Area of Jing'an District, Shanghai	Residential + Commercial + Hotel	50.50%	7.1	43	22.6
4	Chongqing OCT Land Project	Chongqing Liangjiang New Area	Residential	49%	18	44	61.6
5	Zhongshan Yuhong Project	Zhongshan Torch Industrial Development Zone	Residential	21%	9.1	27.2	25.2

* See also "Proposed Disposal of Interest in OCT (Shanghai) Land" in this announcement.

Among such projects, owing to the “Ten Housing Measures” announced on 15 May 2024 to optimize the sales conditions, the customers in the Hefei market have shown a certain increased intention of homebuying. However, the policy effect only lasted for a relatively short period of time, and a wait-and-see attitude amongst homebuyers became stronger. The suburb where the Hefei International Town Project locates only received rather weak benefits from the policy, and the difference in market boom has further widened as compared to the projects located in main cities. For the suburb, attracting clients from the urban area was rather difficult. During the Reporting Period, Hefei International Town Project identified clients with housing vouchers as its target clients, and through incentives on introducing client to visit, subsidy on flat purchasing and benefits with specific target groups, this project has been ranked first in enterprises accepting housing vouchers in Hefei. During the Reporting Period, affected by the continuously weak market and the severe insufficient amenities within the region, Hefei OCT Bantang Hot Spring Town Project has adjusted the construction progress in accordance with the changes in market demand to avoid additional investment from being deposited.

As at the date of this announcement, Overseas Chinese Town (Shanghai) Land Company Limited (“**OCT (Shanghai) Land**”) has completed the disposal of assets in the Shanghai Suhewan Hotel Project at a consideration of RMB2.43 billion (inclusive of value-added tax), bringing capital to the Group. The Group has received the guarantee fee of approximately RMB180 million for the disposal of 51% equity interest in Shanghai Shouchi Enterprise Management Ltd.. The disposal is pending the purchaser to complete its payment of the remaining consideration.

The Group has three industrial park projects in cities including Huizhou, Guangdong and Suzhou, Jiangsu. During the Reporting Period, the leasable area of the industrial parks was approximately 154,000 square metres, with an occupancy rate of 98.7%. With the steady and smooth operation of the industrial parks, the Group recorded a rental income of approximately RMB17.44 million during the Reporting Period, representing an increase of 18.35% as compared with the same period of last year.

Equity Investment and Fund Business

According to the analysis report from CVSource and ITJUZI, during the first half of 2024, there was a slight recovery on the investment side of private equity fund industry of the PRC, but there were significant decreases in both fundraising and divestment. The adjustment of regulatory policies, a shift in the investment style, and a change in the investors demands have placed the private equity fund industry in a critical transformation stage, and the industry is still facing a series of tough challenges which need to be resolved.

During the Reporting Period, the segment loss attributable to equity holders of the Company was approximately RMB57.91 million, representing a decrease in loss of approximately 69.03% as compared with the same period last year, which is mainly attributable to the year-on-year decline in the Company’s share of loss of associates for the Reporting Period due to the narrowing loss of certain associates.

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 utilized 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 2024, and the size of actively managed funds was approximately RMB1.5 billion. Four of the companies invested by the funds that the Group participated in have completed their listing, and the application of the listing on STAR Market for one company has been accepted, thus paving the way for the divestment on such companies.

As previously disclosed, the Group, on behalf of its joint venture, Qiaoheng No. 1 Investment Enterprise (Limited Partnership) (“**Qiaoheng No. 1**”), filed a claim against another shareholder of Qiaoheng No. 1 to demand for funds and repayment of the loan in compliance with the contract and obtained a favorable judgement. The effective enforcement of the judgement is subject to external factors and uncertainties. Qiaoheng No. 1 is actively pursuing the enforcement of the judgement. The Company will make an announcement in accordance with the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) if there are material developments.

FINANCIAL REVIEW

As at 30 June 2024, the Group’s total assets amounted to approximately RMB19.868 billion, representing a decrease of approximately 13.4% as compared to approximately RMB22.932 billion as at 31 December 2023. The Group’s total equity amounted to approximately RMB3.074 billion, representing a decrease of approximately 7.9% as compared to approximately RMB3.337 billion as at 31 December 2023, which was mainly due to the loss incurred in the Reporting Period.

For the six months ended 30 June 2024, the Group realized revenue of approximately RMB598 million, representing an increase of approximately 208.3% as compared to the revenue of approximately RMB194 million for the same period of 2023, of which, the revenue of the comprehensive development business was approximately RMB595 million, representing an increase of approximately 214.8% as compared to the revenue of approximately RMB189 million for the same period of 2023, primarily due to a significant increase in income carried forward from the sale of properties as compared to the same period last year. Revenue from investment and fund business was approximately RMB3.21 million for the Reporting Period, representing a decrease of approximately 33.8% as compared to the revenue of approximately RMB4.85 million for the same period of 2023, which was mainly attributable to the decrease in fund management fees received in the Reporting Period as compared to the same period last year. The exit of the finance and leasing business has been completed by the end of 2023.

For the six months ended 30 June 2024, the Group's gross profit margin was approximately 18.6% (the same period of 2023: approximately 31.6%), representing a decrease of 13 percentage points compared to the same period of 2023, of which, the gross profit margin of the comprehensive development business was approximately 18.4%, representing a decrease of 13.3 percentage points compared to the same period of 2023, which was mainly due to the relatively lower gross profit margin for the portion of income carried forward from the Hefei International Town Project during the Reporting Period as compared to the same period last year.

For the six months ended 30 June 2024, loss attributable to equity holders of the Group was approximately RMB221.22 million as compared to the loss of approximately RMB212.43 million for the same period of 2023.

Among these, the profit attributable to the comprehensive development business was approximately RMB62.88 million (the same period of 2023: loss of approximately RMB6.23 million), representing an increase of approximately 1,109.31% compared to the same period of 2023, mainly due to the recognition of gain on transfer of hotel assets by the Company during the Reporting Period and the higher revenue and corresponding profit from property sales carried forward during the Reporting Period as compared to the same period last year, resulting in a turnaround from the loss and a substantial increase in the profit attributable to the equity holders of the Company in respect of the relevant business during the Reporting Period.

During the Reporting Period, loss attributable to the investment and fund business was approximately RMB87.13 million (the same period of 2023: loss of approximately RMB186.99 million), representing a decrease in loss of approximately 53.4% compared to the same period of 2023, mainly attributable to the narrowing loss of some of the Group's associates, resulting in a year-on-year decrease in the Company's share of losses of associates during the Reporting Period.

For the six months ended 30 June 2024, the basic loss per share attributable to the shareholders of the Company was approximately RMB0.30 (2023: basic loss per share of approximately RMB0.46), representing a decrease in loss per share of approximately RMB0.16 compared to the same period in 2023. The losses for the Reporting Period were approximately RMB207 million (the same period of 2023: losses of approximately RMB244 million), representing a decrease in losses of approximately RMB37 million compared to the same period in 2023, mainly attributable to the significant year-on-year increase in profit from the comprehensive development business and the significant year-on-year decrease in loss from the investment and fund business during the Reporting Period. However, due to the year-on-year increase in liabilities as well as the US dollar interest rates keeping its crown during the Reporting Period, the increase in finance charges partially offset the profit, resulting in a limited reduction in loss for the Reporting Period.

Distribution Costs and Administrative Expenses

For the six months ended 30 June 2024, the Group's distribution costs amounted to approximately RMB17.98 million (the same period of 2023: approximately RMB33.96 million), representing a decrease of approximately 47.1% compared to the same period in 2023.

For the six months ended 30 June 2024, the Group's administrative expenses amounted to approximately RMB51.24 million (the same period of 2023: approximately RMB77.53 million), representing a decrease of approximately 33.9% compared to the same period of 2023. Among which, the administrative expenses of the comprehensive development business amounted to approximately RMB38.53 million (the same period of 2023: approximately RMB61.38 million), representing a decrease of approximately 37.2% compared to the same period of 2023, mainly due to the decrease in management expenses owing to the disposal of the hotel assets under the Shanghai Suhewan Project and the significant effect of the continuous cost reduction and efficiency enhancement measures; administrative expenses of the investment and fund business amounted to approximately RMB3.75 million (the same period of 2023: approximately RMB3.43 million), representing an increase of approximately 9.3% compared to the same period of 2023.

Interest Expenses

For the six months ended 30 June 2024, the Group's interest expenses amounted to approximately RMB240.18 million (the same period of 2023: approximately RMB74.30 million), representing an increase of approximately 223.3% compared to the same period of 2023 (mainly attributable to the US\$800 million interest on perpetual bonds recognised in equity in the same period last year, which was replaced with interest on shareholders' loans charged to profit or loss in the Reporting Period). Among which, interest expenses of the comprehensive development business amounted to approximately RMB28.75 million (the same period of 2023: approximately RMB45.60 million), representing a decrease of approximately 37% compared to the same period of 2023, mainly due to the decrease in interest expenses during the Reporting Period as a result of the repayment of borrowings for the Shanghai Suhewan Project and the increase in the amount of interest capitalised as a result of the high interest rates on overseas loans compared to the same period last year; interest expenses of the investment and fund business amounted to approximately RMB46.55 million (the same period of 2023: approximately RMB24.85 million), representing an increase of approximately 87.3% compared to the same period of 2023, 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 during the Reporting Period.

Dividends

The Board did not recommend the payment of an interim dividend for the half year ended 30 June 2024 (the same period of 2023: 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 2024 was approximately RMB3.074 billion (31 December 2023: approximately RMB3.337 billion); current assets were approximately RMB15.849 billion (31 December 2023: approximately RMB18.769 billion); and current liabilities were approximately RMB8.866 billion (31 December 2023: approximately RMB11.885 billion). The current ratio was approximately 1.79 as at 30 June 2024, representing an increase of 0.21 as compared to that as at 31 December 2023 (31 December 2023: approximately 1.58), mainly due to the replacement of part of the offshore bank loans with long-term related party loans and the repayment of part of the short-term bank borrowings for the projects during the Reporting Period. The Group generally finances its operations with internally generated cash flow, credit facilities provided by banks and shareholder's loans.

As at 30 June 2024, the Group had outstanding bank and other loans of approximately RMB2.925 billion, without fixed rate loans in RMB (31 December 2023: outstanding bank and other loans of approximately RMB3.648 billion, without fixed rate loans in RMB). As at 30 June 2024, the interest rates of bank and other loans of the Group ranged from 2.80% to 6.57% per annum (31 December 2023: ranged from 3.05% to 6.82% 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 58.1% as at 30 June 2024, representing an increase of approximately 6.6 percentage points as compared with that of approximately 51.5% as at 31 December 2023, which was mainly due to a 13.4% decrease in total assets at the end of the Reporting Period compared with the beginning of the Reporting Period.

As at 30 June 2024, approximately 40.6% of the total amount of outstanding bank and other loans of the Group amounting to approximately RMB1.186 billion was denominated in Hong Kong Dollars (31 December 2023: approximately 51.7%); and approximately 59.4% amounting to approximately RMB1.739 billion was denominated in Renminbi (31 December 2023: approximately 48.3%). As at 30 June 2024, approximately 0.02% of the total amount of cash and cash equivalents of the Group was denominated in United States Dollars (31 December 2023: approximately 0.02%); approximately 97.18% was denominated in Renminbi (31 December 2023: approximately 95.4%); and approximately 2.8% was denominated in Hong Kong Dollars (31 December 2023: approximately 4.6%).

The Group's transactions and monetary assets are principally denominated in Renminbi, Hong Kong Dollars and United States Dollars. The Group's operations and liquidity did not experience any material difficulties or impacts as a result of fluctuations in currency exchange rates during the Reporting Period. The Group did not enter into any foreign exchange forward contracts and other material financial instruments for hedging foreign exchange risk purposes during the Reporting Period.

Contingent Liabilities

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of property units. Pursuant to the mortgage agreements 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 withdraw from the security deposits of a maximum amount up to the amount of outstanding mortgage installments and could demand the Group to repay the outstanding balance if the deposit balance is insufficient.

The amount of security deposits required varies among different banks, but usually ranges between 0% to 5% of the mortgage loans granted to buyers, and with a prescribed cap.

The management is of the view that the Group will not suffer loss under these guarantees over the term of the guarantee as the banks have the right to sell the relevant properties and recover the outstanding amount from the sale proceeds if the property buyers default on payment. The management also considers that the market value of the relevant properties can cover the outstanding mortgage loans guaranteed by the Group. Accordingly, no liabilities are recognised in respect of these guarantees.

As at 30 June 2024, guarantees provided to financial institutions for mortgage facilities granted to buyers of the Group's properties amounted to approximately RMB878 million in total (31 December 2023: approximately RMB559 million).

OUTLOOK

In the second half of 2024, growth of the global economy is expected to be remaining at a low rate, while China economy is expected to be recovering. Taking also into account a lower base value due to a weaker economic momentum in the second half of 2023, the growth in GDP for 2024 could reach the targeted rate of 5%. With the effect of the policy support and high base value, it is expected that the year-on-year decrease in the sales of new flat in the real estate market would be narrowed, however, the investment performance and work commencement may continue to be on a weak trajectory, the market is still in a stage of consolidating its base. The macro-economic policies may provide further effect on stabilizing the economy, it is expected that the focuses of the policies on real estate sector will be on “stabilizing the economy” and “destocking”, and the ancillary policies are expected to be optimized and implemented continuously, which facilitate on raising the expectation of the income of residents and provide a turnover on the expectation of downward movement in the price of real estate.

In the second half of 2024, the Group will adhere to the business development rationale of “adjusting its structure, lean management and strengthening the principal business” in the comprehensive development business, and be innovative in its marketing so as to seize structural opportunities in the market; the Group intends to accelerate destocking of its real estate projects and to promote a stable return of fund flow. Hefei International Town Project will adhere to the rationale of “big marketing”, and to strengthen the empowerment of the ancillary facilities of the international town through “introduction by quality culture, commerce and tourism resources + promotion with festive activities”, in order to create the differentiated scenario of lakeside living and tourism products of urban micro-vacation, so as to empowering the marketing and destocking continuously. The industrial parks will enhance and optimize the operation management capability, aiming to raise the returns on net assets.

In the second half of 2024, in terms of equity investment and fund business, the funds business of the Group will fully leverage on the industrial resource advantages of OCT and capture the investment opportunities from the third wave of AI trend in an active manner, in order to reserve high-quality investment targets for the Company. The Group will also actively mobilize industrial resources and financial resources in promoting the development and growth of invested companies, and exit at the appropriate time, so as to accelerate the collection of returns.

Strengthening the Group's financial profile and flexibility, managing finance costs and indebtedness level, and promoting business sustainability continue to be prominent factors in short to medium term. In the second half of 2024, the Group will strictly adhere to its bottom line of risk appetite. The Group will also continue to enhance its profitability and the level of its corporate governance, and seek for breakthrough while addressing the changes it encounters, and to enhance the operational capabilities through optimizing the management efficiency, with a view to building itself into a market-oriented operating entity with excellence in both industrial operation and capital operation.

SUBSEQUENT EVENTS

Proposed Disposal of Interest in OCT (Shanghai) Land

On 29 July 2024, Great Tec Investment Limited (an indirect wholly-owned subsidiary of the Company) entered into an equity transfer agreement with respect to the disposal of its entire interests in OCT (Shanghai) Land (representing approximately 50.5% of the equity interest of such target company) for a consideration of RMB2,055,399,300. The disposal constitutes a very substantial disposal and a connected transaction of the Company pursuant to Chapters 14 and 14A of the Listing Rules, and is subject to, among other things, approval by the Company's independent shareholders, and fulfilment of other conditions precedent. More information about the disposal and the aforesaid equity transfer agreement with Shanghai Highpower OCT Investment Co., Ltd. (the purchaser) is set out in the Company's announcement dated 29 July 2024.

Change of Address of Head Office and Principal Place of Business in Hong Kong

With effect from 31 July 2024, the Company's head office and principal place of business in Hong Kong has been changed to Suite 2103, 21st Floor, Prudential Tower, The Gateway, Harbour City, Kowloon, Hong Kong.

IMPORTANT EVENTS

Amendments to the Memorandum and Articles of Association

In view of the Core Shareholder Protection Standards as set out in the Listing Rules and the updates on the applicable laws in the Cayman Islands, the Company adopted the second amended and restated memorandum and articles of association with effect from 17 June 2024 with the approval of the Shareholders by way of a special resolution at a general meeting. More information is set out in the Company's circular dated 23 May 2024.

Continuing Connected Transaction – Product Procurement Services

On 8 March 2024, Hefei OCT Industry Development Co., Ltd. (an indirect non-wholly owned subsidiary of the Company) entered into the Konka products procurement framework supplemental agreement with Yilifang (Hainan) Technology Limited (“**Yilifang**”) and Shenzhen Konka Zhitung Technology Co., Ltd. (“**Konka ZT**”) for Konka ZT to replace Yilifang to provide Konka products procurement services to Hefei OCT Industry Development Co., Ltd. for a new term until 31 December 2025. The annual caps for 2024 and 2025 are RMB9 million and RMB4 million, respectively. The arrangement terminated the previous continuing connected transactions with Yilifang and constituted new continuing connected transactions with Konka ZT. More information is set out in the Company's announcement dated 8 March 2024.

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

The Company believes that conducting business with good corporate practices, could enhance the shareholder value and investors' confidence in the long run. The Company is committed to promote integrity, transparency, accountability, high ethical standards, and the sustainability of the development of its business and the communities in which the Group operates. During the Reporting Period, the Company has complied with all the applicable code provisions in Part 2 of the Corporate Governance Code set out in Appendix C1 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 its code of conduct regarding Directors' securities transactions. The Directors, upon specific enquiry, have confirmed his/her compliance with the Model Code and its required standards regarding Directors' securities transactions during the Reporting Period.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with management the unaudited interim results, this announcement and the interim report of the Group for the Reporting Period, 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.

PUBLICATION OF INTERIM REPORT

This announcement is published on the websites of the Company (www.oct-asia.com) and the Stock Exchange (www.hkexnews.hk). The 2024 interim report will be available on the above websites in due course.

By the order of the Board
Overseas Chinese Town (Asia) Holdings Limited
Liu Yu
Chairman

Hong Kong, 27 August 2024

As at the date of this announcement, the Board comprises seven Directors, including three executive Directors namely Ms. Liu Yu, Mr. Wang Jianwen and Ms. Qi Jianrong, one non-executive Director namely Mr. Yang Guobin 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 contains certain forward-looking statements that reflect the Company's beliefs, plans or expectations about the future. These statements are based on a number of assumptions, current estimates and projections, and subject to inherent risks, uncertainties and other factors which may or may not be beyond the Company's control. The actual outcomes may differ. Nothing contained in these statements is, or shall be relied upon as, any assurance, representation or warranty otherwise. Neither the Company nor its directors, officers, employees, agents, affiliates, advisers or representatives assume any responsibility to update, supplement, correct these statements or adapt them to future events.