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Overseas Chinese Town (Asia) Holdings Limited

華僑城（亞洲）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03366)

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

RESULTS

The board (the “Board”) of directors (“Directors”) of Overseas Chinese Town (Asia) Holdings Limited (the “Company”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2017 (the “Period under Review”) prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”), together with the comparative figures for the year ended 31 December 2016.

Audited financial information of the Group for the year ended 31 December 2017 prepared in accordance with the HKFRSs are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2017
(Expressed in Renminbi)

	<i>Note</i>	2017 RMB'000	2016 RMB'000
Revenue	3	4,904,794	5,358,174
Cost of sales		<u>(3,236,830)</u>	<u>(3,712,045)</u>
Gross profit		1,667,964	1,646,129
Other income		36,508	44,033
Other net gain		1,073,201	10,373
Distribution costs		(261,018)	(285,833)
Administrative expenses		(327,761)	(248,930)
Other operating expenses		<u>(3,632)</u>	<u>(103,855)</u>
Profit from operations		2,185,262	1,061,917
Finance costs		(190,960)	(254,777)
Share of profits of associates		104,060	480,926
Share of loss of a joint venture		<u>(8,322)</u>	<u>(5,456)</u>
Profit before taxation	4	2,090,040	1,282,610
Income tax	5	<u>(664,289)</u>	<u>(665,952)</u>
Profit for the year		<u>1,425,751</u>	<u>616,658</u>
Attributable to:			
Equity holders of the Company		1,106,804	385,511
Non-controlling interests		<u>318,947</u>	<u>231,147</u>
Profit for the year		<u>1,425,751</u>	<u>616,658</u>
Dividends payable to equity shareholders of the Company attributable to the year:			
Final dividend proposed after the end of the reporting period	6	<u>277,982</u>	<u>110,740</u>
Earnings per share (RMB)	7		
– Basic		<u>1.59</u>	<u>0.57</u>
– Diluted		<u>1.41</u>	<u>0.52</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

(Expressed in Renminbi)

	2017 RMB'000	2016 RMB'000
Profit for the year	1,425,751	616,658
Other comprehensive income for the year (after tax and reclassification adjustments)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences	406,125	(300,871)
Share of other comprehensive income of an associate	(1,900)	—
Other comprehensive income for the year	404,225	(300,871)
Total comprehensive income for the year	1,829,976	315,787
Attributable to:		
Equity holders of the Company	1,511,029	84,640
Non-controlling interests	318,947	231,147
Total comprehensive income for the year	1,829,976	315,787

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*AT 31 DECEMBER 2017**(Expressed in Renminbi)*

	<i>Note</i>	2017 RMB'000	2016 RMB'000
Non-current assets			
Investment properties		2,744,745	2,377,849
Other property, plant and equipment		1,232,586	1,227,053
Interests in leasehold land held for own use		579,654	617,031
		4,556,985	4,221,933
Intangible assets		1,597	2,092
Goodwill		570	570
Interests in associates		2,638,854	1,634,164
Interests in a joint venture		11,222	19,544
Other financial assets		599,711	247,320
Deferred tax assets		164,096	154,251
		7,973,035	6,279,874
Current assets			
Inventories		8,237,853	10,490,803
Trade and other receivables	8	365,154	530,196
Other financial assets		–	1,159,700
Cash and cash equivalents		6,927,464	2,077,758
		15,530,471	14,258,457
Assets of disposal groups classified as held for sale		242,010	–
		15,772,481	14,258,457
Current liabilities			
Trade and other payables	9	3,074,121	4,269,561
Bank and other loans		3,989,954	2,559,663
Related party loans		1,385,700	1,212,000
Current taxation		722,847	421,618
		9,172,622	8,462,842
Liabilities directly associated with assets of disposal groups classified as held for sale		43,878	–
		9,216,500	8,462,842
Net current assets		6,555,981	5,795,615
Total assets less current liabilities		14,529,016	12,075,489

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Non-current liabilities		
Bank and other loans	1,019,751	1,716,975
Related party loans	–	3,380,348
Deferred tax liabilities	196,324	211,464
	<u>1,216,075</u>	<u>5,308,787</u>
NET ASSETS	<u>13,312,941</u>	<u>6,766,702</u>
CAPITAL AND RESERVES		
Share capital	67,337	67,337
Perpetual capital securities	5,293,313	–
Reserves	4,311,677	2,959,611
Total equity attributable to equity holders of the Company	<u>9,672,327</u>	<u>3,026,948</u>
Non-controlling interests	<u>3,640,614</u>	<u>3,739,754</u>
TOTAL EQUITY	<u>13,312,941</u>	<u>6,766,702</u>

NOTES

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group's interests in associates and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial instruments classified as available-for-sale are stated at their fair value.

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

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

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been included to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, Statement of cash flows: Disclosure initiative, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Certain cashflow statement items are reclassified in order to reflect the respective activities.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are comprehensive development and paper packaging business.

Revenue represents the sales value of goods or services supplied to customers (net of value-added tax and business tax), including the sales of properties, rental income from investment properties, ticket sales from theme park and sales of paper cartons and products are as follows:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Comprehensive development business	4,109,462	4,597,075
Paper packaging business	795,332	761,099
	<u>4,904,794</u>	<u>5,358,174</u>

The Group's customer base is diversified and there was no customer with whom transactions exceeded 10% of the Group's revenue in 2017.

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 the development and operation of tourism theme park, developed and sold residential properties, development and management of properties and property investment.
- Paper packaging business: this segment engaged in the manufacture and sale of paper cartons and products.

(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 assets. Segment liabilities include trade creditors, accruals and bills payable attributable to the manufacturing and 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". Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Expenses not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs, were allocated to each individual segment in proportion to its revenue.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2017 and 2016 is set out below.

	Comprehensive development business		Paper packaging business		Total	
	2017	2016	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	4,109,462	4,597,075	795,332	761,099	4,904,794	5,358,174
Inter-segment revenue	—	—	—	—	—	—
Reportable segment revenue	4,109,462	4,597,075	795,332	761,099	4,904,794	5,358,174
Reportable segment profit/(loss) for the year	1,429,563	630,542	(3,812)	(13,884)	1,425,751	616,658
Interest income						
– bank deposits	22,878	30,136	9,997	8,078	32,875	38,214
– amount due from an associate	—	990	—	—	—	990
Interest expense	(187,942)	(250,962)	(3,018)	(3,815)	(190,960)	(254,777)
Depreciation and amortisation for the year	(203,852)	(180,812)	(29,112)	(28,949)	(232,964)	(209,761)
Share of profits of associates	104,060	480,926	—	—	104,060	480,926
Share of loss of a joint venture	(8,322)	(5,456)	—	—	(8,322)	(5,456)
Reportable segment assets	17,727,913	18,786,975	630,783	846,465	18,358,696	19,633,440
Additions to non-current segment assets during the year	530,241	1,409,532	54,436	21,591	584,677	1,431,123
Reportable segment liabilities	6,415,544	7,069,246	107,350	101,587	6,522,894	7,170,833
Interests in associates	2,638,854	1,634,164	—	—	2,638,854	1,634,164
Interests in a joint venture	11,222	19,544	—	—	11,222	19,544

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

	2017 RMB'000	2016 RMB'000
Assets		
Reportable segment assets	18,358,696	19,633,440
Elimination of inter-segment receivables	(19,599)	(27,505)
	18,339,097	19,605,935
Other financial assets	599,711	247,320
Unallocated head office and corporate assets	4,806,708	685,076
	23,745,516	20,538,331
Consolidated total assets	23,745,516	20,538,331
	2017 RMB'000	2016 RMB'000
Liabilities		
Reportable segment liabilities	6,522,894	7,170,833
Elimination of inter-segment payables	(19,599)	(27,505)
	6,503,295	7,143,328
Unallocated head office and corporate liabilities	3,929,280	6,628,301
	10,432,575	13,771,629
Consolidated total liabilities	10,432,575	13,771,629

(iii) *Geographic information*

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property, other property, plant and equipment, interests in leasehold land held for own use under operating leases, intangible assets, goodwill and interests in associates and joint ventures and other financial assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods and properties sold. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and investment properties, the location of the operation to which they are allocated, in the case of intangible assets and other financial assets, and the location of operations, in the case of interest in associates and joint ventures.

	Revenues from external customers		Specified non-current assets	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Mainland China	4,902,198	5,351,500	7,586,875	5,875,547
Hong Kong	2,596	6,674	229,103	250,076
	4,904,794	5,358,174	7,815,978	6,125,623

4 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Interest on bank and other loans	164,429	164,530
Interest on related party loans	125,768	264,233
Total interest expense	290,197	428,763
Less: amount capitalised*	(99,237)	(173,986)
	190,960	254,777

* The borrowing costs have been capitalised at a weighted average rate of 3.63% per annum (2016: 3.96%)

(b) Staff costs

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Contributions to defined contribution retirement plan	16,911	17,612
Salaries, wages and other benefits	275,381	267,330
	292,292	284,942

(c) **Other items**

	2017 RMB'000	2016 RMB'000
Amortisation of intangible assets	784	398
Depreciation		
– investment property	79,201	61,202
– interests in leasehold land held for own use	20,308	20,365
– other assets	132,671	127,796
	232,180	209,363
Impairment losses		
– trade and other receivables	3,807	344
– plant and machinery	379	–
– goodwill	–	103,170
	4,186	103,514
Reversal of allowance for trade and other receivables	(554)	(1,955)
Gain on disposal of subsidiaries	730,930	–
Gain on previously held interest in a subsidiary upon loss of control	416,238	–
Operating lease charges in respect of properties	19,941	30,874
Auditors' remuneration		
– audit services	1,859	1,357
– other services	442	624
	2,301	1,981
Rentals receivable from investment properties less direct outgoings of RMB12,215,000 (2016: RMB8,190,000)	(103,729)	(93,656)
Cost of inventories [#]	3,099,074	3,707,817

Cost of inventories includes RMB228,489,000 (2016: RMB243,450,000) relating to staff costs, depreciation and amortisation expenses, and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 4(b) for each of these types of expenses.

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Current tax		
Corporate income tax ("CIT") provision for the year	382,448	243,346
Under/(over)-provision in respect of prior years	59,243	(6,330)
	<u>441,691</u>	<u>237,016</u>
PRC LAT	293,617	445,724
	<u>735,308</u>	<u>682,740</u>
Deferred tax		
Origination and reversal of temporary differences	(71,019)	(16,788)
	<u>664,289</u>	<u>665,952</u>

(i) CIT

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands during the year (2016: Nil).

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year ended 31 December 2017. No provision for Hong Kong Profits Tax has been made in the financial statements since the Group has sufficient tax losses brought forward to set off against the assessable profit of the year ended 31 December 2016.

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% (2016: 25%).

Additionally, a 10% withholding tax is levied for income derived from or accruing in PRC. However, as for the dividend income, due to the tax treaty between Hong Kong Special Administrative Region and PRC for avoidance of double taxation and prevention of tax evasion, dividends declared from PRC subsidiaries, associates and the joint venture to Hong Kong holding companies of the Group are subject to 5% withholding income tax since 1 January 2008 and onwards.

(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.

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Profit before taxation	<u>2,090,040</u>	<u>1,282,610</u>
National tax on profit before taxation, calculated at the PRC CIT rate of 25%	522,510	320,653
Tax effect of tax rate difference of overseas companies	(38,729)	–
Tax effect of non-deductible expenses	24,961	49,442
Tax effect of non-taxable income	(120,235)	(52,013)
Tax effect of temporary difference not recognised	76,124	19,907
Tax effect of temporary difference not previously recognised	(79,798)	–
Under/(over)-provision in respect of prior years	<u>59,243</u>	<u>(6,330)</u>
	444,076	331,659
PRC LAT	293,617	445,724
Tax effect of PRC LAT	<u>(73,404)</u>	<u>(111,431)</u>
Income tax expense	<u>664,289</u>	<u>665,952</u>

6 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of HK48.00 cents per ordinary share (equivalent to RMB40.12 cents per ordinary share) (2016: HK16.00 cents per ordinary share (equivalent to RMB14.31 cents per ordinary share))	261,729	93,354
Final dividend proposed after the end of the reporting period of HK20.25 cents per convertible preference share (equivalent to RMB16.93 cents per convertible preference share) (2016: HK20.25 cents per convertible preference share (equivalent to RMB18.11 cents per convertible preference share))	16,253	17,386
	<u>277,982</u>	<u>110,740</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK16.00 cents per ordinary share (equivalent to RMB13.89 cents per ordinary share) (2016: HK14.00 cents per ordinary share (equivalent to RMB11.86 cents per ordinary share))	90,590	77,348
Final dividend in respect of the previous financial year, approved and paid during the year, of HK20.25 cents per convertible preference share (equivalent to RMB17.98 cents per convertible preference share) (2016: HK20.25 cents per convertible preference share (equivalent to RMB16.87 cents per convertible preference share))	17,259	16,199
	<u>107,849</u>	<u>93,547</u>

7 EARNINGS PER SHARE

(a) Basic earnings per share

(i) Profit attributable to ordinary equity shareholders of the Company (basic)

	2017 RMB'000	2016 RMB'000
Profit attributable to equity holders of the Company	1,106,804	385,511
Less: Profit attributable to the holders of perpetual capital securities	(51,114)	–
Profit attributable to the holders of convertible preference shares	(17,259)	(16,199)
Profit attributable to ordinary equity shareholders (basic)	<u>1,038,431</u>	<u>369,312</u>

(ii) Weighted average number of ordinary shares

	2017 '000	2016 '000
Issued ordinary shares at 1 January and 31 December	<u>652,366</u>	<u>652,366</u>

(b) Diluted earnings per share

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2017 RMB'000	2016 RMB'000
Profit attributable to ordinary equity shareholders	1,038,431	369,312
Preference share dividends saving on conversion of convertible preference shares	17,259	16,199
Profit attributable to ordinary equity shareholders (diluted)	<u>1,055,690</u>	<u>385,511</u>

(ii) Weighted average number of ordinary shares (diluted)

	2017 '000	2016 '000
Weighted average number of ordinary shares at 31 December	652,366	652,366
Effect of dilutive potential ordinary shares arising from convertible preference shares	96,000	96,000
Weighted average number of ordinary shares (diluted) at 31 December	<u>748,366</u>	<u>748,366</u>

8 TRADE AND OTHER RECEIVABLES

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Trade debtors and bills receivable		
– Amounts due from fellow subsidiaries	28,041	29,366
– Amounts due from third parties	91,644	272,464
Less: allowance for doubtful debts	(8,107)	(9,142)
	<u>111,578</u>	<u>292,688</u>
Other receivables:		
– Amounts due from associates	37,015	18,489
– Amounts due from intermediate parents	1,167	1,213
– Amounts due from fellow subsidiaries	30,104	2,590
– Amounts due from third parties	158,103	195,550
	<u>226,389</u>	<u>217,842</u>
Prepayments	<u>27,187</u>	<u>19,666</u>
	<u>365,154</u>	<u>530,196</u>

The amounts due from intermediate parents and fellow subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

Apart from deposits of RMB24,433,000 (2016: RMB34,470,000) which are expected to be recovered after one year, all of the trade and other receivables, net of impairment losses for bad and doubtful debts are expected to be recovered within one year.

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

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Within 1 year	109,353	290,980
1 to 2 years	1,418	1,123
2 to 3 years	728	585
Over 3 years	79	–
	<u>111,578</u>	<u>292,688</u>

9 TRADE AND OTHER PAYABLES

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Trade creditors and bills payable:		
– Amounts due to fellow subsidiaries	21,717	5,382
– Amounts due to third parties	844,580	627,992
	<u>866,297</u>	<u>633,374</u>
Other payables and accruals:		
– Amounts due to associates	632,445	759,169
– Amounts due to a joint venture	125,587	–
– Amounts due to ultimate parent	4	4
– Amounts due to intermediate parents	17	271,967
– Amounts due to fellow subsidiaries	114,988	35,139
– Amounts due to third parties	894,354	1,127,048
	<u>1,767,395</u>	<u>2,193,327</u>
Receipts in advance	<u>371,815</u>	<u>1,423,911</u>
Interest payables:		
– Amounts due to intermediate parents	22,536	3,167
– Amounts due to fellow subsidiaries	30,533	–
– Amounts due to third parties	15,545	15,782
	<u>68,614</u>	<u>18,949</u>
	<u><u>3,074,121</u></u>	<u><u>4,269,561</u></u>

Chengdu Tianfu OCT Industry Development Company Limited (“Chengdu OCT”) received advances amounting to RMB550,000,000 for construction of infrastructure facilities in previous years. As at 31 December 2017, the balance of the advances received deducting the carrying amount of the related infrastructure facilities was RMB152,644,000 (2016: RMB167,818,000), which was included in other payables.

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Within 1 year	725,179	562,882
1 to 2 years	109,301	28,382
2 to 3 years	12,211	33,871
Over 3 years	19,606	8,239
	<u>866,297</u>	<u>633,374</u>

PROPOSED FINAL DIVIDEND AND CLOSURE OF REGISTER

The register of members of the Company will be closed from 31 May 2018 to 5 June 2018 (both days inclusive), for the purpose of determining shareholders' entitlement to attend the forthcoming annual general meeting (the "Annual General Meeting"), during which period no transfer of shares of the Company will be registered. In order to qualify for attending the Annual General Meeting, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 30 May 2018.

The Board proposes the payment of a final dividend (the "Final Dividend") of HK48.00 cents per share to shareholders whose names appear on the register of members of the Company on 13 June 2018. The register of members will be closed from 11 June 2018 to 13 June 2018, both days inclusive, and the proposed Final Dividend is expected to be paid on 22 June 2018. The payment of Final Dividend shall be subject to the approval of the shareholders at the Annual General Meeting to be held on 5 June 2018. In order to be qualified for the proposed Final Dividend, shareholders should deliver share certificates together with transfer documents to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 8 June 2018.

The Board has approved the payment of a preferential dividend of HK20.25 cents per convertible preference share for the year ended 31 December 2017 on 13 April 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2017, the global economy continued to witness stable recovery with emerging economies generally trended upwards. The PRC government has been focusing on the structural reform of supply side as the main line to facilitate structural enhancement. The national economy has been in a stable and positive development trend, and the overall situation performed better than expected, although we are still facing numerous challenges in improving our quality and efficiency and carrying out our responsibilities in the long run. Despite such complex domestic and international economic conditions, the Group accelerated its pace of innovative development to optimise its industrial structure and push forward strategic transformation and upgrade through a gradual divestiture of its paper packaging business. The Group achieved successful operating results leveraging on its extensive experience and high quality products.

During the Period under Review, the Group recorded a revenue of approximately RMB4.90 billion, representing a year-on-year decrease of approximately 8.5%. Profit attributable to equity holders of the Company amounted to approximately RMB1.11 billion, representing a significant year-on-year increase of approximately 187.1%. The basic earnings per share was approximately RMB1.59, representing a significant year-on-year increase of approximately 178.9%.

The Board of the Company recommends the declaration of a final dividend of HK48.00 cents per ordinary share for the year ended 31 December 2017, representing a significant increase of 200.0% compared with the final dividend of 2016.

Adjusting structure, strengthening main business to achieve stable growth

Comprehensive Development Business

In 2017, the policies for the real estate market in the PRC placed emphasis on directing the major function of housing properties back to providing dwellings, and shifting from adjusting demand to increasing supply which led to improvement in supply side structure. Meanwhile, the closer connection between short-term regulatory policies and long-term mechanisms helped to enhance the multifaceted housing supply function and promote the sound establishment of long-term mechanisms while controlling housing price. The real estate market in the PRC remained divergent in development across the country due to the basic approach of “specific policies for different cities”. The Group’s comprehensive development business continued to remain stable as it benefited from its brand advantages and faster pace of destocking.

During the Period under Review, the comprehensive development business of the Group recorded a revenue of approximately RMB4.11 billion, representing a year-on-year decrease of approximately 10.6%. Profit attributable to equity holders of the Company amounted to approximately RMB1.11 billion, representing a significant year-on-year increase of approximately 178.1%.

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

The Shanghai Suhewan Project, which is developed by Overseas Chinese Town (Shanghai) Land Company Limited (“OCT Shanghai Land”), is favorably situated at the junction of Suzhou River and Huangpu River banks, adjoining the Bund and facing Lujiazui across the river and within the core district of the Inner Ring, Shanghai and possesses highly sought-after landscape resources. The project comprises three parcels of land, namely 1 Jiefang, 41 Jiefang and 42 Jiefang with a total site area of approximately 71,000 sq.m., a gross floor area (above ground) of approximately 280,000 sq.m. and a total gross floor area of approximately 430,000 sq.m.. The Shanghai Suhewan Project is an integration of humanities and arts, fashion business, high-end residential area and urban entertainment. Products offered by the Shanghai Suhewan Project include waterfront multi-storey residential buildings, luxury residential properties, apartment-style offices, luxury hotels, boutique business premises and studios for artists, etc.

During the Period under Review, the Shanghai Suhewan Project was mainly engaged in the sales of waterfront multi-storey residential properties which are scarce in the market, luxury high-rise residential tower, low-density residential properties and some boutique business premises, which continue to draw much interest from the market. Among which, sales of products that are over RMB100 million ranked top in the Shanghai high-end market, being the absolute benchmark among luxury residential properties in Shanghai. During the Period under Review, the contracted sales area and amount of the Shanghai Suhewan Project were approximately 10,500 sq.m. and approximately RMB2.00 billion respectively, and the settled area and amount were approximately 19,460 sq.m. and approximately RMB2.65 billion respectively.

During the Period under Review, the Shanghai Suhewan Waterfront Independent Mansions and Bulgari Residence won “International Property Awards 2017-2018 – China Best Architecture Single Residence” and “International Property Awards 2017-2018 – Asia Pacific Best Apartment Building”, respectively. The Shanghai Suhewan Project received numerous awards, which was a high recognition for the overall project planning and product design, as well as a general acknowledgement to the development capability and product development of our OCT brand.

Chengdu OCT Project (owned as to 51% by the Company)

The Chengdu OCT Project, which is developed by Chengdu Tianfu OCT Industry Development Company Limited (“Chengdu OCT”), is a large comprehensive development project located at both sides of Shaxi Line of Outer Sanhuan Road, Jinniu District, Chengdu City, Sichuan Province. The project comprises a premium residential community, urban entertainment and commercial complex and a Happy Valley theme park, occupying a total site area of approximately 1,827,000 sq.m. and gross floor area of approximately 2,250,000 sq.m..

During the Period under Review, Chengdu OCT recorded a revenue of approximately RMB1.40 billion. Its business mainly covers sales of high-end office properties, high-rise residential properties, multi-storey residential properties and part of the low-density residential properties. During the Period under Review, the contracted sales area and amount of the residential and office properties of Chengdu OCT reached approximately 98,900 sq.m. and approximately RMB944.00 million respectively, while the settled area and amount were approximately 137,300 sq.m. and approximately RMB1,092.00 million respectively. The current rentable area for commercial use is approximately 97,045 sq.m., of which approximately 91% has been leased. Chengdu Happy Valley has attracted approximately 2.08 million visitors and achieved a revenue of approximately RMB245.00 million.

During the Period under Review, Chengdu OCT and its “OCT · Walking Street” (華僑城·漫街) were awarded the honor of “Top Ten Outstanding Enterprises of Chengdu Property Market for 2017” from Chengdu Business Daily and “the Most Valuable Enterprise for Investment (in Sichuan) for 2017” from West China City Daily respectively.

OCT Chang'an Metropolis Project (owned as to 100% by the Company)

Located at the core business district of Zhonglou at the centre of Xi'an City, the OCT Chang'an Metropolis Project is a commercial landmark along the Chang'an Road. The project has a total gross floor area of approximately 104,700 sq.m., comprising high-end office properties such as Building 2# and Building 3#, as well as part of the car parking spaces. During the Period under Review, 95% of the units in Building 2# of the OCT Chang'an Metropolis Project was leased with rental rates at the forefront of Xi'an City office buildings. Being scarce in the market, Building 3# is a Grade A office building which is a major project of the Group in 2017 and its marketing activities for leasing are underway. A number of well-known enterprises including Taikang Life Insurance and SKECHERS have become the tenants of Building 3#.

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

The Chongqing OCT Land Project, developed by Chongqing Overseas Chinese Town Land Co., Ltd. (“Chongqing OCT Land”), is located at Lijia Block, New North Zone, Chongqing City. The project enjoys a supreme location with rich landscape resources, overlooking the panorama of Jialing River with a Happy Valley theme park and large greenbelt in the neighborhood. The project has a total site area of approximately 180,000 sq.m and a total gross floor area of approximately 440,000 sq.m.. Its major components comprise mid-to-high end high-rise residential properties and multi-storey residential properties. In respect of the Chongqing OCT Land Project, several rounds of sales of high-rise residential properties were launched and well-received by the market. All units were immediately sold out upon initial release. During the Period under Review, the contracted sales area and amount of the residential and office properties of the Chongqing OCT Land Project reached approximately 165,200 sq.m. and approximately RMB1,835.00 million respectively, which are expected to be booked in 2018 as an income for the first time.

On 29 December 2017, the Company completed the settlement for the disposal of 51% equity interests in Capital Converge Holdings Limited (“Capital Converge”) and 51% sale loan of Honour Ray Co., Ltd. (“Honour Ray”) (the “Disposal”) to New China OCT Fund SPC 1 Segregated Portfolio (“New China Fund SP 1”) at a consideration being the USD equivalent of approximately RMB1,395.00 million. Upon completion, the Company will indirectly hold 49% equity interests in Chongqing OCT Land through Capital Converge. The Disposal provides a good opportunity for the Group to realize its assets and achieve considerable returns in advance, which will be beneficial to the financial structure of the Group.

Beijing Unique Garden Project (owned as to 33% by the Company)

The Beijing Unique Garden Project, developed by Beijing Guangying Residential Property Development Limited (北京廣盈房地產開發有限公司), is located at Laiguangyingxiang in Chaoyang District, Beijing City, with a total site area of approximately 73,000 sq.m. and a total gross floor area of approximately 182,000 sq.m.. The project is a pure residential Project. In 2017, the Beijing Unique Garden Project entered the stage of selling remaining flats. Contracted sales area and amount reached approximately 22,300 sq.m. and approximately RMB236.00 million respectively. The settled area and amount were approximately 11,579 sq.m. and approximately RMB802.63 million respectively. During the Period under Review, the Beijing Unique Garden Project contributed approximately RMB100.40 million in investment return to the Company.

Xi'an OCT Project (owned as to 25% by the Company)

Located at No. 2 of Second Beichitou Road, to the east of Tang Paradise, Qujiang New District, Xi'an City, Shaanxi Province, the Xi'an OCT Project is in proximity to several famous scenic spots and has a total site area of approximately 137,000 sq.m. The project mainly comprises low-density residential properties. During the Period under Review, contracted sales area and amount reached approximately 6,700 sq.m. and approximately RMB132.00 million respectively. The settled area and amount were approximately 11,700 sq.m. and approximately RMB223.00 million, respectively.

CDCT Development Project (owned as to approximately 33.33% by Chengdu OCT)

Chengdu Culture & Tourism Development Company Limited (成都文化旅遊發展股份有限公司) (“CDCT Development”) owns the Xiling Snow Mountain Ski Resort in the national forest park “Xiling Snow Mountain”, a national 4A tourist attraction, as well as the high-quality assets including the auxiliary hotels and cableway in Dayi County, Chengdu City, Sichuan Province. Its shares were listed on the National Equities Exchange and Quotation System (also known as the New Third Board). During the Period under Review, CDCT Development contributed approximately RMB5.89 million in investment return to the Company.

Chengdu Baoxin Quansheng Project (owned as to 50% by Chengdu OCT)

The Chengdu Baoxin Quansheng Project, developed by Chengdu Baoxin Quansheng Real Estate Development Company Limited (成都保鑫泉盛房地產開發有限公司), is located at Jinniu District in Chengdu City with a total site area of approximately 58,300 sq.m. and an expected total gross floor area of not more than 174,900 sq.m., and will mainly be used for the development of high rise residential properties, lower-floor shops, commercial duplexes, apartment buildings and underground car parking spaces. During the Period under Review, the contracted sales area and amount of the Chengdu Baoxin Quansheng Project reached approximately 84,500 sq.m. and approximately RMB1,085 million respectively, which are expected to be booked in 2018 as income for the first time.

Paper Packaging Business

In 2017, the Group facilitated the divestiture of its original paper packaging business with a view to focusing on its core business development. During the Period under Review, to withdraw from the paper packaging business, the Group took various measures such as equity interests transfer, manufacturing equipment transfer and leasing-out its plants depending on the specific conditions of each of the “Huali” group of companies. Currently, the divestiture of the paper packaging business of several manufacturing bases in Shanghai, Anhui and Suzhou has been successfully completed.

During the Period under Review, the price of the raw materials used in paper packaging experienced volatile changes rarely seen in the past, causing turmoil in the paper packaging market. In the meanwhile, the Group needs to transform the paper packaging business and continue the daily production and operation simultaneously. Faced with the challenges stated above, the Group has overcome all difficulties. Through measures including enhancement of internal on-site monitoring, close attention to customer orders and timely adjustment of sales strategies, we coped with market changes proactively to make sure that the daily production and operation and business transformation progressed smoothly at the same time.

During the Period under Review, the paper packaging business of the Group recorded a revenue of approximately RMB795.33 million, representing a year-on-year increase of approximately 4.5%; the loss attributable to equity holders of the Company was approximately RMB3.81 million, representing a decrease of approximately 72.5% over the same period of 2016.

Active Approach to Transformation and Industrial Investment

In 2017, the Group continued to explore and attempt ways to combine financial innovation with our industrial strength, which has led to investments in a number of projects including Shanghai Libao Huachen Fund and Minsheng Education. We also established fund management companies in PRC and abroad.

During the Period under Review, Shenzhen Huayou Investment Co., Ltd. (“Huayou Investment”), an indirect wholly-owned subsidiary of the Company, entered into the limited partnership agreement with other several partners to establish Shanghai Libao Huachen Investment Centre (LLP) (“Shanghai Libao Huachen Fund”) with a total capital of RMB400 million, among which Huayou Investment contributed an amount of RMB30 million. Shanghai Libao Huachen Fund principally invests in big cultural industry, including but not limited to segments of video and media, sports and entertainment, leisure and tourism as well as online education. During the Period under Review, Shanghai Libao Huachen Fund invested in a number of projects including those in the sports and cultural industries.

During the Period under Review, the Group acquired 8.26% equity interests in Minsheng Education Group Company Limited (“Minsheng Education”, stock code: 1569.HK) with an investment of HK\$463 million. The primary focus of Minsheng Education is to provide high-quality private formal higher education in the PRC dedicated to nurturing professional talents. The Group is optimistic about the education industry in the PRC and its prospects.

During the Period under Review, the Group established an on-shore fund management company. Moving forward, it will strive to change its role into a fund manager and focus on industries that can form strong synergy with OCT’s industrial ecosystem. The Group also joined forces with third parties to establish an overseas fund management company which will be principally engaged in private equity investments in sectors such as technology, education, strategic emerging industries and real estate.

During the Period under Review, the Group established OCT Financial Leasing Co., Ltd (華僑城融資租賃有限公司) with an aim to develop the financial leasing business for culture & tourism and paper packaging equipment and facilities.

During the Period under Review, the Capital Fortune Investment New Industries Investment Fund, of which the Group is one of the founding shareholders, invested in a number of projects including those in new-energy automobiles and mobile internet sectors.

OUTLOOK

Looking into 2018, developed economies such as Europe and the United States will stay on growth path and foreign trade will continue to improve. In China, the supply-side structural reform will move on, the growth pace for strategic emerging industries will accelerate and the quality of economic growth will steadily improve. In general, our economic growth is expected to remain stable and solid. In the meantime, the PRC will remain in the initial stage of economic restructuring. Against the backdrop of “steady growth” and “risk prevention”, fiscal policies will remain proactive, with an emphasis on structural improvement, and monetary policies will emphasise the combination of “strong supervision + stabilised monetary policy”.

In 2018, “permanent mechanisms” in the domestic real estate industry will be introduced at a faster pace. Regional markets will witness divergence in different aspects such as demand, supply and policy, and room for survival for small and medium-sized developers will likely be dwindled further. Consolidation of the industry sector is expected to proceed along, thereby creating more merger and acquisition opportunities for developers with sound financial conditions.

The existing work plans of the comprehensive development projects of the Group for 2018 are as follows: For the Shanghai Suhewan Project, we will continue the sales activities of waterfront multi-storey residential properties and high-rise residential towers that have highly sought-after landscape resources. It will also launch a new apartment project, Bulgari Residence for lease while at the same time roll out the leasing of commercial properties. The much anticipated Bulgari Hotel will commence operation in the first half of 2018. Regarding the Chengdu OCT Project, high-end customised villas in the only eyot of the Chengdu downtown and a new phase of high-rise residential properties will be launched, and sales activities of low-density residential properties and high-end office products will proceed along as well. Total saleable area will reach approximately 115,000 sq.m. in 2018. As to the Chongqing OCT Land Project, a new batch of high-rise and multi-storey residential products with a total saleable area of approximately 127,000 sq.m. will be launched in 2018. The Company will also continue to adhere to advanced development philosophy and clear market orientation and stay on the outlook for diversified investment opportunities. More quality lands will be acquired and the project reserve pool will be expanded through mergers and acquisitions, cooperation and other approaches, with the aim of propelling the growth of the Company’s business.

In January 2018, the Group disposed of 85% equity interests in Huali Packaging (Huizhou) Co., Ltd. by way of open tender auction. Currently, the Group has entered into an equity transfer agreement with the successful bidder and is in the course of processing the change of equity procedures. The paper packaging business will no longer be a core business of the Group.

INNOVATIVE DEVELOPMENT CONCEPTS

OCT Group, the controlling shareholder of the Group, has confirmed that it participates in the national new urbanisation construction with the development mode of “culture + tourism + urbanisation”, the compensation mode of “tourism + internet + finance”, and through its five industries focus, namely “cultural industry sector, tourism industry sector, new urbanisation, financial investment and electronic industry sector”.

As OCT Group’s only offshore listed platform, the Group’s new development mode will be “comprehensive development + investment in the urbanisation industrial ecosphere”. The Group will develop the comprehensive development business with added vigor and on a larger scale by fully leveraging OCT’s brand equity and financial strength, and by securing projects that offer good cash flows from prime cities and OCT urbanisation projects. The Group will also actively take advantage of the domestic and overseas capital markets and financial products and develop business through domestic and overseas direct investments, indirect investments (industrial funds), financial leasing and others, helping OCT Group to create a new urbanisation industrial ecosphere.

The Board is very confident about the future development prospects of the Group. With the support of OCT Group, the Group will continue to forge ahead with innovative development and endeavor to generate ideal investment returns for shareholders.

FINANCIAL REVIEW

As at 31 December 2017, the Group's total assets amounted to approximately RMB23.75 billion, representing an increase of approximately 15.6% over that as at 31 December 2016; the Group's total equity amounted to approximately RMB13.31 billion, representing a significant increase of approximately 96.7% over that as at 31 December 2016, mainly due to the issue of the senior guaranteed perpetual capital securities ("Perpetual Capital Securities") in the amount of US\$800.00 million and the significant increase in profit during the Period under Review.

For the year ended 31 December 2017, the Group realised revenue of approximately RMB4.90 billion, representing a decrease of approximately 8.5% over the same period of 2016, of which, revenue of the comprehensive development business was approximately RMB4.11 billion, representing a decrease of approximately 10.6% over the same period of 2016, primarily due to the decrease in revenue from the Shanghai Suhewan Project; and revenue of the paper packaging business was approximately RMB795.33 million, representing an increase of approximately 4.5% over the same period of 2016, primarily due to the rise in selling price of products during the Period under Review. Profit attributable to equity holders of the Company was approximately RMB1.11 billion, representing a significant increase of approximately 187.1% over the same period of 2016, of which, profit attributable to the comprehensive development business was approximately RMB1.11 billion, representing a significant increase of approximately 178.1% over the same period of 2016, mainly due to the recognition of the gain on disposal of Capital Converge, a subsidiary of the Company as an associate during the Period under Review; loss attributable to the paper packaging business was approximately RMB3.81 million, representing a decrease of approximately 72.5% over the same period of 2016, mainly due to the rise in gross profit margin of products during the Period under Review. The basic earnings per share for 2017 was RMB1.59, representing a significant increase of approximately 178.9% over the same period of 2016 (2016: RMB0.57).

During the Period under Review, the Group's gross profit margin was approximately 34.0% (2016: approximately 30.7%), representing an increase of 3.3 percentage points over the same period of 2016, of which, the gross profit margin of the comprehensive development business was approximately 37.7%, representing an increase of 3.7 percentage points over the same period of 2016, mainly due to the decrease in revenue from units with low gross profit margin recognised during the Period under Review; and the gross profit margin of the paper packaging business was approximately 15.1%, representing an increase of 4.4 percentage points over the same period of 2016, mainly due to the rise in selling price of products during the Period under Review. Net profit margin attributable to equity holders of the Company was approximately 22.6% (2016: approximately 7.2%), representing an increase of 15.4 percentage points over the same period of 2016, of which, the net profit margin attributable to the comprehensive development business was approximately 27.0%, representing an increase of 18.3 percentage points over the same period of 2016; and the net profit margin attributable to the paper packaging business was a negative of approximately 0.5%, representing a decrease of 1.3 percentage points over the same period of 2016.

Distribution Costs and Administrative Expenses

Distribution costs of the Group for the year ended 31 December 2017 were approximately RMB261.02 million (2016: approximately RMB285.83 million), representing a decrease of approximately 8.7% over the same period of 2016, of which, distribution costs of the comprehensive development business were approximately RMB215.45 million, representing a decrease of approximately 10.3% over the same period of 2016, which was mainly due to the decrease in sales commissions and advertising expenses as a result of decline in revenue from the comprehensive development business; distribution costs of the paper packaging business were approximately RMB45.57 million, which is substantially the same compared with the same period of 2016.

The Group's administrative expenses for the year ended 31 December 2017 were approximately RMB327.76 million (2016: approximately RMB248.93 million), representing an increase of approximately 31.7% over the same period of 2016, of which, administrative expenses of the comprehensive development business were approximately RMB257.32 million, representing an increase of approximately 20.4% over the same period of 2016, which was mainly due to the increase in labor costs, including the expenses of approximately RMB15.12 million (2016: RMB Nil) arising from the commencement of the operation of OCT Bulgari Hotel held by OCT Shanghai Land during the Period under Review; administrative expenses of the paper packaging business were approximately RMB70.44 million, representing an increase of approximately 100.0% over the same period of 2016, which was mainly due to the increase in the employees' remuneration and benefits expenses.

Interest Expenses

The interest expenses of the Group were approximately RMB190.96 million for the year ended 31 December 2017 (2016: approximately RMB254.78 million), representing a decrease of approximately 25.0% over the same period of 2016, of which, interest expenses of the comprehensive development business were approximately RMB187.94 million, representing a decrease of approximately 25.1% over the same period of 2016, mainly due to the decrease in the amount of the loans related to the comprehensive development business; interest expenses of the paper packaging business were approximately RMB3.02 million, representing a decrease of approximately 20.9% over the same period of 2016, mainly due to the decrease in the amount of the loans related to the paper packaging business.

Dividends

The Board has resolved to recommend the payment of a final dividend of HK48.00 cents per ordinary share for the year ended 31 December 2017 (2016: HK16.00 cents per ordinary share).

The Board has resolved to approve the payment of a preferential dividend of HK20.25 cents per convertible preference share for the year ended 31 December 2017 (2016: HK20.25 cents).

Inventories, Debtors' and Creditors' Turnover

For the year ended 31 December 2017, the Group's inventory turnover days for the paper packaging business were 38 days, representing an increase of 3 days as compared with 35 days for the year ended 31 December 2016, which was mainly due to the increase in inventory. The Group's debtors' turnover days for the paper packaging business were 119 days for the year ended 31 December 2017, representing a decrease of 10 days as compared with 129 days for the year ended 31 December 2016, which was mainly due to the enhancement of credit management for debtors. The Group's creditors' turnover days for the paper packaging business were 44 days for the year ended 31 December 2017, representing a decrease of 6 days as compared with 50 days for the year ended 31 December 2016, which was mainly due to the shortened credit period for enjoying the cash discount offered by the suppliers.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 31 December 2017 was approximately RMB13.31 billion (31 December 2016: approximately RMB6.77 billion). As at 31 December 2017, the Group had current assets of approximately RMB15.77 billion (31 December 2016: approximately RMB14.26 billion) and current liabilities of approximately RMB9.22 billion (31 December 2016: approximately RMB8.46 billion). The current ratio was approximately 1.71 as at 31 December 2017, which is substantially the same comparing with that as at 31 December 2016 (31 December 2016: approximately 1.68). The Group generally finances its operations with internally generated cash flow, credit facilities provided by banks and shareholder's loans.

As at 31 December 2017, the Group had outstanding bank loans of approximately RMB5.01 billion, without any fixed-rate loans (31 December 2016: outstanding bank loans of approximately RMB4.28 billion, without any fixed-rate loans). As at 31 December 2017, the interest rates of bank loans of the Group ranged from 1.28% to 6.38% per annum (31 December 2016: ranged from 1.05% to 6.38% per annum). Some of those bank loans were secured by floating charges of certain assets of the Group and corporate guarantees provided by certain subsidiaries of the Company. The Group's gearing ratio (being the total borrowings including bills payable and loans divided by total assets) was approximately 27.0% as at 31 December 2017, representing a decrease of 16.2 percentage points as compared with approximately 43.2% as at 31 December 2016, mainly due to the issue of the Perpetual Capital Securities in the amount of US\$800.00 million during the Period under Review, which resulted in the decrease in the amount of loans and the increase in liquidity.

As at 31 December 2017, approximately 81.6% of the total amount of outstanding bank loans of the Group amounting to approximately HK\$4.89 billion was in Hong Kong Dollars (31 December 2016: approximately 50.6%); approximately 18.4% of which amounting to approximately RMB920.00 million was in Renminbi (31 December 2016: approximately 37.3%); no outstanding bank loan was in United States Dollars (31 December 2016: approximately 12.1%). As at 31 December 2017, approximately 54.4% of the total amount of cash and cash equivalents of the Group was in United States Dollars (31 December 2016: approximately 2.4%), approximately 34.4% of which was in Renminbi (31 December 2016: approximately 89.8%) and approximately 11.2% of which was in Hong Kong Dollars (31 December 2016: approximately 7.8%).

The Group's liquidity position remains stable. The Group's transactions and monetary assets are principally denominated in Renminbi, Hong Kong Dollars and United States Dollars. For the year ended 31 December 2017, the Group has not experienced any material difficulties in or effects on its operations or liquidity as a result of fluctuations in currency exchange rates. For the year ended 31 December 2017, the Group did not enter into any foreign exchange forward contracts and other material financial instruments for hedging foreign exchange risks purpose.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, the Group employed approximately 2,188 full-time staff members. The basic remunerations of the employees of the Group are determined with reference to the industry's remuneration benchmark, the employees' experience and their performance, and equal opportunities will be offered to all staff members. Salaries of the employees are maintained at a competitive level and are reviewed annually, with reference to the relevant labour market and economic situation. Directors' remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each Director. Apart from the basic remuneration and statutory benefits, the Group also provides discretionary bonuses based on the Group's results and the individual performance of the staff.

During the Period under Review, the Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staffs. The Group maintains a good relationship with its employees. Most members of senior management have been working for the Group for many years.

According to the ordinary resolution passed at the extraordinary general meeting on 15 February 2011, the Board adopted a new share option scheme and simultaneously terminated the share option scheme which was adopted by the Company on 12 October 2005. On 2 March 2016, all share options granted under the new share option scheme have expired. During the year ended 31 December 2017, no share option was exercised.

IMPORTANT EVENTS

Investment in Minsheng Education

On 6 March 2017, City Legend International Limited, a wholly-owned subsidiary of the Company, entered into the cornerstone investment agreement with Minsheng Education Group Company Limited ("Minsheng Education"), to subscribe for 332,000,000 shares of Minsheng Education at the IPO price. The primary focus of Minsheng Education is to provide high-quality private formal higher education in the PRC dedicated to nurturing professional talents with growth potential and prospects. This investment is expected to broaden the sources of profits of the Group. The subscription was completed on 21 March 2017, with a total effective subscription price of approximately HK\$463 million. Subsequent to appointment of a representative on the Board of Directors in Minsheng Education, the Group can exercise significant influence on Minsheng Education. For further details, please refer to the announcement of the Company dated 6 March 2017.

Investment in Shanghai Libao Huachen Fund

On 17 March 2017, Huayou Investment entered into the limited partnership agreement with Shanghai Rongzheng Libao Investment Management Co., Ltd., Shanghai Rongzheng Investment Advisory Co., Ltd., and other several partners to establish Shanghai Libao Huachen Fund with an aggregate capital of RMB400 million, among which Huayou Investment contributed RMB30 million. Shanghai Libao Huachen Fund principally invests in big culture industry, including but not limited to segments of video and media, sports and entertainment, leisure and tourism as well as online education segment, and segments of upgrading and reconstruction of such industries through internet and mobile internet. For further details, please refer to the announcement of the Company dated 17 March 2017.

Disposal of 100% Equity Interests in Shanghai Huali

In September 2017, Barwin Development Company Limited (“Barwin Development”), a wholly-owned subsidiary of the Company and the sole shareholder of Shanghai Huali Packaging Co., Ltd. (“Shanghai Huali”) entered into the equity transfer agreement with Shanghai Huiyang Industry Co., Ltd. (“Huiyang Industry”), the winning bidder in the public tender conducted by the Shanghai United Assets and Equity Exchange. Pursuant to the equity transfer agreement, Barwin Development disposed 100% equity interests in Shanghai Huali to Huiyang Industry at a consideration of RMB164,673,100. The disposal was completed on 30 September 2017. The disposal of Shanghai Huali was carried out in line with the Company’s transformation strategy of its paper packaging business. For further details, please refer to the announcements of the Company dated 7 July 2017, 4 August 2017 and 20 September 2017.

Issue of Perpetual Capital Securities in the Amount of US\$800.00 million

In October 2017, the Company successfully issued the Perpetual Capital Securities in an aggregate principal amount of US\$800.00 million, which is unconditionally guaranteed by OCT Group. The securities are listed on the Hong Kong Stock Exchange at an initial distribution rate of 4.3%. It represents the most narrowed margin from the guidance price of Perpetual Capital Securities issued in the Hong Kong capital market in 2017, which will serve as a strong capital support for the future development of the Company. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. For further details, please refer to the announcements of the Company dated 28 September 2017, 29 September 2017 and 11 October 2017.

Disposal of 51% Equity Interests in Capital Converge

In November 2017, the Company entered into the Sale and Purchase Agreement and the Supplemental Agreement with New China OCT Fund SPC (“New China Fund”) (on behalf of New China Fund SP 1), pursuant to which the Company disposed 51% equity interests in Capital Converge and 51% sale loan of Honour Ray to New China Fund at a consideration in the sum equals to the USD equivalent of RMB1,395 million. The closing of the transaction has taken place on 29 December 2017. Upon completion of the transaction, the Company indirectly held 49% equity interests in Chongqing OCT Land through Capital Converge. The transaction provides a good opportunity for the Group to realise its assets in advance and achieve considerable returns, which will be beneficial to optimising the financial structure of the Group. For further details, please refer to the announcements of the Company dated 13 November 2017, 15 November 2017, 21 December 2017 and 29 December 2017, and the circular of the Company dated 6 December 2017.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not purchased its own listed shares during the reporting period. During the period, save as disclosed in this announcement, the Company or any of its subsidiaries has not purchased or sold or redeemed any of the listed shares in the Company.

CORPORATE GOVERNANCE REPORT

The Company believes that high standard corporate governance and highly efficient management team are very important in enhancing the investors' confidence and the return to the shareholders, and can also increase long-term share value. Therefore, the Company is committed to implementing and maintaining a high standard of corporate governance, emphasizing good communication with shareholders and investors, and nurturing the corporate culture of strict code of conduct, with a view to continuously improving the Company's transparency in management. This includes timely, comprehensive and accurate disclosure of information of the Company to safeguard the shareholders' interest and to raise long-term share value.

The Company had complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 December 2017.

AUDIT COMMITTEE

This results announcement of the Company for the year ended 31 December 2017 had been reviewed by the Audit Committee of the Company before they were presented to the Board for approval.

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.oct-asia.com) and the Stock Exchange (www.hkexnews.com.hk). The 2017 annual report will be despatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Overseas Chinese Town (Asia) Holdings Limited
He Haibin
Chairman

Hong Kong, 24 March 2018

As at the date of this announcement, the Board comprises seven Directors, including three executive Directors namely Mr. He Haibin, Ms. Xie Mei and Mr. Lin Kaihua, one non-executive Director namely Mr. Zhang Jing and three independent non-executive Directors namely Mr. Lu Gong, Ms. Wong Wai Ling and Mr. Lam Sing Kwong Simon.