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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)

**VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION,
PLACING OF NEW SHARES UNDER THE GENERAL MANDATE,
SUBSCRIPTION OF NEW SHARES UNDER THE SPECIFIC MANDATE,
POSSIBLE CONTINUING CONNECTED TRANSACTIONS
AND
RESUMPTION OF TRADING**

The Board announces that on 1 April 2010,

- (i) Bantix (a wholly owned subsidiary of the Company) entered into the Capital Increase Agreement with OCT Properties and OCT Holding to increase the registered capital of Chengdu OCT from RMB400 million (approximately HK\$457.1 million) to RMB612 million (approximately HK\$699.4 million) and Bantix will solely contribute, in cash, RMB588 million (approximately HK\$672.0 million) into Chengdu OCT and in return, Bantix's interest in Chengdu OCT will increase from 25% to approximately 51% with the additional registered capital contribution of RMB212 million (approximately HK\$242.3 million) and the remaining RMB376 million (approximately HK\$429.7 million) will be booked as capital reserve of Chengdu OCT;
- (ii) the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to act as agent for the Company to procure placee(s) for 60,000,000 Placing Shares at the placing price of HK\$5.0 per Placing Share on a fully underwritten basis; and
- (iii) the Company entered into the Subscription Agreement with Pacific Climax pursuant to which Pacific Climax agreed to subscribe for 91,800,000 Subscription Shares at the subscription price of HK\$5.0 per Subscription Share.

As the applicable percentage ratios for the Capital Injection under the Listing Rules are more than 100%, the Capital Injection constitutes a very substantial acquisition for the Company under the Listing Rules. OCT Holding holds 100% equity interest in OCT HK. OCT HK holds 100% equity interest in Pacific Climax, which is the controlling shareholder of the Company. OCT Properties is a wholly owned subsidiary of OCT Holding. Hence, OCT Properties and OCT Holding are connected persons of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Upon Completion, the members of Chengdu OCT Group will become non-wholly owned subsidiaries of the Company. Accordingly, the Property Management Services Contracts will constitute continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules after Completion. Pursuant to Rule 14A.41 of the Listing Rules, the Company shall comply with the reporting and announcement requirements under the Listing Rules in respect of the Property Management Services Contracts.

Pacific Climax and its associates (the controlling Shareholder interested in 196,620,000 Shares, representing approximately 56.70% of the issued share capital of the Company as at the date of this announcement) will be required to abstain from voting at the EGM in respect of the Capital Increase Agreement and the Subscription Agreement. The Company will form an independent board committee to advise the Independent Shareholders on the terms of the Capital Injection and the Subscription. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, details of the Acquisition, the Subscription, the recommendation from the independent board committee, the advice of the independent financial adviser and a notice to convene the EGM, will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 1 April 2010 pending the release of this announcement. The Company has applied for resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 9 April 2010.

THE CAPITAL INCREASE AGREEMENT DATED 1 APRIL 2010

Parties

Party A: OCT Properties, a wholly-owned subsidiary of OCT Holding and is principally engaged in properties investment and development business

Party B: OCT Holding, a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange

Party C: Bantix, a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company

華僑城集團公司 (Overseas Chinese Town Enterprises Company) holds approximately 56.36% equity interest in OCT Holding as at the date of this announcement. OCT Holding holds 100% equity interest in OCT HK. OCT HK holds 100% equity interest in Pacific Climax, which is the controlling shareholder of the Company. OCT Properties is a wholly owned subsidiary of OCT Holding. Hence, OCT Properties and OCT Holding are connected persons of the Company under the Listing Rules.

Pursuant to the Capital Increase Agreement, Bantix will solely contribute, in cash, RMB588 million (approximately HK\$672.0 million) in Chengdu OCT and in return, Bantix's interest in Chengdu OCT will increase from 25% to approximately 51% with an additional registered capital contribution of RMB212 million (approximately HK\$242.3 million) and the remaining RMB376 million (approximately HK\$429.7 million) will be booked as capital reserve of Chengdu OCT. After Completion, the registered capital of Chengdu OCT will increase from RMB400 million to RMB612 million, whereby the equity interest of Chengdu OCT will be owned as to approximately 24.8%, 24.2% and 51.0% respectively by OCT Properties, OCT Holding and Bantix respectively. According to the Capital Increase Agreement, the total investment amount of Chengdu OCT will increase from RMB780 million (approximately HK\$891.4 million) to RMB1,204 million (approximately HK\$1,376.0 million). The increase of RMB424 million of the total investment amount bears no direct relationship with the total cash contribution of RMB588 million to be made by Bantix.

In relation to the Capital Injection, OCT Properties, OCT Holding and Bantix also entered into the supplemental sino-foreign equity joint venture agreement and the supplemental articles of association regarding Chengdu OCT on the same date. The major terms of the supplemental sino-foreign equity joint venture agreement are to reflect the proposed change in equity holding between the three shareholders of Chengdu OCT, the increase of the registered capital as well as the right to appoint directors of Chengdu OCT, all of which have been included in the major terms of the Capital Increase Agreement as disclosed in this announcement.

The amounts of contribution to be made by Bantix was determined on normal commercial terms and arrived at after arm's length negotiation among the parties to the Capital Increase Agreement after taking into consideration (i) that the Capital Injection will enable the Group to expand its exposure in the property and tourist industry with an aim of broadening the income base of the Group; (ii) the financial performance and asset position of Chengdu OCT Group as well as its growth potential and business prospect; (iii) the potential economic growth in Chengdu; and (iv) the Capital Injection will be financed by the Placing and the Subscription. In view of the above, the Board considers that the Capital Injection is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The equity interest holding structure of Chengdu OCT before and after Completion is set out as follows:

Shareholders	Before Completion		After Completion	
	Contribution RMB'million	Shareholding	Contribution RMB'million	Shareholding (Approximately)
OCT Properties	152	38%	152	24.8%
OCT Holding	148	37%	148	24.2%
Bantix	100	25%	312	51.0%
Total	<u>400</u>	<u>100%</u>	<u>612</u>	<u>100%</u>

The capital contribution of RMB588 million (approximately HK\$672.0 million) shall be contributed in the following manners:

1. Bantix shall pay RMB117.6 million (equivalent amount in Hong Kong dollars based on the middle rate to be quoted from The People's Bank of China on the payment date), being 20% of the capital contribution, after the effective date of the Capital Increase Agreement and fulfillment or, if applicable, waiver of all the conditions of the Capital Increase Agreement and upon the application of the registration of the change of registered capital by Chengdu OCT; and
2. Bantix shall pay the remaining RMB470.4 million within 90 days from the date of issue of the new business licence of Chengdu OCT.

The Capital Increase Agreement takes effect after execution by the parties and the issuance of the approval certificate by the authorized authority in the PRC for the change in Chengdu OCT.

The capital contribution of RMB588 million (approximately HK\$672.0 million) to be made by Bantix will be financed by the Placing and the Subscription and will be used to expand the existing business operation of Chengdu OCT.

It is agreed that upon Completion, (i) Chengdu OCT shall continue to be responsible for the original indebtedness and liabilities of Chengdu OCT, (ii) the shareholders of Chengdu OCT shall be entitled to enjoy the profit sharing in proportion to their respective shareholdings after the Capital Injection in Chengdu OCT since 1 January 2010, and (iii) the board of directors of Chengdu OCT will comprise three directors, of which one director are to be appointed by OCT Properties and two directors are to be appointed by Bantix.

Conditions

The payment of the capital contribution of RMB588 million is subject to fulfillment or, if applicable, waiver of the following conditions by Bantix:

1. all necessary approvals of PRC government authorities shall have been obtained;
2. no material adverse change in Chengdu OCT; and
3. the obtaining by Bantix and the Company of all necessary consents, authorizations and approvals, including the approval of the Independent Shareholders of the Capital Injection, all requirements under the Listing Rules having been complied with and all consents, authorizations and approvals having been obtained from any other regulatory authorities.

If any of the above conditions is not fulfilled or waived on or before 30 September 2010 or such later date as shall be mutually agreed by the parties to the Capital Increase Agreement, the Capital Increase Agreement shall terminate and each party's further rights and obligations will cease immediately without affecting a party's then accrued rights and obligations under the joint venture agreement of Chengdu OCT before the Capital Increase Agreement.

INFORMATION OF CHENGDU OCT GROUP

Chengdu OCT is a sino-foreign equity joint venture incorporated in the PRC on 31 October 2005. The operating period of Chengdu OCT is 40 years from 31 October 2005 to 30 October 2045. The registered capital of Chengdu OCT was RMB400 million (approximately HK\$457.1 million) which has been fully paid up. According to the sino-foreign equity joint venture agreements of Chengdu OCT, the registered capital and the total investment amount of Chengdu OCT were initially RMB400 million (approximately HK\$457.1 million) and RMB780 million (approximately HK\$891.4 million) respectively. According to the Capital Increase Agreement, the registered capital of the Chengdu OCT will be increased to RMB612 million (approximately HK\$699.4 million) and the total investment amount of Chengdu OCT will be increased to RMB1,204 million (approximately HK\$1,376.0 million).

As at the date of this announcement, Chengdu OCT is beneficially owned as to 38% by OCT Properties, as to 37% by OCT Holding and as to 25% by Bantix. Upon Completion, Chengdu OCT will be beneficially owned as to approximately 24.8% by OCT Properties, as to approximately 24.2% by OCT Holding and as to approximately 51.0% by Bantix. Accordingly, Chengdu OCT will become a non-wholly subsidiary of the Company upon Completion.

Chengdu OCT and its subsidiaries are principally engaged in development and operation of tourism facilities; design and planning of tourist projects; properties development and operation; provision of management services for food and beverage businesses; planning and organizing of culture activities; art training; operation of the performance facilities; manufacturing and sales of crafts; provision of traveling information service; and garden design.

Chengdu OCT owns four parcels of land which are located at both sides of Shaxi line of Outer Sanhuan Road, Jinniu District, Chengdu, Sichuan Province, the PRC with a total site area of approximately 1,827,000 sq.m, which are proposed to be developed into a metropolitan composite area in various phases namely “Chengdu OCT Project”. The acquisition cost of the four parcels of land was approximately RMB1,833 million (approximately HK\$2,094.9 million) which has been fully paid. The usage of the properties should comprise, inter alia, cultural and entertainment, theme park and residential properties and the land use rights of the land have been granted for terms of 40 and 70 years commencing on 9 September 2006 for commercial & theme park and residential uses. Upon completion of Chengdu OCT Project, Chengdu OCT Project will provide a total gross floor area of approximately 2,188,000 sq.m..

The Chengdu OCT Project is planned to comprise three major segments, namely (i) residential property project (“Residential Property Project”), (2) commercial property project (“Commercial Property Project”), and (3) theme park project of 歡樂谷 Chengdu Happy Valley (“Chengdu Happy Valley”). The Chengdu OCT Project represents a landmark comprehensive development project in Chengdu which features a concept of blending residential, commercial and theme park elements into a comprehensive development project which aims to offer exquisite landscape and environment to the users of the project.

The Residential Property Project which is located at Land Lot B&D, with a total unsold gross floor area of approximately 631,000 sq.m in Land Lot B and a total gross floor area of approximately 824,000 sq.m in Land Lot D, is planned to be developed into eight phases on a rolling basis, which offers a broad range of facilities, including, inter alias, high-rise and low-rise apartments, townhouse, clubhouse and ancillary facilities. Phase I of Land Lot B was completed for sale and portion of Phase II has been pre-sold. The Land Lot D is currently a vacant site. It is expected that the development of the Residential Property Project will be completed in 2015.

The Commercial Property Project, which is located at Land Lot A&C, with a total gross floor area of approximately 338,000 sq.m in Land Lot A and a total gross floor area of approximately 150,000 sq.m in Land Lot C, is planned to provide a wide range of facilities, including, inter alias, shops, theatre, five-star hotel and office. The construction of Phase I of the Commercial Property Project in Land Lot C was completed in 2009. The Land Lot A is currently a vacant site. It is expected that the development of the Commercial Property Project will be completed in 2015.

Chengdu Happy Valley is the third Happy Valley chain theme park by OCT Holding in the PRC following the two in Shenzhen and Beijing and is located at Land Lot C with a total gross floor area of approximately 50,000 sq. m.. Phase I of Chengdu Happy Valley has commenced operation on 18 January 2009 and offers seven theme zones including, Sunny Harbour, Happy Hour, Caribbean Cyclone, Great Szechwan, Happy Forest, Magic Castle and Dream of Mediterranean which provide an amusement base in southwest of the PRC. There were approximately 2.3 million people visiting Chengdu Happy Valley in 2009. It is expected that construction of phase II of the Chengdu Happy Valley will commence in 2011 and is expected to be completed by 2012.

Financial information

Set out below are certain financial information of Chengdu OCT based on the unaudited consolidated financial statements of Chengdu OCT for the three year ended 31 December 2009 prepared under Hong Kong Financial Reporting Standards:

(RMB'000)	For the year ended 31 December		
	2007	2008	2009
Income statement summary			
Turnover	–	–	1,521,962
Gross profit	–	–	377,024
Profit/(loss) before taxation	(21,096)	(97,957)	174,319
Profit/(loss) after taxation	(15,822)	(73,350)	102,894
Balance sheet summary			
Total assets	1,407,707	3,952,041	3,964,328
Total liabilities	1,023,763	3,641,447	3,550,840
Net assets	383,944	310,594	413,488

REASONS FOR AND BENEFIT OF THE CAPITAL INJECTION

The Group is principally engaged in the manufacture of quality paper-based packaging containers and materials, including corrugated paperboard and printed cartons for customers. In recent years, it also participates in property investment and property development projects in the PRC.

Being the provincial capital of the Sichuan Province, the PRC and a city participating in 中國西部大開發 (The China's Western Development), Chengdu enjoys a substantial economic development in the last decade. Pursuant to the statistics published by 成都統計資訊網 (Chengdu Bureau of Statistics Internet), a public website under 成都市統計局 (Chengdu Bureau of Statistics), the gross domestic product ("GDP") per capital and urban disposal income of Chengdu increased from RMB17,915.35 in 2003 to RMB34,676.61 in 2008, representing an annual compound growth rate ("CAGR") of approximately 14.12%, and from RMB9,641 in 2003 to RMB16,943 in 2008, representing a CAGR of approximately 11.94%, respectively. On the other hand, both commodity property price and residential property price in Chengdu experienced a double digit CAGR for a decade up to 2008, to RMB4,921.08 per sq.m. and RMB4,869.06 per sq.m, respectively, in 2008. The number of tourists of Chengdu was nearly doubled to approximately 55.65 million in 2009 since 2003. The drop in number of tourists of Chengdu in 2008 was mainly due to Sichuan earthquakes in that year. The table below illustrates the major indicators of the Chengdu's economy:

Year	GDP (RMB billion)	GDP per capital (RMB)	Urban disposable income (RMB)	Commodity property price (RMB/ per sq.m.)	Residential property price (RMB/ per sq.m.)	Number of tourists (' million)
2003	187.09	17,915.35	9,641	2,096.34	1,908.37	28.66
2004	203.11	19,166.64	10,394	2,713.07	2,376.74	32.56
2005	237.08	21,910.30	11,359	3,213.32	2,865.82	36.70
2006	275.05	24,927.32	12,789	3,591.88	3,436.58	40.62
2007	332.42	29,886.09	14,849	4,266.48	4,189.94	43.32
2008	390.10	34,676.61	16,943	4,921.08	4,869.06	41.55
2009	450.26	NA	18,659	NA	N/A	55.65

Source: Chengdu Bureau of Statistics Internet

Taking into account (i) the above economic data of Chengdu and the expected long-term economic development in the PRC, particularly Chengdu; (ii) the fact that the Chengdu OCT Project represents a landmark comprehensive development project in Chengdu with distinguished features; (iii) the fact that the Chengdu OCT Group's operations have been profitable and generating stable cash flows; and (iv) the future earnings potential of Chengdu OCT Group upon the commencement of the other operations and sales of properties in the coming years, the Board is of the view that the entering into the Capital Increase Agreement is in line with the business strategy of the Group and will enable the Group to further increase its exposure in the property and the tourism industry of Chengdu. The Board considers that the terms of the Capital Increase Agreement are fair and reasonable and the Capital Injection is in the interests of the Company and the Shareholders as a whole. The Group will continue its existing business i.e. manufacturing of quality paper-based packaging containers and materials and has no intention to dispose of its existing business and assets.

THE PLACING AGREEMENT DATED 1 APRIL 2010

Issuer

The Company

Placing Agent

China Merchants Securities (HK) Co., Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent will charge the Company a placing commission of 2.5% of the gross proceeds from the Placing. The Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, among other things, the market rate and the price performance of the Shares. The Directors consider the terms of the Placing, including the Placing commission, are fair and reasonable based on the current market conditions.

Placee(s)

No fewer than six (6) subscribers whom the Placing Agent will procure to subscribe any of the Placing Shares pursuant to its obligations under the Placing Agreement.

In the event that, as at the Placing Completion Date, there are any Unplaced Shares, the Placing Agent shall on the Placing Completion Date subscribe the said Unplaced Shares at the placing price of HK\$5.00 per Placing Share and pay the respective amounts due therefor on the Placing Completion Date. If there are no Unplaced Shares on the Placing Completion Date, the obligations of the Placing Agent to subscribe the Unplaced Shares shall cease.

Independence of the Placing Agent and placee(s)

The Placing Agent is, and the placee(s) and their respective ultimate beneficial owners are expected to be, Independent Third Parties.

Number of Placing Shares

60,000,000 new Shares represent (i) approximately 17.30% of the existing issued share capital of the Company and (ii) approximately 12.04% of the issued share capital of the Company as enlarged by the Placing Shares and the Subscription Shares.

The Placing Shares will be issued under a general mandate granted by the Shareholders at the extraordinary general meeting of the Company held on 12 January 2010. No Shares have been issued under such general mandate up to the date of this announcement. If the Placing Completion Date is on or later than the forthcoming annual general meeting of the Company in 2010, the Directors may propose an ordinary resolution at the EGM to authorize the Directors to allot and issue the Placing Shares pursuant to the Placing Agreement.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Placing Shares.

Placing Price

The placing price of HK\$5.0 for the Placing Shares was arrived at after arm's length negotiations between the Company and the Placing Agent and represents:

- (i) a discount of approximately 2.34% to the closing price of HK\$5.12 per Share as quoted on the Stock Exchange on 31 March 2010, being the last trading day prior to the publication of this announcement;
- (ii) a discount of approximately 1.77% to the average closing price of HK\$5.09 per Share as quoted on the Stock Exchange in the 5 trading days up to and including 31 March 2010;
- (iii) a premium of approximately 2.04% over the average closing price of HK\$4.90 per Share as quoted on the Stock Exchange in the 10 trading days up to and including 31 March 2010; and
- (iv) approximately 1.2 times over the audited consolidated net asset value per Share of approximately HK\$2.29 as at 31 December 2009 (based on 346,750,000 Shares in issue).

The net price per Placing Share (based on the amount of net proceeds from the Placing) is approximately HK\$4.80, calculated after deducting the commission and expenses in relation to the Placing.

Ranking of the Placing Shares

The Company will issue and allot the Placing Shares free from all liens, charges, security interests, encumbrances and adverse claims and the Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the Shares in issue at the date of allotment of the Placing Shares, and in particular will rank in full for all dividends and other distributions declared, made or paid in respect thereof.

Conditions of the Placing Agreement

Completion of the Placing is conditional upon the occurrence of the followings by not later than 31 July 2010 (or such later date as may be agreed between the Placing Agent and the Company in writing):

1. the passing of an ordinary resolution by the Independent Shareholders at a general meeting approving by way of a poll the issue and allotment of the Subscription Shares by the Company, the Subscription Agreement and the transactions contemplated in the Subscription Agreement;
2. the passing of an ordinary resolution by the Independent Shareholders at a general meeting approving by way of a poll the Capital Increase Agreement and the transactions contemplated in the Capital Increase Agreement;
3. where the existing general mandate (under which the Placing Shares are to be issued) to issue new Shares granted to the Directors at the extraordinary general meeting of the Company held on 12 January 2010 lapsed or revoked before the completion of the Placing, an ordinary resolution by the Shareholders granting the Directors the necessary authority to issue and allot the Placing Shares pursuant to the Placing Agreement has been passed; and
4. the Listing Committee of the Stock Exchange having granted listing of and permission to deal in all of the Placing Shares and the Subscription Shares in principle.

If the above conditions are not fulfilled by 31 July 2010, the Placing will lapse and the obligations and liabilities of the Company and the Placing Agent under the Placing shall be null and void and the Company and the Placing Agent shall be released from all rights and obligations pursuant to the Placing.

Completion

Completion of the Placing will take place on the second Business Day following the satisfaction of the conditions of the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing after the issue and allotment of Subscription Shares to Pacific Climax.

Rescission

If any of the following events occur at any time prior to 9:00 a.m. on the Placing Completion Date, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to 9:00 a.m. on the Placing Completion Date rescind the Placing Agreement without liability to the other parties hereto or any thereof and, subject to certain clauses of the Placing Agreement which shall continue, the Placing Agreement shall thereupon cease to have effect and none of the parties hereto shall have any rights or claims by reason thereof:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material breach of any of the representations, warranties and undertakings given by the Company under the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Placing Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (d) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing; or
- (e) there is any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise.

THE SUBSCRIPTION AGREEMENT DATED 1 APRIL 2010

Issuer

The Company

Subscriber

Pacific Climax

Subscription Shares

The 91,800,000 Subscription Shares represent approximately 26.47% of the existing issued share capital of the Company as at the date of this announcement and approximately 18.41% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and the Subscription Shares.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Subscription price

The Subscription price of HK\$5.0 per Subscription Share, which was arrived at after arm's length negotiations between the Company and the Subscriber, represents a discount of approximately 2.34% to the closing price of HK\$5.12 per Share as quoted on the Stock Exchange on 31 March 2010, being the last trading day prior to the publication of this announcement.

Mandate to issue the Subscription Shares

The Subscription Shares will be issued under a specific mandate proposed to be granted to the Directors at the EGM.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue at the date of allotment of the Subscription Shares.

Conditions of the Subscription

Completion is conditional upon the occurrence of the followings by not later than 31 July 2010 (or such later date as may be agreed between the Subscriber and the Company):

- (a) the passing of an ordinary resolution by the Independent Shareholders at a general meeting approving by way of a poll the issue and allotment of the Subscription Shares by the Company, the Subscription Agreement and the transactions contemplated hereby; and
- (b) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in all of the Subscription Shares and the Placing Shares in principle.

If the above conditions are not fulfilled by 31 July 2010, the obligations and liabilities of the Subscriber and the Company under the Subscription shall be null and void and the Subscriber and the Company shall be released from all rights and obligations pursuant to the Subscription.

Completion of the Subscription

Completion of the Subscription will take place on the second Business Day following the satisfaction of the conditions of the Subscription Agreement is satisfied or such other date as may be agreed by the Company.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

With reference to the Capital Injection, the purpose of entering into the Placing Agreement and the Subscription Agreement is to raise gross amount of funding of HK\$759 million to fulfill the payment obligations of the Group under the Capital Increase Agreement and the Directors consider that the terms of the Placing Agreement and the Subscription Agreement are fair and reasonable and the Placing and the Subscription are in the best interest of the Company and the Shareholders as a whole. The Company plans to apply the net proceeds of the Placing and the Subscription of approximately HK\$747 million to settle the cash contribution of approximately HK\$672 million for the Capital Increase Agreement and the remaining balance of approximately HK\$75 million is intended for future working capital purpose and other future investments of the Group if opportunities arise.

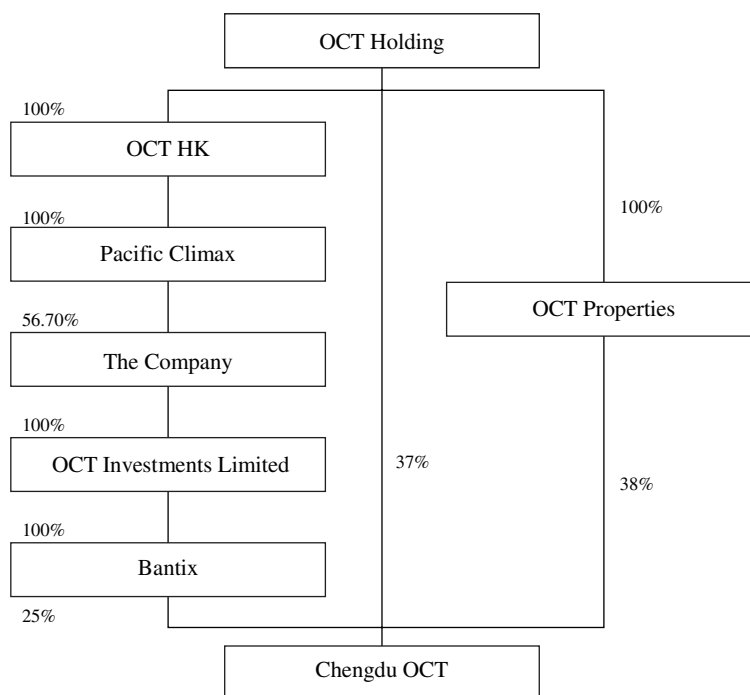
In the event that any of the conditions for the payment of the capital contribution by Bantix under the Capital Increase Agreement is not fulfilled or waived and the Capital Increase Agreement is terminated, the net proceeds from the Subscription and the Placing of approximately HK\$747 million will be utilized as general working capital and other future investments of the Group if opportunities arise.

Save for the top-up placing of 57,000,000 new Shares at a subscription price of HK\$2.80 per Share as stated in the announcement of the Company dated 12 November 2009, the Company has not carried out any fund raising activity by the issue of equity securities or convertible securities in the 12 months preceding the date of this announcement. The net proceeds of the top-up placing was approximately HK\$155 million, of which (i) HK\$40 million has been utilized as working capital for expansion of the existing business operation of the Group; (ii) HK\$20.4 million has been used for repayment of bank loans; (iii) RMB50 million (approximately HK\$57.1 million) will be utilized for the capital injection in 西安華僑城投資有限公司 (Xi'an OCT Investment Ltd.), details of which are set out in the circular of the Company dated 23 December 2009, and (iv) the remaining balance of HK\$37.5 million will be utilized as general working capital and other future investments of the Group if opportunities arise.

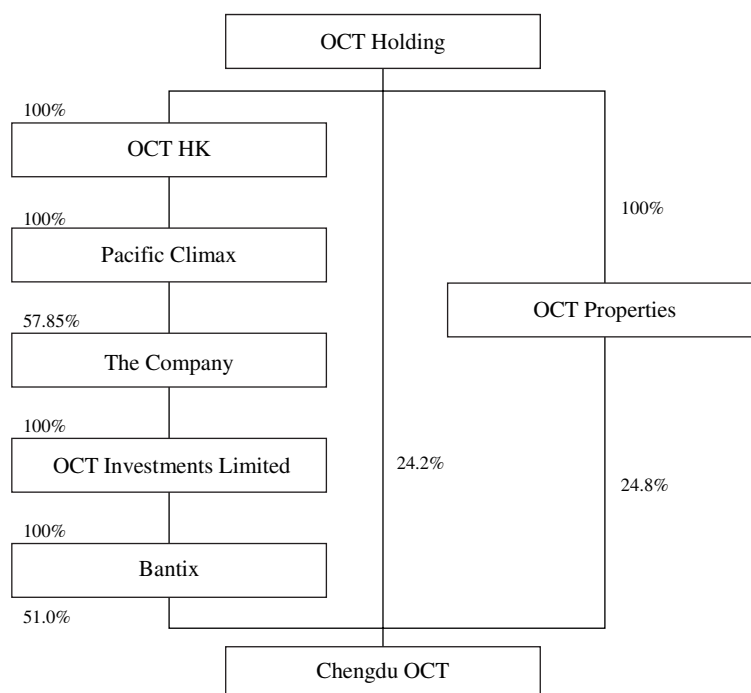
SHAREHOLDING STRUCTURES BEFORE AND AFTER THE CAPITAL INJECTION, THE PLACING AND THE SUBSCRIPTION

The diagram below shows the current corporate and shareholding structure of the Group and Chengdu OCT:

Existing corporate structure



Upon completion of the Capital Increase Agreement, the Placing and the Subscription



The respective shareholding structures of the Company immediately before and after the Placing and the Subscription are set out below:

Name of Shareholders	Shareholding as at the date of this announcement		Shareholding upon completion of the Placing and the Subscription	
	Number of Shares	%	Number of Shares	%
Pacific Climax <i>(Note)</i>	196,620,000	56.70	288,420,000	57.85
Directors:				
Ni Zheng	600,000	0.17	600,000	0.12
Zhou Guangneng	510,000	0.15	510,000	0.10
Public Shareholders:				
Placees	—	—	60,000,000	12.04
Other public Shareholders	149,020,000	42.98	149,020,000	29.89
Total	<u>346,750,000</u>	<u>100.00</u>	<u>498,550,000</u>	<u>100.00</u>

Note:

OCT Holding is the sole beneficial owner of all the issued share capital of OCT HK which holds the entire issued share capital of Pacific Climax.

THE PROPERTY MANAGEMENT CONTRACTS

Chengdu OCT and OCT Property Management, being a non-wholly subsidiary of OCT Properties and is principally engaged in property management, have, from time to time, entered into the property management service contracts for the Chengdu OCT Project. After Chengdu OCT becomes a non-wholly owned subsidiary of the Company upon Completion, OCT Property Management (a non-wholly owned subsidiary of OCT Properties) will continue to provide property management services to Chengdu OCT for the Chengdu OCT Project pursuant to the Property Management Services Contracts. Accordingly, the transactions contemplated under the Property Management Service Contracts will constitute continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules upon Completion. Pursuant to Rule 14A.41 of the Listing Rules, the Company shall comply with the reporting and announcement requirements under the Listing Rules in respect of the Property Management Services Contracts.

The principal terms of the Property Management Service Contracts are set out as follows:–

The Property Management Service Contracts				
Date	7 February 2010	26 March 2010	26 March 2010	6 April 2010
Parties	(a) Chengdu OCT and (b) Chengdu branch office of OCT Property Management	(a) Chengdu OCT and (b) Chengdu branch office of OCT Property Management	(a) Chengdu OCT and (b) Chengdu branch office of OCT Property Management	(a) Chengdu OCT and (b) Chengdu branch office of OCT Property Management
Scope of services rendered :	provision of property (interior) maintenance, cleaning, environmental and security services in Chengdu Happy Valley	provision of property (interior) maintenance, cleaning, environmental and security services in the Commercial Property Project (non-residential)	provision of property (interior) maintenance, cleaning, environmental and security services in the Residential Property Project	provision of property (interior) maintenance, cleaning, environmental and security services in Area 208 of the Residential Property Project
Term :	From 16 January 2010 to 15 January 2011	From 1 October 2009 to 31 December 2010	From 1 October 2009 to 31 December 2010	From 1 January 2010 to 30 June 2010
Contract Amount:	Approximately RMB3,801,886	Approximately RMB4,239,662	Approximately RMB1,623,320	Approximately RMB1,180,000
Contract Amount to be incurred in 2010 (Total of RMB9,513,860)	Approximately RMB3,643,474	Approximately RMB3,391,730	Approximately RMB1,298,656	Approximately RMB1,180,000
Contract Amount to be incurred upon Chengdu OCT becoming a non- wholly owned subsidiary of the Company from 1 June 2010 (Total of RMB5,059,000)	Approximately RMB2,125,000	Approximately RMB1,979,000	Approximately RMB758,000	Approximately RMB197,000

The estimated aggregate annual cap for the Property Management Service Contracts will be RMB5,059,000 (approximately HK\$5,782,000) for the financial year ending 31 December 2010. As Chengdu OCT is expected to become a non-wholly owned subsidiary of the Company from June 2010 onwards, such estimate is determined with reference to the average monthly total contract amount to be incurred in 2010 for seven months.

The Property Management Service Contracts have taken retrospective effect as OCT Property Management has started work before a written contract has been concluded and signed. As OCT Property Management has been engaged in the provision of property management services for many years and thus have the necessary expertise, the Directors consider that it is in the interest of Chengdu OCT to enter into the Property Management Service Contracts. The Directors (including the independent non-executive Directors) are of the view that the terms of the Property Management Service Contracts are fair and reasonable so far as the Shareholders are concerned and that the Property Management Service Contracts are on normal commercial terms and are in the interest of the Company and the Shareholders as a whole.

GENERAL

As the applicable percentage ratios for the Capital Injection under the Listing Rules are more than 100%, the Capital Injection constitutes a very substantial acquisition for the Company under the Listing Rules. OCT Holding holds 100% equity interest in OCT HK. OCT HK holds 100% equity interest in Pacific Climax, which is the controlling shareholder of the Company. OCT Properties is a wholly owned subsidiary of OCT Holding. Hence, OCT Properties and OCT Holding are connected persons of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Upon Completion, the members of Chengdu OCT Group will become non-wholly owned subsidiaries of the Company. Accordingly, the Property Management Services Contracts will constitute continuing connected transactions of the Company under Rule 14A.34 of the Listing Rules after Completion. Pursuant to Rule 14A.41 of the Listing Rules, the Company shall comply with the reporting and announcement requirements under the Listing Rules in respect of the Property Management Services Contracts.

Pacific Climax and its associates (the controlling Shareholder interested in 196,620,000 Shares, representing approximately 56.70% of the issued share capital of the Company as at the date of this announcement) will be required to abstain from voting at the EGM in respect of the Capital Increase Agreement and the Subscription Agreement. The Company will form an independent board committee to advise the Independent Shareholders on the terms of the Capital Injection and the Subscription. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, details of the Acquisition, the Subscription, the recommendation from the independent board committee, the advice of the independent financial adviser and a notice to convene the EGM, will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 1 April 2010 pending the release of this announcement. The Company has applied for resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 9 April 2010.

DEFINITIONS

“associates”	has the meaning ascribed to in the Listing Rules
“Bantix	Bantix International Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly owned subsidiary of the Company
“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business
“Capital Increase Agreement”	the conditional capital increase agreement entered into between OCT Properties, OCT Holding and Bantix on 1 April 2010 in relation to the Capital Injection
“Capital Injection”	the capital injection of RMB588 million into Chengdu OCT to be made by Bantix pursuant to the Capital Increase Agreement
“Chengdu OCT”	成都天府華僑城實業發展有限公司 (Chengdu Tianfu OCT Industry Development Company Limited), a sino-foreign equity joint venture established under the laws of the PRC in accordance with the terms of the joint venture agreement and the articles of Chengdu OCT
“Chengdu OCT Group”	Chengdu OCT and its subsidiaries
“Company”	Overseas Chinese Town (Asia) Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange

“Completion”	completion of the Capital Increase Agreement
“connected person(s)”	has the meaning ascribed to in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for approving, inter alia, the Capital Increase Agreement, the Subscription Agreement and the transactions contemplated therein
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than Pacific Climax and its associates
“Independent Third Parties”	to the best of the Directors’ knowledge, information and belief after making reasonable enquiries, third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“OCT HK”	Overseas Chinese Town (HK) Company Limited, a company incorporated in Hong Kong with limited liability, and wholly owned by OCT Holding
“OCT Holding”	Shenzhen Overseas Chinese Town Holding Company (深圳華僑城控股股份有限公司), a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange
“OCT Properties”	深圳華僑城房地產有限公司 (Overseas Chinese Town Real Estate Company Limited), a wholly-owned subsidiary of OCT Holding
“OCT Property Management”	深圳市華僑城物業管理有限公司 (Shenzhen Overseas Chinese Town Property Management Company), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of OCT Properties
“Pacific Climax” or “Subscriber”	Pacific Climax Limited, a company incorporated in the British Virgin Islands with limited liability, is the controlling Shareholder and is wholly owned by OCT HK

“Placing”	a placing by the Placing Agent of Placing Shares with placee(s) pursuant to the Placing Agreement on a fully underwritten basis
“Placing Agent”	China Merchants Securities (HK) Co., Limited, a licensed corporation to carry on type 1 regulated activity (dealing in securities), type 2 regulated activity (dealing in futures contracts), type 4 regulated activity (advising on securities) and type 6 regulated activity (advising on corporate finance) and type 9 regulated activity (asset management) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	a conditional placing agreement dated 1 April 2010 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Completion Date”	the second Business Day following the satisfaction of the conditions of the Placing Agreement or such other date as the Company and the Placing Agent may agree at which completion of the Placing shall take place
“Placing Share(s)”	60,000,000 new Shares to be issued under the Placing
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Taiwan and Macau Special Administrative Region
“Property Management Service Contracts”	the four property management service contracts entered into between Chengdu OCT and Chengdu branch office of OCT Property Management for the provision of property management services for Chengdu OCT Project
“Share(s)”	existing ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares subject to and upon the terms and conditions of the Subscription Agreement

“Subscription Agreement”	the conditional subscription agreement entered into between the Company and Pacific Climax on 1 April 2010 in relation to the issue of the Subscription Shares by the Company
“Subscription Share(s)”	91,800,000 new Shares to be subscribed by Pacific Climax pursuant to the Subscription Agreement
“Unplaced Shares”	such of the Placing Shares which have not been placed by or on behalf of the Placing Agent under the Placing Agreement on the Placing Completion Date
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.
“sq.m.”	square meters

For the purpose of this announcement, all amounts in RMB are translated into HK\$ at an exchange rate of RMB0.875: HK\$1.

By order of the Board
Overseas Chinese Town (Asia) Holdings Limited
Hou Songrong
Chairman

Hong Kong, 9 April 2010

As at the date of this announcement, the Board comprises eight Directors, namely: Mr. Hou Songrong, Mr. Ni Zheng, Ms. Xie Mei and Mr. Zhou Guangneng as executive Directors; Mr. Zheng Fan as non-executive Director; Ms. Wong Wai Ling, Mr. Xu Jian and Mr. Lam Sing Kwong Simon as independent non-executive Directors.