

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2010

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 2010 prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”), together with the comparative figures for the year ended 31 December 2009.

Audited financial information of the Group for the year ended 31 December 2010 prepared in accordance with the HKFRSs are as follows:

Consolidated income statement

for the year ended 31 December 2010

(Expressed in Renminbi)

	Note	2010 RMB'000	2009 RMB'000
Turnover	4	1,905,792	622,063
Cost of sales		<u>(1,646,418)</u>	<u>(536,237)</u>
Gross profit		259,374	85,826
Other revenue		7,212	2,662
Other net income		5,851	1,454
Distribution costs		(84,336)	(31,625)
Administrative expenses		(59,325)	(42,913)
Other operating expenses		<u>(2,056)</u>	<u>(1,392)</u>
Profit from operations		126,720	14,012
Finance costs	6	(26,259)	(3,202)
Share of profit less loss of associates		(1,040)	20,728
Gain on remeasurement of the previously held interest in an associate		<u>38,890</u>	<u>—</u>
Profit before taxation	6	138,311	31,538
Income tax	7	<u>(52,428)</u>	<u>(7,728)</u>
Profit for the year		<u>85,883</u>	<u>23,810</u>
Attributable to:			
Equity shareholders of the company		66,713	23,810
Non-controlling interests		<u>19,170</u>	<u>—</u>
Profit for the year		<u>85,883</u>	<u>23,810</u>
Dividend payable to equity shareholders of the Company attributable to the year			
Proposed final dividend after the end of the reporting period	8	<u>13,190</u>	<u>7,205</u>
Earnings per share (RMB)	9		
Basic		<u>0.15</u>	<u>0.08</u>
Diluted		<u>0.15</u>	<u>0.08</u>

Consolidated Statement of Financial Position

at 31 December 2010

(Expressed in Renminbi)

	<i>Note</i>	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Non-current assets			
Fixed assets			
– Investment properties		513,647	–
– Other property, plant and equipment		1,414,971	294,364
– Interests in leasehold land held for own use under operating lease		776,481	68,983
		<u>2,705,099</u>	<u>363,347</u>
Intangible assets		182	–
Goodwill		266,625	24,937
Interest in an associate		44,568	234,401
Other financial assets		4,320	–
Deferred tax assets		53,439	8,810
		<u>3,074,233</u>	<u>631,495</u>
Current assets			
Inventories		1,681,962	82,628
Trade and other receivables	<i>10</i>	266,171	149,031
Cash and cash equivalents		1,005,358	314,006
		<u>2,953,491</u>	<u>545,665</u>
Current liabilities			
Trade and other payables	<i>11</i>	1,638,310	278,391
Receipts in advance		667,473	–
Bank loans		44,105	65,947
Related party loans		361,632	–
Current taxation		87,869	4,304
		<u>2,799,389</u>	<u>348,642</u>
Net current assets		<u>154,102</u>	<u>197,023</u>
Total assets less current liabilities		<u>3,228,335</u>	<u>828,518</u>
Non-current liabilities			
Other payable to intermediate holding company		–	73,082
Bank loans		28,562	60,723
Related party loans		1,100,000	–
Deferred tax liabilities		56,267	152
		<u>1,184,829</u>	<u>133,957</u>
NET ASSETS		<u>2,043,506</u>	<u>694,561</u>

	<i>Note</i>	2010 RMB'000	2009 RMB'000
CAPITAL AND RESERVES			
Share capital		47,964	34,148
Reserves		<u>1,371,032</u>	<u>660,413</u>
Total equity attributable to equity shareholders of the company		1,418,996	694,561
Non-controlling interests		<u>624,510</u>	<u>–</u>
TOTAL EQUITY		<u>2,043,506</u>	<u>694,561</u>

Notes:

1. REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed the financial results for the year ended 31 December 2010.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2010 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS OF THE COMPANY

The consolidated financial statements for the year ended 31 December 2010 comprise the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in an associate. The Group is primarily involved in the manufacture and sale of paper cartons and products.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. CHANGES IN ACCOUNTING POLICIES

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued certain new and revised HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations, that are first effective or available for early adoption for the current accounting period of the Group.

The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies applied in these financial statements for the periods presented.

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

4. TURNOVER

The principal activities of the group are manufacturing and sale of paper carton and products, development and management of properties, and the development and operation of tourism theme park.

Turnover represents the sales value of goods supplied to customers (net of value-added tax) and travel, property and its related business, including the sales of properties, rental income from investment properties, ticket sales from theme park and others as follows:

	Year ended 31 December	
	2010	2009
	<i>RMB’000</i>	<i>RMB’000</i>
Sales of paper cartons and products	777,415	622,063
Travel, property and its related business	<u>1,128,377</u>	<u>–</u>
	<u>1,905,792</u>	<u>622,063</u>

The group’s customer base is diversified and there was no customer with whom transactions exceeded 10% of the group’s revenues in 2010.

5. 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 group’s most senior executive management for the purposes of resource allocation and performance assessment, the group has presented the following two reportable segments.

- Travel, property and its related business: this segment engaged in the development and operation of tourism theme park, developed and sold residential properties, and development and management of properties
- Manufacture and sale of paper cartons and products: this segment engaged in the manufacture and sale of paper cartons and products

(a) **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 with the exception of interests in associates and deferred tax assets. Segment liabilities include trade creditors, accruals and bills payable attributable to the manufacturing and sales activities of the individual segments and bank 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.

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 2010 and 2009 is set out below:

	Travel, property and its related business		Manufacture and sale of paper carton and products		Total	
	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000	2010 RMB'000	2009 RMB'000
Revenue from external customers	1,128,377	–	777,415	622,063	1,905,792	622,063
Inter-segment revenue	–	–	–	–	–	–
Reportable segment revenue	1,128,377	–	777,415	622,063	1,905,792	622,063
Reportable segment net profit	53,987	20,577	12,726	3,233	66,713	23,810
Interest income from bank deposits	3,159	–	1,964	1,371	5,123	1,371
Interest expense	24,482	–	1,773	3,202	26,259	3,202
Depreciation and amortisation for the year	31,014	–	38,732	33,285	69,746	33,285
Reportable segment assets	4,306,071	234,401	1,721,653	942,759	6,027,724	1,177,160
Additions to non-current segment assets during the year	54,764	–	59,651	–	114,415	–
Reportable segment liabilities	3,622,023	–	362,195	482,599	3,984,218	482,599

(b) **Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Revenue		
Reportable segment revenue	1,905,792	622,063
Elimination of inter-segment revenue	<u>—</u>	<u>—</u>
Consolidated turnover	<u>1,905,792</u>	<u>622,063</u>
Profit		
Reportable segment profit	66,713	23,810
Elimination of inter-segment profits	<u>—</u>	<u>—</u>
Reportable segment profit derived from group's external customers	<u>66,713</u>	<u>23,810</u>
Consolidated net profit	<u>66,713</u>	<u>23,810</u>
Assets		
Reportable segment assets	<u>6,027,724</u>	<u>1,177,160</u>
Consolidated total assets	<u>6,027,724</u>	<u>1,177,160</u>
Liabilities		
Reportable segment liabilities	<u>3,984,218</u>	<u>482,599</u>
Consolidated total liabilities	<u>3,984,218</u>	<u>482,599</u>

6 PROFIT BEFORE TAXATION

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

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
(a) Finance costs:		
Interest on bank loans	2,333	1,493
Interest on related party loans	<u>26,801</u>	<u>1,709</u>
Total interest expense on financial liabilities not at fair value through profit or loss	29,134	3,202
Less: interest expense capitalised into properties under development*	<u>(2,875)</u>	<u>—</u>
	<u><u>26,259</u></u>	<u><u>3,202</u></u>

* The borrowing costs have been capitalised at a rate of 2.88%-4.86% per annum (2009: nil).

(b) Staff costs:

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Contributions to defined contribution retirement schemes	5,107	4,206
Salaries, wages and other benefits	<u>78,789</u>	<u>65,336</u>
	<u><u>83,896</u></u>	<u><u>69,542</u></u>

(c) **Other items:**

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Amortisation of intangible assets [#]	21	–
Depreciation [#]		
– investment property	4,837	–
– pre-paid interest in leasehold land classified as being under an operating leases	6,660	1,688
– other assets	58,228	31,597
Impairment losses [#]		
– trade and other receivables	424	1,491
Operating lease charges in respect of properties [#]	12,272	12,141
Net exchange gain	(6,670)	(670)
Auditors' remuneration		
– audit services	2,119	1,419
Rentals receivable from investment properties less direct outgoings of RMB4,930,000	1,778	–
Cost of inventories [#]	<u>1,415,712</u>	<u>536,077</u>

[#] Cost of inventories included RMB137,269,000 (2009: RMB76,787,000) 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 notes 6(b) and 6(c) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Current tax		
– PRC Corporate Income Tax	50,393	7,990
– PRC Land Appreciation Tax	34,183	–
	<u>84,576</u>	<u>7,990</u>
Deferred tax		
Origination and reversal of temporary differences	(32,148)	(262)
	<u>(32,148)</u>	<u>(262)</u>
	<u><u>52,428</u></u>	<u><u>7,728</u></u>

(i) *PRC Corporate Income Tax*

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 (2009: Nil).

No provision for Hong Kong Profits Tax has been made as the group did not have any assessable profits subject to Hong Kong Profits Tax during the year (2009: Nil).

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, which range between 22% – 25% (2009: 20% – 25%). Certain subsidiaries are entitled to a tax concession period in which it is fully exempted from PRC income tax for two years, starting from its first profit-making year, followed by a 50% reduction in the PRC income tax for the next three years (“two years free and three years half”).

According to the Corporate Income Tax Law of the PRC and Circular 39, the income tax rate of certain PRC subsidiaries are reduced from 33% to 25% from 1 January 2008; the tax rate of certain PRC subsidiaries are gradually increased from 15% to 25% over a five-year transitional period (18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 and thereafter). If a PRC subsidiary has not become profit-making and enjoyed the two years free and three years half tax concession period before 2008, the PRC subsidiary can enjoy the tax concession period from 2008 and onward.

Additionally, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and jurisdiction of the foreign investors. According to the tax treaty between Hong Kong Special Administrative Region and PRC for avoidance of double taxation and prevention of tax evasion, dividends from declared from PRC subsidiaries to Hong Kong holding companies are subject to 5% withholding income tax from 1 January 2008 and onwards.

(ii) *PRC Land Appreciation Tax*

PRC Land Appreciation Tax (“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 statements of comprehensive income as income tax. The group has estimated the tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual 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 LAT is calculated.

8 DIVIDENDS

(a) **Dividends payable to equity shareholders of the company attributable to the year**

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of HK\$3.00 cents per ordinary share (equivalent RMB2.61 cents per share) (2009: HK\$2.36 cents per share (equivalent RMB2.08 cents per share))	<u><u>13,190</u></u>	<u><u>7,205</u></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 payables to equity shareholders of the company attributable to the previous financial year, approved and paid during the year**

	2010 <i>RMB'000</i>	2009 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$2.36 cents per share (equivalent RMB2.08 cents per share) (2009: HK\$2.00 cents per share (equivalent RMB1.76 cents per share))	<u><u>7,205</u></u>	<u><u>5,079</u></u>

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the company of RMB66,713,000 (2009: RMB23,810,000) and the weighted average of 437,561,343 (2009: 294,552,219) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2010	2009
	<i>No. of shares</i>	<i>No. of shares</i>
Issued ordinary shares at 1 January	346,750,000	288,040,000
Effect of capitalisation issue	88,584,658	5,778,082
Effect of share option exercised	2,226,685	734,137
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 December	<u>437,561,343</u>	<u>294,552,219</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the company of RMB66,713,000 (2009: RMB23,810,000) and the weighted average number ordinary shares of 443,632,995 shares (diluted) (2009: 299,037,447) calculated as follows:

Weighted average number of ordinary shares (diluted)

	2010	2009
	<i>No. of shares</i>	<i>No. of shares</i>
Weighted average number of ordinary shares at 31 December	437,561,343	294,552,219
Effect of deemed issue of shares under the company's share option scheme for nil consideration	6,071,652	4,485,228
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at 31 December	<u>443,632,995</u>	<u>299,037,447</u>

10 TRADE AND OTHER RECEIVABLES

	The group		The company	
	2010	2009	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables and bills receivable:				
Amounts due from fellow subsidiaries	76	22	–	–
Amounts due from other related companies	55,055	8,706	–	–
Amounts due from third parties	147,345	135,671	–	–
Less: allowance for doubtful debts	(6,387)	(6,331)	–	–
	<u>196,089</u>	<u>138,068</u>	<u>–</u>	<u>–</u>
Prepayment, deposits and other receivables:				
Amounts due from subsidiaries	–	–	1,240,877	579,209
Amounts due from fellow subsidiaries	1,135	796	–	–
Amounts due from third parties	68,947	10,167	123	868
	<u>266,171</u>	<u>149,031</u>	<u>1,241,000</u>	<u>580,077</u>

The amounts due from subsidiaries, associates, fellow subsidiaries and other related companies are unsecured, non-interest bearing and have no fixed terms of repayment.

Apart from rental deposits of RMB10,502,000 (2009: RMB1,109,000) 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.

Included in trade and other receivables are trade and bills receivable (net of allowance for doubtful debts) with the following ageing analysis as of the end of the reporting period.

	The group	
	2010	2009
	RMB'000	RMB'000
Current	162,406	124,400
Less than 3 months past due	27,923	13,643
More than 3 months but less than 12 months pass due	5,760	25
Amount past due	33,683	13,668
	<u>196,089</u>	<u>138,068</u>

11 TRADE AND OTHER PAYABLES

	The group		The company	
	2010	2009	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables and bills payable:				
Amounts due to fellow subsidiaries	1,564	195	–	–
Amounts due to third parties	757,809	214,589	–	–
	759,373	214,784	–	–
Other payables and accruals				
Amounts due to subsidiaries	–	–	210,365	221,439
Amounts due to other related companies	15,916	76	–	76
Amounts due to third parties	863,021	63,531	4,957	5,021
	1,638,310	278,391	215,322	226,536

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the end of the reporting period:

	The group	
	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
Due within 3 months or on demand	722,419	171,394
Due after 3 months but less than 1 year	36,954	43,390
	759,373	214,784

PROPOSED FINAL DIVIDEND AND CLOSURE OF REGISTER

The Board has resolved to recommend the payment of a final dividend of HK\$3 cents per share for shareholders whose names appear on the Register of Members of the Company on 1 April 2011. The Register of Members will be closed from 1 April 2011 to 6 April 2011, both days inclusive, and the proposed final dividend is expected to be paid on 23 June 2011. The payment of dividends shall be subject to the approval of the shareholders at the annual general meeting of the Company to be held on 6 April 2011. In order to be qualified for attending the Annual General Meeting and the proposed dividend, shareholders should deliver share certificates together with transfer documents to the Company's branch share registrar at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 pm on 31 March 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

On 21 September 2010, the capital increase in Chengdu Tianfu OCT Industry Development Company Limited (“Chengdu OCT”) to 51% equity interests by the Group was completed. During the period under review, the Group’s results included the results after the completion of capital increase in Chengdu OCT.

For the year ended 31 December 2010, the Group’s turnover was RMB1,906 million, representing an increase of approximately 206.4% over 2009. Profit for the year was approximately RMB85.88 million, representing an increase of approximately 260.7% over 2009. Total assets and total equity amounted to RMB6,028 million and RMB2,044 million, representing an increase of approximately 412.1% and approximately 194.1% over 2009 respectively.

Steady operation of paper packaging business

During the period under review, the economy of China maintained steady and yet fast growth in 2010. Gross domestic product increased by approximately 10.3% over last year. The domestic economy showed a sound growth momentum. Benefiting from the increase in demand for packaging business in China and the rising selling price of products, revenue of the Group’s paper packaging business grew steadily. Revenue reached approximately RMB777 million, representing an increase of approximately 24.9% over last year. Net profits amounted to approximately RMB12.73 million, representing an increase of approximately 294.1% over last year. In face of the opportunities arising from economy recovery as well as the challenges brought by rising costs and market competition, the Huali companies have made tailored adjustments to cope with the local conditions and adopted a number of measures which are proved to be effective: Huizhou Huali Packaging Co., Ltd., upon commencement of full production, specializes in the development of corrugated extended products and endeavours to integrate with creative culture sector. Shanghai Huali Packaging Co., Ltd. has been actively exploring the integrated packaging solution to develop the new marketing model. Zhongshan Huali Packaging Co., Ltd. has continued to accelerate the reform of production process to execute refined management in the sampling plant. Anhui Huali Packaging Co., Ltd. has stepped up its efforts to expand customer base to drive sales volume and revenue.

Breakthrough in travel, property and its related businesses

During the period under review, the capital increase in Chengdu OCT and Overseas Chinese Town (Xi’an) Industry Company Limited (“Xi’an OCT”) by the Group was completed. As at 31 December 2010, the equity interests of Chengdu OCT and Xi’an OCT were held as to 51% and 25% respectively by the Group. During the period under review, the Group’s share of revenue and realized gain from travel, property and its related businesses were approximately RMB1,128 million and RMB54 million respectively.

Chengdu OCT owns parcels of land located at both sides of Shaxi line of Outer Sanhuan Road, Jinniu District, Chengdu, Sichuan Province, the PRC which are proposed to be developed into a metropolitan composite area comprising a theme park, residential and commercial properties, and called “Chengdu OCT Project”, occupying a gross floor area of approximately 2,250,000 sq.m. The percentage interest of the Group in the parcels of land is 51%.

The theme park “Chengdu Happy Valley” which opened in January 2009, has a gross floor area of approximately 50,000 sq.m. It has accommodated approximately 2.22 million visitors throughout 2010.

The residential property project of Chengdu OCT has a gross saleable floor area of approximately 1,260,000 sq.m. and comprises 8 phases. As at 31 December 2010, Phases I and II of the residential property project were completed and a total area of approximately 354,000 sq.m. was sold; whereas Phase III, occupying a gross floor area of approximately 233,000 sq.m., was under construction. The project comprises high-level portion, multi-level portion and low-density residential. Of which, construction of the multi-level portion and low-density residential is expected to complete by 2012 and the high-level portion of Phase III launched has been almost sold out. Construction of Phases IV to VIII of the residential property project is yet to commence but is expected to kick off in 2012 and complete by the end of 2016. Throughout the year of 2010, sales of residential housing remained satisfactory in spite of the austerity measures promulgated in the domestic property industry. In 2010, the total area transacted was approximately 176,000 sq.m. and a revenue of approximately RMB1,457 million arising therefrom was recorded.

The commercial property project of Chengdu OCT occupies a gross floor area of approximately 550,000 sq.m. and comprises 5 phases, providing, inter alia, retail shops, cinemas, five-star hotels and offices. Phase I of the commercial property project was completed in 2009; whereas Phase II was completed at the end of 2010. At present, the occupancy rate of the commercial properties launched has exceeded 95%. Phases III to V occupy a gross floor area of approximately 437,000 sq.m. and comprise mainly shopping malls, offices and hotels. Construction is scheduled to kick off in phases and is expected to be completed by the end of 2015. The land is owned under leasehold interest.

Xi'an OCT owns a parcel of land located in the Qujiang New District, Xi'an City and comprises mainly residential properties. Currently, it has a gross saleable area of approximately 85,000 sq.m. The percentage interest of the Group in the parcel of land is 25%. The construction of which started in May 2010 and by the end of 2010, its pre-sale began and performed satisfactorily.

Financial Review

As at 31 December 2010, the Group's total assets amounted to RMB6,028 million. Total equity amounted to RMB2,044 million, representing an increase of approximately 194.1% over that as at 31 December 2009. The Group realized sales of RMB1,906 million in 2010, representing an increase of approximately 206.4% over 2009. Profits attributable to equity holders of the Company were RMB66.71 million, representing an increase of approximately 180.2% over 2009. The basic earnings per share for the year were RMB0.15, as compared to RMB0.08 for 2009.

During the period under review, gross profit margin of the Group was approximately 13.6% (2009: approximately 13.8%), representing a decrease of 0.2% over the same period in 2009. Of which Chengdu OCT's gross profit margin was approximately 14.2%. Excluding such factor, the gross profit margin of the paper packaging business was approximately 12.7%, representing a decrease of 1.1% over the same period in 2009. The decrease was mainly attributable to the increase in the average price

of raw materials compared to that in the same period in 2009, resulting in an increase in the cost of sales. Net profit margin attributable to equity holders of the Company was approximately 3.5% (2009: approximately 3.8%). Net profit margin attributable to equity holders of the Company decreased by 0.3% over 2009.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 31 December 2010 was RMB2,044 million (31 December 2009: RMB695 million). As at 31 December 2010, the Group had current assets of RMB2,953 million (31 December 2009: RMB546 million) and current liabilities of RMB2,799 million (31 December 2009: RMB349 million). The current ratio was 1.06 as at 31 December 2010 as compared to 1.56 as at 31 December 2009. Of which Chengdu OCT's current ratio was 1.07. Excluding such factor, the current ratio of the paper packaging business was 1.46. The decrease in current ratio was mainly due to the increase in investing activities during the period. The Group generally finances its operations with internally generated funds and credit facilities provided by banks.

As at 31 December 2010, the Group had outstanding bank loans of RMB72.67 million, without any fixed-rate loans (31 December 2009: outstanding bank loans of RMB127 million; of which fixed-rate loan amounted to RMB6.40 million). As at 31 December 2010, the bank loan interest rates of the Group ranged from 0.95% to 1.52% per annum (while for the year ended 31 December 2009, the bank loan interest rates of the Group ranged from 0.95% to 5.4% per annum). Some of those bank loans were secured by 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% as at 31 December 2010, which was basically the same as approximately 27% as at 31 December 2009.

As at 31 December 2010, 100% of the total amount of outstanding bank loans of the Group was in Hong Kong Dollars (31 December 2009: approximately 95% in Hong Kong Dollars and approximately 5% in Renminbi). As at 31 December 2010, approximately 98% of the total amount of cash and cash equivalents of the Group was in Renminbi (31 December 2009: 40%), approximately 2% of its cash and cash equivalents was in Hong Kong Dollars (31 December 2009: 56%) and approximately 0% of its cash and cash equivalents was in United States Dollars (31 December 2009: 4%).

The Group's liquidity position remains stable and the Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements. The Group's transactions and monetary assets are principally denominated in Renminbi, Hong Kong Dollars or United States Dollars. 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 during the year ended 31 December 2010. During the year ended 31 December 2010, except for certain foreign exchange forward contracts to mitigate its foreign exchange risk, the Group did not employ any material financial instrument for hedging purposes.

PLACING AND SUBSCRIPTION

On 9 April 2010, the Board announced that, on 1 April 2010, the Group entered into a placing agreement with the placing agent for the placing of 60,000,000 Shares at the placing price of HK\$5.0 per share on a fully underwritten basis; and the Group entered into a subscription agreement with Pacific Climax Limited, pursuant to which Pacific Climax Limited agreed to subscribe for 91,800,000 Shares at the subscription price of HK\$5.0 per Share. The Subscription and the Placing were completed on 2 June 2010.

As a result of the above and the exercise of certain share options by the grantees during the year, the Company's total issued share capital increased to 505,360,000 Shares as at 31 December 2010.

SUBSEQUENT EVENTS

Reference is made to the circular of the Company dated 24 January 2011 relating to the termination of the Existing Share Option Scheme and adoption of the New Share Option Scheme. The Company passed an ordinary resolution regarding the termination of the Existing Share Option Scheme on 15 February 2011 (the purpose of which is not to grant further share options under the Existing Share Option Scheme, provided that the provisions under the Existing Share Option Scheme shall remain in force in all other aspects to exercise any share options previously granted or implement other matters that may be required by the provisions under the Existing Share Option Scheme. The share options granted prior to such termination shall continue to be valid and exercisable under the Existing Share Option Scheme). The New Share Option Scheme has taken effect on 15 February 2011 and its terms shall comply with the requirements under Chapter 17 of the Listing Rules. The Company proposed to adopt the New Share Option Scheme for the purpose of providing incentives or rewards as appropriate to eligible persons to repay their contributions or potential contributions to the Group. The New Share Option Scheme is intended to recruit and retain quality personnel and grants additional incentives to employees (full-time and part-time), directors, consultants and advisers of the Group to drive business achievements of the Group.

Reference is made to the announcement of the Company dated 27 January 2011. As stated in the announcement of the Company dated 31 December 2010, on 31 December 2010, the Group entered into, among others, the Existing Cartons Sale and Purchase Agreement. At the time of signing of the Existing Cartons Sale and Purchase Agreement, Konka Group Company Limited ("Konka Group") was directly owned by OCT Group as to approximately 19% of its then total issued share capital and was not an associate of OCT Group. As from 18 January 2011, OCT Group has gained control of majority of the board of Konka Group after the appointment of its fourth director in the board of Konka Group, hence Konka Group has become an associate of OCT Group and the transactions between Konka Group and the Group contemplated under the New Cartons Framework Agreement constitute continuing connected transactions under the Listing Rules. Having considered the potential demand of cartons by Konka Group, the Board has resolved to increase the annual caps for the supply of cartons to OCT Group and its associates including but not limited to Konka Group. The annual caps under the New Cartons Framework Agreement for each of three years ending 31 December 2013 will not exceed RMB120 million, RMB133 million and RMB143 million respectively. Each of OCT Group and its associates is a

connected person of the Company within the meaning of the Listing Rules, and hence the transactions contemplated under the New Cartons Framework Agreement constitute continuing connected transactions of the Company. Given that each of the applicable percentage ratios of the transactions contemplated under the New Cartons Framework Agreement, on a stand-alone and annual basis, is more than 5% and the annual consideration is over HK\$10,000,000, the New Cartons Framework Agreement and the annual caps set out thereunder are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

After the end of the reporting period, the Directors proposed a final dividend. Further details are disclosed in note 8.

PROSPECTS

Looking forward to 2011, we expect that the global economy will continue to recover at a steady pace, alongside with growing demand for packaging products amid certain uncertainties in the global economic landscape. The Group will continue to strengthen the market share and competitiveness of the Group in the paper packaging industry through enhancing internal control, stepping up the development of high-value products and sales strategies as well as actively expanding customer base.

In 2011, Chengdu OCT, a non-wholly owned subsidiary of the Company, will continue to advance various business segments. For residential property projects, the low-density residential of Phase III will be launched successively; whereas Phase II of Chengdu Happy Valley, which is under active preparation, is expected to be opened for sale in 2012. In view of rising disposable income and increasing consumption, the Group is also considering to raise the entrance fee for the tickets of the theme park, Chengdu Happy Valley. The Company is very positive about the long-term prospects of the Chengdu OCT Project, and believes that such project is able to generate promising returns to the Company. Meanwhile, Xi'an OCT will also commence construction on the parcels of land as scheduled and completion is expected to be in 2011, therefore generating investment gain to the Group.

The Company will endeavour to seek for other projects that are in line with the strategic planning of the Company while maintaining steady growth of its paper packaging business. The management believes that, leveraging on the extensive experience of the Company, brand image of "OCT" and its abundant resources, the Group can effectively strengthen its market competitiveness, which in turn can steadily increase the Company's value and bring long-term and stable returns to its Shareholders.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2010, the Group employed approximately 2,900 full-time staff members. The basic remunerations of the employees 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. Salaries of employees are maintained at a competitive level and are reviewed annually, with close 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 required by laws, the Group also provides discretionary bonuses based upon the Group's results and the individual performance of the staff.

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

The Group adopted a share option scheme at the time of its initial public offering. As at the date of this announcement, the Company granted a total of 19,300,000 share options under the scheme, of which 6,810,000 share options had been exercised during 2010.

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.

During the reporting period, the Company has complied with all the code provisions of the Code on Corporate Governance Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE

This results announcement and audited financial statements of the Company for the year ended 31 December 2010 had been reviewed by the Audit Committee of the Company before they were presented to the Board for approval.

As at the date of this announcement, the Board comprises seven Directors, including three executive Directors namely Ms. Wang Xiaowen, Ms. Xie Mei and Mr. Zhou Guangneng, one non-executive Director namely Mr. He Haibin and three independent non-executive Directors namely Ms. Wong Wai Ling, Mr. Xu Jian and Mr. Lam Sing Kwong Simon.

By Order of the Board
Overseas Chinese Town (Asia) Holdings Limited
Wang Xiaowen
Chairman

Hong Kong, 1 March 2011