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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Overseas Chinese Town (Asia) Holdings Limited (the “Company”), you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**MANDATE FOR POSSIBLE VERY SUBSTANTIAL ACQUISITION
INVOLVING PROPOSED PARTICIPATION IN THE PUBLIC TENDER IN
RELATION TO THE LAND CONSOLIDATION PROJECT AND PROPOSED
FORMATION OF JOINT VENTURE**

A notice convening the extraordinary general meeting of the Company to be held at 11:00 a.m. on Friday, 11 July 2014 at Noire, Level 3, Gateway Hotel, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong is set out on pages 52 to 53 of this circular. Whether or not you are able to attend the meeting in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the accompanying form of proxy will not preclude you from attending and voting at the meeting should you so wish.

24 June 2014

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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context otherwise requires:

“Advancement Period”	the period between the date of advancement of the Land Consolidation Fund from the JV Company to the Centre and the date of repayment by the Chengdu Jinniu Government
“Agreement of Intent”	the cooperation agreement of intent (意向協議) dated 28 January 2014 entered into among OCT Ltd., Chengdu Jinniu Government and Xinjin Nongfa Investments in relation to the rights and obligations of the parties in the Land Consolidation Project and the confirmation of the participation of OCT Ltd. or its subsidiary in the Tender
“associate”	has the meaning ascribed thereto under the Listing Rules
“Benchmark Lending Rate”	the benchmark lending interest rate published by the People’s Bank of China prevailing over the periods
“Board”	the board of Directors
“Centre”	金牛區統籌城鄉功能區發展中心 (Jinniu District Coordination of Urban and Rural Functional Areas Development Centre*)
“Chengdu Jinniu Government”	成都市金牛區人民政府 (the People’s Government of Jin Niu District, Chengdu, the PRC)
“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 and a non-wholly owned subsidiary of the Company
“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 (stock code: 03366)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at 11:00 a.m., on Friday, 11 July 2014, at Noire, Level 3, Gateway Hotel, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong to consider, if thought fit, to approve the Proposed Mandate
“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
“JV Company”	a joint venture company to be set up by Chengdu OCT with Xinjin Nongfa Investments pursuant to the Agreement of Intent and the Possible Cooperation, if Chengdu OCT wins the Tender
“Land”	a plot of land located at 中國成都金牛區環城生態區沙河源片區 (Shaheyuan Area, Huancheng Ecological Zone, Jinniu District, Chengdu, the PRC), with a planned area of approximately 3,190 mu
“Land Consolidation Fund”	the fund(s) to be invested by the JV Company for land consolidation work of the Land pursuant to the Agreement of Intent and the Possible Cooperation, if materialises
“Land Consolidation Project”	a land consolidation project of the Land including, amongst others, site formation (土地平整), removal (拆舊), restoration (複墾), centralized relocation of farmers (農民集中安置) and construction of infrastructure and urban facilities
“Latest Practicable Date”	20 June 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“mu”	mu (畝), a Chinese unit of measurement, equivalent to 666 $\frac{2}{3}$ square meters
“OCT (HK)”	Overseas Chinese Town (HK) Company Limited, a company incorporated in Hong Kong with limited liability, and wholly-owned by OCT Ltd.
“OCT Ltd.”	Shenzhen Overseas Chinese Town Company Limited (深圳華僑城股份有限公司), a company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange
“OCT Real Estate”	Overseas Chinese Town Real Estate Company Limited (深圳華僑城房地產有限公司), a wholly-owned subsidiary of OCT Ltd.
“Pacific Climax”	Pacific Climax Limited, a company incorporated in the British Virgin Islands with limited liability, who is a controlling shareholder of the Company and is wholly-owned by OCT (HK)
“Possible Cooperation”	the transactions contemplated under the Tender, including but not limited to the formation of the JV Company, upon successful bid by Chengdu OCT
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Proposed Mandate”	a mandate proposed to be sought by the Company from the Independent Shareholders for authority to Chengdu OCT to participate in the Tender and to engage in the Possible Cooperation
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Share(s)”	share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Tender”	the public tender selection of a partner by the Chengdu Jinniu Government for the Land Consolidation Project
“Xinjin Nongfa Investments”	成都市鑫金農發投資有限公司 (Chengdu Xin Jin Nong Fa Investments Co., Ltd*), a stated-owned enterprise
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

In this circular, the English names of the PRC entities or enterprises are translation of their Chinese names for the purpose of illustration. In the event of any inconsistency, the Chinese names shall prevail. The English translation of names or any descriptions in Chinese which are marked with “” is for identification purpose only.*

For the purpose of this circular and solely for the purpose of illustration, all amounts in RMB are translated into HK\$ at an exchange rate of HK\$1.00 = RMB0.80.

LETTER FROM THE BOARD



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)

Executive Directors:

Ms. Wang Xiaowen (*Chairman*)
Ms. Xie Mei (*Chief Executive Officer*)
Mr. Yang Jie

Registered Office:

PO Box 1350 GT
75 Fort Street
Grand Cayman
Cayman Islands

Non-executive Director:

Mr. Zhou Ping

*Head Office and Principal Place
of Business:*

Suites 3203-3204, Tower 6
The Gateway, Harbour City
Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

Independent Non-executive Directors:

Ms. Wong Wai Ling
Mr. Lu Gong
Mr. Lam Sing Kwong Simon

24 June 2014

To the Shareholders,

Dear Sir or Madam,

**MANDATE FOR POSSIBLE VERY SUBSTANTIAL ACQUISITION
INVOLVING PROPOSED PARTICIPATION IN THE PUBLIC TENDER IN
RELATION TO THE LAND CONSOLIDATION PROJECT AND PROPOSED
FORMATION OF JOINT VENTURE**

INTRODUCTION

References are made to the announcement of the Company dated 3 June 2014.

It has come to the Company's knowledge that the Chengdu Jinniu Government is looking for a partner to set up a joint venture company for the Land Consolidation Project of the Land owned by the Chengdu Jinniu Government. The selection of the said partner will be through Tender and each candidate who wishes to participate in the Tender will be required by the Chengdu Jinniu Government to enter into a cooperation agreement of intent with the Chengdu Jinniu Government and Xinjin Nongfa Investments and pay an earnest money in the amount of RMB300,000,000 (equivalent to approximately HK\$375,000,000) to Xinjin Nongfa Investments. Also, it has also come to the Company's knowledge that OCT Ltd., a controlling shareholder of the Company, has entered into the Agreement of Intent with the Chengdu Jinniu Government and Xinjin Nongfa Investments on 28 January 2014 to confirm the participation of OCT Ltd. or its subsidiary in the Tender.

LETTER FROM THE BOARD

POSSIBLE COOPERATION

The Board is pleased to announce that after preliminary discussion with OCT Ltd. and obtaining the approval from the Board on 29 May 2014, Chengdu OCT, a non-wholly owned subsidiary of the Company, proposed to participate in the Tender in the capacity as OCT Ltd.'s subsidiary, subject to the obtaining of the prior approval from the Independent Shareholders. If Chengdu OCT wins the Tender, it shall thereupon assume the rights and obligations of OCT Ltd. under the Agreement of Intent and shall enter into a formal agreement with the Chengdu Jinniu Government.

PRINCIPAL TERMS OF THE AGREEMENT OF INTENT

The principal terms of the Agreement of Intent are as follows:

Parties

- (1) Chengdu Jinniu Government
- (2) OCT Ltd. (*Note*)
- (3) Xinjin Nongfa Investments

Note: Chengdu OCT shall assume the rights and obligations of OCT Ltd. under the Agreement of Intent if Chengdu OCT wins the Tender.

To the best information, knowledge and belief of the Directors, after having made all reasonable enquiries, each of Chengdu Jinniu Government and Xinjin Nongfa Investments is a third party independent of the Company and its connected persons.

Proposed Formation of the JV Company

Registered capital and capital contribution

Pursuant to the Agreement of Intent, if Chengdu OCT wins the Tender, Chengdu OCT and Xinjin Nongfa Investments will set up the JV Company with a registered capital of RMB100,000,000 (equivalent to approximately HK\$125,000,000), in which each of Chengdu OCT and Xinjin Nongfa Investments has to make contribution to the registered capital of RMB80,000,000 (equivalent to approximately HK\$100,000,000) and RMB20,000,000 (equivalent to approximately HK\$25,000,000), respectively, and hence the JV Company will be owned as to 80% and 20% by Chengdu OCT and Xinjin Nongfa Investments respectively. Xinjin Nongfa Investments is designated by the Chengdu Jinniu Government to be a shareholder of the JV Company. Such capital contribution in the JV Company was determined by the Chengdu Jinniu Government with reference to the size of the Land Consolidation Project, which was considered and approved by the Board taking into account the size of the Land Consolidation Project and the requirements on the registered capital of the JV Company by banks or financial institutions for provision of loans, if any.

LETTER FROM THE BOARD

The JV Company will be responsible for providing the Land Consolidation Fund for the Land Consolidation Project up to a maximum amount of RMB4,170,000,000 (equivalent to approximately HK\$5,212,500,000), and if the actual land consolidation costs exceed the aforesaid maximum amount, the deficit will be borne by the Chengdu Jinniu Government.

The JV Company will provide the Land Consolidation Fund with its registered capital of RMB100,000,000, shareholder's loan from Chengdu OCT and loans from banks or financial institutions. Xinjin Nongfa Investments will only be responsible for providing RMB20,000,000 to the registered capital of the JV Company, which will be utilized by the JV Company for providing the Land Consolidation Fund to the Centre. Hence, the maximum investment amount in the Possible Cooperation by the Group if Chengdu OCT wins the Tender will be RMB4,150,000,000 (equivalent to approximately HK\$5,187,500,000).

Business Scope of the JV Company

The business scope of the JV Company will include, among other things, investment in and financing of the Land Consolidation Project, agricultural projects, land clearance, investment management, investment in infrastructure and public facilities projects for “new housing projects”.

Management and supervision of the JV Company

Chengdu OCT is entitled to appoint an executive director (who will be the legal representative and the general manager of the JV Company) in lieu of a board of directors, while Xinjin Nongfa Investments is entitled to appoint a supervisor in lieu of a supervisory board.

In respect of financial affairs of the JV Company, Chengdu OCT is entitled to appoint a responsible person who will be in charge of the financial affairs, while Xinjin Nongfa Investments is entitled to appoint a deputy general manager who will share the management of financial affairs.

Profit sharing of the JV Company

The JV Company will be awarded with certain investment return for the provision of the Land Consolidation Fund, details of which are set out in the paragraph headed “Capital cost return and investment return” under the section headed “Information about the Land and the Land Consolidation Project” hereinbelow. Chengdu OCT and Xinjin Nongfa Investments will be entitled to share the profits or to bear the losses of the JV Company in proportion to their respective equity interest.

Upon completion of the Land Consolidation Project and if there does not exist any further investment opportunities, the JV Company will be liquidated in accordance with its articles of association and its remaining profits and assets will be distributed to its shareholders in accordance with the proportion of equity interest held by the respective shareholders.

LETTER FROM THE BOARD

Earnest money

An earnest money of RMB300,000,000 has been paid by OCT Ltd. to Xinjin Nongfa Investments following the signing of the Agreement of Intent, which will be refunded in entirety with interest to OCT Ltd., irrespective of whether Chengdu OCT wins the Tender or not and within 5 days from the date of the release of the results of the Tender. Accordingly, in case where (i) approval of the Proposed Mandate from the Independent Shareholders cannot be obtained at the EGM; or (ii) Chengdu OCT does not win the Tender, there will be no impact on the Company.

ROLES AND RESPONSIBILITIES OF THE PARTIES

A summary of the roles and responsibilities of each of Chengdu OCT (if Chengdu OCT wins the Tender), Chengdu Jinniu Government, Xinjin Nongfa Investments, the JV Company and the Centre in the Land Consolidation Project is set out below:–

Party	Roles and Responsibilities
Chengdu OCT (if Chengdu OCT wins the Tender)	1. Making contribution to the registered capital of the JV Company in the amount of RMB80,000,000 2. Ensuring the Land Consolidation Fund be available to the JV Company
Chengdu Jinniu Government	1. Monitoring the Land Consolidation Project 2. Bearing the deficit if the actual land consolidation costs exceed the maximum amount of RMB4,170,000,000 to be provided by the JV Company 3. Repaying the Land Consolidation Fund to the JV Company together with the costs of the Land Consolidation Fund injected and an investment return
Xinjin Nongfa Investments	1. Making contribution to the registered capital of the JV Company in the amount of RMB20,000,000 2. If shareholder's loan is provided by Chengdu OCT to the JV Company, giving guarantee to Chengdu OCT of 20% of the relevant amount

LETTER FROM THE BOARD

The JV Company

Providing Land Consolidation Fund to the Centre

The Centre (*Note*)

Implementing of the Land Consolidation Project

Note: The Centre is a business unit of the Chengdu Jinniu Government. The JV Company will enter into a separate agreement with the Centre for the detailed terms of engagement. The major terms of engagement shall be consistent with the Agreement of Intent, including, amongst others, the scope and the completion timeframe of the Land Consolidation Project.

INFORMATION ABOUT THE LAND AND THE LAND CONSOLIDATION PROJECT

The Land is situated at Shaheyuan Area, Huancheng Ecological Zone, Jinniu District, Chengdu, the PRC (中國成都金牛區環城生態區沙河源片區) with a planned area (規劃面積) of approximately 3,190 mu (approximately equivalent to 2,126,667 square meters). After the completion of the Land Consolidation Project, there will be an operational construction area (經營性建設用地) of approximately 906.63 mu (approximately equivalent to 604,420 square meters). In such operational construction area, approximately 714.49 mu (approximately equivalent to 476,327 square meters) will be for residential use, 39.24 mu (approximately equivalent to 26,160 square meters) will be for commercial use and 152.9 mu (approximately equivalent to 101,933 square meters) will be for integrated use. The residential property projects and commercial property projects in Chengdu Huancheng Ecological Zone have a relatively low plot ratio, and they are surrounded by a large area of green ecology, lake ecology and concentration of water crop area.

According to the information currently available to the Company, major part of the Land is 農村土地集體所有 (collective ownership of rural land use rights*) while a small part of the Land is state-owned. There are currently, among others, markets and residential properties on the Land.

The Land Consolidation Project is divided into two phases, of which the planned area and operational construction area of Phase 1 account for 1,510 mu (equivalent to approximately 1,006,667 square meters) and 486.4 mu (equivalent to approximately 324,270 square meters), respectively, that of Phase 2 account for 1,680 mu (equivalent to 1,120,000 square meters) and 420.23 mu (equivalent to approximately 280,150 square meters), respectively. Pursuant to the Agreement of Intent, the Chengdu Jinniu Government undertakes to adhere to the following timeframe:-

- (1) Phase 1 shall be completed and available for checking within 12 months from the date of approval of the Land Consolidation Project;
- (2) sale of the Land in Phase 1 shall be completed within 12 months after the passing of the checking of the land consolidation work;
- (3) the Land Consolidation Project shall be completed and the Land shall be available for checking within 30 months from the date of approval of the Land Consolidation Project; and
- (4) sale of the Land in entirety shall be completed within 42 months.

LETTER FROM THE BOARD

According to information currently available to the Company, after the completion of the Land Consolidation Project, the Chengdu Jinniu Government will offer the operational construction area of the Land for sale through the process of bidding invitation, auction or listing-for-sale* (招拍掛) in accordance with the laws and regulations of the PRC. Any enterprise or individual who fulfils the requirements set out in the tender by the Chengdu Jinniu Government can participate in the tender.

Chengdu OCT shall be entitled to the rights set out in the paragraph headed “Breach of Agreement of Intent and Termination Clause – (ii) Termination by Chengdu OCT” in this circular should there be any failure to adhere to the timeframe stipulated in paragraphs (1), (2) or (3) above (save for default on the part of Chengdu OCT).

Source of the Land Consolidation Fund

The JV Company will be responsible for providing the Land Consolidation Fund for the Land Consolidation Project up to a maximum amount of RMB4,170,000,000 (equivalent to approximately HK\$5,212,500,000), and if the actual land consolidation costs exceed the aforesaid maximum amount, the deficit will be borne by the Chengdu Jinniu Government. The aforesaid maximum amount of Land Consolidation Fund to be provided by the JV Company was determined at arm’s length negotiation between OCT Ltd. and the Chengdu Jinniu Government with reference to the estimated land consolidation fee of RMB4,600,000 per mu (such estimated land consolidation fee of RMB4,600,000 per mu is determined by the Centre based on its estimated costs for implementing the Land Consolidation Project with reference to the coverage of the Land, the size of the relocation and the construction of infrastructure to be involved in the Land Consolidation Project, the Chengdu Jinniu Government’s compensation policy for relocation and the standard construction pricing) and the operational construction area of approximately 906.63 mu, which was considered and approved by the Board having taken into account the size of the Land Consolidation Project and the standard costs for land consolidation works in Chengdu.

The Land Consolidation Fund will be advanced by the JV Company to the Centre in installments according to the timetable to be agreed among Chengdu OCT, Xinjin Nongfa Investments, Chengdu Jinniu Government, the JV Company and the Centre. The detailed timetable of and the respective amount for the advancement of the Land Consolidation Fund have not yet been determined currently but shall be consistent with the progress and the actual need for funds of the Land Consolidation Project.

Pursuant to the Agreement of Intent and if Chengdu OCT wins the Tender, Chengdu OCT will be responsible for ensuring the Land Consolidation Fund be available to the JV Company. Chengdu OCT may provide the required funds to the JV Company by way of shareholder’s loan with an interest rate of the prevailing Benchmark Lending Rate plus 10%. According to the requirements of State-owned Assets Supervision and Admission Commission of People’s Government of Chengdu Municipality* (成都市國有資產監督管理委員會), the guarantee provided by any state-owned shareholders (which are governed by this commission) to joint venture company cannot exceed its shareholdings in such joint venture. Accordingly, if

LETTER FROM THE BOARD

Chengdu OCT provides any shareholders' loan to the JV Company, Xinjin Nongfa Investments, which will hold 20% interest in the JV Company, will provide guarantee as to 20% of such shareholder's loan provided by Chengdu OCT to the JV Company and interest accrued. Chengdu OCT and Xinjin Nongfa Investments may, together with the JV Company, use other ways of financing, provided that the costs of financing shall not be higher than that of the aforementioned shareholder's loan.

In the event that Chengdu OCT is required to provide funds to the JV Company, it will settle the same by loans from banks or financial institutions and/or internal resources.

Capital cost return and investment return

Pursuant to the Agreement of Intent, the Chengdu Jinniu Government shall repay the JV Company the Land Consolidation Fund injected together with the costs of the Land Consolidation Fund injected and an investment return in the following manner:

- (1) During the period when the Land Consolidation Project is in progress and if there is any sale of part of operational construction area of the Land, the Chengdu Jinniu Government shall apply the proceeds of each sale to pay the JV Company (i) the corresponding investment amount to that part of the Land by the JV Company, (ii) the cost of the Land Consolidation Fund injected to that part of operational construction area of the Land sold calculated using the formula (A) below, and (iii) part of the investment return (depending on the prevailing market conditions and the proceeds received from the sale, and to be agreed between the Chengdu Jinniu Government and Chengdu OCT) calculated using the formula (B) below, within 20 business days after the proceeds of sale (after deducting the accruals) have been received by the Chengdu Jinniu Government.

- (A) Cost of the Land Consolidation Fund injected will be calculated using the formula below:

$$\begin{array}{ccccccc} \text{RMB4,600,000} & & \text{Area of} & & \text{The actual number} & & \\ \text{per mu} & \times & \text{that part of} & \times & \text{of days of the} & \times & \\ & & \text{operational} & & \text{Advancement Period} & & \\ & & \text{construction} & \times & \text{365} & & \\ & & \text{area of} & & & & \\ & & \text{the Land sold} & & & & \end{array}$$

- (B) Investment return will be calculated using the formula below:

$$\begin{array}{ccccccc} \text{RMB4,600,000} & & \text{Area of} & & \text{An annual rate of} & & \text{The actual number} \\ \text{per mu} & \times & \text{that part of} & \times & \text{not more than} & \times & \text{of days of the} \\ & & \text{operational} & & \text{12\% (Note)} & & \text{Advancement Period} \\ & & \text{construction} & & & & \text{365} \\ & & \text{area of} & & & & \\ & & \text{the Land sold} & & & & \end{array}$$

LETTER FROM THE BOARD

Note: Chengdu OCT will ask for an annual rate of investment return of a minimum of 10% and a maximum of 12% in its tender documents to be submitted. The aforesaid minimum requested annual rate of investment return was determined by Chengdu OCT with reference to Chengdu OCT's cost of provision of the funds and rates of investment return of similar projects in the market and the aforesaid maximum requested annual rate of investment return was determined by Chengdu OCT with reference to the maximum annual rate set by the Chengdu Jinniu Government specified in the Agreement of Intent (which is in fact the maximum investment return for this kind of projects pursuant to the relevant policy of Sichuan province), which was considered and approved by the Board. Since the bidders' requested percentage of investment return is one of the consideration factors in selecting the partner for the Land Consolidation Project by the Chengdu Jinniu Government, if the annual rate of investment return requested by Chengdu OCT (i.e. minimum 10% and maximum 12%) does not meet the Chengdu Jinniu Government's requirement, Chengdu OCT will not win the Tender. Accordingly, Chengdu OCT will not carry on with the Possible Cooperation if the annual rate of investment return is lower than 10%.

- (2) The remaining investment return shall, upon completion of Land Consolidation Project and sale of the Land, be calculated within 5 business days after the proceeds of the sale have been returned to the Chengdu Jinniu Government (after deducting the accruals). The Chengdu Jinniu Government shall arrange the relevant authority(ies) to pay such remaining investment return within 30 days in cash after the aforesaid calculation.

As detailed above, the repayment of the Land Consolidation Fund to the JV Company will be tied to the receipt of proceeds of sale of the Land (after deducting the accruals) by the Chengdu Jinniu Government, while the sale of the Land shall follow the timeframe as detailed in the paragraph headed "Information about the Land and the Land Consolidation Project" in this circular. Save for the aforesaid, there is no fixed repayment schedule for the Land Consolidation Fund injected.

Breach of Agreement of Intent and Termination Clause

- (i) *Termination by Chengdu Jinniu Government and Xinjin Nongfa Investments in case of Chengdu OCT's breach*

Pursuant to the Agreement of Intent, if the Land Consolidation Project is delayed for more than 60 days to the stipulated timeframe as a result of Chengdu OCT failing to inject the required Land Consolidation Fund into the JV Company in accordance with the Agreement of Intent, the Chengdu Jinniu Government and Xinjin Nongfa Investments shall be entitled to terminate the Agreement of Intent. Chengdu OCT shall withdraw from the JV Company, and its equity interest held in the JV Company will be repurchased by Xinjin Nongfa Investments in the sum of original capital contribution by Chengdu OCT (i.e. RMB80,000,000) within 1 month of the withdrawal.

LETTER FROM THE BOARD

Under the abovementioned circumstances, Chengdu OCT undertakes to waive the interest accrued from the shareholder's loan and its entitlement to investment return in the JV Company. In addition, Chengdu OCT will be required to compensate the Chengdu Jinniu Government and Xinjin Nongfa Investments the amount as calculated below:

$$(A - B - C - D) \times (12\% + E) \times F$$

Where:

- A = RMB4,170,000,000
- B = the registered capital of the JV Company, being RMB100,000,000
- C = the shareholder's loan provided by Chengdu OCT to the JV Company (if any)
- D = other borrowings by the JV Company
- E = the Benchmark Lending Rate
- F = the number of days in default according to the agreed timetable for the injection of the Land Consolidation Fund/365

The shareholder's loan provided by Chengdu OCT to the JV Company (if any) shall be returned to Chengdu OCT after deducting the compensation to the Chengdu Jinniu Government and Xinjin Nongfa Investments within 180 days after assigning the Land in entirety, or 5 years after the approval of Land Consolidation Project, whichever is earlier.

(ii) Termination by Chengdu OCT

Chengdu OCT shall be entitled to terminate the Agreement of Intent and withdraw from the JV Company in the circumstances where the Land Consolidation Project could not be carried out properly for any reason (no matter it is caused by the Chengdu Jinniu Government or Xinjin Nongfa Investments), save for the default on the part of Chengdu OCT as stated in paragraph (i) above. Chengdu OCT's shareholding in the JV Company shall be repurchased by Xinjin Nongfa Investments in the sum of original capital contribution by Chengdu OCT (i.e. RMB80,000,000) within 1 month of the withdrawal.

Under such circumstances, the Chengdu Jinniu Government and Xinjin Nongfa Investments undertake to return to Chengdu OCT the shareholder's loan contributed by Chengdu OCT together with the respective interest accrued. The Chengdu Jinniu Government and Xinjin Nongfa Investments will be required to compensate Chengdu OCT within 3 months after the termination of the Agreement of Intent the amount as calculated as below:

$$(A \times 12\%) \times B$$

Where:

- A = the shareholder's loan provided by Chengdu OCT to the JV Company
- B = the actual number of days which the shareholder's loan has been provided/365

(iii) Late injection of Land Consolidation Fund by Chengdu OCT and non-repayment by the Chengdu Jinniu Government

If Chengdu OCT does not inject the Land Consolidation Fund into the JV Company for more than 30 days from the agreed date, Chengdu OCT will be required to compensate the Chengdu Jinniu Government a daily amount which represents 0.03% of the amount of Land Consolidation Fund which should have been contributed by Chengdu OCT.

LETTER FROM THE BOARD

If Chengdu OCT does not inject the Land Consolidation Fund to the JV Company for more than 60 days from the agreed date, the Chengdu Jinniu Government shall be entitled to pursue the compensation as stated in the paragraph (i) above.

If Chengdu Jinniu Government does not repay the JV Company the Land Consolidation Fund injected, the capital cost return and the investment return for more than 30 days from the agreed date, Chengdu Jinniu Government shall compensate the JV Company a daily amount which represents 0.03% of the amount due.

If Chengdu Jinniu Government does not repay the JV Company the Land Consolidation Fund injected, the capital cost return and the investment return for more than 60 days from the agreed date, Chengdu OCT shall be entitled to pursue the compensation as stated in the paragraph (ii) above.

INFORMATION OF THE TENDER

Based on the information currently available, the Chengdu Jinniu Government will select the partner for the Land Consolidation Project based on, among others, the credit profile, financial status, relevant past experiences of the bidders and the bidders' requested percentage of investment return to be given to the joint venture company by the Chengdu Jinniu Government for the funds injected by the joint venture company.

Based on the information currently available, the Directors expect that the Tender will be closed in around one month after the publication of the notice of Tender by the Chengdu Jinniu Government (which is currently expected to be issued on or before 30 June 2014) and the results of the Tender will be released on the next day upon close of Tender. The selected candidate will enter into a formal agreement with the Chengdu Jinniu Government in around 5 business days thereafter.

VALIDITY PERIOD OF THE AUTHORISATION

Upon obtaining Independent Shareholders' approval at the EGM for the Proposed Mandate, Chengdu OCT will be authorized to submit application for the Tender within two months from the date of the EGM.

INFORMATION OF THE GROUP, CHENGDU OCT, CHENGDU JINNIU GOVERNMENT AND XINJIN NONGFA INVESTMENTS

The Group is principally engaged in the comprehensive development business and the manufacture and sale of cartons and paper products. Chengdu OCT is principally engaged in the development and operation of properties, tourism and hotel complex in the PRC.

Chengdu Jinniu Government is the People's Government of Jin Niu District, Chengdu, the PRC.

Xinjin Nongfa Investments is a state-owned enterprise and a wholly-owned subsidiary of the State-owned Assets Supervision and Administration Commission of Jinniu District of Chengdu Municipality* (成都市金牛區國有資產監督管理委員會), which is principally engaged in investment in agricultural projects, land clearance, investment management, investment in infrastructure and public facilities projects for "new housing projects".

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE POSSIBLE COOPERATION

The Directors are of the view that the Possible Cooperation, if materialises, would bring satisfactory return to the Group, enable the Group to reach out to new business opportunities, diversify sources of revenue for the Group. The Directors are of the view that the Possible Cooperation, if materialises, would promote the business development of the Group.

The Directors consider that the terms of the Agreement of Intent are fair and reasonable, and that the Possible Cooperation is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS AND MANDATE FOR POSSIBLE VERY SUBSTANTIAL ACQUISITION

As one or more of the relevant applicable percentage ratios calculated pursuant to the Listing Rules in respect of the Possible Cooperation, if materialises, exceed 100%, the Possible Cooperation, if materialises, constitutes a very substantial acquisition of the Company for the purpose of the Listing Rules and is subject to, among other things, the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 of the Listing Rules. Accordingly, the Board would like to seek for the approval of the Proposed Mandate from the Independent Shareholders at the EGM. Upon the obtaining of such Independent Shareholders' approval, Chengdu OCT will be authorized to submit application for the Tender within two months from the date of the EGM.

Chengdu OCT is a non-wholly owned subsidiary of the Company and is indirectly owned as to approximately 51% by the Company, as to approximately 24.8% by OCT Real Estate (a wholly-owned subsidiary of OCT Ltd.) and as to approximately 24.2% by OCT Ltd.. As at the Latest Practicable Date, Pacific Climax is a controlling shareholder of the Company, holding approximately 66.93% of the issued share capital of the Company. Pacific Climax is wholly-owned by OCT (HK), which is, in turn, wholly-owned by OCT Ltd.. As OCT Ltd., other than the interest in Chengdu OCT held by it indirectly through the Company, holds approximately 24.2% equity interest directly, and approximately 24.8% equity interest indirectly through its wholly-owned subsidiary, OCT Ltd. has a material interest in the Possible Cooperation and therefore Pacific Climax and its associates are required to abstain from voting on the Proposed Mandate at the EGM.

An EGM will be convened by the Company at which resolution will be proposed to consider, and if thought fit, approve, among others, the Proposed Mandate.

FINANCIAL EFFECT OF THE POSSIBLE COOPERATION

Upon the establishment of the JV Company with Xinjin Nongfa Investments, the JV Company will become a non-wholly owned subsidiary of the Company and accordingly, the financial statements of the JV Company will be consolidated in the Group's consolidated financial statements.

LETTER FROM THE BOARD

As the JV Company will be responsible for providing the Land Consolidation Fund for the Land Consolidation Project, the Land Consolidation Fund to be contributed by the JV Company will be accounted for in the Group's consolidated financial statements as "Other receivables" during the period when the Land Consolidation Project is in progress and until (i) if there is any sale of part of operational construction area of the Land, the Chengdu Jinniu Government shall apply the proceeds of each sale to pay the JV Company the corresponding investment amount to that part of the Land by the JV Company with the cost of the Land Consolidation Fund injected to that part of operational construction area of the Land sold and part of the investment return; and (ii) upon completion of Land Consolidation Project and sale of the Land, the Chengdu Jinniu Government will arrange to pay the remaining investment return after the proceeds of the sale have been returned to the Chengdu Jinniu Government.

For the cost of the Land Consolidation Fund, the JV Company will accrue as "Other receivables – Cost of the Land Consolidation Fund" until the cost of the Land Consolidation Fund is received by the JV Company in accordance with the above-mentioned manner.

The effects of the Possible Cooperation on the future earnings of the Group will depend on, among other things, the interest income to Chengdu OCT and the corresponding financing cost of Chengdu OCT for shareholder's loan to be provided by Chengdu OCT to the JV Company (if any) and its share of profits of the JV Company in accordance with its equity interest. The JV Company's profit will depend on its operating results. The operating results of the JV Company will be directly affected by the realization of its investment in the Land Consolidation Project, which will in turn depend on the time of completion of the Land Consolidation Project and sale of the Land. The Directors expect that the formation of the JV Company would be likely to have a positive impact on the Group's future earnings.

As "Other receivables" will increase arising from the Land Consolidation Fund to be contributed and the cost of the Land Consolidation Fund to be received, it is expected that the total assets of the Group will increase. On the other hand, the Land Consolidation Fund will be financed by internal resources of the Group and loans from banks or financial institutions. As a result, total liabilities of the Group are expected to increase.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the year ended 31 December 2013, the Group's turnover was approximately RMB4,059 million, representing an increase of approximately 17.5% over 2012. Profit attributable to the Shareholders for the year was approximately RMB236 million, representing an increase of approximately 33.1% over 2012. Gross profit margin was approximately 36.5%, representing an increase of approximately 2.2% over 2012. Total assets and total equity amounted to approximately RMB21.102 billion and approximately RMB6.11 billion, representing an increase of approximately 4.8% and approximately 26.5% over 2012 respectively.

LETTER FROM THE BOARD

Comprehensive Development Business

In 2014, the Group will strengthen its brand advantage, actively face market changes, grasp good opportunities to enter into the market, focus on differentiated marketing, discover client resources and promote sales growth. At the same time, the Group will persist with the quick turnover rate strategy, introduce products according to the market demand, speed up the collection of receivables and enhance the efficiency of capital used.

In 2014, Shanghai Suhewan will introduce a wide range of products. Besides the continued sales of residential and commercial property products already introduced, multi-storey riverside residential buildings, townhouses, luxury high-rise residential properties with rare landscape resources will be introduced at 1 Jiefang, approximately 36,700 sq.m. of saleable or leasable area is planned for new launch. It is predicted that the project's contribution to the Group's profit will increase rapidly. Shanghai Suhewan, as a riverside city comprehensive project featuring a fusion of cultural heritage, art, fashion, commercial and residential properties as well as urban recreational facilities, will be transformed into a brand new landmark in Shanghai. Chengdu OCT will speed up the development of commercial properties and continue to introduce high-end office property products while the residential project will continue to sell high-rise, multi-storey and low-density residential properties, approximately 120,000 sq.m. of saleable or leasable area is planned for new launch.

Looking forward, the Group will persist with established strategies, maintain a steady pace in investment, strictly control investment risk and acquire quality project resources at reasonable prices in areas with development potential of first and second tier cities, increase its land reserves and realize combination and rational allocation between large-scale integrated development projects and fast turnaround projects. At the same time, we will use our current projects as our base and leverage the experience and advantages of OCT in cultural, technological and entertainment fields to constantly enrich our products and create new products, raise market influence and regional cohesiveness.

Paper packaging business

The Group will continue to expand markets, adjust sales strategies and incentive proposals and optimize customer structure by maintaining existing customers and searching for new customers. In order to accommodate customers undergoing industrial shift, the Group will construct a new factory in Changshu, Jiangsu Province, which is expected to commence production in 2015 aiming to stabilize its market share in the Yangtze River Delta region. The PRC government has promulgated numerous policies which encourage substituting paper for wood, substituting paper for plastic and policies to aid the development of the logistics industry. This will broaden the application of paper packaging products and is beneficial to the adjustment and development of the Group's new customers. By continuing to enhance management, lowering costs and improving efficiency, constantly optimizing the Group's customer structure, it is expected that the turnover and gross profit margin of the Group's paper packaging business in 2014 will increase steadily.

LETTER FROM THE BOARD

The Group has confidence in the development prospect in the future, and believes that the Group will receive support and continued concern from our parent company. The Group aims to become a prominent developer and operator of commercial complex, and continue to bring satisfactory return to its shareholders.

RISK FACTORS

Risks relating to Possible Cooperation

We may not win the Tender

The Chengdu Jinniu Government will hold the Tender and invite state-owned companies or state-owned holding corporations to set up a joint venture company with Xinjin Nongfa Investments for investment in the Land Consolidation Project. The related information will be published on newspapers and online platforms. Only when our bid is successful and Chengdu OCT being selected, we can be qualified as an investor. The Tender result is still uncertain.

Risks relating to decision making and management of the JV Company

If Chengdu OCT wins the Tender, it will establish the JV Company with Xinjin Nongfa Investments. As uncertainty exists over the shareholders' meeting and articles of association of the new company, the decision making and management of the JV Company may be hindered to certain extents due to disagreements that may arise from the investing parties of the JV Company.

Risks from interest rate fluctuations

If Chengdu OCT wins the Tender, it will be responsible for ensuring the Land Consolidation Fund be available to the JV Company which may be in the form of providing shareholder's loan to the JV Company. For each separate loan, interests will be accrued from the date of the receipt of fund by the JV Company at prevailing Benchmark Lending Rate plus 10% for the comparable term. Chengdu OCT may provide the said shareholders' loan by financing from banks or other financial institutions. For the sake of controlling finance cost, the JV Company may obtain financing from banks or other financial institutions, provided that the finance cost would not exceed the borrowing cost charged by Chengdu OCT if the latter was the lender.

Accordingly, the Group's finance cost will be affected by any changes in interest rates in the PRC. There can be no assurance that the People's Bank of China will not increase lending rates in the future resulting in a higher finance cost for the Group. If the People's Bank of China increases lending rates in the future, the Group's financial condition and results of operations may be materially and adversely affected.

LETTER FROM THE BOARD

Risks arising from policy changes

It is agreed in the Agreement of Intent that the Chengdu Jinniu Government shall pay investment returns to the JV Company and be liable for funding costs in strict compliance with 成府發(2011)26號文件 (成都市人民政府批轉國土局等部門關於進一步規範引進社會資金進行一級土地整理意見的通知) (Cheng Fu Fa (2011) No. 26 Document* (Notice of the Chengdu Municipal People's Government about Approving and Transmitting Opinions of the Municipal Administration of State Land on Introducing Public Funds for Class One Land Consolidation*)).

The existing terms in the Agreement of Intent have been made subject to the current government policy which may be amended from time to time.

Risks relating to the delivery of Land and the progress of demolition and resettlement of the Land Consolidation Project

The timing and cost of the delivery of Land and the progress of demolition and resettlement works of the Land Consolidation Project are affected by a number of factors, which pose risks to the Group. As the systems for demolition and resettlement works are becoming more comprehensive, the related works are becoming more difficult to handle and are incurring higher costs. The risks involved in the possible changes in the progress of demolition and resettlement as agreed in the Agreement of Intent may lead to breach of contract by the Chengdu Jinniu Government or adversely affect realisation of the JV Company's investment in the Land Consolidation Project and thus may affect the operating results of the JV Company and the future earnings of the Group.

Risk relating to the uncertainties of sale of the Land

The terms of the Agreement of Intent provide as follows: The Chengdu Jinniu Government undertakes to complete Phase 1 of the Land Consolidation Project within 12 months from the date of approval of the Land Consolidation Project. After passing of the checking of the land consolidation work, the Chengdu Jinniu Government undertakes to complete the sale of the Land in Phase 1 according to relevant laws within 12 months.

The sale of the Land is subject to multi-level regulations and controls by the central and local governments. Therefore, the uncertainty of the schedule for sale of the Land poses risks to the realization of the project investment.

Risk relating to disruption of operations and impairment to progress of Land Consolidation Project by natural disasters or bad weather

If there happens any natural disasters or bad weather in Chengdu, the Land Consolidation Project could be interrupted, which may adversely affect the operating results of the Group.

LETTER FROM THE BOARD

The Group may not have enough fund for Land Consolidation Project

Land consolidation is a capital-intensive activity, which may involve a large amount of debt financing. Most of the fund necessary for land consolidation is mainly funded by the Group through a combination of proceeds from the pre-sale and sale of developments, loans from financial institutions and internal financing. There is no assurance that the Land Consolidation Project will not be imposed any restrictions by any newly amended laws and regulations of the PRC. Any such restrictions may delay the capital recovery time of the Group, and the Group will be forced to seek other financing methods to complete the relevant investment project, and thus the cash flow, operation and financial positions could be materially adversely affected. There is no assurance that the Group could be able to raise sufficient funds, or at all, on acceptable terms to meet the financing requirements in the future (especially when the land market is depressed).

Risks Relating to Property Development in the PRC

The Group's activities are subject to risks associated with the property development industry

The Group's property development activities involve acquiring development rights for large plots of land from PRC governments. Acquiring these development rights, converting them into land use rights and committing the financial and managerial resources to develop the land involve significant risks. Before a property development project will generate revenue, the Group must make a variety of material expenditures, including acquiring development rights and constructing property development infrastructure. As a result, the Group's current and future property development activities have in the past been exposed to, and may continue to be exposed to, the following risks:

- construction and other development costs for a development project which exceed original expectations or make completion of the project uneconomic;
- changes in property development opportunities resulting in lost deposits or an inability to recover expenses;
- inability to complete construction of a property on schedule, or on budget, due to a variety of factors including shortages of materials, equipment, technical skills and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors and sub-contractors, accidents, changes in PRC government priorities and policies, changes in market conditions, delays in the relocation process, delays in obtaining the requisite licences, permits and approvals from the relevant authorities and other problems and circumstances, resulting in increased expense and construction costs;
- delays in, or lower prices obtained from, the sale or leasing of developed properties, including as a result of the forces of supply and demand of comparable properties, and the cyclical nature of the property industry in the PRC; and

LETTER FROM THE BOARD

- fluctuations in occupancy rates, rental levels and sales prices for completed properties.

Accordingly, the occurrence of these risks could materially and adversely affect the Group's business, financial condition, results of operations and future prospects.

The Group's business is subject to extensive governmental regulation

The Group is engaged in property development in the PRC which is subject to extensive governmental regulation. As with other PRC property developers, the Group must comply with various requirements mandated by the PRC laws and regulations, including the policies and procedures established by local authorities designed to implement such laws and regulations. Should the Group be involved in any incidents of non-compliance, the Group could be subject to various regulatory or administrative penalties and such incidents may have material adverse impacts on the Group's business, results of operations and financial condition.

In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development and restriction or other regulation of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes, such as property tax, and levies on property sales, and restrict foreign investment in the PRC property sector. Many of the policies in the property industry carried out by the PRC government are unprecedented and are expected to be refined and improved over time. Changes in political, economic and social factors may also lead to further adjustments of such policies. This refining and adjustment process may not necessarily have a positive effect on the Group's operations or future business development. There is no assurance that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future. If the Group fails to adapt its operations to new policies, regulations and measures that may come into effect from time to time with respect to the property industry, such policy changes may disrupt the Group's business or cause it to incur additional costs, and the Group's business prospects, results of operations and financial condition may be materially and adversely affected.

The Group faces intense competition from other property developers

In recent years, a large number of property developers, including a number of leading Hong Kong property developers and other overseas developers, have begun undertaking property development and investment projects primarily in the first and second tier cities in the PRC. Some of these developers may have better track records and greater financial, land and other resources, broader name recognition and greater economies of scale than the Group. In the past, the PRC government has introduced various policies and measures in order to limit the growth and to prevent the overheating of the property development sector, which has further increased competition for land amongst property developers.

LETTER FROM THE BOARD

Competition among property developers may result in an increase in land acquisition costs, an increase in construction costs, an oversupply of properties, a decrease in property prices in certain parts of the PRC or an inability to sell such properties, a slow down in the rate at which new property developments are approved or reviewed by the relevant PRC government authorities and an increase in administrative costs for hiring or retaining qualified personnel, any of which may adversely affect the Group's business, financial position and results of operations. If the Group cannot respond to changes in market conditions in the markets in which it operates more effectively than its competitors, the Group's business, financial position and results of operations may be materially and adversely affected.

The recent deterioration of the PRC's economic growth and the global financial crisis may affect the Group's business. It could limit the Group's ability to continue to finance its working capital and to meet its liquidity requirements and materially and adversely affect its financial position and results of operations

The Group operates in a capital intensive industry and has historically financed, and is expected to continue to finance in the future, their working capital and liquidity requirements primarily through proceeds from the pre-sale and sale of properties, rental income, borrowings from financial institutions and capital contributions and advances from shareholders. However, the PRC property market has experienced significant volatility in recent years as a result of market conditions and fluctuations in property sales volumes and prices, especially as a result of the recent deterioration in PRC's economic growth, the PRC credit environment and the global economic and financial crisis, which have reduced demand for the properties that the Group sells. These factors have also resulted in banks and other financial institutions becoming less willing to make credit available to property purchasers and companies in the property development industry. In particular, during economic downturns or market slowdown's as has been the case for the PRC property market recently, potential purchasers or purchasers of properties tend to become more prudent and act more cautiously out of concern for further declines of property prices and may even terminate or defer their decisions to purchase property.

The outbreak of any severe communicable disease in the PRC, if uncontrolled, may materially and adversely affect the Group's results of operations

The outbreak of any severe communicable disease in the PRC, if uncontrolled, could have an adverse effect on the overall business sentiment and environment in the PRC, which in turn may have an adverse impact on domestic consumption and, possibly, on the overall GDP growth of the PRC. As all of the Group's revenue is derived from its operations in the PRC, any contraction or slowdown in the growth of domestic consumption or slowdown in the growth of GDP of the PRC may materially and adversely affect the financial condition, results of operations and future growth of the Group. In addition, if the employees are affected by a severe communicable disease, the Group may be required to institute measures to prevent the spread of the disease, which may materially and adversely affect or disrupt its operations, resulting in an adverse effect on the Group's results of operations. The spread of any severe communicable disease in the PRC may also affect the operations of the Group's general contractors and construction companies, which again, may potentially have an adverse effect on the progress of the Group's projects and thus the business and results of operations of the Group.

LETTER FROM THE BOARD

Government control in foreign currency conversion may materially and adversely affect the financial condition, results of operations and ability to meet foreign exchange requirements of the Group

RMB is not a freely convertible currency. The Group receives all of its revenue in RMB and will need to convert RMB into foreign currencies for payment of dividends to the Shareholders and to service its debts. The exchange rates of the RMB against the US dollar and other foreign currencies fluctuate and are affected by, among other things, the policies of the PRC government and changes in the PRC's and international political and economic conditions. There are significant international pressure on the PRC government to adopt a more flexible currency policy, which, together with domestic policy considerations, could result in a further and more significant appreciation of RMB against the US dollar or other foreign currencies. As the Group needs to convert future financing into RMB for the Group's operations, the continued appreciation of RMB against the relevant foreign currencies would reduce the RMB amount the Group would receive from the conversion. On the other hand, dividends on the Shares, if any, and debts payment of the Group are paid in foreign currencies, any devaluation of RMB against the relevant foreign currencies would adversely affect the Group's results of operations and financial condition, which may reduce the amount of any cash dividends on the Shares in terms of such other relevant foreign currencies. In addition, the conversion of RMB into other currencies is subject to a number of foreign exchange control rules, regulations and notices issued by the PRC government. In general, foreign investment enterprises are permitted to convert RMB to foreign currencies for current account transactions (including, for example, distribution of profits and payment of dividends to foreign investors) through designated foreign exchange banks following prescribed procedural requirements. Control over conversion of RMB to foreign currencies for capital account transactions (including, for example, direct investment, loan and investment in securities) is more stringent and such conversion is subject to a number of limitations. The requirement for the Company to pay dividends in a currency other than RMB to the Shareholders may expose the Company to foreign exchange risk. Under the current foreign exchange control system, there is no assurance that the Company will be able to obtain sufficient foreign currency to pay dividends or satisfy other foreign exchange requirements in the future.

Risk relating to this circular

Certain statistics and other information relating to the economy and the PRC property development industry contained in this circular were derived from various official sources and government publications and have not been independently verified and may not be reliable

Statistics, industry data and other information relating to the economy and the PRC property development industry contained in this circular have been derived from various official government publications with information provided by the PRC and other government agencies. Although the Company believes that the sources of the information and statistics are appropriate sources for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics, and has no reason to believe that

LETTER FROM THE BOARD

such information and statistics is false or misleading or that any fact has been omitted that would render such information and statistics false or misleading, the Company or its Directors, agents and advisers cannot assure you or make any representation as to the accuracy or completeness of such information and statistics. Shareholders should give careful consideration as to how much weight or importance the Shareholders should attach or place on such statistics, projected industry data and other information relating to the economy and the industry.

Any of the above factors could have a material adverse effect on the business, financial condition and results of operations of the Group.

EGM

A notice convening the EGM at which resolution will be proposed to consider, and if thought fit, to approve, among others, the Proposed Mandate, to be held at 11:00 a.m. on Friday, 11 July 2014 at Noire, Level 3, Gateway Hotel, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong is set out on pages 52 to 53 of this circular. Whether or not you are able to attend the meeting in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the accompanying form of proxy will not preclude you from attending and voting at the EGM should you so wish.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, other than Pacific Climax and its associates, no other Shareholders are required to abstain from voting on the said resolution at the EGM.

Shareholder and potential investors are reminded that the Possible Cooperation is subject to, among other things, the obtaining of the Independent Shareholders' approval by the Company and Chengdu OCT's winning of the Tender. There is no assurance by the Company that the Possible Cooperation will materialise or be undertaken by Chengdu OCT and thus the Possible Cooperation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement of Intent are fair and reasonable, and that the Possible Cooperation is in the interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

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

1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out in this circular the financial information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 December 2011 has been set out in pages 43 to 124 of the annual report 2011 of the Company which was posted on 7 March 2012 on the Stock Exchange's website (<http://www.hkexnews.hk>).

The audited consolidated financial statements of the Group for the year ended 31 December 2012 has been set out in pages 50 to 140 of the annual report 2012 of the Company which was posted on 15 March 2013 on the Stock Exchange's website (<http://www.hkexnews.hk>).

The audited consolidated financial statements of the Group for the year ended 31 December 2013 has been set out in pages 61 to 142 of the annual report 2013 of the Company which was posted on 19 March 2014 on the Stock Exchange's website (<http://www.hkexnews.hk>).

2. INDEBTEDNESS STATEMENT

At the close of business on 30 April 2014, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had total borrowings amounted to RMB10,233 million comprising, loans from related party of the Company of approximately RMB8,446 million, amount due to other creditors of approximately RMB513 million and bank loans of approximately RMB1,274 million (the "Bank Loans"). The Bank Loans were secured by charge on two bank accounts of a subsidiary of the Company, guarantees provided by the Company and certain subsidiaries of the Company and the guarantee issued by the Government of the Hong Kong Special Administrative Region. Other than the Bank Loans, loans from related party of the Company and amount due to other creditors are unsecured.

As at the close of business on 30 April 2014, the contingent liability of the Company was the corporate guarantee for the Bank Loans as described above to the extent of approximately RMB2 million and which were also secured by the guarantee issued by the Government of the Hong Kong Special Administrative Region.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 30 April 2014, the Group did not have any other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase lease commitments, liabilities under acceptance or acceptance credit, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the financial resources available to the Group (and the JV Company assuming Chengdu OCT wins the Tender), including the internally generated funds and the present available bank facilities, and in the absence of unforeseen circumstances, the Group (and the JV Company assuming Chengdu OCT wins the Tender) will have sufficient working capital for its requirements for at least the next 12 months from the date of this circular.

The following is the management discussion and analysis of the Group's financial conditions and results of operations for each of the three years ended 31 December 2013:

FOR THE YEAR ENDED 31 DECEMBER 2013

OPERATION RESULTS

During the year ended 31 December 2013, the Group faced complicated economic situations both domestically and abroad. It persisted with established strategic targets and steadily implemented the strategic transition of the Company. For the year ended 31 December 2013, the Company recorded a turnover of approximately RMB4,059 million, representing an increase of approximately 17.5% over the corresponding period of 2012; profit attributable to owners were approximately RMB236 million, representing an increase of approximately 33.1% over the corresponding period of 2012.

SEGMENT INFORMATION

Comprehensive Development Business

In 2013, the Group grasped market opportunities and fully utilized its brand's advantage, introduced scarce and high quality products. By leveraging clear market positioning and flexible marketing strategies, sales of the Group were actively promoted and its comprehensive development business achieved positive operational results. During the year ended 31 December 2013, the Company's comprehensive development business recorded a turnover of approximately RMB3,279 million, representing an increase of approximately 25.0% over the corresponding period of 2012; profit attributable to owners was approximately RMB221 million, representing an increase of approximately 43.2% over the corresponding period of 2012.

The Company currently holds 5 comprehensive development projects in total with controlling interest and participation interest, including Shanghai Suhewan, Chengdu OCT, Tianjin Tianxiao, Beijing Unique Garden and Xi'an OCT projects.

Shanghai Suhewan

Shanghai Suhewan project is advantageously situated at the junction of Suzhou River and Huangpu River banks, spanning across 1 km on the shorelines of Suzhou River and within the core district of the Inner Ring, Shanghai and possesses the scarce landscape resources. The project comprises of 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 project includes multi-storey riverside residential buildings, luxury residential properties, apartment-style offices, luxury hotels, boutique business premises and studios for artists, etc. The project is scheduled to be completed in 2016.

In 2013, Shanghai Suhewan project introduced the T3 Tower located in 1 Jiefang, the highest residential tower in Puxi (浦西), which overlooks Lujiazui. Other products for sale include the apartment-style offices and some boutique business premises located in 41 Jiefang.

During the year ended 31 December 2013, contracted sales area and revenue of the project reached approximately 28,700 sq.m. and approximately RMB1,862 million respectively, while the area and revenue settled were approximately 26,400 sq.m. and approximately RMB1,630 million respectively.

Chengdu OCT

Chengdu OCT Project is located at both sides of Shaxi Line of Outer Sanhuan Road, Jinniu District, Chengdu City, Sichuan Province, the PRC, which has been developed into a composite project, comprising residential, commercial properties and a 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 year ended 31 December 2013, Chengdu OCT recorded a turnover of approximately RMB1,604 million. The residential products launched in 2013 were mainly high-rise residential properties, and part of the low-density residential properties and multi-storey residential properties, while high-end office products were also introduced for the first time. This product is a 5A business premise which fills the absence of high-end office premises in the northern part of Chengdu. In 2013, the contracted sales area and revenue of the residential and office property reached approximately 144,100 sq.m. and approximately RMB1,498 million respectively, while the settled area and revenue were approximately 127,500 sq.m. and approximately RMB1,385 million respectively. The current rentable area for commercial use is approximately 78,500 sq.m., of which 96% has been occupied. The second phase of theme park “Chengdu Happy Valley” was officially opened at the end of May 2013, adding 10,000 sq.m. of area while ticket prices were also raised. The second phase consists of high-tech attractions such as supersize spherical flying theater and 4D full-view theatre, which represents substantial optimization and enhancement of the internal product structure and overall brand name of Chengdu Happy Valley. The park has attracted approximately 2.55 million visitors, which revenue amounted to approximately RMB270 million, representing an increase of approximately 9.6% over the same period of 2012.

Tianjin Tianxiao

Tianjin Tianxiao project is located at Jintang Road, Hedong District, Tianjin, the PRC (the “Land”). The aggregate site area is approximately 132,000 sq.m. and the total gross floor area is approximately 316,000 sq.m., which will be comprised of high-rise residential properties, multi-storey residential properties and shops. The Group has acquired the entire equity interest of Tianjing Tianxiao project pursuant to the agreement entered into between the Group and 天津津濱發展股份有限公司 (Tianjin Jinbin Development Company Limited) (the “Vendor”) on 2 November 2012 (as supplemented by a supplement agreement between the parties of the same date) (the “Agreements”). The Vendor has still not delivered the Land. The Group has all along been urging the Vendor to perform and fulfill its contractual obligations and at the same time requiring the Vendor to complete site formation of the Land and deliver the Land to the Group as soon as possible. The commencement date of the construction will be delayed to a time to be determined depending on the date of delivery of the Land.

Beijing Unique Garden

Beijing Unique Garden is located at Laiguangyingxiang in Chaoyang District, Beijing, the PRC 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 consists of residential properties entirely and is scheduled to be completed in 2016. In the second half of 2013, Beijing Unique Garden launched pre-sale of the first batch of high-rise residential properties and received positive response. The contracted sales area and revenue were approximately 23,000 sq.m. and RMB993 million respectively.

Xi'an OCT

Located at No. 2 of Second Beichitou Road, to the east of Tang Paradise, Qujiang New District, Xi'an City, Shanxi Province, Xi'an OCT Project is in proximity to several famous scenic spots. The land has a total site area of approximately 137,000 sq.m., most products are low density residential properties. During the year ended 31 December 2013, contracted sales area and revenue reached approximately 19,000 sq.m. and approximately RMB430 million respectively. The settled area and revenue were approximately 23,000 sq.m. and approximately RMB510 million respectively. During the year ended 31 December 2013, the project contributed approximately RMB26.44 million of investment returns to the Company.

Paper Packaging Business

The Group has nearly 30 years of experience in the packaging and printing industry. It has set up four manufacturing bases in the Pearl River Delta and Yangtze River Delta, and branches located in places such as Huizhou, Zhongshan, Shanghai, Chuzhou, Wuhan, Suzhou, and has built up the "Huali" brand with solid customer base and good market reputation.

In 2013, global economy experienced weak recovery while domestic economic growth slowed down. Manufacturing industries and the related supporting industry, the paper packaging industry faced weak market demand, reduced orders and there was a constant increase in operating costs. The production operations of the Company's paper packaging business was thus moderately affected. Facing unfavorable factors in the operating environment, the Group has put greater effort in expanding the domestic sales market to overcome operating difficulties and also focused on enhancing internal management to raise the efficiency and quality of internal operations.

During the year ended 31 December 2013, paper packaging business recorded a turnover of approximately RMB780 million, representing a decrease of approximately 5.9% over the same period of 2012. Profit attributable to owners amounted to approximately RMB15.39 million representing a decrease of approximately 33.9% over the same period in 2012.

PROSPECTS AND FUTURE PLANS

Looking forward to 2014, global economy is expected to maintain stable growth, but uncertainties still exist. Major developed economies will develop on the basis of gradual recovery and will continue to be stable, while the development of emerging economies will be affected by the withdrawal of quantitative easing policies from the USA. China's economy will continue to be in the adjustment stage of structural transition and upgrade. The new session of the PRC government is expected to focus on "increasing activity, stabilizing forecasts, promoting transition" and maintain the continuity and stability of macroeconomic policies to promote a stable economy.

The Chinese government has paid more attention to ensuring the sustainable development of the real estate market with market-oriented approaches, and emphasized on making the market a decisive factor in resources allocation. The Group believes market orientation will benefit the healthy development of the real estate market. Also, benefiting from the gradual establishment of the centralised market for urban and rural construction land and the actively implemented people-based urbanisation, we predict the real estate market in 2014 will become more reasonable and stable, but regional diversion will intensify while demand and pricing will grow faster in first and second tier cities. The Company's projects are located in the economic centers of China which will benefit the Company's business development.

Comprehensive Development Business

In 2014, the Group will strengthen its brand advantage, actively face market changes, grasp good opportunities to enter into the market, focus on differentiated marketing, discover client resources and promote sales growth. At the same time, the Group will persist with the quick turnover rate strategy, introduce products according to the market demand, speed up the collection of receivables and enhance the efficiency of capital used.

Looking forward, the Group will persist with established strategies, maintain a steady pace in investment, strictly control investment risk and acquire quality project resources at reasonable prices in areas with development potential of first and second tier cities, increase its land reserves and realize combination and rational allocation between large-scale integrated development projects and fast turnaround projects. At the same time, we will use our current projects as our base and leverage the experience and advantages of OCT in cultural, technological and entertainment fields to constantly enrich our products and create new products, raise market influence and regional cohesiveness.

Paper Packaging Business

The Group will continue to expand markets, adjust sales strategies and incentive proposals and optimise customer structure by maintaining existing customers and searching for new customers. In order to accommodate customers undergoing industrial shift, the Group will construct a new factory in Changshu, Jiangsu Province, which is expected to commence production in 2015 aiming to stabilize its market share in the Yangtze River Delta region. The

PRC government has promulgated numerous policies which encourage substituting paper for wood, substituting paper for plastic and policies to aid the development of the logistics industry. This will broaden the application of paper packaging products and is beneficial to the adjustment and development of the Group's new customers. By continuing to enhance management, lowering costs and improving efficiency, constantly optimizing the Company's customer structure, it is expected that the turnover and gross profit margin of the Group's paper packaging business in 2014 will increase steadily.

As a member of our controlling shareholder, OCT Group, the Company has full confidence in the development prospect in the future, and believes that the Company will receive support and continued concern from our parent company. The Company aims to become a prominent developer and operator of commercial complex, and continue to bring satisfactory return to its shareholders.

INTEREST EXPENSES

The interest expenses of the Group were approximately RMB159 million for the year ended 31 December 2013 (2012: approximately RMB103 million), representing an increase of approximately 55.0% over the same period in 2012. Of which, the interest expenses of the comprehensive development business were approximately RMB154 million, representing an increase of approximately 55.5% over the same period in 2012, mainly due to less than one year for the interest-bearing loans and borrowings period in 2012 and one year for the interest-bearing period in 2013; and the interest expenses of the paper packaging business were approximately RMB4.92 million, representing an increase of approximately RMB1.43 million over the same period in 2012, mainly due to less than one year for the interest-bearing loans and borrowings period in 2012 and one year for the interest-bearing period in 2013.

DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK8.0 cents per ordinary share for the year ended 31 December 2013 (2012: HK8.0 cents per ordinary share).

The Board has resolved to approve the payment of a preferential dividend of HK8.932192 cents per convertible preference share for the year ended 31 December 2013 (2012: nil).

INVENTORIES, DEBTORS' AND CREDITORS' TURNOVER

For the year ended 31 December 2013, the Group's inventory turnover days for the paper packaging business were 42 days, which was substantially the same as compared to 41 days for the year ended 31 December 2012. The Group's debtors' turnover days for the paper packaging business were 128 days for the year ended 31 December 2013, which was substantially the same as compared to 126 days for the year ended 31 December 2012. The Group's creditors' turnover days for the paper packaging business were 89 days for the year ended 31 December 2013, which was substantially the same as compared to 90 days for the year ended 31 December 2012.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total equity of the Group as at 31 December 2013 was RMB6,110 million (31 December 2012: RMB4,830 million). As at 31 December 2013, the Group had current assets of RMB17,826 million (31 December 2012: RMB16,994 million) and current liabilities of RMB5,527 million (31 December 2012: RMB7,908 million). The current ratio was 3.2 as at 31 December 2013 as compared to 2.1 as at 31 December 2012. The Group generally finances its operations with internally generated funds and credit facilities provided by banks and shareholder's loan.

As at 31 December 2013, the Group had outstanding bank loans of RMB1,161 million, without any fixed-rate loans (31 December 2012: outstanding bank loans of RMB1,118 million, without any fixed-rate loans). As at 31 December 2013, the bank loan interest rates of the Group ranged from 1.42% to 4.02% per annum (while for the year ended 31 December 2012, the bank loan interest rates of the Group ranged from 1.52% to 4.22% 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 48.1% as at 31 December 2013, which decreased by approximately 5.2% as compared with 53.3% as at 31 December 2012, mainly due to new shares issued during the period and increased total assets.

As at 31 December 2013, approximately 100% of the total amount of outstanding bank loans of the Group was in Hong Kong Dollars (31 December 2012: 100%). As at 31 December 2013, approximately 93% of the total amount of cash and cash equivalents of the Group was in Renminbi (31 December 2012: 91%), approximately 6% of its cash and cash equivalents was in Hong Kong Dollars (31 December 2012: 8%) and approximately 1% of its cash and cash equivalents was in United States Dollars (31 December 2012: 1%).

The Group's liquidity position remains stable. 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 2013. During the year ended 31 December 2013, 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.

ISSUE OF CONVERTIBLE PREFERENCE SHARES AND ORDINARY SHARES

On 6 June 2013, the Company entered into subscription agreements with each of New China Life Insurance Company Ltd. (新華人壽保險股份有限公司) ("NC Life Insurance"), China Re Asset Management Co., Ltd. (中再資產管理股份有限公司) ("CRAMC") and Integrated Asset Management (Asia) Limited ("Integrated Asset"), pursuant to which the Company agreed to allot and issue 40,000,000, 40,000,000 and 16,000,000 new non-voting convertible preference shares of HK\$0.10 each in the capital of the Company (the "Convertible Preference Shares") to NC Life Insurance, CRAMC and Integrated Asset, respectively, at the

subscription price of HK\$4.05 per Convertible Preference Share. On the same date, the Company also entered into a subscription agreement with Overseas Chinese Town (HK) Company Limited (“OCT (HK)”) in relation to the subscription of 140,000,000 Shares by OCT (HK) or any of its wholly-owned subsidiaries designated by OCT (HK) at the subscription price of HK\$4.05 per Share.

The subscription of Convertible Preference Shares by each of NC Life Insurance, CRAMC and Integrated Asset were completed on 24 July 2013. 40,000,000, 40,000,000 and 16,000,000 Convertible Preference Shares have been allotted and issued to NC Life Insurance, CRAMC and Integrated Asset, respectively. The subscription of 140,000,000 Shares by OCT (HK) was completed on 26 July 2013 and 140,000,000 Shares have been allotted and issued to Pacific Climax Limited (“Pacific Climax”) at the subscription price of HK\$4.05 per Share. Pacific Climax holds approximately 66.93% of the issued share capital of the Company thereafter.

CHARGE ON ASSETS

The bank loans of the Group at 31 December 2013 were secured by charge on two bank accounts of a subsidiary of the Company, guarantees provided by the Company and certain subsidiaries of the Company and the guarantee issued by the Government of the Hong Kong Special Administrative Region.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2013, the Group employed approximately 2,584 full-time staff. 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 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 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.

Under 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. During the year ended 31 December 2013, no share options were exercised, and 400,000 share options were lapsed.

CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2013.

FOR THE YEAR ENDED 31 DECEMBER 2012***OPERATION RESULTS***

During the year ended 31 December 2012, Overseas Chinese Town (Asia) Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) have set its future strategic goal as to become a prominent developer and operator of commercial complex. Under the guidance of this new strategic goal, we proactively responded to the complicated economic developments both within and outside China and achieved satisfactory operating results. For the year ended 31 December 2012, the Company recorded a turnover of approximately RMB3,453 million, representing an increase of approximately 34.9% over the corresponding period of 2011; profit attributable to owners were approximately RMB177 million, representing an increase of approximately 11.3% over the corresponding period of 2011.

SEGMENT INFORMATION***Comprehensive Development Business***

Relying on its strategic objectives, the Group increased its input into its comprehensive development business during the year ended 31 December 2012 and put more effort to obtain new project resources. Three newly added projects are Shanghai Suhewan, Tianjian Tianxiao and Beijing Laiguangying. During the year ended 31 December 2012, the Company’s comprehensive development business recorded a turnover of approximately RMB2,624 million, representing an increase of approximately 50.5% over the corresponding period of 2011; profit attributable to owners were approximately RMB154 million, representing an increase of approximately 18.8% over the corresponding period of 2011. The Company currently holds 5 comprehensive development projects in total with controlling interest and participation interest, including Shanghai Suhewan, Chengdu OCT, Tianjin Tianxiao, Beijing Laiguangying and Xi’an OCT projects.

Shanghai Suhewan***The Company holds 50.5% equity interest***

On 5 January 2012, the Group entered into a capital increase agreement pursuant to which the Group made capital contribution of RMB2,232 million to Overseas Chinese Town (Shanghai) Land Company Limited (“OCT Shanghai Land”) and acquired 50.5% equity interest in it. The transaction was completed in June 2012 and OCT Shanghai Land became a non-wholly owned subsidiary of the Company.

OCT Shanghai Land is currently engaged in the Shanghai Suhewan project, which is advantageously situated at the junction of Suzhou River and Huangpu River banks in Zhabei District, Shanghai and possesses the scarce landscape resources. The project comprises 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 project includes multi-storey riverside residential buildings, luxury residential properties, apartment-style offices, luxury hotels, boutique business premises and studios for artists. The project is scheduled to be completed in 2016.

The first batch of products of the Shanghai Suhewan project was the apartment-style offices located in 41 Jiefang. Pre-sale started in September 2012 with settlement within the same year. During the year ended 31 December 2012, contract sales area and revenue of the project reached approximately 13,000 sq.m. and approximately RMB710 million respectively, while the area and revenue settled were approximately 12,000 sq.m. and approximately RMB680 million respectively.

Tianjin Tianxiao

The Company holds 100% equity interest

On 2 November 2012, the Group entered into an agreement with 天津津濱發展股份有限公司 (Tianjin Jinbin Development Company Limited) pursuant to which the Company acquired the entire equity interest in 天津天瀟投資發展有限公司 (Tianjian Tianxiao Investment Development Company Limited) (“Tianjin Tianxiao”) and all rights attached thereto for a consideration of approximately RMB385 million and assumed Tianjin Tianxiao’s debt in the amount of approximately RMB1,048 million. The amendment of the industrial and commercial registration was completed by Tianjin Tianxiao in December 2012.

The major asset of Tianjin Tianxiao project is a piece of land located at No. 178 of Jintang Road, Hedong District, Tianjin, the PRC. The land has an aggregate site area of approximately 132,000 sq.m.. The land is at early stage of development and will be developed into residential and commercial properties, including high-rise residential properties, multi-storey residential properties and shops with a total maximum gross floor area of approximately 316,000 sq.m..

Beijing Laiguangying

The Company holds 33% equity interest

On 12 December 2012, the Group entered into a capital increase agreement with 招商局地產(北京)有限公司 (China Merchants Property Development (Beijing)., Ltd) and 大連盈致企業管理有限公司 (Dalian Yingzhi Corporate Management Limited), pursuant to which the Company made capital contribution in cash to Beijing Guangying Residential Property Development Limited (北京廣盈房地產開發有限公司) (“Beijing Guangying”) in the amount of approximately RMB42 million. It has also been agreed that the total accumulative amount of shareholders’ loan and guarantee to be provided shall not exceed RMB924 million. The transaction was completed in January 2013.

The major assets of Beijing Guangying project are two pieces of land lots located in the area of Laiguangyingxiang in Chaoyang District, Beijing, the PRC. The land has a total site area of approximately 73,000 sq.m.. At present, the land is at the early stage of development with a total maximum gross floor area of approximately 182,000 sq.m. for residential development. Its pre-sale will be launched in mid-2013 and the project is scheduled to be completed in 2016.

Chengdu OCT

The Company holds 51% equity interest

Chengdu OCT Project is located at both sides of Shaxi Line of Outer Sanhuan Road, Jinniu District, Chengdu City, Sichuan Province, the PRC, which is to be developed into a composite project, comprising residential, commercial properties and a 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 year ended 31 December 2012, Chengdu OCT recorded a turnover of approximately RMB1,980 million. The contract sales area and revenue of the residential property project reached approximately 137,000 sq.m. and approximately RMB1,680 million respectively, while the settled area and revenue were approximately 160,000 sq.m. and approximately RMB1,830 million respectively. The products launched in 2012 were mainly high-rise residential properties, and part of the low-density residential properties and multi-storey residential properties. The current rentable area for commercial use is approximately 65,000 sq.m., of which 99% has been occupied. Chengdu OCT's theme park, "Chengdu Happy Valley", has attracted approximately 2.44 million visitors throughout the year ended 31 December 2012, whose revenue was approximately RMB250 million, representing an increase of approximately 9% over the same period of the preceding year.

Xi'an OCT

The Company holds 25% equity interest

Located in No. 2 of Second Beichitou Road, to the east of Tang Paradise, Qujiang New District, Xi'an City, Shanxi Province, Xi'an OCT Project is in proximity to several famous scenic spots. The land has a total site area of approximately 137,000 sq.m., all products are low-density residential properties. During the year ended 31 December 2012, the products launched by Xi'an OCT included duplex, compound and detached houses. The contract sales area and revenue reached approximately 45,000 sq.m. and approximately RMB950 million respectively. The settled area and revenue were approximately 39,000 sq.m. and approximately RMB830 million respectively. Investment income which the Company obtained according to its equity interest in Xi'an OCT was approximately RMB40 million.

Paper Packaging Business

The Group has over 20 years of experience in the packaging and printing industry. It has set up four manufacturing bases in the Pearl River Delta and Yangtze River Delta, the most economically developed regions in China, and branches located in places such as Huizhou, Zhongshan, Shanghai, Chuzhou, Wuhan, Kunshan, and has built up the "Huali" brand with solid customer base and good market reputation.

2012 was a year featured by sluggish performance in the European and American economies, a large number of foreign companies shifted their production, reduced output and laid off employees. Sales to our key Japanese customers decreased and the Company's paper packaging business faced various challenges. During the year ended 31 December 2012, the

Company has adopted a number of strategies to, on one hand, expand its market and identify new major branded customers, and formed a larger and more stable sales scale, on the other hand, through enhancing the Company's management, to achieve higher efficiency with lower cost. Besides, in order to be more competitive in the market, the Company introduced new printing equipments, increased the automation level of the Group, and maintained its leading position in technology amidst a situation of higher cost and keen market competition. During the year ended 31 December 2012, paper packaging business recorded a turnover of approximately RMB829 million, representing an increase of approximately 1.7% over the same period of 2011. Profit attributable to owners amounted to approximately RMB23.28 million, representing an decrease of approximately 21.4% over the same period of 2011.

PROSPECTS AND FUTURE PLANS

Looking forward to 2013, the global economy is likely to grow at low-gear. It is expected that the PRC government will continue to implement control measures on the real estate industry. However, the Group considers that such measures could contribute to the long-term and healthy development of the real estate market. At the end of 2012, the PRC government unveiled its clear objective of achieving a comprehensive well-off society by 2020. At the same time it emphasized plans such as transformation of economic development, new urbanization progress and "income doubling". The Group expects that the overall real estate market in 2013 will turn more positive, but it is unlikely that the prices of housings will rise sharply. The Company's projects are all located in cities serving as economic centres in the mainland where economy of scale and urbanization level are higher than the average level of the country, which will support property prices and is favorable to the development of the Company's business.

Comprehensive Development Business

In 2013, the Company plans to fasten its development pace, so as to increase turnover rate and enhance profit level. The Company will follow the original planning of its projects and keep in line with market condition. With our solid foundation established and successful experience in the past, the Group believes that each project will continue to achieve satisfactory results in 2013.

Looking forward, the Group will continue to leverage on the unique overall planning and advantage from accurate market positioning, fully utilize its premium brand and resources and continue to increase input, to increase project reserves through actively seeking for lands which fit into the Company's positioning in cities with location advantages and growth potential. It will implement organic integration and rational allocation between large-scale composite development projects and projects with quick turnover rate, so that both the scale and profitability will be enhanced.

Paper Packaging Business

The Group expects that domestic manufacturing market in general is still facing challenges. As for paper packaging business, the Group will continue to expand its market share, achieve a higher efficiency with lower costs, and raise market competitiveness so as to achieve stable development.

As a member of OCT Group, the Company has full confidence in the development prospect in the future, and believes that the Company will receive support and continued concern from our parent company. The Company aims to become a prominent developer and operator of commercial complex, and continue to bring satisfactory return to its shareholders.

INTEREST EXPENSES

The interest expenses of the Group were approximately RMB103 million for the year ended 31 December 2012 (2011: approximately RMB55.49 million), representing an increase of approximately 84.9% over the same period in 2011. Of them, the interest expenses of the comprehensive development business were approximately RMB99.14 million, representing an increase of approximately 85.1% over the same period in 2011, mainly due to loan advanced for acquisition of OCT Shanghai Land (which engaged in the Shanghai Suhewan Project) during the year, which resulted in the significantly increase in interest expenses; and the interest expenses of the paper packaging business were approximately RMB3.49 million, representing an increase of approximately RMB1.56 million over the same period in 2011.

DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK\$8.0 cents per share for the year ended 31 December 2012 (2011: HK\$7.3 cents per share).

INVENTORIES, DEBTORS' AND CREDITORS' TURNOVER

For the year ended 31 December 2012, the Group's inventory turnover days for the paper packaging business were 41 days, shorter as compared to 49 days for the year ended 31 December 2011. The decrease in inventory turnover days was mainly due to the change of our inventory into debtors as a result of expanded sales volume during the period. The Group's debtors' turnover days for the paper packaging business were 126 days for the year ended 31 December 2012, representing an increase as compared to 100 days for the year ended 31 December 2011, which was mainly due to the grant of longer credit period to customers in order to expand sales. The Group's creditors' turnover days for the paper packaging business were 90 days for the year ended 31 December 2012, as compared to 71 days for the year ended 31 December 2011, such increase mainly due to the extending of payment terms by some of the suppliers.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total equity of the Group as at 31 December 2012 was RMB4,830 million (31 December 2011: RMB2,290 million). As at 31 December 2012, the Group had current assets of RMB16,994 million (31 December 2011: RMB3,064 million) and current liabilities of RMB7,908 million (31 December 2011: RMB2,736 million). The current ratio was 2.15 as at 31 December 2012 as compared to 1.12 as at 31 December 2011. The Group generally finances its operations with internally generated funds and credit facilities provided by banks and shareholder's loan.

As at 31 December 2012, the Group had outstanding bank loans of RMB1,118 million, without any fixed-rate loans (31 December 2011: outstanding bank loans of RMB173 million, without any fixed-rate loans). As at 31 December 2012, the bank loan interest rates of the Group ranged from 1.5% to 4.2% per annum (while for the year ended 31 December 2011, the bank loan interest rates of the Group ranged from 0.99% to 2.33% 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 53% as at 31 December 2012, which increased by approximately 33% as compared with 20% as at 31 December 2011, mainly due to newly added acquisition of OCT Shanghai Land during the period.

As at 31 December 2012, approximately 100% of the total amount of outstanding bank loans of the Group was in Hong Kong Dollars (31 December 2011: 100%). As at 31 December 2012, approximately 91% of the total amount of cash and cash equivalents of the Group was in Renminbi (31 December 2011: 91%), approximately 8% of its cash and cash equivalents was in Hong Kong Dollars (31 December 2011: 8%) and approximately 1% of its cash and cash equivalents was in United States Dollars (31 December 2011: 1%).

The Group's liquidity position remains stable. 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 2012. During the year ended 31 December 2012, 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.

CHARGE ON ASSETS

The bank loans of the Group at 31 December 2012 were secured by charge on two bank accounts of a subsidiary of the Company, guarantees provided by the Company and certain subsidiaries of the Company and the guarantee issued by the Government of the Hong Kong Special Administrative Region.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2012, the Group employed approximately 2,600 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 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.

Under 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. 720,000 share options had been exercised during 2012.

CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2012.

FOR THE YEAR ENDED 31 DECEMBER 2011***OPERATION RESULTS***

During the year ended 31 December 2011, the Group achieved satisfactory operating results leveraging on its extensive experience and quality products under sluggish economic environment and weak market demand. As of 31 December 2011, the Group recorded a turnover of approximately RMB2,559 million, representing an increase of approximately 34.3% over the same period of 2010; profits attributable to the Shareholders were approximately RMB159 million, representing an increase of approximately 138.7% over the same period of 2010.

SEGMENT INFORMATION***Comprehensive Development Business***

The equity interests of Chengdu OCT and Xi'an OCT were held as to 51% and 25% respectively by the Group. Chengdu OCT Project is located in Jinniu District, Chengdu City, Sichuan Province, the PRC which is to be developed into a composite project, comprising a theme park, residential and commercial properties, occupying a gross floor area of approximately 2,250,000 sq.m. During the year ended 31 December 2011, Chengdu OCT recorded a turnover of approximately RMB1,740 million, representing an increase of approximately 5.5% over the same period of 2010. The residential property project of Chengdu OCT has a gross saleable floor area of approximately 1,260,000 sq.m. The high-level portion of Phase III and Phase IV of the residential property project is currently on sale. In 2011, the contract sales area and revenue of the residential property project reached approximately 132,000 sq.m. and approximately RMB1,652 million respectively, while the settled area and revenue recorded were approximately 140,000 sq.m. and approximately RMB1,595 million respectively. By the end of 2011, the contracted but not settled area and revenue amounted to approximately 82,000 sq.m. and approximately RMB860 million respectively. In February 2011, the government of Chengdu Municipality promulgated a series of house purchase limit policies. In response to the new market condition, Chengdu OCT had expanded promotion network and adjusted its sales policy in a timely manner which resulted in an increase of approximately 13% in contract sales volume over the same period of 2010. The current rentable area of the commercial properties of Chengdu OCT is approximately 47,000 sq.m., of which 99% have been occupied. Chengdu Happy Valley, a theme park of Chengdu OCT, is one of the most influential theme parks in the southwestern part of China. It has attracted approximately 2.44 million visitors throughout the year ended 31 December 2011, representing an increase of approximately 10% over the same period of 2010. With the adjustment to the entrance fee of Chengdu Happy Valley from May 2011, it recorded a turnover of approximately RMB218 million during the year ended 31 December 2011, representing an increase of approximately 8% over the same period of 2010.

Xi'an OCT Project is located in Qujiang New District, Xi'an City, Shanxi Province. It adjoins several famous scenic spots and comprises mainly low-density residential properties. This project began to bring in positive contributions to the Group's investment income in 2011. During the year ended 31 December 2011, part of the project has been launched, including duplex, compound and detached buildings, and the market reaction to the pre-sale was very positive. The contract sales area and revenue reached approximately 41,800 sq.m. and approximately RMB810 million respectively. The settled area and revenue were approximately 40,600 sq.m. and approximately RMB776 million respectively, while the contracted but not settled area and revenue amounted to approximately 1,200 sq.m. and approximately RMB34 million respectively. At the end of June 2011, Xi'an OCT acquired two more parcels of land neighbouring the original land, adding the total site area to approximately 137,000 sq.m.

Paper Packaging Business

The Group has over 20 years of experience in the packaging and printing industry. It has set up four manufacturing bases and several branches in Pearl River Delta and Yangtze River Delta, the most developed areas in the PRC, and has created the brand of "Huali" with solid customer base and good market reputation. During the year ended 31 December 2011, our paper packaging business recorded a turnover of RMB815 million, representing an increase of approximately 4.9% over the same period of 2010. Profits attributable to the Shareholders amounted to approximately RMB29.64 million, representing an increase of approximately 23.4% over the same period of 2010.

During the year ended 31 December 2011, despite the earthquake in Japan and the fluctuation in the economy of Europe and the United States of America, the Group still achieved an annual production of approximately 152,000 tonnes by adopting a number of strategies. The average selling price for the products had been stable throughout the year. Our manufacturing base in Huizhou city, the PRC continued to explore famous brand clients and had rapidly achieved relatively stable sales volume. Meanwhile, the two new branches located in Wuhan city, Hubei Province and Kunshan city, Jiangsu Province also sped up their efforts in exploring markets in the neighbouring regions, actively expanding our business reach. At the same time of launching new products, the Group had enhanced the integration with the creative culture sector to strengthen the creative elements of our products, and our paper culture creative products were elected as one of the key projects under the "12th Five Year Plan" for the culture sector of Guangdong Province. In addition, the Group launched trial run for the VMI (Vendor Managed Inventory) management model in some plants to improve its customer services and enhance its competitiveness.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any significant investment and material acquisition and disposal for the year ended 31 December 2011.

PROSPECTS AND FUTURE PLANS

Looking forward to 2012, the outlook of the global economy remains uncertain. The Group will continue to improve its operational management and strengthen its leading position in all its businesses through constantly innovating and actively exploring markets.

For the comprehensive development business, the Company is confident about the future prospect of Chengdu OCT and Xi'an OCT and believe that they will strive for growth while maintaining stability and once again deliver impressive results in 2012. For the paper packaging business, the Group aims to maintain a steady development of its paper packaging business.

The Group expects that the PRC government will continue to implement control measures on the real estate industry adopted last year. However, leveraging on our unique overall planning and market positioning, and benefiting from the advantages of the brand image of "OCT" and its abundant resources, we will make active moves to expand our projects and the scale of the Company and enhance our growth potential, with an aim to become an outstanding developer and operator of commercial complex and develop into a sizable Hong Kong-listed company within five years.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total equity of the Group as at 31 December 2011 was RMB2,290 million (31 December 2010: RMB2,044 million). As at 31 December 2011, the Group had current assets of RMB3,064 million (31 December 2010: RMB2,953 million) and current liabilities of RMB2,736 million (31 December 2010: RMB2,799 million). The current ratio was 1.12 times as at 31 December 2011 as compared to 1.06 times as at 31 December 2010. The Group generally finances its operations with internally generated funds and credit facilities provided by banks.

As at 31 December 2011, the Group had outstanding bank loans of RMB173 million, without any fixed-rate loans (31 December 2010: outstanding bank loans of RMB72.67 million; without any fixed-rate loans). As at 31 December 2011, the bank loan interest rates of the Group ranged from 0.99% to 2.33% per annum (while for the year ended 31 December 2010, the bank loan interest rates of the Group ranged from 0.95% to 1.52% 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 20% as at 31 December 2011, which decreased by approximately 7% as compared with 27% as at 31 December 2010.

As at 31 December 2011, 100% of the total amount of outstanding bank loans of the Group was in Hong Kong Dollars (31 December 2010: approximately 100% in Hong Kong Dollars). As at 31 December 2011, approximately 91% of the total amount of cash and cash equivalents of the Group was in Renminbi (31 December 2010: 98%), approximately 8% of its cash and cash equivalents was in Hong Kong Dollars (31 December 2010: 2%) and approximately 1% of its cash and cash equivalents was in United States Dollars (31 December 2010: 0%).

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 2011. During the year ended 31 December 2011, 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.

Treasury Policies and Foreign Currency Exposure

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 2011. During the year ended 31 December 2011, 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.

Charge on Assets

As at 31 December 2011, the bank loans of the Group were guaranteed by its subsidiaries, namely Huali Holdings Company Limited, Wantex Investment Limited, Excel Founder Limited, Hanmax Investment Limited, Barwin Development Limited, Forever Galaxies Limited, Fortune Crown International Limited and Miracle Stone Development Limited of an aggregate amount of RMB124,874,000 to the Group.

Capital Commitment

As at 31 December 2011, the Group had capital commitments outstanding but not provided for in the consolidated financial statements of approximately RMB2,276,485,000 which represented the capital commitment contracted for and authorised but not contracted for.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2011, the Group employed approximately 2,800 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 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.

CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 31 December 2011.

INTEREST EXPENSES

The interest expenses of the Group were approximately RMB55.49 million for the year ended 31 December 2011 (2010: approximately RMB26.26 million), representing an increase of approximately 111.3% over the same period in 2010. Of them, the interest expenses of the comprehensive development business were approximately RMB53.56 million, representing an increase of approximately 118.8% over the same period in 2010, mainly because Chengdu OCT became a non-wholly-owned subsidiary of the Group on 21 September 2010 and only about three months' expenses were included in the consolidated financial statements for last year; and the interest expenses of the paper packaging business were approximately RMB1.93 million, representing an increase of approximately RMB150,000 over the same period in 2010.

DIVIDENDS

The Board has resolved to recommend the payment of a final dividend of HK\$7.30 cents per Share for the year ended 31 December 2011 (2010: HK\$3.00 cents per Share).

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors' and chief executive's interests and/or short positions in securities of the Company and its associated corporations

As at the Latest Practicable Date, interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) of the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") are as follows:

Long Positions in Underlying Shares of the Company

Name of Directors	Number of ordinary Shares held	Capacity	Nature of interest	Approximate% of issued share capital of the Company
Zhou Ping (<i>Note</i>)	4,000	Beneficial owner	Personal	0.001%

Note: Ms. Li Ning, the spouse of Mr. Zhou, held 4,000 Shares and share options to subscribe for 160,000 Shares of the Company, Mr. Zhou is deemed, or taken to be, interested in the said 4,000 Shares of the Company and share options to subscribe for 160,000 Shares of the Company held by Ms. Li Ning.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(ii) Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long Position in the Shares

Name of Substantial Shareholders	Capacity/Nature	No. of Shares held	Approximate% issued share capital of the Company
Pacific Climax Limited ("Pacific Climax") (Note 1)	Beneficial owner	434,894,000	66.93%
Overseas Chinese Town (HK) Company Limited ("OCT (HK)")	Interest of a controlled corporation (Note 2)	434,894,000	66.93%
	Beneficial owner	96,000,000	14.77%
Shenzhen Overseas Chinese Town Company Limited ("OCT Ltd.") (Note 3)	Interest of a controlled corporation	530,894,000	81.70%
Overseas Chinese Town Enterprises Company ("OCT Group") (Note 4)	Interest of a controlled corporation	530,894,000	81.70%
New China Life Insurance Company Ltd. ("NC Life Insurance") (Note 6)	Beneficial owner	40,000,000	6.16%
China Re Asset Management Co., Ltd. ("CRAMC") (Note 6)	Beneficial owner	40,000,000	6.16%
Others			
UBS AG	Interest of a controlled corporation (Note 5)	54,192,000	8.34%

Notes:

- (1) Ms. Xie Mei, being an executive Director, is also a director of Pacific Climax.
- (2) OCT (HK) is the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT (HK) is deemed, or taken to be interested in the 434,894,000 Shares for the purpose of the SFO. Ms. Wang Xiaowen and Ms. Xie Mei, both being executive Directors, are also directors of OCT (HK).
- (3) OCT Ltd. is the beneficial owner of all the issued share capital in OCT (HK), which is in turn the beneficial owner of all the issued share capital in Pacific Climax and therefore is deemed, or taken to be interested in the 434,894,000 Shares which are beneficially owned by Pacific Climax for the purposes of the SFO. OCT Ltd is a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange. OCT Ltd is a subsidiary of OCT Group.
- (4) OCT Group owns 56.89% equity interest in OCT Ltd, which is in turn the beneficial owner of all the issued share capital in OCT (HK) and OCT (HK) is the beneficial owner of all the issued share capital in Pacific Climax and therefore OCT Group is deemed, or taken to be, interested in the 434,894,000 Shares which are beneficially owned by Pacific Climax for the purposes of the SFO.
- (5) UBS AG is the beneficial owner of all the issued share capital in UBS Fund Services (Luxembourg) SA, UBS Global Asset Management (Hong Kong) Ltd and UBS Global Asset Management (Singapore) Ltd, which in turn holds 41,396,000, 9,262,000 and 3,534,000 Shares respectively and therefore UBS AG is deemed, or taken to be, interested in the 54,192,000 Shares which are beneficially owned by UBS Fund Services (Luxembourg) SA, UBS Global Asset Management (Hong Kong) Ltd and UBS Global Asset Management (Singapore) Ltd for the purposes of the SFO.
- (6) On 24 July 2013, the Company allotted and issued 40,000,000 and 40,000,000 convertible preference shares to NC Life Insurance and CRAMC respectively according to the preference shares subscription agreements entered into by the Company with each of NC Life Insurance and CRAMC on 6 June 2013. In addition, on 6 June 2013, OCT (HK) entered into a put option agreement with each of NC Life Insurance, CRAMC, pursuant to which, OCT (HK) grants to each of NC Life Insurance and CRAMC to require OCT (HK) to purchase from NC Life Insurance and CRAMC or Integrated Asset (as the case may be) (and any subsequent transferee of the convertible preference shares) all (but not some only) of the outstanding convertible preference shares legally and beneficially owned by NC Life Insurance or CRAMC (as the case may be) (and any subsequent transferee of the convertible preference shares) from time to time during the 180 days commencing from the third anniversary of the date on which the convertible preference shares would be allotted and issued by the Company to NC Life Insurance, CRAMC or Integrated Asset (as the case may be).

Save as disclosed above, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company as at the Latest Practicable Date.

3. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates has any interest in any business which competes or is likely to compete with the businesses of the Group.

4. SERVICE CONTRACT

As at the Latest Practicable Date, each of the Directors has entered into a service contract with the Company. Contents of such contracts are the same in all material respects. Save for the service contracts of Ms. Wong Wai Ling and Mr. Lam Sing Kwong, Simon which will

expire on the date of the annual general meeting of the Company to be held in 2015, all other service contracts with the Directors will expire on the date of the annual general meeting of the Company to be held in 2016 or 2017. Save as the aforesaid, none of the Directors has a service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. INTEREST IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2013 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group (and the JV Company assuming Chengdu OCT wins the Tender).

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the businesses of the Group.

6. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, the Group was not engaged in any litigation or claims of material importance, and so far as the Directors are aware, no litigation or claims of material importance is pending or threatened against the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and are or may be material:

- (a) the agreement (the "Tianjin Tianxiao Agreement") entered into between Excel Founder Limited (銳振有限公司) ("Excel Founder") (as purchaser), an indirectly wholly-owned subsidiary of the Company, and 天津津濱發展股份有限公司 (Tianjin Jinbin Development Company Limited) ("Tianjin Jinbin") on 2 November 2012, pursuant to which Excel Founder has conditionally agreed to acquire and Tianjin Jinbin has conditionally agreed to dispose of the entire equity interest in 天津天瀟投資發展有限公司 (Tianjin Tianxiao Investment Development Company Limited) ("Tianjin Tianxiao") and all rights attached thereto for the consideration of RMB384,995,400;
- (b) the supplemental agreement (the "Tianjin Tianxiao Supplemental Agreement") entered into between Excel Founder and Tianjin Jinbin on 2 November 2012, setting out further arrangement concerning a piece of land with an aggregate area of 131,768.8 square meters located in the area of Jintang Road (津塘路), Hedong District (河東區), Tianjin, the PRC owned by Tianjin Tianxiao and the financial position of Tianjin Tianxiao;

- (c) the undertaking given by the Company to Tianjin Jinbin dated 2 November 2012, pursuant to which the Company guarantees the due performance of Excel Founder's obligations under the Tianjin Tianxiao Agreement and the Tianjin Tianxiao Supplemental Agreement;
- (d) the conditional capital increase agreement with 招商局地產(北京)有限公司 (China Merchants Property Development (Beijing)., Ltd) ("Beijing China Merchants Property") and 大連盈致企業管理有限公司 (Dalian Yingzhi Corporate Management Limited) ("Dalian Yingzhi") dated 12 December 2012, in relation to the capital contribution of RMB1,258,825 into Beijing Guangying made by Beijing China Merchants Property, the capital contribution of RMB28 into Beijing Guangying made by Dalian Yingzhi, and the capital contribution of RMB41,540,307 into Beijing Guangying made by Huajing pursuant to the Capital Increase Agreement;
- (e) the cooperation agreement entered into between Beijing China Merchants Property, Dalian Yingzhi and Shenzhen Huajing Investment Limited* (深圳市華京投資有限公司) on 12 December 2012 in relation to the capital contribution of RMB1,258,825 into Beijing Guangying made by Beijing China Merchants Property, the capital contribution of RMB28 into Beijing Guangying made by Dalian Yingzhi, and the capital contribution of RMB41,540,307 into Beijing Guangying made by Huajing pursuant to the Capital Increase Agreement;
- (f) the conditional subscription agreement entered into between the Company and CRAMC on 6 June 2013 in relation to the issue of the 40,000,000 Convertible Preference Shares by the Company;
- (g) the conditional subscription agreement entered into between the Company and NC Life Insurance on 6 June 2013 in relation to the issue of the 40,000,000 Convertible Preference Shares by the Company; and
- (h) the conditional subscription agreement entered into between the Company and OCT (HK) on 6 June 2013 in relation to the issue of the Subscription Shares by the Company.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013 (being the date to which the latest published audited accounts of the Company were made up).

9. GENERAL

- (a) The company secretary and the qualified accountant of the Company is Mr. Fong Fuk Wai, who is a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (b) The Company's registered office is at Clifton House, 75 Fort Street, PO Box 1350 GT, George Town, Grand Cayman, Cayman Islands. The head office and principal place of business is at Suites 3203-3204, Tower 6, The Gateway, Harbour City, Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Ltd. at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the following documents are available for inspection during normal business hours except on Saturday, Sunday and public holidays at the office of the Company in Hong Kong at Suites 3203-3204, Tower 6, The Gateway, Harbour City, Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong from the date of this circular up to and including 11 July 2014:

- (a) the memorandum and articles of association of the Company;
- (b) the letter from the Board, the text of which is set out on pages 5 to 25 of this circular;
- (c) the annual reports of the Company for the three years ended 31 December 2013;
- (d) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (e) the service contracts referred to in this appendix;
- (f) the circular(s) of the Company which have been issued since 31 December 2013; and
- (g) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Overseas Chinese Town (Asia) Holdings Limited (the “**Company**”) will be held on Friday, 11 July 2014 at 11:00 a.m. at Noire, Level 3, Gateway Hotel, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong for considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) the Company be and is hereby authorised to, through 成都天府華僑城實業發展有限公司 (Chengdu Tianfu OCT Industry Development Company Limited*, a non-wholly owned subsidiary of the Company, “**Chengdu OCT**”), participate in and bid at the Tender (as defined in the circular of the Company dated 24 June 2014, a copy of which has been produced to this Meeting and marked “A” and initialed by the chairman of this Meeting for the purpose of identification, and hereinafter be referred to as the “**Circular**”) within two months from the date of the Meeting and if Chengdu OCT wins the Tender, to engage in the Possible Cooperation (as defined in the Circular);
- (b) if Chengdu OCT wins the Tender, the Possible Cooperation (as defined in the Circular) and the transactions in connection therewith be and are hereby approved; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) any one of the directors of the Company be and is hereby authorised to proceed with the Tender and if Chengdu OCT wins the Tender, the Possible Cooperation and to exercise all the powers of the Company and to do all things and acts and execute and deliver all documents as may be necessary, desirable or expedient to carry out or to give effect to any or all transactions in connection with the Tender and if Chengdu OCT wins the Tender, the Possible Cooperation and where necessary, affix the common seal of the Company thereon.”

By Order of the Board
Overseas Chinese Town (Asia) Holdings Limited
FONG Fuk Wai
Company Secretary

Hong Kong, 24 June 2014

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
3. To be valid, the instrument appointing a proxy and (if required by the board of directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the Meeting or any adjournment thereof in cases where the Meeting was originally held within 12 months from such date.
5. Where there are joint holders of any shares, any one of such joint holder may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint holding.
6. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.
7. As at the date of this notice of EGM, the board of directors of Company comprises seven directors, namely: Ms. Wang Xiaowen, Ms. Xie Mei and Mr. Yang Jie as executive directors; Mr. Zhou Ping as non-executive director; Mr. Lu Gong, Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon as independent non-executive directors.