



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:3366)

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

RESULTS

The board (the “Board”) of directors (“Directors”) of Overseas Chinese Town (Asia) Holdings Limited (the “Company”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2007 prepared in accordance with the Hong Kong Financial Reporting Standards, together with the comparative figures for the year ended 31 December 2006.

Audited financial information of the Group for the year ended 31 December 2007 prepared in accordance with the Hong Kong Financial Reporting Standards are as follows:

Consolidated income statement
for the year ended 31 December 2007
(Expressed in Renminbi)

	<i>Note</i>	2007 RMB'000	2006 RMB'000
Turnover	4	739,907	695,503
Cost of sales		(654,846)	(608,381)
Gross profit		85,061	87,122
Other revenue		28,276	22,544
Other net loss		(3,836)	(3,394)
Distribution costs		(30,799)	(32,562)
Administrative expenses		(28,378)	(30,125)
Other operating expenses		(4,214)	(756)
Profit from operations		46,110	42,829
Finance costs	6	(4,381)	(3,552)
Share of losses from associates		(484)	—
Profit before taxation	6	41,245	39,277
Income tax	7	(2,826)	(5,970)
Profit for the year		38,419	33,307
Attributable to:			
Equity shareholders of the Company		38,361	32,999
Minority interests		58	308
Profit for the year		38,419	33,307
Dividends payable to equity shareholders of the Company attributable to the year:	8		
Final dividend proposed after the balance sheet date		12,809	12,675
Earnings per share (RMB)	9		
Basic		0.18	0.16
Diluted		0.17	0.16

Consolidated balance sheet at 31 December 2007
(Expressed in Renminbi)

	<i>Note</i>	2007 RMB'000	2006 RMB'000
Non-current assets			
Property, plant and equipment		191,468	179,884
Construction in progress		921	20,438
Goodwill		24,937	24,937
Lease prepayments		72,169	20,010
Interest in associate		89,907	—
Deferred tax assets		6,444	2,878
		<u>385,846</u>	<u>248,147</u>
Current assets			
Non-current assets held for sale		12,361	—
Inventories		91,866	63,775
Trade and other receivables	<i>10</i>	210,296	135,858
Cash and cash equivalents		119,292	172,160
		<u>433,815</u>	<u>371,793</u>
Current liabilities			
Trade and other payables	<i>11</i>	259,789	207,009
Bank loans		32,735	43,664
Current taxation		4,333	4,882
		<u>296,857</u>	<u>255,555</u>
Net current assets		<u>136,958</u>	<u>116,238</u>
Total assets less current liabilities		<u>522,804</u>	<u>364,385</u>
Non-current liabilities			
Bank loans		<u>11,986</u>	<u>26,524</u>
NET ASSETS		<u>510,818</u>	<u>337,861</u>

	<i>Note</i>	2007 RMB'000	2006 RMB'000
CAPITAL AND RESERVES			
Share capital		25,260	20,800
Reserves		485,558	315,362
Total equity attributable to equity shareholders of the Company		510,818	336,162
Minority interests		–	1,699
TOTAL EQUITY		510,818	337,861

Notes:

1. Review of Annual Results

The Audit Committee of the Company has reviewed the financial results for the year ended 31 December 2007.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2007 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

2. Basis of preparation of the financial statements of the Company

The consolidated financial statements for the year ended 31 December 2007 comprise the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in an associate. The Group is primarily involved in the manufacture and sale of paper cartons and products.

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

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed as below:

The Group makes impairment loss for trade and other receivables based on the Group's estimates of the present value of the estimated future cash flow. Given the uncertainties involved in estimating the future cash flow of individual customer, the actual recoverable amount may be higher or lower than that estimated at the balance sheet date.

The Group's inventories are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the inventories, the Group makes estimates of the selling prices, the costs of completion in case for work in progress, and the costs to be incurred in selling the inventories. Uncertainty exists in these estimations.

The Group's makes impairment loss for property, plant and equipment based on the Group's estimates of the recoverable amount. Uncertainty exists in these estimations.

3. Changes in accounting policies

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

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

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

4. Turnover

The principal activity of the Group is the manufacture and sale of paper boxes and products. Turnover represents the sales value of goods supplied to customers, net of value-added tax.

5. Segment reporting

The directors consider the Group operates within a single business and geographical segment. Accordingly, no segment information is provided.

6. Profit before taxation

Profit before taxation is arrived at after charging:

	2007 RMB'000	2006 RMB'000
(a) Finance costs:		
Interest on bank loans	<u>4,381</u>	<u>3,552</u>
(b) Staff costs:		
Salaries, wages and other benefits #	54,562	51,847
Contributions to defined contribution retirement schemes #	3,271	3,579
Equity-settled share-based payment expenses	<u>–</u>	<u>4,558</u>
	<u>57,833</u>	<u>59,984</u>
(c) Other items:		
Amortisation of lease prepayments #	1,663	579
Depreciation of property, plant and equipment #	29,106	26,714
Impairment losses on trade and other receivables	23	516
Impairment losses on property, plant and equipment	3,707	–
Auditors' remuneration		
- audit services	1,900	1,770
- tax services	90	8
Operating lease charges in respect of land and properties #	8,064	7,749
Exchange loss	4,502	3,400
Gain on disposal of a subsidiary	696	–
Cost of inventories #	<u>655,408</u>	<u>608,548</u>

Cost of inventories included RMB72,084,642 (2006: RMB68,122,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, amount of which is also included in the respective total amounts disclosed separately in notes 6(b) and 6(c) for each of these types of expenses.

7. Income tax in the consolidated income statement

Taxation in the consolidated income statement represents:

	2007 RMB'000	2006 RMB'000
Current tax – Provision for PRC income tax		
Provision for the year	6,513	6,488
Deferred tax		
Origination and reversal of temporary differences	(2,020)	(518)
Effect of change in PRC income tax rate on deferred tax balance	(1,667)	–
	(3,687)	(518)
	<u>2,826</u>	<u>5,970</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands during the year (2006: Nil).

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax during the year (2006: Nil).

On 27 February 2008, the Financial Secretary of the Hong Kong SAR Government announced his annual Budget which proposes a cut in the profits tax rate from 17.5% to 16.5% with effect from the fiscal year 2008-09 and a one-off reduction of 75% of the tax payable for the 2007-08 assessment subject to a ceiling of \$25,000. In accordance with the Group's accounting policy, no adjustments have been made to these financial statements as a result of this announcement.

The Directors estimate that these proposed changes will have no material impact on the opening balances of the Group and the Company as at 1 January 2008.

Pursuant to the income tax rules and regulations of the PRC, taxation for PRC subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant cities in the PRC, which range between 15% – 33% (2006: 15% – 33%). Certain subsidiaries are entitled to a tax concession period in which it is fully exempted from PRC income tax for 2 years starting from its first profit-making year, followed by a 50% reduction in the PRC income tax for the next 3 years.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("new tax law") which takes effect on 1 January 2008. Thereafter, the State Council passed Circular 39 on 26 December 2007, to clarify the grandfathering treating for existing enterprises that are entitled to preferential tax treatments. As a result of new tax law and Circular 39, the income tax rate of certain PRC subsidiaries are reduced from 33% to 25% from 1 January 2008; the tax rate of certain PRC subsidiaries gradually increases from 15% to 25% over a five-year transitional period (being 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 and thereafter).

Pursuant to the new tax law, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and jurisdiction of the foreign investors. On 22 Feb 2008, Caishui (2008) No.1 was promulgated by the tax authorities to specify that dividends declared and remitted out of the PRC from the retained earnings as at 31 December 2007 are exempted from withholding tax.

8. Dividends

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

	2007 RMB'000	2006 RMB'000
Final dividend proposed after the balance sheet date of HK\$5.70 cents per share (equivalent RMB5.207 cents per share) (2006: HK\$6.40 cents per share (equivalent RMB6.337 cents per share))	<u>12,809</u>	<u>12,675</u>
Final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.		

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

	2007 RMB'000	2006 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$6.40cents per share (equivalent RMB6.337 cents per share) (2006: HK\$7.8cents per share (equivalent RMB8.112 cents per share))	<u>12,675</u>	<u>16,224</u>

9. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB38,361,000 (2006: RMB32,999,000) and the weighted average of 216,761,644 (2006:200,000,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2007 No. of shares	2006 No. of shares
Ordinary shares issued at 1 January	200,000,000	200,000,000
Issuance of new shares	<u>16,761,644</u>	<u>—</u>
Weighted average number of shares at 31 December	<u>216,761,644</u>	<u>200,000,000</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB38,361,000 (2006: RMB32,999,000) and the weighted average of 228,460,247 (2006: 208,252,699) ordinary shares (diluted), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2007	2006
Weighted average number of ordinary shares at 31 December	216,761,644	200,000,000
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	11,698,603	8,252,699
Weighted average number of ordinary shares (diluted) at 31 December	<u>228,460,247</u>	<u>208,252,699</u>

10. Trade and other receivables

	2007 RMB'000	2006 RMB'000
Trade receivables and bills receivable:		
Amounts due from fellow subsidiaries	173	174
Amounts due from other related companies	982	486
Amounts due from third parties	162,724	134,833
Less: allowance for doubtful debts	(3,146)	(3,513)
	<u>160,733</u>	<u>131,980</u>
Prepayment, deposits and other receivables:		
Amounts due from fellow subsidiaries	293	293
Amounts due from associates	44,008	—
Others	5,262	3,585
	<u>210,296</u>	<u>135,858</u>

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

Apart from rental deposits of RMB604,000 (2006:RMB436,000) and amounts due from associates of RMB44,008,000 (2006: Nil) which are expected to be recovered after one year, all of the trade and other receivables, net of impairment losses for bad and doubtful debts, are expected to be recovered within one year.

Included in trade and other receivables are trade and bills receivable (net of impairment losses for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	2007 RMB'000	2006 RMB'000
Current	<u>146,657</u>	<u>122,031</u>
Less than 3 months past due	13,997	9,449
3 to 6 months past due	<u>79</u>	<u>500</u>
Amount past due	<u>14,076</u>	<u>9,949</u>
	<u>160,733</u>	<u>131,980</u>

Credit evaluations are performed on all customers requiring credit over a certain amount. The credit evaluations are reperformed periodically for the existing customers. The Group chases the customers to settle outstanding balances and monitors the settlement progress on an ongoing basis. Normally, the Group does not obtain collateral from customers.

11. Trade and other payables

	2007 RMB'000	2006 RMB'000
Trade payables and bills payable:		
Amounts due to fellow subsidiaries	72	297
Amounts due to other related companies	20	7
Amounts due to third parties	<u>227,360</u>	<u>170,198</u>
	227,452	170,502
Other payables:		
Amounts due to other related companies	194	92
Amounts due to third parties	<u>32,143</u>	<u>36,415</u>
	<u>259,789</u>	<u>207,009</u>

All of the trade and other payables (including amount due to related parties) are expected to be settled within one year.

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the balance sheet date:

	2007 RMB'000	2006 RMB'000
Due within 3 months or on demand	166,638	124,374
Due after 3 months but less than 1 year	60,812	45,934
Due after 1 year	<u>2</u>	<u>194</u>
	<u>227,452</u>	<u>170,502</u>

FINAL DIVIDEND AND CLOSURE OF REGISTER

The Board has recommended the payment of a final dividend of HK5.70 cents per share for the year ended 31 December 2007. Subject to the approval of the shareholders in the annual general meeting of the Company to be held on 25 April 2008 or any adjourned meeting, the above dividend is expected to be paid on 26 June 2008.

The transfer books and Register of Members of the Company will be closed from 23 April 2008 to 25 April 2008, both days inclusive. During such period, no share transfers will be effected. In order to qualify for the proposed final dividend and attending the annual general meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited whose share registration public offices are located at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 22 April 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2007, the Group's turnover was RMB740 million, representing an increase of 6.4% over 2006. Total assets amounted to RMB820 million, and total equity amounted to RMB511 million.

During the reporting period, raw material prices were continuously increasing. Energy prices such as oil, water and electricity further increased in the period under review. Labour costs and interest rates have also been continuously rising to different extents. All of the above contributed in an increase in the production cost of the Group. The above factors together with the intense market competition presented different challenges to the Group's operation.

During the reporting period, the Group strived to explore new customers and the potential of existing customers, adjust product structure and provide more value-added services for its customers to improve sales performance. The Group increased the proportion of high value-added products such as colour-printed materials, and the large format offset colour printing press purchased by the Group from Germany was put into operation in August 2007. The Group centralized the purchase of raw materials to enhance its bargaining power and continued to strengthen its internal management, so as to reduce the operation cost of the Company. The Group further perfected the Enterprise Resources Planning ("ERP") system in the reporting period which provided more accurate and efficient information support to the management's strategic decision. Besides, the Group promoted the concept of environmental protection and hi-tech innovation, and continuously utilized the innovated technology to save energy and reduce emissions, and Shenzhen Huali Packing & Trading Co., Ltd. ("Shenzhen Huali"), a subsidiary of the Company, was awarded the "Leading Enterprise of Circular Economy Award" (循環經濟領軍企業獎) and "Development of New Product, Technology and Workmanship Award" (新產品、新技術、新工藝開發獎) by the Shenzhen Municipal Government. As a result, despite the more unfavourable market conditions compared with 2006, the Group still managed to achieve a 6.4% of increase in business growth in 2007 and laid a solid foundation for its long term development.

In 2007, the Group completed various acquisitions and disposals, after which there are six wholly-owned enterprises of the Company engaging in packaging business situated in the developed Pearl River Delta and Yangtze River Delta in the PRC. During the reporting period, in order to improve the efficiency of logistics and production of Shenzhen Huali, the Group established Huizhou Huali Packing Co., Ltd. ("Huizhou Huali") in Huizhou, Guangdong and planned to gradually relocate the

production facilities in Shenzhen to Huizhou. As the new production base is being constructed and to prepare for the subsequent relocation, the Group commissioned the sale and leaseback of the Shenzhen Huali factory in 2007. With the intention to explore new income sources through the expansion of the Group's business scope, through an acquisition by the Group completed in October 2007, the Group indirectly owned 12.25% equity interests in Chengdu Tianfu OCT Industry Development Co., Ltd. ("Chengdu OCT"). The development under Chengdu OCT is a major project of Overseas Chinese Town Enterprises Company ("OCT Group"), the ultimate controlling shareholder of the Company. As a result of the above acquisitions and disposals, the Group has much broader room for future development. To reflect the adjustment of the Group's business, the Company changed its name to Overseas Chinese Town (Asia) Holdings Limited (stock short name OCT (ASIA)) in October 2007.

FINANCIAL REVIEW

As at 31 December 2007, the Group's total assets amounted to RMB820 million. Total equity amounted to RMB511 million, representing an increase of 51.2% over that as at 31 December 2006. The Group realized sales income of RMB740 million in 2007, representing an increase of 6.4% over the same period in 2006. Profits attributable to equity holders of the Company were RMB38.36 million, representing an increase of 16.2% over 2006. The basic earnings per share for the year were RMB0.18, as compared to RMB0.16 for 2006.

During the period under review, gross profit margin was approximately 11.5% (2006: approximately 12.5%), representing a decrease of 1% over the same period in 2006. The decrease was mainly attributable to the increase in raw material prices, resulting in an increase in the cost of sales. Net profit margin attributable to equity holders of the Company was approximately 5.2% (2006: approximately 4.7%). Profits attributable to equity holders of the Company increased by 16.2% over 2006. Excluding the fact that the fair value of RMB4.56 million of share options granted to employees was recognised as expenses in 2006, profits attributable to equity holders of the Company increased by approximately 2.1% over the same period in 2006.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total equity of the Group as at 31 December 2007 was RMB511 million (31 December 2006: RMB338 million). As at 31 December 2007, the Group had current assets of RMB434 million (31 December 2006: RMB372 million) and current liabilities of RMB297 million (31 December 2006: RMB256 million). The liquidity ratio was 1.46 as at 31 December 2007 as compared to 1.45 as at 31 December 2006. The Group generally finances its operations with internally generated funds and credit facilities provided by banks.

As at 31 December 2007, the Group had outstanding bank loans of RMB44.72 million of which RMB20.00 million were fixed-rate loans (31 December 2006: outstanding bank loans of RMB70.19 million of which RMB15.00 million were fixed-rate loans). As at 31 December 2007, the bank loan interest rates of the Group ranged from 5.878% to 6.561% per annum (For the year ended 31 December 2006, the bank loan interest rates of the Group ranged from 4.96% to 7.07% 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 bank loans divided by total assets) decreased from approximately 27% as at 31 December 2006 to approximately 21% as at 31 December 2007.

As at 31 December 2007, approximately 45% of the total amount of outstanding bank loans of the Group was in Renminbi (31 December 2006: 43%) and approximately 55% in Hong Kong Dollars (31 December 2006: 57%). As at 31 December 2007, approximately 44% of the total amount of cash and cash equivalents of the Group was in Renminbi (31 December 2006: 39%), approximately 44% of its cash and cash equivalents was in Hong Kong Dollars (31 December 2006: 55%) and approximately 12% of its cash and cash equivalents was in US Dollars (31 December 2006: 6%).

The Group's liquidity position remains stable and the Group possesses sufficient cash and available banking facilities to meet its commitments, working capital requirements and future investments for expansion. 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 or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year ended 31 December 2007. During the year ended 31 December 2007, the Group did not employ any material financial instrument for hedging purposes.

In September 2007, the Company completed the issue of a total of 20,000,000 Shares at a placing price of HK\$3.40 per Share. Net proceeds were approximately HK\$65,830,000, which were mostly used for the acquisition of 49% of the equity interest in OCT Investments Limited. OCT Investments Limited holds 25% equity interest in Chengdu OCT.

In October 2007, the Company issued 26,000,000 Shares to Pacific Climax Limited at an issuing price of HK\$3.40 per Share, as part of the consideration for the acquisition of 49% equity interest in OCT Investments Limited.

As a result of the above, the Company's total issued share capital increased to 246,000,000 Shares as at 31 December 2007.

PROSPECTS

As at the date of this report, there is a rising pace in the surge in raw material prices. Looking ahead in 2008, we expect that the continuous rise in operation cost and the increasingly intense market competition will present more challenges to the packaging and printing industry. The Group will use its best endeavours in improving its products and marketing efforts in order to cope with the possible difficulties and maintain its competitive edge. Apart from enhancing the bonding of valued customers, the Group will also explore new customer base, increase the proportion of high margin products such as colour packaging products, strengthen the innovation of production technology, satisfy customers' needs and continuously enlarge its market share. In addition, Huizhou Huali, a subsidiary of the Company, is expected to complete the construction of factories and installation of basic production facilities by the end of 2008, and production facilities of Shenzhen Huali will be gradually relocated to the new production base in Huizhou in the coming years.

With the growth of the economy and the increase in the consumption power in the PRC, the prospect for packaging and printing industry is still optimistic. The management of the Company believe that by relying on its high quality product and services, its expanding customer base, the management's experience of over 20 years in the industry and its ever-optimising strategic planning, the Group will be able to face new challenges and create better results for the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2007, the Group employed approximately 1,860 full-time staff members. The basic remunerations of the employees are determined with reference to the industry's remuneration benchmark, the employees' experience and their performance, and equal opportunities will be offered to all staff. Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. Directors' remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each director. Apart from the basic remuneration and statutory benefits required by laws, the Group also provides discretionary bonuses based upon the Group's results and the individual performance of the staff.

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

The Group adopted a share option scheme at the time of its initial public offering. As at the date of this report, the Company granted a total of 19,300,000 share options under the scheme.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE REPORT

The Company believes that good corporate governance and strictly compliance with the Code on Corporate Governance Practices are very important in enhancing the investors' confidence and the return to the shareholders, and can also increase long-term share value. Therefore, the Company is committed to implementing a high standard of corporate governance and emphasizes good communication with shareholders and investors with a view to continuously improving the Company's transparency. This includes timely, comprehensive and accurate disclosure of information to safeguard the shareholders' interest and to raise long-term share value.

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

AUDIT COMMITTEE

The results and audited financial statements of the Company for the year ended 31 December 2007 had been reviewed by the Audit Committee of the Company before they were presented to the Board for approval.

As at the date of this announcement, the Board comprises seven Directors, including four executive Directors namely Mr. Zheng Fan, Mr. Ni Zheng, Ms. Xie Mei and Mr. Zhou Guangneng, and three independent non-executive Directors namely Ms. Wong Wai Ling, Mr. Chen Xiangdong and Mr. Xiao Yongping.

By Order of the Board
Overseas Chinese Town (Asia) Holdings Limited
Zheng Fan
Chairman

Hong Kong, 20 March 2008