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Overseas Chinese Town (Asia) Holdings Limited

華僑城（亞洲）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03366)

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013 prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”), together with the comparative figures for the year ended 31 December 2012.

Audited financial information of the Group for the year ended 31 December 2013 prepared in accordance with the HKFRSs are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*for the year ended 31 December 2013**(Expressed in Renminbi)*

	<i>Note</i>	2013 RMB'000	2012 RMB'000
Turnover	4	4,058,517	3,452,883
Cost of sales		<u>(2,578,885)</u>	<u>(2,267,153)</u>
Gross profit		<u>1,479,632</u>	<u>1,185,730</u>
Other revenue		20,374	14,314
Other net income/(expense)		52,892	(7,067)
Distribution costs		(206,477)	(224,926)
Administrative expenses		(200,658)	(154,420)
Other operating expenses		<u>(8,731)</u>	<u>(12,627)</u>
Profit from operations		1,137,032	801,004
Finance costs	5(a)	(159,042)	(102,623)
Excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition of an associate		5,822	—
Share of profits and losses of associates		<u>18,316</u>	<u>39,687</u>
Profit before tax	5	1,002,128	738,068
Income tax expenses	6	<u>(445,731)</u>	<u>(347,611)</u>
Profit for the year		<u>556,397</u>	<u>390,457</u>
Attributable to:			
Owners of the Company		235,905	177,236
Non-controlling interests		<u>320,492</u>	<u>213,221</u>
		<u>556,397</u>	<u>390,457</u>
Dividend payable to owners of the Company attributable to the year			
Proposed final dividend after the end of the reporting period	7	<u>47,611</u>	<u>32,488</u>
Earnings per share (RMB)	8		
Basic		<u>0.41</u>	<u>0.35</u>
Diluted		<u>0.38</u>	<u>0.35</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2013

(Expressed in Renminbi)

	2013 RMB'000	2012 <i>RMB'000</i>
Profit for the year	<u>556,397</u>	<u>390,457</u>
Other comprehensive income for the year, net of tax:		
<i>Items that may be reclassified to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>25,104</u>	<u>12,998</u>
Total comprehensive income for the year	<u>581,501</u>	<u>403,455</u>
Attributable to:		
Owners of the Company	261,009	190,234
Non-controlling interests	<u>320,492</u>	<u>213,221</u>
	<u>581,501</u>	<u>403,455</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*at 31 December 2013**(Expressed in Renminbi)*

	<i>Note</i>	2013 RMB'000	2012 RMB'000
Non-current assets			
Fixed assets			
– Investment property		578,695	636,074
– Other property, plant and equipment		1,463,094	1,312,733
– Interests in leasehold land held for own use		661,382	705,513
		2,703,171	2,654,320
Intangible assets		486	410
Goodwill		267,195	267,195
Interests in associates		186,299	120,621
Other financial assets		4,320	4,320
Deferred tax assets		114,579	97,290
		3,276,050	3,144,156
Current assets			
Inventories		14,565,322	14,198,204
Trade and other receivables	9	1,549,176	1,270,214
Cash and cash equivalents		1,711,357	1,525,861
		17,825,855	16,994,279
Current liabilities			
Trade and other payables	10	3,051,770	3,645,480
Receipts in advance		817,112	466,033
Bank loans		208,699	153,302
Related party loans		671,000	3,325,590
Current tax liabilities		778,130	317,637
		5,526,711	7,908,042
Net current assets		12,299,144	9,086,237
Total assets less current liabilities		15,575,194	12,230,393
Non-current liabilities			
Bank loans		952,481	964,972
Related party loans		8,238,876	6,140,331
Deferred tax liabilities		273,542	295,016
		9,464,899	7,400,319
NET ASSETS		6,110,295	4,830,074
CAPITAL AND RESERVES			
Share capital		67,134	48,332
Reserves		2,676,384	1,701,235
Equity attributable to owners of the Company		2,743,518	1,749,567
Non-controlling interests		3,366,777	3,080,507
TOTAL EQUITY		6,110,295	4,830,074

NOTES

(Expressed in Renminbi unless otherwise indicated)

1. REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed the financial results for the year ended 31 December 2013. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been compared by the Company's auditors, RSM Nelson Wheeler, 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 RSM Nelson Wheeler 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. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the applicable disclosures required by the Hong Kong Companies Ordinance and by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2013. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations.

(a) Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

(b) HKFRS 12 “Disclosure of Interests in Other Entities”

HKFRS 12 “Disclosure of Interests in Other Entities” specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affects the disclosures relating to the Group’s subsidiaries and associates in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. TURNOVER AND SEGMENT REPORTING

(a) Turnover

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

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

	2013 <i>RMB’000</i>	2012 <i>RMB’000</i>
Comprehensive development business	3,278,978	2,624,031
Paper packaging business	779,539	828,852
	<u>4,058,517</u>	<u>3,452,883</u>

The Group’s customer base is diversified and there was no customer with whom transactions exceeded 10% of the Group’s revenues in 2013.

Further details regarding the Group’s principal activities are disclosed in note 4(b).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

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

(i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets. Segment liabilities include trade creditors, accruals and bills payable attributable to the manufacturing and sales activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment result is "net profit". Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2013 and 2012 is set out below.

	Comprehensive development business		Paper packaging business		Total	
	2013	2012	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	3,278,978	2,624,031	779,539	828,852	4,058,517	3,452,883
Reportable segment net profit	220,520	153,951	15,385	23,285	235,905	177,236
Interest income	16,204	10,272	3,904	3,716	20,108	13,988
Interest expense	154,121	99,135	4,921	3,488	159,042	102,623
Depreciation and amortisation for the year	146,579	134,023	36,728	35,962	183,307	169,985
Share of profit/(losses) of associates	18,316	39,687	–	–	18,316	39,687
Income tax expense	443,916	345,150	1,815	2,461	445,731	347,611
Addition to segment non-current assets during the year	300,070	113,942	3,840	27,800	303,910	141,742
Reportable segment assets	19,051,328	18,619,712	2,050,577	1,518,723	21,101,905	20,138,435
Reportable segment liabilities	13,437,036	13,978,853	1,554,574	1,329,508	14,991,610	15,308,361
Interests in associates	186,299	120,621	–	–	186,299	120,621

(ii) *Reconciliations of reportable segment revenue, profit or loss, assets and liabilities*

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Revenue		
Reportable segment revenue	4,058,517	3,452,883
Elimination of inter-segment revenue	—	—
Consolidated turnover	<u>4,058,517</u>	<u>3,452,883</u>
Profit		
Reportable segment profit	235,905	177,236
Elimination of inter-segment profits	—	—
Reportable segment profit derived from the Group's external customers	<u>235,905</u>	<u>177,236</u>
Consolidated net profit	<u>235,905</u>	<u>177,236</u>
Assets		
Reportable segment assets	<u>21,101,905</u>	20,138,435
Consolidated total assets	<u>21,101,905</u>	<u>20,138,435</u>
Liabilities		
Reportable segment liabilities	<u>14,991,610</u>	15,308,361
Consolidated total liabilities	<u>14,991,610</u>	<u>15,308,361</u>

5. PROFIT BEFORE TAX

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

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
(a) Finance costs:		
Interest on bank loans	45,260	20,188
Interest on related party loans	<u>518,337</u>	<u>446,653</u>
Total interest expense on financial liabilities not at fair value through profit or loss	563,597	466,841
Less: Interest expense capitalised into properties under development*	<u>(404,555)</u>	<u>(364,218)</u>
	<u>159,042</u>	<u>102,623</u>

* The borrowing costs have been capitalised at a rate of 4.99% – 6.55% per annum (2012: 4.99% – 6.65%).

	2013 RMB'000	2012 <i>RMB'000</i>
(b) Staff costs:		
Contributions to defined contribution retirement schemes	13,497	12,144
Salaries, wages and other benefits	204,864	136,687
Equity-settled share-based payment expenses	7,828	10,946
	226,189	159,777
	2013 RMB'000	2012 <i>RMB'000</i>
(c) Other items:		
Amortisation of intangible assets [#]	226	103
Depreciation [#]		
– investment property	28,552	22,859
– interests in leasehold land held for own use	20,079	20,750
– other assets	134,450	126,273
Impairment losses [#]		
– trade and other receivables	2,005	849
Operating lease charges in respect of properties [#]	29,632	30,123
Net exchange (gain)/loss	(52,415)	8,111
Auditors' remuneration		
Current		
– audit services	1,200	1,000
– other services	–	620
Rentals receivable from investment properties less direct outgoings of RMB25,432,000 (2012: RMB23,119,000)	(14,713)	(5,591)
Cost of inventories [#]	2,265,151	2,011,575

[#] Cost of inventories included RMB254,052,000 (2012: RMB242,860,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in notes 5(b) and 5(c) for each of these types of expenses.

6. INCOME TAX EXPENSE

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

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Current tax		
– The People's Republic of China ("the PRC") Corporate income tax		
Charge for the year	287,788	142,776
Overprovision in previous year	(29,719)	(1,389)
	<u>258,069</u>	<u>141,387</u>
– PRC Land appreciation tax ("PRC LAT")	226,123	196,872
	<u>484,192</u>	<u>338,259</u>
Deferred tax		
Origination and reversal of temporary differences	(38,461)	9,352
	<u>(38,461)</u>	<u>9,352</u>
	<u><u>445,731</u></u>	<u><u>347,611</u></u>

(i) *Corporate income tax*

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands during the year (2012: 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 (2012: Nil).

Pursuant to the income tax rules and regulations of the PRC, taxation for the PRC subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant cities in the PRC at 25% (2012: 25%).

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

(ii) *PRC LAT*

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of profit or loss as income tax. The Group has estimated the tax provision for the PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual PRC LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for the PRC LAT is calculated.

7. DIVIDENDS

(i) Dividends payable to owners of the Company attributable to the year

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of HK\$8.00 cents per ordinary share (equivalent RMB6.29 cents per ordinary share) (2012: HK\$8.00 cents per ordinary share (equivalent RMB6.38 cents per ordinary share))	40,869	32,488
Final dividend proposed after the end of the reporting period of HK\$8.93 cents per convertible preference share (equivalent RMB7.02 cents per convertible preference share) (2012: HK\$Nil per convertible preference share (equivalent RMBNil per convertible preference share))	6,742	–
	<u>47,611</u>	<u>32,488</u>

(ii) Dividends payables to owners of the Company attributable to the previous financial year, approved and paid during the year

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$8.00 cents per ordinary share (equivalent RMB6.38 cents per ordinary share) (2012: HK\$7.30 cents per ordinary share (equivalent RMB5.93 cents per ordinary share))	32,488	30,338

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB235,905,000 (2012: RMB177,236,000) and the weighted average of 570,776,301 (2012: 509,581,475) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2013 No. of shares	2012 No. of shares
Issued ordinary shares at 1 January	509,790,000	509,070,000
Effect of share options exercised	–	511,475
Effect of shares issued	60,986,301	–
Weighted average number of ordinary shares at 31 December	<u>570,776,301</u>	<u>509,581,475</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to owners of the Company of RMB235,905,000 (2012: RMB177,236,000) and the weighted average number ordinary shares of 613,121,506 shares (diluted) (2012: 509,685,441) calculated as follows:

	2013 No. of ordinary shares	2012 No. of ordinary shares
Weighted average number of ordinary shares at 31 December	570,776,301	509,581,475
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	–	103,966
Effect of deemed conversion of the convertible preference shares	42,345,205	–
Weighted average number of ordinary shares (diluted) at 31 December	613,121,506	509,685,441

9. TRADE AND OTHER RECEIVABLES

	The Group 2013 RMB'000	2012 RMB'000
Trade receivables and bills receivable:		
Amount due from an intermediate parent	2	–
Amounts due from fellow subsidiaries	17,352	38,736
Amounts due from third parties	266,003	266,238
Less: allowance for doubtful debts	(9,100)	(7,919)
	274,257	297,055
Prepayment, deposits and other receivables:		
Amounts due from fellow subsidiaries	2,878	530
Amount due from an associate	886,993	–
Amounts due from third parties	49,218	102,429
	939,089	102,959
Prepayment for land cost	335,830	870,200
	1,549,176	1,270,214

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

Apart from rental deposits of RMB15,706,000 (2012: RMB13,238,000) which are expected to be recovered after one year, all of the trade and other receivables, net of impairment losses for bad and doubtful debts, are expected to be recovered within one year.

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

	The Group	
	2013	2012
	RMB'000	RMB'000
Current	261,068	264,140
Less than 3 months past due	8,681	32,912
More than 3 months but less than 12 months past due	273	3
More than 12 months past due	4,235	—
Amount past due	13,189	32,915
	274,257	297,055

10. TRADE AND OTHER PAYABLES

	The Group	
	2013	2012
	RMB'000	RMB'000
Trade payables and bills payable:		
Amounts due to fellow subsidiaries	20,770	—
Amounts due to third parties	927,013	1,294,722
	947,783	1,294,722
Other payables and accruals:		
Amounts due to intermediate parents	130,114	—
Amounts due to fellow subsidiaries	2,096	50,043
Amounts due to third parties	1,971,777	2,300,715
	3,051,770	3,645,480

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

	The Group	
	2013	2012
	RMB'000	RMB'000
Due within 3 months or on demand	947,783	1,294,722

PROPOSED FINAL DIVIDEND AND CLOSURE OF REGISTER

The register of members of the Company will be closed from 17 April 2014 to 23 April 2014 (both days inclusive), for the purpose of determining shareholders' entitlement to attend the forthcoming annual general meeting (the "Annual General Meeting"), during which period no transfer of shares of the Company will be registered. In order to qualify for attending the Annual General Meeting, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 16 April 2014.

The Board recommends the payment of a final dividend (the "Final Dividend") of HK\$8.0 cents per share to ordinary shareholders whose names appear on the register of members of the Company on 7 May 2014. The register of members will be closed from 2 May 2014 to 7 May 2014, both days inclusive, and the proposed Final Dividend is expected to be paid on 26 June 2014. The payment of Final Dividend shall be subject to the approval of the shareholders at the Annual General Meeting to be held on 23 April 2014. In order to be qualified for the proposed Final Dividend, shareholders should deliver share certificates together with transfer documents to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 30 April 2014.

The Board has approved the payment of a preferential dividend (the "Preferential Dividend"), to holders of the convertible preference shares of the Company on 15 April 2014. Each convertible preference share of the Company shall confer on its holder the right to receive a Preferential Dividend at the rate of 5% per annum on its initial issue price (i.e. HK\$4.05). The Preferential Dividend shall accrue from day to day commencing from the date of issue of the convertible preference share to 31 December 2013, and shall be calculated on the basis of a 365 day year. As such, the Preferential Dividend per convertible preference share of the Company for the year ended 31 December 2013 is HK\$8.932192 cents.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, 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.

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 period under review, 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

The Company holds 50.5% equity interest

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 period under review, 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.

In 2013, Shanghai Suhewan project was awarded the "2013 International Luxury Residence Pennant" and "2013 Commercial Property with Greatest Investment Value in China Award" by house.163.com and 21st Century Business Herald respectively.

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 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 period under review, 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

The Company holds 100% equity interest

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 Tianjin 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”). As of currently, 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

The Company holds 33% equity interest

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

The Company holds 25% equity interest

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 period under review, 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 period under review, 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 period under review, 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.

OPERATING RESULTS

As at 31 December 2013, the Group's total assets amounted to approximately RMB21,102 million, representing an increase of approximately 4.8% over that as at 31 December 2012; total equity amounted to approximately RMB6,110 million, representing an increase of approximately 26.5% over that as at 31 December 2012, primarily due to the increase in the profit for the period and new share issued during the period.

For the year ended 31 December 2013, the Group realized turnover of approximately RMB4,059 million, representing an increase of approximately 17.5% over the same period in 2012, of which, sales of the comprehensive development business was approximately RMB3,279 million, representing an increase of approximately 25.0% over the same period in 2012, primarily due to the increase in sales of Shanghai Suhewan project; and turnover of the paper packaging business was approximately RMB780 million, representing a decrease of approximately 5.9% over the same period in 2012, primarily due to the decrease of customer orders resulted from intensified market competition. Profit attributable to owners of the Company were approximately RMB236 million, representing an increase of approximately 33.1% over the same period in 2012, of which, profit attributable to owners of the Company of the comprehensive development business was

approximately RMB221 million, representing an increase of approximately 43.2% over the same period in 2012, mainly as a result of increased profit from the Shanghai Suhewan project; and profit attributable to owners of the Company of the paper packaging business was approximately RMB15.39 million, representing a decrease of approximately 33.9% over the same period in 2012, mainly as a result of intensified market competition, reduced customer orders and constant increase in operating expenses. The basic earnings per share for 2013 were RMB0.41, as compared to RMB0.35 for 2012.

During the period under review, gross profit margin of the Group was approximately 36.5% (2012: approximately 34.3%), representing an increase of 2.2% over the same period in 2012, of which, the gross profit margin of the comprehensive development business was approximately 42.4%, representing an increase of 1.1% over the same period in 2012, mainly due to revenue recognized during the period were mainly from high gross profit products; and the gross profit margin of the paper packaging business was approximately 11.3%, representing a decrease of 1.0% over the same period in 2012, mainly due to constant increase in operating costs. Net profit margin attributable to owners of the Company was approximately 5.8% (2012: approximately 5.1%), representing an increase of 0.7% as compared with that of 2012. Of which, the net profit margin attributable to owners of the comprehensive development business was approximately 6.7%, representing an increase of 0.8% over the same period in 2012; and the net profit margin attributable to owners of the paper packaging business was approximately 2.0%, representing a decrease of 0.8% over the same period in 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 ordinary shares of HK\$0.10 each in the capital of the Company (the "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.

OUTLOOK

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.

The Group has made the following plans for the projects in 2014 based on the development plan of its projects and with reference to the development of the real estate markets: 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. 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. By leveraging the Group's quality brand, resource advantages and successful experiences accumulated in the past, we believe each project will continue to achieve satisfactory results as in past years.

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.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2013, the Group employed approximately 2,584 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. During the year ended 31 December 2013, no share options were exercised, and 400,000 share options were lapsed.

SUBSEQUENT EVENT

Updated Development on Tianjin Tianxiao Project

On 13 February 2014, the Group received a notice of arbitration (the "Arbitration Notice") issued by China International Economic and Trade Arbitration Commission concerning the said issue. According to the Arbitration Notice, the Vendor submitted an arbitration application (the "Arbitration Application") in respect of the dispute in relation to the Tianjin Tianxiao project. The Vendor requests for a ruling that, among others, the Group shall not be entitled to off-set (the "Off-set") the remaining installment payable by the Group to the Vendor pursuant to the Agreements (the "Remaining Installment") with the compensation and remedies as stipulated in the Agreements (the "Compensation and Remedies") and the Group shall bear the arbitration fees for the Arbitration Application. The Group is of the view that the Vendor's failure to deliver the Land and to complete the adjustment of the terms of use of the Land according to the Agreements already constitutes contractual breach by the Vendor, the Vendor shall be responsible for the relevant liabilities for the said breach and the Group is entitled to the Off-set. The Group will file an answer to the claim and a counterclaim against the Vendor as soon as possible. The Group considers that it has reasonable defence to the claim and will put forward a substantiated counterclaim. The Group will claim for additional compensation from the Vendor because the amount of Compensation and Remedies is more than the Remaining Installment that can be off-set. Based on the understanding of the dispute and the proposed counterclaim against the Vendor, the Board believes the Arbitration Application is unlikely to have material impact on the financial position of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE REPORT

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

The Company had complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 December 2013.

AUDIT COMMITTEE

This results announcement and audited financial statements of the Company for the year ended 31 December 2013 had been reviewed by the audit committee of the Company before they were presented to the Board for approval.

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

Hong Kong, 5 March 2014

As at the date of this announcement, the Board comprises seven Directors, including three executive Directors namely Ms. Wang Xiaowen, Ms. Xie Mei and Mr. Yang Jie, one non-executive Director namely Mr. Zhou Ping and three independent non-executive Directors namely Mr. Lu Gong, Ms. Wong Wai Ling and Mr. Lam Sing Kwong Simon.