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Overseas Chinese Town (Asia) Holdings Limited

華僑城（亞洲）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03366)

VERY SUBSTANTIAL ACQUISITION AND CONTINUING CONNECTED TRANSACTION: FINANCE LEASE AND FACTORING FRAMEWORK AGREEMENTS

FINANCE LEASE AND FACTORING FRAMEWORK AGREEMENTS

The Board is pleased to announce that on 7 May 2019, OCT Financial Leasing, a direct wholly-owned subsidiary of the Company, entered into (1) the OCT Group Agreement with OCT Group and (2) the OCT Ltd. Agreement with OCT Ltd., pursuant to which OCT Financial Leasing agreed to provide finance lease and factoring services to OCT Group and OCT Ltd., respectively. Each of the Finance Lease and Factoring Framework Agreements shall be effective for one year from the date of approval of the Finance Lease and Factoring Framework Agreements by the Independent Shareholders at the EGM.

LISTING RULES IMPLICATION

The transactions contemplated under the Finance Lease and Factoring Framework Agreements will constitute transactions under Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) calculated in accordance with the Listing Rules in respect of the Finance Lease and Factoring Framework Agreements in aggregate exceeds 100%, the transactions contemplated thereunder constitute a very substantial acquisition of the Company subject to the relevant reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pacific Climax is the Controlling Shareholder of the Company, which, as at the date of this announcement, held approximately 70.94% of the total issued share capital of the Company, and is directly wholly owned by OCT (HK). As OCT Ltd. held 100% equity interest in OCT (HK) and OCT Group is the holding company of OCT Ltd., each of OCT Group, OCT Ltd. and their subsidiaries are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Finance Lease and Factoring Framework Agreements also constitute continuing connected transactions of the Company. As one or more of the applicable ratios of the Annual Caps, in aggregate, on an annual basis is more than 5%, the transactions contemplated thereunder are subject to the relevant reporting, announcement, annual review, and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, pursuant to Rule 14A.52 of the Listing Rules, as the term of the underlying individual Implementation Agreement in relation to finance lease to be entered into pursuant to the Finance Lease and Factoring Framework Agreements may exceed three years, the Company shall appoint an independent financial advisor to explain why the said individual Implementation Agreements in relation to finance lease require a longer period and to confirm that it is a normal business practice for agreements of this type to be of such duration.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising of all the independent non-executive Directors, including Mr. Lu Gong, Ms. Wong Wai Ling, and Mr. Lam Sing Kwong Simon, has been established to advise the Independent Shareholders in relation to the Finance Lease and Factoring Framework Agreements, the transactions contemplated thereunder and the Annual Caps. Halcyon has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on this regard.

EGM

At the EGM, a resolution will be proposed by the Company to seek the Independent Shareholders' approval on the Finance Lease and Factoring Framework Agreements, the transactions contemplated thereunder and the Annual Caps. Pacific Climax and its associates will abstain from voting for the resolution regarding the Finance Lease and Factoring Framework Agreements at the EGM. The proposed resolution will be passed by way of an ordinary resolution and voted on by way of poll in accordance with the requirement of the Listing Rules.

CIRCULAR

A circular containing, among others, (1) details of the Finance Lease and Factoring Framework Agreements and the transactions contemplated thereunder; (2) the recommendation from the Independent Board Committee to the Independent Shareholders; (3) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Finance Lease and Factoring Framework Agreements; (4) such other information as required under the Listing Rules; and (5) a notice convening the EGM will be despatched to the Shareholders on or before 24 May 2019, as more time is required to finalise the circular.

FINANCE LEASE AND FACTORING FRAMEWORK AGREEMENTS

The Board is pleased to announce that on 7 May 2019, OCT Financial Leasing, a direct wholly-owned subsidiary of the Company, entered into (1) the OCT Group Agreement with OCT Group and (2) the OCT Ltd. Agreement with OCT Ltd., pursuant to which OCT Financial Leasing agreed to provide finance lease and factoring services to OCT Group and OCT Ltd., respectively. Each of the Finance Lease and Factoring Framework Agreements shall be effective for one year from the date of approval of the Finance Lease and Factoring Framework Agreements by the Independent Shareholders at the EGM.

(1) OCT Group Agreement

Date:

7 May 2019

Parties:

- (i) OCT Financial Leasing
- (ii) OCT Group (including its direct and indirect subsidiaries save and except OCT Ltd. and its subsidiaries)

(2) OCT Ltd. Agreement

Date:

7 May 2019

Parties:

- (i) OCT Financial Leasing
- (ii) OCT Ltd. (including its direct and indirect subsidiaries)

The principal terms of the Finance Lease and Factoring Framework Agreements are set out below:

Duration:

Each of the Finance Lease and Factoring Framework Agreements shall be effective for one year upon the Independent Shareholders' approval of the respective Finance Lease and Factoring Framework Agreements at the EGM.

The effectiveness of the Finance Lease and Factoring Framework Agreements are conditional upon the Independent Shareholders' approval of the respective Finance Lease and Factoring Framework Agreements. If OCT Financial Leasing could no longer perform, or shall delay the performance of, the obligations under the Finance Lease and Factoring Framework Agreements due to requirements of the Stock Exchange or any applicable laws and regulations (including but not limited to the Companies Ordinance of Hong Kong and the Listing Rules), the parties agreed to amend the Finance Lease and Factoring Framework Agreement, or alter or cancel relevant transactions according to the relevant requirements. Lessees agreed not to claim any liabilities against OCT Financial Leasing and the Company.

Separate Contracts

With respect to each finance lease and/or factoring arrangement, OCT Financial Leasing and the relevant Lessee(s) will enter into separate Implementation Agreement and the transactions contemplated thereunder shall be conducted on normal commercial terms or better.

Contract Period

The contract periods of the Implementation Agreements with respect to finance lease service are expected to range from three to five years, depending on the type of Leased Assets involved, while the contract periods of the Implementation Agreements with respect to factoring service are expected to be less than three years, depending on the settlement schedule of the relevant accounts. In any event, the Implementation Agreements may have contract periods longer than the one-year contract period (i.e. the Effective Period) of the Finance Lease and Factoring Framework Agreements, Implementation Agreements duly executed shall remain to have full force and effect for their respective contract periods even if the Finance Lease and Factoring Framework Agreement is expired or terminated and is not renewed. For the avoidance of doubt, the Finance Lease and Factoring Framework Agreement will not be renewed simply for the purpose of covering the entire period of Financial Services.

It has to be stressed that although the contract periods of the Implementation Agreements are likely to be longer than the Effective Period of the Finance Lease and Factoring Framework Agreements, the Annual Caps to be approved by Independent Shareholders will act as a limit to the aggregated consideration transaction amounts contemplated under all Implementation Agreements that can only be signed within the Effective Period of the Finance Lease and Factoring Framework Agreement.

Please see the section below headed "ANNUAL CAPS AND BASIS OF DETERMINATION" for what the Annual Caps entail and the basis of determination.

Interests and Fees

The interest rate and relevant fees to be agreed in an Implementation Agreement for the Financial Services shall be on normal commercial terms or better and the interest rate determined thereby must not be lower than the benchmark lending rates published by PBOC at the time of entering into of the relevant Implementation Agreement. In particular, the effective interest rate of the relevant Implementation Agreement shall not be lower than (1) the secured lending rate for the borrowings granted to Lessee(s) by financial institutions; (2) if OCT Financial Leasing is unable to reasonably obtain the information required under (1) for reference, the capital costs incurred by OCT Financial Leasing at the time of entering into of the relevant Implementation Agreement, which may be adjusted according to the adjustment of the benchmark lending rates published by PBOC for the same period.

To determine the effective interest rate applicable to the Financial Services and ensure the interest rate so determined is fair and reasonable and on normal commercial terms, the Board and OCT Financial Leasing take into account the following, if applicable, factors: (1) the benchmark lending rates published by PBOC; (2) the capital cost of the Company, which shall be the source of fund of OCT Financial Leasing; (3) in the case of finance lease, the interest spreads disclosed by other finance lease companies listed in Stock Exchange within one year of the date of the respective Implementation Agreement(s); (4) in the case of factoring service, the financial position of the debtor and the settlement schedule; and (5) the commercial interest rate of a sizable loan comparable to a contemplated finance lease and/or factoring arrangement.

The Board emphasizes as at the date of this announcement, (1) the PBOC benchmark term loan interest rates (ranging from 4.35% to 4.9% per annum); (2) the Group's bank loans interest rates range from one month HIBOR + 0.90%, to 4.99% per annum); (3) the interest spread enjoyed by a number of finance lease companies or groups listed in the Stock Exchange is approximately 2% for the financial year 2018; (4) the Group has access to adequate loan capital from independent third parties and/or its direct/indirect controlling shareholders to support the Finance Lease by lending the loan capital obtained to OCT Financial Leasing as shareholder loans; and (5) the Group is financially sound to provide corporate guarantee should OCT Financial Leasing take loans from independent third parties and/or its direct/indirect controlling shareholders.

Preliminary studies on and discussions with various Lessees reveal that (1) their bank loans generally carry interest rates ranging from approximately 4% to 6% per annum; and (2) the tentative effective interest rate of finance lease is approximately 7.5% per annum, being the internal rate of return (IRR) of OCT Financial Lease calculated based on the contemplated net cash inflows, which consist of the periodic rental/interest income and handling fees given the respective lease and a total initial investment costs. Such tentative effective interest rate is above the benchmark lending rates published by PBOC and carries an interest spread ranging from 2% to 3% (being the difference between the tentative effective interest rate and the capital costs of the Company).

For an Implementation Agreement with respect to finance lease, an effective interest rate contemplated thereunder will be regarded as fair and reasonable largely if such rate is higher than the benchmark lending rates published by PBOC and if such rate is at least equal to or greater than the sum of the capital cost of the Company and an interest spread of approximately 2% to 3%. As to an Implementation Agreement with respect to factoring service, whether an effective interest rate is fair and reasonable depends on the financial position and settlement schedule of the factorized accounts and can only be determined on a case by case basis by the management of OCT Financial Leasing.

Guarantees

Pursuant to the Finance Lease and Factoring Framework Agreements, each of OCT Group and OCT Ltd. agreed to provide guarantees to OCT Financial Leasing in respect of contractual obligations under all the Implementation Agreements to be entered into between the respective Lessee and OCT Financial Leasing, including but not limited to all payments and/or compensation. Further, OCT Financial Leasing shall have the right to require Lessees to provide additional guarantees or collaterals for the finance lease and/or factoring arrangement based on the actual circumstances at the time when Lessees apply for a finance lease and/or a factoring. Only if an Implementation Agreement carries the abovementioned arrangements would it be regarded as fair and reasonable by OCT Financial Leasing.

Finance Lease

Lease methods

Pursuant to the Finance Lease and Factoring Framework Agreements, OCT Financial Leasing will provide finance lease services to Lessees in relation to the Leased Assets by way of, including but not limited to, direct leasing and sale and lease back arrangement.

Under the direct leasing arrangement, OCT Financial Leasing will purchase the Leased Assets from the relevant supplier, and then OCT Financial Leasing will lease such Leased Assets to Lessees for an agreed term and will receive the rental fees and handling fees on a periodic basis.

Under sale and lease back arrangement, OCT Financial Leasing will purchase the Leased Assets from Lessees, and then OCT Financial Leasing will lease such Leased Assets back to Lessees for an agreed term and will receive the rental fees and handling fees on a periodic basis.

Leased Assets

The Leased Assets to be leased under the Finance Lease and Factoring Framework Agreements will be the equipment relating to the construction and/or operation of the tourist attractions either owned by or to be purchased by Lessees at its request, which include:

- (1) amusement facilities such as ferris wheel, roller coaster and ropeway; and
- (2) other movable equipment (such as scenic transportation vehicle and intelligent operation systems and other manufacturing equipments).

Under both direct leasing and sale and lease back arrangement, the ownership of the Leased Assets will be vested in OCT Financial Leasing throughout the lease period.

As long as the type of proposed Leased Asset falls under the category set out above, OCT Financial Leasing would have the discretion to decide whether the proposed Leased Asset is acceptable. When considering whether the proposed Leased Asset is acceptable, OCT Financial Leasing would consider the proposed terms of the finance lease as a whole. The key procedures and mechanisms in making such decision are set out in the paragraph headed “Internal Control Measures” below.

Factoring services

Factoring methods

Pursuant to the Finance Lease and Factoring Framework Agreements, OCT Financial Leasing will provide factoring services to Lessees by way of direct factoring and reverse factoring arrangements.

Factoring assets

The receivables to be factorized are those arisen from the ordinary and usual course of business or the purchase or sale of the assets of the Lessees.

Under direct factoring arrangement, the factorized receivables to be settled by the debtor of Lessees will be assigned to OCT Financial Leasing. Under reverse factoring arrangement, the factorized receivables to be settled by Lessees will be assigned to OCT Financial Leasing.

When considering whether the proposed factoring accounts are acceptable, OCT Financial Leasing would consider the proposed terms of the factoring arrangement and the credit rating of the debtors and creditors involved as a whole. The key procedures and mechanisms in making such decision are set out in the paragraph headed “Internal Control Measures” below.

ANNUAL CAPS AND BASIS OF DETERMINATION

The table below shows the Annual Cap(s) for the Effective Period under the Finance Lease and Factoring Framework Agreement:

	Annual Cap(s) <i>(RMB'000)</i>
OCT Group Agreement	1,000,000
OCT Ltd. Agreement	<u>2,500,000</u>
Total:	<u><u>3,500,000</u></u>

The funds shall only be applied for the actual needs for production and operation of Lessee.

The Annual Caps include but not limited to the aggregated principal amounts granted to be utilised pursuant to the Implementation Agreements entered into during the Effective Period, the interest, management fees, and handling fees thereunder, the exercise price of the purchase option of the Lessees by the end of leasing period, the consideration for the factoring of the receivables and the related interests and fees.

For the avoidance of doubt, the drawdown or utilization period for each Implementation Agreement will not be limited by the Effective Period, provided that OCT Financial Leasing shall have the right to approve each drawdown in terms of its use and fund flow and the drawdown and transaction contemplated thereunder will not cause the aggregated transaction amounts under all Implementation Agreements to exceed the Annual Caps.

The Group has not previously conducted any similar transaction with Lessees.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AND FACTORING FRAMEWORK AGREEMENT

The Company is an investment holding company. The Group is principally engaged in the comprehensive development business and investment in the urbanization industrial ecosphere.

OCT Financial Leasing is a direct wholly-owned subsidiary of the Company established in the PRC in October 2017 and is primarily engaged in the finance lease business in sectors such as theme parks and the manufacturing industry with a primary focus on customer base such as large to mid-scale state-owned enterprises and high quality listed companies.

OCT Financial Leasing is the first financial leasing company of OCT Group, which has recruited people working in sizable financial leasing companies who possess over 5 years of experience and are familiar with equipment purchasing. The provision of finance lease services by OCT Financial Leasing to Lessees is in line with the strategic development of OCT Financial Leasing.

OCT Group is a large cross-border and cross-industry corporation directly under the central government of PRC. It principally engages in tourism and related cultural industrial management, electronics and product packaging manufacturing, real estate and hotel development. OCT Group belongs in the the first batch of enterprises in the cultural industrial industry. It is also China's top 30 cultural enterprises and China's top 20 tourism enterprises. It has received an A grade from the State-owned Assets Supervision and Administrative Commission of the State Council for 8 consecutive years. OCT Ltd. is primarily engaged in integrated tourism and real estate businesses. OCT Ltd. possesses a large amount of movable equipment such as amusement facilities of Happy Valley (歡樂谷). Each of OCT Group and OCT Ltd. has a well-established internal control system and good credibility.

By entering into the Finance Lease and Factoring Framework Agreements with OCT Group and OCT Ltd., it can provide a stable revenue and cashflow stream to the Group. Further, OCT Financial Leasing as a new financial leasing company can also leverage the resources and experience of OCT Group and OCT Ltd. to expand its market share and build up its track records in financial leasing business for culture and tourism industries in a more efficient and faster way.

OCT Ltd. is a public company listed on the Shenzhen Stock Exchange, and is governed by the Rules Governing Listing of Stocks on the Shenzhen Stock Exchange and the relevant rules and regulations in the PRC. OCT Group is the holding company of OCT Ltd. In order to evaluate the risks faced by the Group when conducting the finance lease, the Group has taken into account the financial performance and position of OCT Group and OCT Ltd., as well as the credit rating attached to OCT Group and OCT Ltd. detailed below:–

(i) Financial performance and position of OCT Group

The operating income of OCT Group has shown an increasing trend for the years ended 31 December 2016 and 2017. The operating income of OCT Group for the nine months ended 30 September 2018 was also higher than that for the same period ended 30 September 2017. The net profit attributable to the shareholders of OCT Group increased from approximately RMB4.18 billion in 2016 to approximately RMB5.87 billion in 2017. The net profit attributable to the shareholders of OCT Group for the nine months ended 30 September 2018 was approximately RMB4.35 billion. The total equity of OCT Group increased from approximately RMB55.8 billion as at 31 December 2016 to approximately RMB105.7 billion as at 31 December 2017, and further increased to approximately RMB120.7 billion as at 30 September 2018. The current asset of OCT Group amounted to RMB286.65 billion as at 30 September 2018.

(ii) Financial performance and position of OCT Ltd.

The operating income of OCT Ltd. has shown an increasing trend in the past three years. Also, the net profit attributable to the shareholders of OCT Ltd. increased from approximately RMB6.89 billion in 2016 to approximately RMB8.64 billion in 2017, and further increased to approximately RMB10.59 billion in 2018. The total equity of OCT Ltd. increased from approximately RMB48.1 billion as at 31 December 2016 to approximately RMB65.5 billion as at 31 December 2017, and further increased to approximately RMB77.2 billion as at 31 December 2018. The current asset of OCT Ltd. amounted to RMB234.32 billion as at 31 December 2018.

(iii) Credit ratings

According to the credit rating reports issued by United Credit Ratings Co., Ltd. (“UCR”) in 2018, both credit ratings of OCT Group and OCT Ltd. were AAA, the highest rating under UCR's credit rating scale which implies strong debt repayment capacity, remote default risk and an ability to withstand certain negative economic environment scenarios.

Based on the above and assuming no material change to OCT Group's and OCT Ltd.'s financial performance and position, the Company considers that OCT Group and OCT Ltd., which agreed to provide guarantees to OCT Financial Leasing in respect of obligations under all Financial Services including but not limited to all payments and/or compensation, has a substantial net asset base and liquidity to satisfy the relevant liability if required.

The Company forms the view that the risk exposure associated with the maximum outstanding principal under the Finance Lease and Factoring Framework Agreements is justified and acceptable to the Group as (1) throughout the year concerned, Lessees shall make rental/interest payment or repayment to the Group and the Group shall collect certain receivables under factoring arrangements; (2) OCT Group and OCT Ltd. have agreed to provide guarantees to OCT Financial Leasing in respect of their respective subsidiaries' (in the case of OCT Group, excluding OCT Ltd. and its subsidiaries) obligations under all the Implementation Agreements including but not limited to all payments and/or compensation; (3) OCT Group and OCT Ltd. has a substantial net asset base and liquidity to satisfy the relevant liability of Lessees in its entirety if required; and (4) Lessees shall be required to provide OCT Financial Leasing with security deposit in the amount ranging from 5% to 15% of the relevant principal amount, reducing the actual risk exposure as to the size of the outstanding principal in relation to finance lease.

The Directors (excluding the independent non-executive Directors who will form their view after considering the advice of the Independent Financial Adviser) considers that the terms under the Finance Lease and Factoring Framework Agreements on normal commercial terms, and the transactions contemplated under the Finance Lease and Factoring Framework Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

The Group has adopted the following risk management measures and policies in relation to its finance lease and factoring businesses to maintain the fairness of the terms and price of the transactions:

1. Assessment of the profile of Lessees

The procurement team shall carry out due diligence on Lessee concerned including its background, industry, market share, competitiveness, industry ranking, scale of operation, rate of return, credit rating, compliance records, loan repayment records and financial conditions, the purpose of use of the proceeds and source of funding for repayment before providing any Financial Service according to a set of guidelines adopted by OCT Financial Leasing. The team members shall have at least 3 years of experience in finance lease and factoring business and possess professional knowledge to assess the value and risk relating to the leased equipment and the accounts.

2. Review and approval of the Financial Services

Upon preliminary assessment made by the procurement team, the risk management and compliance department and finance department of the Group shall scrutinize each transaction in relation to Financial Services to identify whether there are any major risks.

A committee comprising three members including vice president and general manager of the Group will be formed to consider and approve Financial Services transactions. Subject to the approval of the committee, each of the Financial Services transaction shall be submitted to the president and chairman of OCT Financial Leasing for final approval.

For finance lease, to be considered as an acceptable Leased Asset, the asset must be legally tradable, has clear title and validly exist. For factoring arrangement, to be considered as an acceptable accounts to be factorized, the trades give rise to such accounts must be legal and genuine and the accounts have to be transferrable.

3. Principal and interest rate determination

In general, the principal amount to be adopted under individual finance lease agreements shall be, in the case of direct leasing, the purchase price of the relevant Leased Asset, or, in the case of sale and lease back arrangement, capped at the net book value of the Leased Asset.

For direct leasing, the purchase price of the Leased Assets will be determined by OCT Financial Leasing, Lessees and the supplier after arm's length negotiation between the parties, which shall be within the regular price range in the industry.

For sale and lease back arrangement, the purchase price shall be reasonable and in compliance with applicable accounting principles, and shall not be more than the net book value of the Leased Asset.

For factoring arrangement, factorized amounts, discounts and fees concerned will be determined by OCT Financial Leasing, Lessees and the debtor/creditor after arm's length negotiation between the parties, which shall be in line with the industry price range.

The interest rate of the Financial Services under any individual Implementation Agreement shall be determined according to the following principles: (1) the interest rate shall not be lower than the benchmark RMB lending rate published by PBOC from time to time; and (2) the interest rate shall not be less favourable than the sum of the Group's finance costs in RMB and the relevant interest spread and such interest spread shall fall within the range of the interest difference offered by finance lease companies which are listed in Hong Kong.

4. Monitoring continuing connected transactions

The risk management and compliance department, finance department and relevant senior management of the Company are responsible for monitoring connected transactions of the Company, including the transactions under the Finance Lease and Factoring Framework Agreements.

The risk management and compliance department of the Company will review the actual amount utilized in respect of the Annual Cap every six months. If it is expected that the value of any Implementation Agreements, in aggregate, will exceed the Annual Cap, the Company will take steps in order to comply with the relevant requirement of the Listing Rules.

The risk management and compliance department of the Company will review its internal control procedures annually, and compile and submit the annual internal control report to the Board for review and approval.

The independent non-executive Directors will conduct an annual review of the implementation of the continuing connected transactions in respect of the individual Implementation Agreements.

Therefore, the Company is of the view that the Group has adequate mechanism, internal control procedures and external supervision measures to ensure the continuing connected transactions to be complied with and strictly in accordance with the terms of the Finance Lease and Factoring Framework Agreements and the Listing Rules.

LISTING RULES IMPLICATION

The transactions contemplated under the Finance Lease and Factoring Framework Agreements will constitute transactions under Chapter 14 of the Listing Rules. As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) calculated in accordance with the Listing Rules in respect of the Finance Lease and Factoring Framework Agreements exceeds 100%, the transactions contemplated thereunder constitute a very substantial acquisition of the Company subject to the relevant reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pacific Climax is a Controlling Shareholder of the Company, which, as at the date of this announcement, held approximately 70.94% of the total issued share capital of the Company, and is directly wholly-owned by OCT (HK). As OCT Ltd. held 100% equity interest in OCT (HK) and OCT Group is the holding company of OCT Ltd., each of OCT Group, OCT Ltd. and their subsidiaries are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Finance Lease and Factoring Framework Agreements also constitute continuing connected transactions of the Company. As one or more of the applicable ratios of the Annual Caps, in aggregate, on an annual basis is more than 5%, the transactions contemplated thereunder are subject to the relevant reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, pursuant to Rule 14A.52 of the Listing Rules, as the term of the individual Implementation Agreement in relation to finance lease to be entered into pursuant to the Finance Lease and Factoring Framework Agreements may exceed three years, the Company shall appoint an independent financial advisor to explain why the said Implementation Agreement in relation to finance lease require a longer period and to confirm that it is a normal business practice for agreements of this type to be of such duration.

CONFIRMATIONS OF THE BOARD

None of the Directors has a material interest in the Finance Lease and Factoring Framework Agreements and the transactions contemplated thereunder, and hence no Director has abstained from voting on the Board resolution approving the Finance Lease and Factoring Framework Agreements and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising of all the independent non-executive Directors, including Mr. Lu Gong, Ms. Wong Wai Ling, and Mr. Lam Sing Kwong Simon, has been established to advise the Independent Shareholders in relation to the Finance Lease and Factoring Framework Agreements, the transactions contemplated thereunder and the Annual Caps. Halcyon has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

EGM

At the EGM, a resolution will be proposed by the Company to seek the Independent Shareholders' approval on the Finance Lease and Factoring Framework Agreements, the transactions contemplated thereunder and the Annual Caps. Pacific Climax and its associates will abstain from voting for the resolutions regarding the Finance Lease and Factoring Framework Agreements at the EGM. The proposed resolutions will be passed by way of an ordinary resolution and voted on by way of poll in accordance with the requirement of the Listing Rules.

CIRCULAR

A circular containing, among others, (1) details of the Finance Lease and Factoring Framework Agreements and the transactions contemplated thereunder; (2) the recommendation from the Independent Board Committee to the Independent Shareholders; (3) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Finance Lease and Factoring Framework Agreements; (4) such other information as required under the Listing Rules; and (5) a notice convening the EGM will be despatched to the Shareholders on or before 24 May 2019, as more time is required to finalise the circular.

DEFINITIONS

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

“Annual Cap(s)”	the maximum transaction amounts in aggregate for all the Financial Services contemplated under all Implementation Agreements which are to be executed within the Effective Period
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Overseas Chinese Town (Asia) Holdings Limited (華僑城(亞洲) 控股有限公司), 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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules

“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Period”	one year from the date of approval of the Finance Lease and Factoring Framework Agreements by Independent Shareholders at the EGM
“EGM”	the extraordinary general meeting of the Company to be convened for approving, among other things, the Finance Lease and Factoring Framework Agreements and the transactions contemplated thereunder
“Finance Lease and Factoring Framework Agreements”	OCT Group Agreement and OCT Ltd. Agreement
“Financial Services”	OCT Financial Leasing’s facilitation of finance leases and/or factoring services to Lessees pursuant to Implementation Agreements
“Group”	the Company and its subsidiaries
“Halcyon” or “Independent Financial Adviser”	Halcyon Capital Limited, a corporation licensed to carry out and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Finance Lease and Factoring Framework Agreements, the transactions contemplated thereunder and the Annual Caps
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors, Mr. Lu Gong, Ms. Wong Wai Ling, and Mr. Lam Sing Kwong Simon, established for the purpose of making recommendations to the Independent Shareholders in respect of the Finance Lease Framework Factoring Agreements, the transactions contemplated thereunder and the Annual Caps
“Independent Shareholders”	the Shareholders other than Pacific Climax and its associates who are not required to abstain from voting on resolutions approving the Finance Lease and Factoring Framework Agreements, the transactions contemplated thereunder and the Annual Caps

“Implementation Agreement(s)”	separate implementation agreement for each finance lease and/or factoring arrangement to be entered into between relevant member of Lessees
“Leased Asset(s)”	the equipment to be leased pursuant to Implementation Agreements
“Lessee(s)”	OCT Group and/or OCT Ltd. and/or their subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“OCT (HK)”	Overseas Chinese Town (HK) Company Limited, a company incorporated in Hong Kong with limited liability and wholly owned by OCT Ltd.
“OCT Financial Leasing”	OCT Financial Leasing Co., Ltd. (華僑城融資租賃有限公司), a company established in the PRC and is a direct wholly-owned subsidiary of the Company
“OCT Group”	Overseas Chinese Town Company Limited (華僑城集團有限公司), a PRC state-owned company established in the PRC, and the holding company of OCT Ltd.
“OCT Group Agreement”	the finance lease and factoring framework agreement entered into between OCT Financial Leasing and OCT Group on 7 May 2019
“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 Ltd. Agreement”	the finance lease and factoring framework agreement entered into between OCT Financial Leasing and OCT Ltd. on 7 May 2019
“Pacific Climax”	Pacific Climax Limited, a company incorporated in the British Virgin Islands with limited liability, is a Controlling Shareholder and is wholly-owned by OCT (HK)
“PBOC”	the People’s Bank of China

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“%”	percent

In this announcement, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail.

By the order of the Board
Overseas Chinese Town (Asia) Holdings Limited
He Haibin
Chairman

Hong Kong, 7 May 2019

As at the date of this announcement, the Board of the Company comprises seven Directors, including three executive Directors namely Mr. He Haibin, Ms. Xie Mei and Mr. Lin Kaihua; one non-executive Director namely Mr. Zhang Jing; three independent non-executive Directors namely Mr. Lu Gong, Ms. Wong Wai Ling, and Mr. Lam Sing Kwong Simon.