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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)

MAJOR TRANSACTION JOINT VENTURE ARRANGEMENT IN RESPECT OF ACQUISITION OF LAND USE RIGHTS IN CHAOHU, HEFEI, ANHUI PROVINCE, THE PRC

COOPERATION AGREEMENT

Reference is made to the announcement of the Company dated 15 May 2019 in relation to the Land Acquisition in Chaohu, Hefei, Anhui Province, the PRC.

On 15 May 2019, OCT Gangya, an indirect wholly-owned subsidiary of the Company, and Hefei Guojia have jointly bidden and won the bid for the land use rights of the Land situated at Chaohu, Hefei, Anhui Province of the PRC, and jointly entered into the Confirmation Letter with the Hefei Natural Resources and Planning Bureau. Pursuant to the Confirmation Letter, on 30 May 2019, the JV Partners and the Hefei Resources and Planning Bureau entered into the Land Use Rights Grant Contract.

The Board is pleased to announce that on 3 June 2019, OCT Gangya entered into a Cooperation Agreement with Hefei Guojia, pursuant to which OCT Gangya and Hefei Guojia agreed to establish the Project Company, in which OCT Gangya and Hefei Guojia shall own 51% and 49% of the equity interest, for the development of the Land.

The total capital commitment to the Project Company made in accordance with the Cooperation Agreement shall not exceed RMB2,352,941,176, of which RMB1,200,000,000 and RMB1,152,941,176 is attributable to OCT Gangya and Hefei Guojia, respectively, in proportion to their respective shareholdings in the Project Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the maximum capital commitment to be made by OCT Gangya under the Cooperation Agreement exceed 25% but are less than 100%, the entering into of the Cooperation Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

The Land Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules as the Land Acquisition involves an acquisition of governmental land(s) from the PRC Governmental Body (as defined under the Listing Rules) through an auction governed by the PRC laws (as defined under the Listing Rules) in the PRC, which is undertaken by the Group in its ordinary and usual course of business.

The Land Acquisition is undertaken by the Group and Hefei Guojia via the Project Company on a joint basis. According to the Cooperation Agreement which is prepared on an arm's length basis and on normal commercial terms, the Project Company is established for the single purpose relating to the acquisition and development of the Land which is consistent with the purpose of the auction of the Land. The Cooperation Agreement also contains clauses that the Project Company must not, (i) without the unanimous consent from OCT Gangya and Hefei Guojia, change the nature or scope of the Project Company's business and its scope of business shall be at all times consistent with the requirements specified in documents relating to the Land Acquisition; or (ii) enter into any transactions which are not on an arm's length basis.

The Board confirms that the Land Acquisition is in the Group's ordinary and usual course of business and that the Land Acquisition and the joint venture arrangement contemplated under the Cooperation Agreement (including its financing and profit distribution arrangements) are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole. The Transactions are subject to reporting and announcement requirements but is exempt from Shareholders' approval requirements pursuant to Rule 14.33A of the Listing Rules.

GENERAL

A circular containing, among other things, further details of the Transactions will be despatched to the Shareholders in accordance with the Listing Rules for information purposes as soon as practicable. It is expected that the circular will be despatched to Shareholders on or before 25 June 2019 in order to allow sufficient time for the Company to prepare relevant information for inclusion in the circular.

Reference is made to the announcement of the Company dated 15 May 2019 in relation to the Land Acquisition in Chaohu, Hefei, Anhui Province, the PRC.

INTRODUCTION

On 15 May 2019, OCT Gangya, an indirect wholly-owned subsidiary of the Company, and Hefei Guojia have jointly bid and won the bid for the land use rights of the Land situated at Chaohu, Hefei, Anhui Province of the PRC, and jointly entered into the Confirmation Letter with the Hefei Natural Resources and Planning Bureau.

Pursuant to the Confirmation Letter, on 30 May 2019, the JV Partners, jointly, and the Hefei Resources and Planning Bureau entered into the Land Use Rights Grant Contract, the major terms of which are as follows:

- Date:** 30 May 2019
- Parties:**
- (1) the Hefei Natural Resources and Planning Bureau (as the transferor)
 - (2) JV Partners (as the transferee)
- Subject matter:** the Land situated at the northwest of the intersection of Jinchao Avenue and Beiwaihuan Road and south of Juzhangshan Road in the Chaohu Economic Development Zone, Heifei, Anhui Province, the PRC (中國安徽省合肥市巢湖經開區金巢大道北外環路交口西北側、岨嶂山路以南) with a total site area of 413,878.66 sq.m. and an estimated gross floor area of approximately 460,400 sq.m.
- Consideration:** RMB1,129,888,742 (i.e. RMB2,730 per sq.m.)
- Payment terms:** The Consideration (a land deposit of RMB400,000,000 which has been paid by OCT Gangya and Hefei Guojia jointly, in proportion to their proposed ownership of the Project Company, at the time of bidding shall be used to offset part of the Consideration for the Land Acquisition) shall be paid by the transferee in the following manner:
- (1) 50% of the Consideration shall be settled within 30 days from the date of entering into the Land Use Rights Grant Contract; and
 - (2) the remainder of the Consideration, along with the interest accrued on the remainder of the Consideration (the interest rate of which shall be determined by the rate published by the People's Bank of China (中國人民銀行) as at the date of the settlement of the first 50% of the Consideration) shall be settled within 3 months from the date of entering into the Land Use Rights Grant Contract.
- Date of completion of the Land Acquisition:** On or before 30 June 2019
- Use of the Land:** Commercial use: 40 years
Residential use: 70 years

The Board is pleased to announce that on 3 June 2019, OCT Gangya entered into a Cooperation Agreement with Hefei Guojia, pursuant to which OCT Gangya and Hefei Guojia agreed to establish the Project Company, in which OCT Gangya and Hefei Guojia shall own 51% and 49% of the equity interest, for the development of the Land.

The total capital commitment to the Project Company made in accordance with the Cooperation Agreement shall not exceed RMB2,352,941,176, of which RMB1,200,000,000 and RMB1,152,941,176 is attributable to OCT Gangya and Hefei Guojia, respectively, in proportion to their respective shareholdings in the Project Company.

THE COOPERATION AGREEMENT

Date

3 June 2019

Parties

- (a) OCT Gangya, an indirect wholly-owned subsidiary of the Company
- (b) Hefei Guojia

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Hefei Guojia and its ultimate beneficial owner(s) are Independent Third Parties.

Formation, initial registered capital and capital commitment to the Project Company

Upon the establishment of the Project Company, the land use rights of the Land will be transferred to the Project Company. The initial registered capital of the Project Company shall be RMB400,000,000, which shall be contributed by OCT Gangya and Hefei Guojia in the proportion of 51% and 49% in the amount of RMB204,000,000 and RMB196,000,000, respectively. In addition to the initial registered capital, the JV Partners agreed, among other things:

1. Land Acquisition costs

Each of the JV Partners shall pay to the Project Company, the balance of the Consideration, the relevant tax as a result of the Land Acquisition, ancillary fees for urban construction and other relevant expenses in proportion to their respective shareholdings in the Project Company within three business days before the due date for payment in accordance with the terms of the Land Use Rights Grant Contract and relevant policies, and the Project Company shall then pay the same to the Hefei Resources and Planning Bureau.

The registered capital shall pay the Land Acquisition costs in priority. To the extent that the amount of the registered capital is insufficient to cover the land costs, such shortfalls will be financed by shareholders' loan in proportion to their respective shareholdings in the Project Company at an annual interest rate not exceeding 40% of the one-year term lending interest rate promulgated by the People's Bank of China.

2. Financing for the Project development

Before the Project Company is qualified to obtain external loans (i.e. before obtaining the relevant licences for Project development) from financial institutions, the Project shall be financed by shareholders' loan in proportion to their respective shareholdings in the Project Company. The JV Partners will provide shareholders' loan in proportion to their respective shareholdings in the Project Company to cover the development and construction costs of the Project.

After the Project Company is qualified to obtain external loans (i.e. after obtaining the relevant licences for Project development) from financial institutions, the Project shall first be financed by external loans from financial institutions. To the extent that the amount of external loans from financial institutions is insufficient to cover the development and construction costs of the Project, such shortfall will be financed by shareholders' loan in proportion to their respective shareholdings in the Project Company at an annual interest rate not exceeding 40% of the one-year term lending interest rate promulgated by the People's Bank of China.

3. Guarantee for the Project Company

The JV Partners shall provide guarantee for the financing of the Project Company in proportion to their respective shareholdings in the Project Company.

4. Capital commitment

In any event, the total capital commitment to be made to the Project Company in accordance with the Cooperation Agreement shall not exceed RMB2,352,941,176, of which RMB1,200,000,000 and RMB1,152,941,176 is attributable to OCT Gangya and Hefei Guojia, respectively, in proportion to their respective shareholdings in the Project Company, which was determined on an arm's length negotiation between the parties after taking into account, but not limited to the Land Acquisition costs, costs and expenses to be incurred from the development of the Project and guarantees for the Project Company

The proportion of capital commitment to be made to the Project Company by OCT Gangya, being RMB1,200,000,000 shall be funded by the Group's internal resources, shareholders' loan and banking borrowings.

Upon completion of the transactions contemplated under the Cooperation Agreement, OCT Gangya will hold 51% equity interests in the Project Company. The Project Company will become an indirect subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company.

Distributable idle funds of the Project Company

At the discretion of the board of directors of the Project Company, the distributable idle funds of the Project Company shall firstly be applied to repayment of any outstanding shareholders' loan in accordance with their respective shareholdings in the Project Company, and then shall be paid out to each of the JV Partners in proportion to their respective shareholdings in the Project Company.

The distributable idle funds refers to, at the relevant time, the amount of cash and bank balances of the Project Company minus (i) the expense payable for the Project within three months of the Project Company from the relevant time; (ii) interest and principal amount of any external loans payable within three months; and (iii) the amount required by any governmental bodies.

Distributable profits of the Project Company after the development stage

The Project Company may distribute to the JV Partners, in proportion to their equity interest in the Project Company, operating profits after tax after deducting the regulatory requirements on legal reserve and the working capital requirements of the Project Company, and complying with the regulatory requirements on the distribution of profits.

Board

The board of directors of the Project Company shall consist of five directors, three of whom shall be nominated by OCT Gangya and two shall be nominated by Hefei Guojia. The chairman of the board of directors of the Project Company shall be the director nominated by OCT Gangya and shall act as the legal representative of the Project Company, and the vice chairman of the board of directors of the Project Company shall be nominated by Hefei Guojia. Each of the director and chairman of the board of directors of the Project Company shall be appointed for a term of three years and shall be eligible for re-election after the end of the three years.

Supervisor

The Project Company will have two supervisors to be appointed by OCT Gangya and Hefei Guojia, respectively. Each of the supervisors shall be appointed for a term of three years and shall be eligible for re-election after the end of the three years.

Other terms

The Project Company must not:

- (i) without the unanimous consent of the parties to the Cooperation Agreement, change the nature or scope of its business, and if there are changes then they must still be consistent with the scope or purpose specified in documents relating to the Land Acquisition; or
- (ii) enter into any transactions which are not on an arm's length basis.

INFORMATION OF THE LAND

The Land is situated at the northwest of the intersection of Jinchao Avenue and Beiwaihuan Road and south of Juzhangshan Road in the Chaohu Economic Development Zone, Hefei, Anhui Province, the PRC (中國安徽省合肥市巢湖經開區金巢大道北外環路交口西北側、炬嶂山路以南). The Land has a total site area of 413,878.66 sq.m. and an estimated gross floor area of approximately 460,400 sq.m. The Land is designated for commercial and residential usage with a term of 40 and 70 years, respectively. The Land is close to the Chaohu City Hall* (巢湖市政府), the Chaohu train station and is located in the close vicinity of the only national tourism resort in Anhui Province (Chaohu Bantang Hot Spring Resort in Hefei City), surrounded by some of the famous local attraction sites. The Land is expected to be developed as an international high-quality hot spring destination, which includes, but not limited to, residential properties, hotels, water park and commercial street.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE COOPERATION AGREEMENT

The Land, situated in the core zone of the region-wide tourism of Chaohu, which is in the economic hinterland of the Yangtze Delta, presents larger development potential. By collaboration with Hefei Guojia, the Group can unleash its years of development and operation experience in large-scale comprehensive development projects, expand its source of fund and achieve complimentary advantages. The Directors believe the cooperation could enhance the efficiency and effectiveness in development of the Project and in turn brings a greater return to the Group.

The Directors are of the view that transactions contemplated under the Cooperation Agreement are in the ordinary and usual course of business of the Company and the arrangement contemplated under the Cooperation Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The principal business activity of the Company is investment holding. The Group is principally engaged in the comprehensive development business and investment in the new urbanisation industrial ecosphere business.

OCT Gangya is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company, which is principally engaged in property management consulting, development of cultural tourism and sports facilities, management and investment consulting.

INFORMATION ON HEFEI GUOJIA

Hefei Guojia is a limited liability company established in the PRC, which is principally engaged in the investment, management, consultation and project investment of non-securities businesses.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the maximum capital commitment to be made by OCT Gangya under the Cooperation Agreement exceed 25% but are less than 100%, the entering into of the Cooperation Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

The Land Acquisition is regarded as a qualified property acquisition under Rule 14.04(10C) of the Listing Rules as the Land Acquisition involves an acquisition of governmental land(s) from the PRC Governmental Body (as defined under the Listing Rules) through an auction governed by the PRC laws (as defined under the Listing Rules) in the PRC, which is undertaken by the Group in its ordinary and usual course of business.

The Land Acquisition is undertaken by the Group and Hefei Guojia via the Project Company on a joint basis. According to the Cooperation Agreement which is prepared on an arm's length basis and on normal commercial terms, the Project Company is established for the single purpose relating to the acquisition and development of the Land which is consistent with the purpose of the Auction. The Cooperation Agreement also contains clauses that the Project Company must not, (i) without the unanimous consent from OCT Gangya and Hefei Guojia, change the nature or scope of the Project Company's business and its scope of business shall be at all times consistent with the requirements specified in documents relating to the Land Acquisition; or (ii) enter into any transactions which are not on an arm's length basis.

The Board confirms that the Land Acquisition is in the Group's ordinary and usual course of business and that the Land Acquisition and the joint venture arrangement contemplated under the Cooperation Agreement (including its financing and profit distribution arrangements) are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole. The Transactions are subject to reporting and announcement requirements but is exempt from Shareholders' approval requirements pursuant to Rule 14.33A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, no Director is required to abstain from voting on the board resolutions in relation to the approval of the transactions contemplated under the Cooperation Agreement.

GENERAL

A circular containing, among other things, further details of the Transactions will be despatched to the Shareholders in accordance with the Listing Rules for information purposes as soon as practicable. It is expected that the circular will be despatched to Shareholders on or before 25 June 2019 in order to allow sufficient time for the Company to prepare relevant information for inclusion in the circular.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Business Day(s)”	a day on which licensed banks in the PRC are open for business
“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
“Confirmation Letter”	the auction confirmation letter (成交確認書) entered into among OCT Gangya, Hefei Guojia and the Hefei Natural Resources and Planning Bureau on 15 May 2019 as a result of successfully winning the bid for the auction

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the land use rights of the Land amounting to RMB1,129,888,742
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the agreement dated 3 June 2019 and entered into between OCT Gangya and Hefei Guojia, in relation to, amongst others, the joint venture arrangements of the Project Company
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries as at the date of this announcement
“Hefei Guojia”	合肥國嘉產業資本管理有限公司 (Hefei Guojia Industry Capital Management Co., Ltd.*), a limited liability company established in the PRC
“Hefei Natural Resources and Planning Bureau”	Hefei Municipal Natural Resources and Planning Bureau* (合肥市自然資源和規劃局)
“HK\$”	the Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules
“JV Partners”	OCT Gangya and Hefei Guojia
“Land”	a piece of land located at the northwest of the intersection of Jinchao Avenue and Beiwaihuan Road and south of Juzhangshan Road in the Chaohu Economic Development Zone, Heifei, Anhui Province, the PRC (中國安徽省合肥市巢湖經開區金巢大道北外環路交口西北側、鉅嶂山路以南) (Land plot no. ACK2018-15), with a total site area of 413,878.66 sq.m. and an estimated gross floor area of approximately 460,400 sq.m.
“Land Acquisition”	the acquisition of land use rights of the Land through public bidding process at the auction
“Land Use Rights Grant Contract”	the State-owned Land Use Rights Grant Contract (國有建設用地使用權出讓合同) dated 30 May 2019 and entered into between the Hefei Natural Resources and Planning Bureau and the JV Partners pursuant to the Confirmation Letter

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“OCT Gangya”	深圳華僑城港亞控股發展有限公司 (Shenzhen OCT Gangya Holdings Development Co., Ltd.), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC Governmental Body”	has the meaning ascribed to it under the Listing Rules
“Project”	the project for the development of the Land as residential properties, hotels, water park and commercial street
“Project Company”	the joint venture company to be established by OCT Gangya and Hefei Guojia in the PRC for development of the Land
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the shareholders of the Company
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transactions”	the Land Acquisition, the entering into of the Cooperation Agreement and the transactions contemplated thereunder
“%”	per cent

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, 3 June 2019

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