

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**UPDATES ON PROPOSED MANDATE FOR POTENTIAL
VERY SUBSTANTIAL DISPOSAL AND POTENTIAL DISCLOSEABLE
TRANSACTION INVOLVING SHOUCHI ENTERPRISE**

As set out in the First Announcement dated 5 October 2022, OCT Shanghai Land (an indirect non-wholly-owned subsidiary of the Group) intends to dispose of 51% equity interests in the Target Company through Public Tender.

The Company wishes to update the Shareholders and potential investors, that subsequent to the First Announcement, more details have been set down on the major terms of the JV Arrangements expected to be entered into between OCT Shanghai Land and the Purchaser (and where applicable, the Target Company) subsequent to the completion of the Proposed Disposal. A summary of such expected major terms are as follows:

MAJOR TERMS OF THE JV ARRANGEMENTS

Business scope of the Target
Company

Corporate management, car park management, exhibition and display services, property management, and leasing of non-residential real estate (or such other business with the mutual agreement between the shareholders of the Target Company and which could be legally operated by the Target Company pursuant to the laws and regulations of the PRC)

Composition of the board
of directors and corporate
governance structure

The board of directors of the Target Company shall consist of five directors, out of which the Purchaser will have the right to appoint three directors and OCT Shanghai Land will have the right to appoint two directors. OCT Shanghai Land may designate one of the directors so appointed by it as the chairman of the board of directors of the Target Company (who will also be the legal representative of the Target Company)

Resolutions of the board of directors of the Target Company shall only be passed with the approval of all its directors

The financial controller shall be appointed by OCT Shanghai Land, who will oversee and coordinate financial matters of the Target Company. The general manager of the Target Company shall be appointed by the Purchaser. The general manager will be responsible for coordinating the daily operations (other than financial matters) of the Target Company. Internal approval procedures, administration of bank accounts and other material actions of the Target Company will require co-signing (and therefore approval from) at least a representative senior management of the Target Company (including a director, financial controller, or general manager) from each side

Matters such as profit distribution, articles amendments, change in registered capital and other matters requiring approval by shareholders pursuant to applicable laws will be reserved for shareholders' approval. The voting rights of the shareholders shall be based on the proportion of their paid-up capital contribution. Resolutions of the shareholders of the Target Company should only be passed with the approval of all its shareholders

In light of the aforesaid arrangements, unanimous approval will be required from both shareholders (or board representatives from both sides for matters to be decided at the board of directors level) for key decision-making of the Target Company

The Target Company shall have two supervisors. Each of the Purchaser and OCT Shanghai Land will have the right to appoint one supervisor

Matters regarding the Property	<p>The Target Company's decision regarding the Property will be co-determined by both of its shareholders</p> <p>Operation of the Property shall meet the management and services standard and requirements prescribed by the Property's branding licensor</p>
Dividend distribution and policy	<p>Subject to requirements under the applicable laws and regulations, after setting aside 10% of the after-tax profit as statutory reserve funds of the Target Company (until such statutory reserve funds represent 50% or more of the registered capital of the Target Company), dividend of the Target Company may be declared and paid to its shareholders pro rata to their paid-in capital contribution upon approval of the shareholders, taking into account the prudent and proper reserves and cash, anticipated expenses and working capital of the Target Company</p>
Transfer of shares	<p>The shareholders of the Target Company shall not: (i) transfer any of its rights, obligations and liabilities under the JV Arrangements directly or indirectly to any third party without the prior written consent of the other shareholder of the Target Company (including disposal of their respective equity interests by means such as transfer, pledge, entrustment); and (ii) assign, transfer or novate in any manner their respective shareholder's rights and interests in the Target Company (including voting rights, management rights, distribution rights, etc.)</p> <p>The above transfer restrictions do not restrict any transfer of equity interests in the Target Company by shareholders of the Target Company to its related party(ies) for internal group restructuring provided that such related party(ies) will assume all rights, obligations and responsibilities of the JV Arrangements. In such case, the other shareholder of the Target Company will cooperate in waiving its pre-emptive rights, issuing relevant resolution documents and going through the transfer procedures</p>
Right of first refusal	<p>For transfer of equity interests with the consent of the shareholders, the remaining shareholder(s) shall have the preferential right to acquire the equity interests proposed to be transferred under the same conditions</p>

Mechanisms for resolving
deadlock

In a deadlock, parties may negotiate for one of them to acquire all equity interest in the Target Company held by the other party, and for the selling shareholder to withdraw from the JV Arrangements

If parties cannot agree on such negotiated acquisition within 30 days of the deadlock, either shareholder shall be entitled to sell its equity interests in the Target Company at its own discretion without seeking the prior consent of the other shareholder, provided that the other shareholder's right of first refusal remains exercisable

If, within 120 days after the deadlock, the shareholders have not completed any of the above acquisition, any one shareholder shall be entitled to notify the Target Company and request the Target Company to be dissolved and liquidated. If the Target Company or the other shareholder does not cooperate, the shareholder making such request may apply to the court of law of the place of registration of the Target Company to dissolve the Target Company

Capital support for the Target
Company

The Purchaser and OCT Shanghai Land will be responsible for providing capital support to the Target Company in the repayment and provision of guarantee in proportion to its shareholdings in the Target Company

The Purchaser and OCT Shanghai Land shall, in accordance with the needs of the Target Company, provide input (including shareholders' loan, capital reserve, credit guarantee, etc.) to support the daily operating expenses of the Target Company. Such input shall be proportionate to parties' respective shareholding, and the input by OCT Shanghai Land is not expected to be more than RMB130 million

If the above capital support is to be provided by way of shareholders' loan(s), these loans are expected to be for a term of not more than three years, unsecured, and bear interests at a rate to be negotiated and agreed (but in any event, not more 150% of the three-year loan prime rate published by the People's Bank of China at the time of lending)

The Purchaser will be required to pledge the Sale Interests in favour of OCT Shanghai Land to secure its capital support obligation. It will be released upon (among others) the Purchaser having provided the capital support or its cooperation in the loan switching (as the case may be, if the Target Company is required to repay its existing loans or switch its loan due to the Proposed Disposal)

Remedial measures including, among others, liquidated damages and punitive damages may be sought against the defaulting shareholder of the Target Company for failure to provide such capital support

Term and termination

The JV Arrangement shall be effective from the date of the entering into of the relevant shareholders' agreement and the articles of association of the Target Company, and until it being terminated upon any of the following events (whichever is earlier):

- (i) termination by mutual agreement of the Purchaser and OCT Shanghai Land;
- (ii) the Target Company being dissolved, liquidated, shut down, deregistered, or otherwise cease to exist;
- (iii) expiry or revocation of the business licence of the Target Company (currently, up to 27 August 2058);
- (iv) all equity interests in the Target Company becoming owned by a single shareholder; or
- (v) by reason of applicable laws and regulations

Distribution upon dissolution

If the shareholders of the Target Company resolve to dissolve or deregister the Target Company, subject to applicable laws and regulations, a liquidation group (comprising shareholders of the Target Company) shall be established. The liquidation group shall, among other things, conduct the clearance of assets of the Target Company, and prepare financial statements and lists of assets of the Target Company. The liquidation group shall formulate the liquidation proposal for the approval of the shareholders or where applicable, the People's Court of the PRC

Remaining assets of the Target Company after settling the Target Company's debts, wages, taxes overdue and other items having priority under applicable laws, shall be distributed to the Target Company's shareholders in proportion to their respective shareholdings

The capital support commitment is to be made by both the Purchaser and OCT Shanghai Land in proportion to their respective shareholding. The portion committed by OCT Shanghai Land is not expected to be more than RMB130 million. The Target Company's business operations has been impacted by the pandemic and at its climbing stage. The commitment is set taking into account the Target Company's estimated financial shortfall of about RMB265 million for the forthcoming years from its ongoing financial obligation, including repayment of bank loan and interests of around RMB140 million, marketing management consultation fees, potential compensation under the Ongoing Arrangement and other operating fees estimated to be around RMB120 million, including taxes of around RMB20 million. If any capital support by way of shareholders' loan or capital contribution is required, OCT Shanghai Land expects to fund the capital support from the Group's internal resources.

It is contemplated that the Target Company will be operated jointly by its shareholders (namely, OCT Shanghai Land and the Purchaser). Through the JV Arrangements, the senior management of the Target Company will comprise representatives from both sides (with the chairman of its board of directors (who will also act as the legal representative) and the financial controller to be designated by OCT Shanghai Land, and the general manager to be designated by the Purchaser), and they will be responsible for the management of the Target Company through co-signing arrangements. Aside from such co-management, it is intended that the Purchaser shall contribute to the Target Company through financial support proportionate to its shareholding and (where applicable) utilise its available social resources and connections to facilitate the Target Company's development, while OCT Shanghai Land will assume the daily management of the Property and provide financial support proportionate to its shareholding if so required.

As set out in the First Announcement, a bidder is required to undertake that it and its ultimate beneficial owners are not connected persons of the Company. The Group will also verify the qualification of the interested bidders, and any interested bidder who is a connected person of the Company will be disqualified and rejected from participating in the Public Tender. In light of such, the Company believes that the Purchaser will not be a connected person of the Company.

The Company would like to emphasize that as the identity of the Purchaser could only be known after the completion of the Public Tender, the terms of the JV Arrangements are yet to be finalised. If there are any material changes to the terms of the JV Arrangements, the Company will make further announcement(s) and/or re-comply with the relevant requirements of Chapter 14 under the Listing Rules (where required) as appropriate.

INFORMATION ON THE GROUP AND THE TARGET COMPANY

The principal business activity of the Company is investment holding. The Group is principally engaged in comprehensive development, equity investment and fund management.

OCT Shanghai Land is a non-wholly owned subsidiary of the Company. It is principally engaged in the development, operation, leasing, property management of commercial properties, residential properties, office premises, and culture and entertainment projects of land pieces in Shanghai, together with the management of related parking lots.

The Target Company is wholly-owned by OCT Shanghai Land as of the date of this announcement and prior to the Proposed Disposal. Its business scope includes: corporate management, car park management, exhibition and display services, property management, and leasing of non-residential real estate. For the year ended 31 December 2020 and 2021, the Target Company recorded unaudited loss before income tax of approximately RMB50,719,000 and RMB52,351,000 (loss after income tax: 2020: RMB50,719,000 and 2021: RMB52,351,000). Its net assets as of 31 December 2020 and 2021 were approximately RMB666,391,000 and RMB614,040,000, respectively.

More information about the Group, OCT Shanghai Land, the Target Company and the Property is set out in the First Announcement.

REASONS FOR AND BENEFITS OF THE JV ARRANGEMENTS

The Target Company is wholly-owned by OCT Shanghai Land prior to the Proposed Disposal. The JV Arrangements are designed to accommodate the Proposed Disposal, and regulate the management and operation of the Target Company. The Target Company will be a joint venture of the Group after the Proposed Disposal, and the JV Arrangements provide OCT Shanghai Land with co-management and co-signing right, and certain protection as a shareholder to monitor the Target Company. Also, capital support (if required) will be proportionate to parties' shareholdings. In light of such, the Directors are of the view that the JV Arrangements and their key terms are on normal commercial terms, are fair and reasonable, and the JV Arrangements are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS AND OTHER INFORMATION

The highest relevant applicable percentage ratio calculated with reference to OCT Shanghai Land's maximum commitment to provide capital support pursuant to the Listing Rules exceeds 5% but is less than 25%. The JV Arrangements are therefore expected to constitute a discloseable transaction of the Company and be subject to the reporting and, announcement requirements, but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules. If any capital support under the JV Arrangements is to be actually provided by OCT Shanghai Land, further announcement(s) will be made by the Company as and when required under Rules 13.13, 13.14 and 13.16 of the Listing Rules (if applicable).

To the best of the Directors' knowledge, information and belief, no Director has a material interest in, and no Director is required to abstain from voting on the Board resolutions approving the Proposed Disposal, the Proposed Mandate and the JV Arrangements.

The terms of the Public Tender and the JV Arrangements have yet to be finalised and therefore may be subject to changes. In addition, the Proposed Disposal and the JV Arrangements may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution in dealing in the securities of the Company.

An EGM is scheduled to be held on 9 November 2022 for the Shareholders to consider and, if thought fit, approve the Proposed Disposal and the grant of the Proposed Mandate. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 4 November 2022 (Friday) to 9 November 2022 (Wednesday, being the record date for the EGM) (both days inclusive), during which period no transfer of the Shares will be registered. To be eligible to attend and vote at the EGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 3 November 2022 (Thursday).

As set out in the First Announcement, the circular with respect to, among other things, the Proposed Disposal and Proposed Mandate, and the notice of the EGM are expected to be despatched to the Shareholders on or before 26 October 2022.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings. Capitalised terms not otherwise defined shall have the meanings as defined in the First Announcement.

“Company”	Overseas Chinese Town (Asia) Holdings Limited
“First Announcement”	the announcement of the Company dated 5 October 2022 with respect to the Proposed Disposal and the Proposed Mandate
“JV Arrangements”	the arrangements between OCT Shanghai Land and the Purchaser (and where applicable, the Target Company) pursuant to the expected major terms of the shareholders' agreement and/or articles of association of the Target Company to be entered into

“OCT Shanghai Land”	Overseas Chinese Town (Shanghai) Land Company Limited. It is indirectly owned as to 50.05% by the Company, and as to 49.5% by Shenzhen OCT Real Estate Company Limited (an associate of Overseas Chinese Town Enterprises Company, a controlling shareholder of the Company), respectively, as of the date of this announcement
“Property”	133 apartments situated at Shanghai and the corresponding land use rights, owned by the Target Company
“Proposed Disposal”	the proposed disposal of the Sale Interests. Further information about the Proposed Disposal is set out in the First Announcement
“Proposed Mandate”	a mandate proposed to be granted in advance by the Shareholders to the Directors to enter into and complete the Proposed Disposal through Public Tender and the JV Arrangements
“Public Tender”	the public tender for the Proposed Disposal through China Beijing Equity Exchange
“Purchaser”	the successful bidder of the Public Tender
“Sale Interests”	51% equity interests in the Target Company
“Target Company” or “Shouchi Enterprise”	Shanghai Shouchi Enterprise Management Ltd. (上海首馳企業管理有限公司)

By the order of the Board
Overseas Chinese Town (Asia) Holdings Limited
Zhang Dafan
Chairman

Hong Kong, 21 October 2022

As at the date of this announcement, the Board comprises seven Directors, namely: Mr. Zhang Dafan, Ms. Xie Mei and Mr. Lin Kaihua as executive Directors; Mr. Wang Wenjin as non-executive Director; and Ms. Wong Wai Ling, Mr. Lam Sing Kwong Simon and Mr. Chu Wing Yiu as independent non-executive Directors.

Certain Chinese names of institutions, natural persons or other entities or words have been translated into English and included in this announcement as unofficial translations for reference only. In the event of any inconsistency, the Chinese names shall prevail.