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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in Overseas Chinese Town (Asia) Holdings Limited, you should hand this circular at once to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

#### CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROPERTY SERVICES AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



RAINBOW CAPITAL (HK) LIMITED  
泓博資本有限公司

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Capitalised terms used in this cover page shall bear the same meanings as those defined in the section headed "Definitions" in this circular.

A notice convening the EGM to be held at 3/F, Jacaranda IBC, OCT Harbour, Baishi Road, Nanshan District, Shenzhen, PRC on Thursday, 29 December 2022, at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you plan to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon 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, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

#### PRECAUTIONARY MEASURES FOR THE EGM

For the health and safety of the Shareholders, the Company encourages the Shareholders to appoint the Chairman of the meeting as their proxy to vote on the relevant resolutions at the EGM by completing and returning the form of proxy accompanying this circular in accordance with the instructions printed thereon.

Please refer to page ii of this circular for the additional information regarding precautionary measures to be implemented at the EGM. The Company may implement further changes and precautionary measures as appropriate.

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## PRECAUTIONARY MEASURES FOR THE EGM

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For the health and safety of the Shareholders, **the Company encourages the Shareholders to appoint the Chairman of the meeting as their proxy to vote on the relevant resolutions at the EGM** by completing and returning the form of proxy accompanying this circular in accordance with the instructions printed thereon.

If any shareholder chooses not to attend the EGM in person but has any questions about any resolution or about the Company, or has any matters for communication with the Board, he/she is welcome to send such question or matter in writing to the Company at [ir-asia@chinaoct.com](mailto:ir-asia@chinaoct.com).

The health and safety of our Shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing COVID-19 pandemic, the Company will implement the following precautionary measures at the EGM to protect attending Shareholders, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted for every shareholder, proxy or other attendee at each entrance of the meeting venue and a health registration form must be filled out.
- (ii) All attendees are required to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats. Therefore, the number of seats at the EGM venue will be subject to restrictions and if necessary, the Company may restrict the number of people attending the EGM to avoid overcrowding at the venue.
- (iii) No refreshment will be served, and there will be no corporate gift.
- (iv) The number of management of the Company attending the EGM in person will also be subject to restrictions. The Directors who will not attend the meeting in person will participate by video conference.

To the extent permitted by law, the Company reserves the right to deny entry into the meeting venue or require any person to leave the venue so as to ensure the health of the meeting attendees, among other things, if such person:

- (i) Refuses to comply with any of the precautionary measures or arrangement adopted at the meeting;
- (ii) Is having a body temperature of over 37.2 degree Celsius; or
- (iii) Exhibits respiratory infection symptoms or is apparently unwell.

In the interest of all attendees' health and safety, the Company wishes to advise all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. By using proxy forms with voting instructions duly completed, Shareholders may appoint the Chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM in person.

Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

|                                    |   |
|------------------------------------|---|
| “Airport Town Framework Agreement” | the long-term property services framework agreement dated 23 November 2022 entered into between Hefei OCT Industry and OCT Property (Hefei) in relation to the provision of property services by OCT Property (Hefei) for properties in the Hefei Airport International Town project and the office areas |
| “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  |
| “Contract Term”                    | 1 January 2023 to 31 December 2025  |
| “controlling shareholder(s)”       | has the meaning ascribed to it under the Listing Rules  |
| “Director(s)”                      | the director(s) of the Company  |
| “EGM”                              | an extraordinary general meeting of the Company to be convened and held on 29 December 2022 for considering, and if thought fit, approving the Framework Agreements (or any adjournment thereof)  |
| “Framework Agreements”             | the Huanchao Hefei Framework Agreement, the Huanchao EDZ Framework Agreement, the Airport Town Framework Agreement and the Suhewan Framework Agreement  |
| “Group”                            | the Company and its subsidiaries  |
| “Hefei OCT Huanchao”               | Hefei OCT Huanchao Cultural Tourism Real Estate Development Co., Ltd. (合肥華僑城環巢文旅置業發展有限公司), an indirect non-wholly owned subsidiary of the Company established in the PRC with limited liability   |
| “Hefei OCT Industry”               | Hefei OCT Industry Development Co., Ltd. (合肥華僑城實業發展有限公司), an indirect non-wholly owned subsidiary of the Company established in the PRC with limited liability  |

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## DEFINITIONS

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|--------------------------------------|---|
| “Hong Kong”                          | the Hong Kong Special Administrative Region of the People’s Republic of China   |
| “Huanchao EDZ Framework Agreement”   | the property services framework agreement dated 23 November 2022 entered into between Hefei OCT Huanchao and OCT Property (EDZ) in relation to the provision of property services by OCT Property (EDZ) for properties in the Hefei Chaohu Bantang Hot Spring   |
| “Huanchao Hefei Framework Agreement” | the long-term property services framework agreement dated 23 November 2022 entered into between Hefei OCT Huanchao and OCT Property (Hefei) in relation to the provision of property services by OCT Property (Hefei) for properties in the Hefei Chaohu Bantang Hot Spring Town project and the office areas                         |
| “IFA” or “Rainbow Capital”           | Rainbow Capital (HK) Limited, a licensed corporation to carry out types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreements |
| “Independent Board Committee”        | the independent committee of the Board, comprising the independent non-executive Directors (namely, Ms. Wong Wai Ling, Mr. Lam Sing Kwong Simon and Mr. Chu Wing Yiu) established for the purpose of making recommendations to the Independent Shareholders on the Framework Agreements   |
| “Independent Shareholders”           | Shareholders who are not required to abstain from voting on resolutions approving the Framework Agreements  |
| “Independent Third Party(ies)”       | third party(ies) independent of the Company and its connected persons   |
| “Latest Practicable Date”            | 6 December 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein   |
| “Listing Rules”                      | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Management Services Fees”           | the management services fees payable by the Group to the corresponding Service Provider pursuant to the Framework Agreements  |
| “normal commercial terms or better”  | has the meaning ascribed to it under the Listing Rules  |

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## DEFINITIONS

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|--------------------------|---|
| “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 (Stock code: 000069.SZ) |
| “OCT Property”           | OCT Property (Group) Co., Ltd. (華僑城物業(集團)有限公司), a connected person of the Company   |
| “OCT Property (EDZ)”     | Chaohu Economic Development Zone branch, OCT Property (Group) Co., Ltd. (華僑城物業(集團)有限公司巢湖經濟開發區分公司), a connected person of the Company  |
| “OCT Property (Hefei)”   | Hefei branch, OCT Property (Group) Co., Ltd. (華僑城物業(集團)有限公司合肥分公司), a connected person of the Company  |
| “OCT Property (Jing’an)” | Shanghai Jing’an branch office of OCT Property (Group) Co., Ltd. (華僑城物業(集團)有限公司上海靜安分公司), a connected person of the Company  |
| “OCT Shanghai Land”      | Overseas Chinese Town (Shanghai) Land Company Limited (華僑城(上海)置地有限公司), an indirect non-wholly-owned subsidiary of the Company incorporated in the PRC with limited liability          |
| “Pacific Climax”         | Pacific Climax Limited, a company incorporated in the British Virgin Islands with limited liability, and a controlling shareholder of the Company                                     |
| “PRC”                    | the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan        |
| “RMB”                    | Renminbi, the lawful currency of the PRC  |
| “Service Provider(s)”    | OCT Property (Hefei) , OCT Property (EDZ) and OCT Property (Jing’an)  |
| “SFO”                    | Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)   |
| “Share(s)”               | the share(s) of the Company   |
| “Shareholder(s)”         | the shareholder(s) of the Company   |
| “Stock Exchange”         | The Stock Exchange of Hong Kong Limited   |

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## DEFINITIONS

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“Suhewan Framework Agreement” the property services framework agreement dated 23 November 2022 entered into between OCT Shanghai Land and OCT Property (Jing’an) in relation to the provision of property services by OCT Property (Jing’an) for the properties in the Shanghai Suhewan project

“%” per cent.

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

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Zhang Dafan (*Chairman*)  
Ms. Xie Mei (*Chief Executive Officer*)  
Mr. Lin Kaihua

*Non-executive Director:*

Mr. Wang Wenjin

*Independent Non-executive Directors:*

Ms. Wong Wai Ling  
Professor Lam Sing Kwong Simon  
Mr. Chu Wing Yiu

*Registered Office:*

Ocorian Trust (Cayman) Limited  
Windward 3  
Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

*Head Office and Principal Place of Business:*

59/F., Bank of China Tower  
1 Garden Road  
Hong Kong

12 December 2022

*To the Shareholders*

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROPERTY SERVICES

#### INTRODUCTION

Reference is made to the announcement of the Company dated 23 November 2022 with respect to, among others, the Framework Agreements.

The purpose of this circular is to provide you with, among other things, (i) information of the Framework Agreements; (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in respect of the Framework Agreements; (iii) a letter from the IFA to the Independent Board Committee and the Independent Shareholders advising on the Framework Agreements; and to give you the notice of the EGM.



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# LETTER FROM THE BOARD

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## THE FRAMEWORK AGREEMENTS

The exiting framework agreements regarding the provision of property services for the Group's Hefei Chaohu Bantang Hot Spring Town, Shanghai Suhewan and Hefei Airport International Town projects (further details of which are set out in the announcements of the Company dated 30 December 2019, 8 July 2020 and 7 July 2021, respectively) will expire by 31 December 2022. Hence, the Group entered into the Framework Agreements with the Service Providers.

Below summarises the principal terms of the Framework Agreements:

### (1) Huanchao Hefei Framework Agreement

***Date:***

23 November 2022

***Parties:***

Service Provider: OCT Property (Hefei)

Recipient: Hefei OCT Huanchao (a subsidiary of the Company)

***Subject matter:***

Pursuant to the Huanchao Hefei Framework Agreement, OCT Property (Hefei) agreed to provide the following services for properties in the Hefei Chaohu Bantang Hot Spring Town project and the office areas, for the Contract Term:

- (a) maintenance of the common areas in the properties;
- (b) day-to-day operation and maintenance of the common facilities and equipment in the properties;
- (c) cleaning and sanitation services of the public areas of the properties;
- (d) greening and maintenance services of the public areas in the properties;
- (e) maintenance of the public order in the properties;
- (f) management of the prohibitive act in the properties;
- (g) management of other public affairs relating to the properties; and
- (h) provision of other property management services as requested by the owners of properties.

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## LETTER FROM THE BOARD

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The parties may enter into separate individual property management agreement(s) setting out specific terms for the services, including the payment arrangement of the Management Services Fees. The Management Services Fees will be determined based on the actual areas under management and the manpower required of OCT Property (Hefei) in providing the services, and shall not be higher than the quotation offered to the Group by Independent Third Parties.

### (2) Huanchao EDZ Framework Agreement

***Date:***

23 November 2022

***Parties:***

Service Provider: OCT Property (EDZ)

Recipient: Hefei OCT Huanchao (a subsidiary of the Company)

***Subject matter:***

Pursuant to the Huanchao EDZ Framework Agreement, OCT Property (EDZ) agreed to provide the following services for properties in the Hefei Chaohu Bantang Hot Spring, for the Contract Term:

- (a) maintenance of the common areas in the properties;
- (b) day-to-day operation and maintenance of the common facilities and equipment in the properties;
- (c) cleaning and sanitation services of the public areas of the properties;
- (d) greening and maintenance services of the public areas in the properties;
- (e) maintenance of the public order in the properties;
- (f) management of the prohibitive act in the properties;
- (g) management of other public affairs relating to the properties; and
- (h) provision of other property management services as requested by the owners of properties.

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## LETTER FROM THE BOARD

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The parties may enter into separate individual property management agreement(s) setting out specific terms for the services, including the payment arrangement of the Management Services Fees. The Management Services Fees will be determined based on the actual areas under management and the manpower required of OCT Property (EDZ) in providing the services, and shall not be higher than the quotation offered to the Group by Independent Third Parties.

### (3) Airport Town Framework Agreement

***Date:***

23 November 2022

***Parties:***

Service Provider: OCT Property (Hefei)

Recipient: Hefei OCT Industry (a subsidiary of the Company)

***Subject matter:***

Pursuant to the Airport Town Framework Agreement, OCT Property (Hefei) agreed to provide the following services for properties in the Hefei Airport International Town project and the office areas, for the Contract Term:

- (a) maintenance of the common areas in the properties;
- (b) day-to-day operation and maintenance of the common facilities and equipment in the properties;
- (c) cleaning and sanitation services of the public areas of the properties;
- (d) greening and maintenance services of the public areas in the properties;
- (e) maintenance of the public order in the properties;
- (f) management of the prohibitive act in the properties;
- (g) management of other public affairs relating to the properties;
- (h) daily management services of the properties sales area and the delivery area; and
- (i) provision of other property management services as requested by the owners of properties.

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## LETTER FROM THE BOARD

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The parties may enter into separate individual property management agreement(s) setting out specific terms for the services, including the payment arrangement of the Management Services Fees. The Management Services Fees will be determined based on the actual areas under management and the manpower required of OCT Property (Hefei) in providing the services, and shall not be higher than the quotation offered to the Group by Independent Third Parties.

#### **(4) Suhewan Framework Agreement**

***Date:***

23 November 2022

***Parties:***

Service Provider: OCT Property (Jian'an)

Recipient: Hefei OCT Industry (a subsidiary of the Company)

***Subject matter:***

Pursuant to the Suhewan Framework Agreement, OCT Property (Jian'an) agreed to provide the following services for properties in the Shanghai Suhewan project, for the Contract Term:

- (a) maintenance of the common areas in the properties;
- (b) day-to-day operation and maintenance of the common facilities and equipment in the properties;
- (c) cleaning, sanitation, safety and security services of the public areas, office buildings and art museum areas of the properties;
- (d) greening and maintenance services of the public areas in the properties;
- (e) maintenance of the public order in the properties;
- (f) management of the prohibitive act in the properties;
- (g) management of other public affairs relating to the properties; and
- (h) provision of other property management services as requested by the owners of properties.

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## LETTER FROM THE BOARD

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The parties may enter into separate individual property management agreement(s) setting out specific terms for the services, including the payment arrangement of the Management Services Fees. The Management Services Fees will be determined based on the actual areas under management and the manpower required of OCT Property (Jing'an) in providing the services, and shall not be higher than the quotation offered to the Group by Independent Third Parties.

### Conditions precedent of the Framework Agreements

Each of the Framework Agreements is conditional upon the Company having obtained the approval from the Independent Shareholders (if required).

### ANNUAL CAPS UNDER THE FRAMEWORK AGREEMENTS

Below summarises the proposed annual caps under the Framework Agreements, respectively:

|                                    | Year ending 31 December |           |           |
|------------------------------------|-------------------------|-----------|-----------|
|                                    | 2023                    | 2024      | 2025      |
|                                    | (RMB'000)               | (RMB'000) | (RMB'000) |
| Huanchao Hefei Framework Agreement | 2,600                   | 2,600     | 2,600     |
| Huanchao EDZ Framework Agreement   | 3,880                   | 2,650     | 3,770     |
| Airport Town Framework Agreement   | 19,100                  | 29,860    | 28,460    |
| Suhewan Framework Agreement        | 38,040                  | 43,160    | 44,180    |

## LETTER FROM THE BOARD

Below summarises the historical annual caps, and actual transaction amount paid by the Group to the OCT Property and/or its associates regarding the transactions contemplated under the Framework Agreements respectively, for the periods indicated:

|   | For the year ended<br>31 December 2020 |  | For the year ended<br>31 December 2021 |  | Annual cap<br>for the year<br>ending<br>31 December<br>2022 | Actual<br>transaction<br>amount for<br>the ten<br>months<br>ended<br>31 October<br>2022* |
|---|--|--|--|--|---|--|
|   | Annual cap<br>(RMB'000)                | Actual<br>transaction<br>amount<br>(RMB'000) | Annual cap<br>(RMB'000)                | Actual<br>transaction<br>amount<br>(RMB'000) | (RMB'000)   | (RMB'000)  |
| Huanchao Hefei Framework Agreement (commenced on 8 July 2020) | 5,000                                  | 149  | 10,000                                 | 4,901  | 20,000  | 5,337  |
| Huanchao EDZ Framework Agreement                              | Nil                                    | Nil  | Nil                                    | Nil  | Nil   | Nil  |
| Airport Town Framework Agreement (commenced on 7 July 2021)   | Nil                                    | Nil  | 23,500                                 | 11,328                                       | 27,500  | 7,123  |
| Suhewan Framework Agreement (commenced on 1 January 2020)     | 48,528                                 | 13,939                                       | 49,380                                 | 3,440  | 62,320  | 48,050   |

\* Unaudited preliminary figures, subject to final audit

### Basis of determination of the annual caps of the Framework Agreements

#### (1) & (2) *Huanchao Hefei Framework Agreement and the Huanchao EDZ Framework Agreement*

In determining the annual caps and the Management Service Fees under the Huanchao Hefei Framework Agreement, the Group has taken into account (among other factors), (i) the area requiring management service during the Contract Term; (ii) the manpower required of OCT Property (Hefei) in relation to the provision of the services and labour costs (including salaries and benefits for security guards, cleaning staff and other staff, with expected annual salary of each staff ranging from approximately RMB60,000 to RMB230,000), which the parties agree will increase during the Contract Term based on the standard applied in 2023 taking into account the level of inflated costs; (iii) the market rate for provision of similar services; and (iv) the historical transaction amounts for the provision of similar services.

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## LETTER FROM THE BOARD

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In determining the annual caps and the Management Service Fees under the Huanchao EDZ Framework Agreement, the Group has taken into account (among other factors), (i) the area requiring management service during the Contract Term (including the public area and vacant area before residents move in); (ii) pre-move in and initial cleaning fee (at the rate of RMB3 per square meter); (iii) the manpower required of OCT Property (EDZ) in relation to the provision of the services and labour costs (including salaries and benefits for security guards, cleaning staff and other staff, with expected annual salary of each staff ranging from approximately RMB60,000 to RMB230,000), which the parties agree will increase during the Contract Term based on the standard applied in 2023 taking into account the level of inflated costs; and (iv) the market rate for provision of similar services.

The Hefei Chaohu Bantang Hot Spring Town project situates in the northwest of the Intersection of Jinchao Avenue and Beiwaihuan Road and south of Juzhangshan Road in the Chaohu Economic Development Zone, Hefei, the PRC. Marketing and sales of properties in the Hefei Chaohu Bantang Hot Spring Town have started. Moving-in is expected to take place during the Contract Term. The determination of annual caps under these two framework agreements took into account the continual need for property services for areas associated with pre-move-in activities and administrative functions (such as area for sales and marketing), and the new need for property management and services for the Hefei Chaohu Bantang Hot Spring Town after residents having moved-in, respectively, during the Contract Term.

The annual caps under the Huanchao Hefei Framework Agreement for the three years ending 31 December 2022 were utilised as to approximately 2.98%, 49.01% and 26.69% (up to 31 October 2022), respectively.

### **(3) *Airport Town Framework Agreement***

In determining the annual caps and the Management Service Fees under the Airport Town Framework Agreement, the Group has taken into account (among other factors), (i) the area requiring management service during the Contract Term; (ii) the manpower required of OCT Property (Hefei) in relation to the provision of the services and labour costs (including salaries and benefits for security guards, cleaning staff, customer services, engineering and other staff, with expected annual salary of each staff ranging from approximately RMB50,000 to RMB430,000), which the parties agree will increase during the Contract Term based on the standard applied in 2023 taking into account the level of inflated costs; (iii) remuneration for management services calculated at 10% of direct costs; (iv) ancillary fees to be incurred upon delivery of the project (e.g. fees for pre-move-in cleaning, commencement and registration, vacant management); (v) the market rate for provision of similar services; and (vi) the historical transaction amounts for the provision of similar services. The Hefei Airport International Town project locates in Hefei Xinqiao Technology Innovation Demonstration Zone in the PRC. It is planned to develop commercial offices, ecological green land, ancillary living facilities and integrated service centres. The Group has been participating in Phases I and II of the Hefei Airport International Town project. Phase I (including residential and commercial properties) is currently being marketed and Phase II (which is planned to be developed into high-rises, foreign-style houses and villas, business streets and business offices, etc.) is under construction and will be marketed during the Contract Term. Also, the business sector of the Hefei Airport International Town project, which includes business streets, offices and cultural buildings, is expected to come into operation during the Contract Term. Delivery has also been commenced. In light of these scheduled marketing, sales, moving-in scheduled to take place during the Contract Term, and that, in line with the property development schedule, part of property services originally scheduled to be needed for 2022 having been deferred to

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## LETTER FROM THE BOARD

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within the Contract Term, the Group expects that it will require substantially more property services in the Contract Term when compared to the historical transaction amount during the two years ending 31 December 2022.

The annual caps under the Airport Town Framework Agreement for the two years ending 31 December 2022 were utilised as to approximately 48.20% and 25.90% (up to 31 October 2022), respectively.

#### **(4) *Suhewan Framework Agreement***

In determining the annual caps and the Management Service Fees under the Suhewan Framework Agreement, the Group has taken into account (among other factors), (i) the area requiring management service during the Contract Term; (ii) the manpower required of OCT Property (Jian'an) in relation to the provision of the services and labour costs (including salaries and benefits for security guards, cleaning staff and other staff, with expected annual salary of each staff ranging from approximately RMB60,000 to RMB230,000), which the parties agree will increase during the Contract Term based on the standard applied in 2023 taking into account the level of inflated costs; (iii) the market rate for provision of similar services; and (iv) the historical transaction amounts for the provision of similar services.

The Shanghai Suhewan project situates at the junction of Suzhou River and Huangpu River banks and within the core district of the Inner Ring, Shanghai in the PRC. The Shanghai Suhewan project includes public and commercial areas such as shopping areas, services apartments, art museum and exhibition hall, leading to a continual need for property services throughout the Contract Term. The annual caps was determined after taking into account such continual need, the areas expected to be delivered during the Contract Term, together with the utilities and energy consumption fee, number and costs of labour involved during the Contract Term.

The annual caps under the Suhewan Framework Agreement for the three years ending 31 December 2022 were utilised as to approximately 28.72%, 6.97% and 77.10% (up to 31 October 2022), respectively.

### **REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENTS**

The Group requires property services in its ordinary course of business, and may from time to time need to enter into specific agreements for property services. Please also refer to the section headed "Annual Caps under the Framework Agreements" above for details regarding the different stages, needs and requirements of each project.

Each of the Service Providers has been engaged in the property management services for many years in their respective local areas. Through cooperation between the Group and the Service Providers in prior periods, the Group considers that the Service Providers have the necessary expertise in providing the required property services. The Company considers that continuing the existing cooperation will be beneficial to the Group as the Service Providers have become familiar with the Group's needs from prior cooperating experiences and the Group's background, which is expected to facilitate communication and also reduce risks and costs. The Framework Agreements can provide a consistent framework for individual property services agreements between members of the Group and the Service Providers, and such consistency will benefit the Group.



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## LETTER FROM THE BOARD

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The Directors (including the independent non-executive Directors after considering the advice of the IFA) consider that the Framework Agreements and the transactions contemplated thereunder (including the annual caps and Management Services Fees) are on normal commercial terms or better after arm's length negotiation and in the ordinary and usual course of business of the Group, their terms are fair and reasonable and the entering into of the Framework Agreements are in the interest of the Company and the Shareholders as a whole.

### INFORMATION OF THE GROUP

The principal business activity of the Company is investment holding. The Group is principally engaged in comprehensive development, equity investment and fund management. Equity investment and fund management involves direct equity investment and private equity fund investment in the primary market. Comprehensive development involves development and sale of residential properties, development and management of commercial properties, and development and operation of tourism projects.

Hefei OCT Industry was established for the development of the Hefei Airport International Town, and is held as to 51% by an indirect wholly-owned subsidiary of the Company, and as to 49% by Huaxing Investment (whose ultimate beneficial owner is the State-owned Asset Supervision and Administration Commission of Hefei Municipal People's Government) as of the Latest Practicable Date.

OCT Shanghai Land is a non-wholly owned subsidiary of the Company. It is indirectly owned as to 50.5% by the Company, and as to 49.5% by Shenzhen OCT Real Estate, respectively. It is principally engaged in the development, operation, leasing, and 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.

### INFORMATION OF THE SERVICE PROVIDERS

OCT Property was established in 1995, and has provided property management services for over 27 years with rich property management experience. OCT Property has 80 branches, operating in Shenzhen, Shanghai, Beijing, Wuhan and other 54 cities. OCT Property has been among the 2022 top 100 of China property management companies, 2022 top 50 state-owned property management companies in China and 2022 China leading property management companies.

OCT Property is an indirect wholly-owned subsidiary of OCT Ltd., whose shares are listed on the Shenzhen Stock Exchange and is principally engaged in cultural tourism and real estate businesses. OCT Ltd. wholly-owns Overseas Chinese Town (HK) Company Limited, which in turn wholly-owns Pacific Climax (a controlling shareholder of the Company holding approximately 70.94% of the total issued share capital of the Company) as at the Latest Practicable Date.

### INTERNAL CONTROL POLICY

The finance department and relevant senior management of the Company are responsible for monitoring connected transactions of the Company.

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## LETTER FROM THE BOARD

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In order to ensure that the Management Services Fees are not higher than the quotation offered to the Group by Independent Third Parties, the Company will collect market and pricing information from the market from time to time. For examples, the Company will seek quotation from not less than three Independent Third Parties for similar services (if any) periodically (and at least annually), updating itself of the trend of market prices through public channels such as industry news and information, websites. These information, together with other relevant information within the Group showing the pricing trend (such as historical pricing for similar services, pricing and quotation of other projects of the Group) will subsequently be passed to the relevant personnel of the finance department and relevant senior management of the Group, who will review and make comparisons and ensure that the Management Services Fees shall not be higher than those offered to the Group by Independent Third Parties.

The relevant department of the Company responsible for internal control will review the actual amount utilised in respect of the annual caps of the transactions contemplated under the Framework Agreements from time to time, and in any event every three months. If it is expected that the value of any individual agreements entered into under each of the Framework Agreements, in aggregate, will exceed their respective annual caps, the Company will take steps in order to comply with the relevant requirements of the Listing Rules. The relevant department of the Company responsible for internal control 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 Framework Agreements. Auditors will also perform annual review.

### LISTING RULES IMPLICATIONS

The Service Providers are associates of the controlling shareholder of the Company as set out in the section headed “Information of the Service Providers” above. Hence, they are connected persons of the Company, and the entering into of each of the Framework Agreements constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As mentioned in the Company's announcement dated 23 November 2022, the highest applicable percentage ratio for the Huanchao Hefei Framework Agreement and the Huanchao EDZ Framework Agreement (if aggregated with each other) is more than 0.1% but all applicable percentage ratios are less than 5%, and the highest applicable percentage ratio for the Airport Town Framework Agreement and the Suhewan Framework Agreement individually is more than 5%. If aggregated, the highest applicable percentage ratio for all the Framework Agreements is more than 5%, and they are subject to the reporting, announcement, annual review and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Ordinary resolutions will be proposed at the EGM to approve the Framework Agreements.

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 in relation to the approval of, the Framework Agreements and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### EGM

Notice convening the EGM is set out on pages EGM-1 to EGM-4 of this circular. At the EGM, resolutions will be proposed to seek the Independent Shareholders' approval on the Framework Agreements. All the proposed resolutions will be voted on by way of poll in accordance with the requirement of the Listing Rules.

Pacific Climax and its associates (which in aggregate held 530,894,000 Shares, representing approximately 70.94% of the total issued share capital of the Company as at the Latest Practicable Date) will abstain from voting on the resolutions regarding the Framework Agreements at the EGM. To the best of the knowledge of the Company, at as the Latest Practicable Date, no other Shareholder shall be considered as having a material interest in the Framework Agreements and be required to abstain from voting at the EGM.

### RECOMMENDATION

Your attention is drawn to the respective letter from the Independent Board Committee and from the IFA which set out their recommendation/advice in respect of the Framework Agreements, and the principal factors considered by them in arriving at their recommendations/advice.

The Directors (including the independent non-executive Directors after considering the advice of the IFA) are of the view that the Framework Agreements and the transactions contemplated thereunder (including the annual caps and the Management Services Fees) are on normal commercial terms or better and in the ordinary and usual course of business of the Group, their terms are fair and reasonable, and that entering into the Framework Agreements is in the interest of the Company and the Shareholders as a whole.

The Board recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Framework Agreements.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

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



**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)**

12 December 2022

*To Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
PROPERTY SERVICES**

We refer to the circular (the “**Circular**”) of the Company dated 12 December 2022, of which this letter forms a part. Unless the context requires otherwise, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed to advise the Independent Shareholders on whether the Framework Agreements and the transactions contemplated thereunder are fair and reasonable. Rainbow Capital (HK) Limited has been appointed to act as to IFA to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board set out on pages 5 to 16 of the Circular; and the letter from the IFA set out on pages 18 to 39 of the Circular.

Having considered the terms of the Framework Agreements and the transactions contemplated thereunder, the advice of the IFA and the principal factors and reasons considered by the IFA as set out in its letter, we are of the opinion that the Framework Agreements and the transactions contemplated thereunder (including the annual caps and the Management Services Fees) are on normal commercial terms or better and in the ordinary and usual course of business of the Group, their terms are fair and reasonable, and that entering into the Framework Agreements is in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM.

Yours faithfully,

**Wong Wai Ling**  
*Independent*  
*non-executive Director*

**Lam Sing Kwong Simon**  
*Independent*  
*non-executive Director*

**Chu Wing Yiu**  
*Independent*  
*non-executive Director*

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Rainbow Capital to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Framework Agreements, which has been prepared for the purpose of inclusion in this circular.*



**Rainbow Capital (HK) Limited**

12 December 2022

*To the Independent Board Committee and the Independent Shareholders*

Overseas Chinese Town (Asia) Holdings Limited  
59/F., Bank of China Tower  
1 Garden Road  
Hong Kong

Dear Sir or Madam,

## **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROPERTY SERVICES**

### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions (the “**Transaction(s)**”) contemplated under the Framework Agreements and the proposed annual caps (the “**Proposed Annual Caps**”), details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 12 December 2022 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 23 November 2022, the Group and the Services Providers entered into the Framework Agreements regarding the provision of property services by the Service Providers to the Group for the three years ending 31 December 2025.

As at the Latest Practicable Date, the Service Providers are associates of the controlling shareholders of the Company and therefore connected persons of the Company under Chapter 14A of the Listing Rules. As such, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As mentioned in the Company's announcement dated 23 November 2022, the highest applicable percentage ratio for the Huanchao Hefei Framework Agreement and the Huanchao EDZ Framework Agreement (if aggregated with each other) is more than 0.1% but all applicable percentage ratios are less than 5%, and the highest applicable percentage ratio for the Airport Town Framework Agreement and the Suhewan Framework Agreement individually is more than 5%. If aggregated, the highest applicable percentage ratio for all the Framework Agreements is more than 5%, and they are subject to the reporting, announcement, annual review and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek approval from the Independent Shareholders in respect of the Transactions by way of a poll at the EGM. In view of the interest above, Pacific Climax and its associates (which in aggregate held 530,894,000 Shares, representing approximately 70.94% of the total issued share capital of the Company as at the Latest Practicable Date) shall abstain from voting on the resolutions regarding the Framework Agreements at the EGM. To the best of the knowledge of the Company, saved as disclosed above, as at the Latest Practicable Date, no other Shareholders shall be considered as having a material interest in the Framework Agreements and be required to abstain from voting at the EGM.

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Ms. Wong Wai Ling, Professor Lam Sing Kwong Simon and Mr. Chu Wing Yiu, has been established to advise the Independent Shareholders on (i) whether the entering into of the Framework Agreements are entered into in the ordinary and usual course of business of the Group; (ii) whether the terms of the Framework Agreements (including the Proposed Annual Caps) are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) and as to voting. We, Rainbow Capital, have been appointed as the IFA to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group, OCT Property and the Service Providers that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the IFA, no arrangements exist whereby we had received any fees or benefits from the Group, OCT Property or the Service Providers. Accordingly, we are independent from the Company pursuant to the requirements under Rule 13.84 and therefore are qualified to give independent advice in respect of the Transactions (including the Proposed Annual Caps).

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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## **BASIS OF OUR OPINION**

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, OCT Property, the Service Providers or their respective substantial shareholders, subsidiaries or associates.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation on the terms of the Framework Agreements (including the Proposed Annual Caps), we have taken into account the principal factors and reasons set out below:

### **1. Information of the Group and the Service Providers**

#### ***(i) The Group***

The principal business activity of the Company is investment holding. The Group is principally engaged in comprehensive development, equity investment and fund management. Equity investment and fund management involves direct equity investment and private equity fund investment in the primary market. Comprehensive development involves development and sale of residential properties, development and management of commercial properties, and development and operation of tourism projects.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Relying on its brand and resource advantages in cultural tourism and urbanisation, the Group has made its presence in cities in the core metropolitan area of the Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area. As at 30 June 2022, the Group held six comprehensive development projects in Shanghai, Hefei, Chongqing and Zhongshan with total gross floor area (“GFA”) amounting to approximately 3.1 million square metres (“sq.m.”). Among these six projects, five of them have been marketed and the remaining one is under construction. For the six months ended 30 June 2022, the Group recorded revenue of approximately RMB877.0 million, representing an increase of approximately 338.2% as compared with revenue of approximately RMB200.2 million for the six months ended 30 June 2021, primarily attributable to the increase in revenue from the comprehensive development business due to the increased revenue carried forward from the Hefei Airport International Town project. In the first half of 2022, the sale rate of Phase I of the Hefei Airport International Town project reached 88%. In spite of the increase in revenue, the Group recorded loss attributable to the Shareholders of approximately RMB61.5 million for the six months ended 30 June 2022 as compared with profit attributable to the Shareholders of approximately RMB18.2 million in the corresponding period in 2021, primarily attributable to the losses incurred by the hotel business resulting from the pandemic control measures in Shanghai during the first half of 2022, as well as the losses incurred by certain of the Group’s associates due to the macro-control measures on industry and continued decline of the market environment of the real estate industry.

### *(ii) The Service Providers*

OCT Property was established in 1995, and has provided property management services for over 27 years with rich property management experience. OCT Property has 80 branches, operating in Shenzhen, Shanghai, Beijing, Wuhan and other 54 cities. OCT Property has been among the 2022 top 100 of China property management companies, 2022 top 50 state-owned property management companies in China and 2022 China leading property management companies.

OCT Property is an indirect non-wholly-owned subsidiary of OCT Ltd., whose shares are listed on the Shenzhen Stock Exchange and is principally engaged in cultural tourism and real estate businesses. OCT Ltd. wholly-owns Overseas Chinese Town (HK) Company Limited, which in turn wholly-owns Pacific Climax (a controlling Shareholder of the Company holding approximately 70.94% of the total issued share capital of the Company) as at the Latest Practicable Date.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. Reasons and benefits for entering into of the Framework Agreements

As stated in the sub-section headed “1. Information of the Group and the Service Providers – (i) the Group” above, the Group is principally engaged in, among others, comprehensive development which included the development and operation of properties and currently holds several comprehensive development projects in Shanghai, Hefei, Chongqing and Zhongshan (including the Hefei Airport International Town project and the Shanghai Suhewan project), which has needs for property management services in its ordinary course of business.

On the other hand, as stated in the Letter from the Board, each of the Service Providers has been engaged in the property management services for many years in their respective local areas and has been providing property management services to the Group. On 8 July 2020, Hefei OCT Huanchao, an indirect non-wholly owned subsidiary of the Company, has entered into a property management framework agreement (the “**Existing Huanchao Hefei Framework Agreement**”) with OCT Property (Hefei), in relation to the provision of property management services by OCT Property (Hefei) to Hefei OCT Huanchao for the Hefei Chaohu Bantang Hot Spring Town Project and the office areas of Hefei OCT Huanchao, for a term up to 31 December 2022. On 7 July 2021, Hefei OCT Industry, an indirect non-wholly owned subsidiary of the Company, has entered into a property services framework agreement (the “**Existing Airport Town Framework Agreement**”) with OCT Property (Hefei), in relation to the provision of property management services by OCT Property (Hefei) to Hefei OCT Industry for the Hefei Airport International Town project and the office areas of Hefei OCT Industry, for a term up to 31 December 2022. In addition, on 30 December 2019, Overseas Chinese Town (Shanghai) Land Company Limited (“**OCT Shanghai Land**”), a non-wholly owned subsidiary of the Company, has entered into a property management agreement (the “**Existing Suhewan Framework Agreement**”) with Shanghai Zabei branch office of Shenzhen Overseas Chinese Town Property Service Company Limited (“**OCT Property Service Shanghai Zabei Branch**”) in relation to the provision of property management services by OCT Property Service Shanghai Zabei Branch to OCT Shanghai Land for the Shanghai Suhewan project, for a term of three years from 1 January 2020 to 31 December 2022. Through cooperation between the Group and the Service Providers in prior periods, the Group considers that the Service Providers have the necessary expertise in providing the required property services.

In view of the above, we concur with the Directors that continuing the existing cooperation will be beneficial to the Group as the Service Providers have become familiar with the Group’s need from prior cooperating experiences and the Group’s background, which is expected to facilitate communications and also reduce risks and costs. Hence, the Framework Agreements can provide a consistent framework for individual property services agreements between members of the Group and the Service Providers, and such consistency will benefit the Group. We also consider that the entering into of the Framework Agreements and the Transactions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. Principal terms of the Framework Agreements

For details of the terms of the Framework Agreements, please refer to the section headed “The Framework Agreements” in the Letter from the Board. Set out below are the principal terms of the Framework Agreements:

*(i) The Huanchao Hefei Framework Agreement*

- Date : 23 November 2022
- Parties : OCT Property (Hefei) as Service Provider; and  
Hefei OCT Huanchao (a subsidiary of the Company)  
as recipient
- Term : Three years from 1 January 2023 to 31 December 2025
- Subject matter : OCT Property (Hefei) agreed to provide the following services for properties in the Hefei Chaohu Bantang Hot Spring Town project and the office areas:
- (a) maintenance of the common areas in the properties;
  - (b) day-to-day operation and maintenance of the common facilities and equipment in the properties;
  - (c) cleaning and sanitation services of the public areas of the properties;
  - (d) greening and maintenance services of the public areas in the properties;
  - (e) maintenance of the public order in the properties;
  - (f) management of the prohibitive act in the properties;
  - (g) management of other public affairs relating to the properties; and
  - (h) provision of other property management services as requested by the owners of properties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- Pricing basis : The parties may enter into separate individual property management agreement(s) setting out specific terms for the services, including the payment arrangement of the Management Services Fees. The Management Services Fees will be determined based on the actual areas under management and the manpower required of OCT Property (Hefei) in providing the services, and shall not be higher than the quotation offered to the Group by Independent Third Parties.
- Conditions precedent : The Huanchao Hefei Framework Agreement is conditional upon the Company having obtained the approval from the Independent Shareholders.

***(ii) The Huanchao EDZ Framework Agreement***

- Date : 23 November 2022
- Parties : OCT Property (EDZ) as Service Provider; and  
Hefei OCT Huanchao (a subsidiary of the Company) as recipient
- Term : Three years from 1 January 2023 to 31 December 2025
- Subject matter : OCT Property (EDZ) agreed to provide the following services for properties in the Hefei Chaohu Bantang Hot Spring:
- (a) maintenance of the common areas in the properties;
  - (b) day-to-day operation and maintenance of the common facilities and equipment in the properties;
  - (c) cleaning and sanitation services of the public areas of the properties;
  - (d) greening and maintenance services of the public areas in the properties;
  - (e) maintenance of the public order in the properties;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (f) management of the prohibitive act in the properties;
- (g) management of other public affairs relating to the properties; and
- (h) provision of other property management services as requested by the owners of properties.

- Pricing basis : The parties may enter into separate individual property management agreement(s) setting out specific terms for the services, including the payment arrangement of the Management Services Fees. The Management Services Fees will be determined based on the actual areas under management and the manpower required of OCT Property (EDZ) in providing the services, and shall not be higher than the quotation offered to the Group by Independent Third Parties.
- Conditions precedent : The Huanchao EDZ Framework Agreement is conditional upon the Company having obtained the approval from the Independent Shareholders.

***(iii) The Airport Town Framework Agreement***

- Date : 23 November 2022
- Parties : OCT Property (Hefei) as Service Provider; and  
Hefei OCT Industry (a subsidiary of the Company) as recipient
- Term : Three years from 1 January 2023 to 31 December 2025
- Subject matter : OCT Property (Hefei) agreed to provide the following services for properties in the Hefei Airport International Town project and the office areas:
- (a) maintenance of the common areas in the properties;
  - (b) day-to-day operation and maintenance of the common facilities and equipment in the properties;
  - (c) cleaning and sanitation services of the public areas of the properties;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (d) greening and maintenance services of the public areas in the properties;
- (e) maintenance of the public order in the properties;
- (f) management of the prohibitive act in the properties;
- (g) management of other public affairs relating to the properties;
- (h) daily management services of the properties sales area and the delivery area; and
- (i) provision of other property management services as requested by the owners of properties.

Pricing basis : The parties may enter into separate individual property management agreement(s) setting out specific terms for the services, including the payment arrangement of the Management Services Fees. The Management Services Fees will be determined based on the actual areas under management and the manpower required of OCT Property (Hefei) in providing the services, and shall not be higher than the quotation offered to the Group by Independent Third Parties.

Conditions precedent : The Airport Town Framework Agreement is conditional upon the Company having obtained the approval from the Independent Shareholders.

***(iv) The Suhewan Framework Agreement***

Date : 23 November 2022

Parties : OCT Property (Jian'an) as Service Provider; and  
Hefei OCT Industry (a subsidiary of the Company) as recipient

Term : Three years from 1 January 2023 to 31 December 2025

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- Subject matter : OCT Property (Jian'an) agreed to provide the following services for properties in the Shanghai Suhewan project:
- (a) maintenance of the common areas in the properties;
  - (b) day-to-day operation and maintenance of the common facilities and equipment in the properties;
  - (c) cleaning, sanitation, safety and security services of the public areas, office buildings and art museum areas of the properties;
  - (d) greening and maintenance services of the public areas in the properties;
  - (e) maintenance of the public order in the properties;
  - (f) management of the prohibitive act in the properties;
  - (g) management of other public affairs relating to the properties; and
  - (h) provision of other property management services as requested by the owners of properties.
- Pricing basis : The parties may enter into separate individual property management agreement(s) setting out specific terms for the services, including the payment arrangement of the Management Services Fees. The Management Services Fees will be determined based on the actual areas under management and the manpower required of OCT Property (Jing'an) in providing the services, and shall not be higher than the quotation offered to the Group by Independent Third Parties.
- Conditions precedent : The Suhewan Framework Agreement is conditional upon the Company having obtained the approval from the Independent Shareholders.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have compared the terms of the Framework Agreements with those of the Existing Huanchao Hefei Framework Agreement, the Existing Airport Town Framework Agreement and the Existing Suhewan Framework Agreement (the “**Existing Framework Agreements**”) and noted that except for the term, other principal terms of the Existing Framework Agreements and the Framework Agreements remain the same, including but not limited to the scope of services, pricing basis and payment terms.

## 4. Assessment of the Proposed Annual Caps

### (i) Historical transaction amounts

Set out below are the historical annual caps and actual transaction amounts paid by the Group to the OCT Property and/or its associates regarding the transactions contemplated under the Existing Framework Agreements, respectively, for the periods indicated:

|   | For the year ended<br>31 December 2020 |   | For the year ended<br>31 December 2021 |   | For the year ending<br>31 December 2022 |   |
|---|--|---|--|---|---|---|
|   | Annual cap                             | Actual<br>transaction<br>amount<br><i>(audited)</i> | Annual cap                             | Actual<br>transaction<br>amount<br><i>(audited)</i> | Annual cap                              | Actual<br>transaction<br>amount for<br>the ten<br>months<br>ended<br>31 October<br>2022<br><i>(unaudited)</i> |
| Existing Huanchao Hefei<br>Framework Agreement<br><i>(RMB'000) (commenced<br/>on 8 July 2020)</i> | 5,000                                  | 149   | 10,000                                 | 4,901   | 20,000                                  | 5,337   |
| Utilisation rate  |  | 3.0%  |  | 49.0%   |   | 26.7%   |
| Huanchao EDZ Framework<br>Agreement   | -                                      | -   | -                                      | -   | -                                       | -   |
| Utilisation rate  |  | -   |  | -   |   | -   |
| Existing Airport Town<br>Framework Agreement<br><i>(RMB'000) (commenced<br/>on 7 July 2021)</i>   | -                                      | -   | 23,500                                 | 11,328  | 27,500                                  | 7,123   |
| Utilisation rate  |  | -   |  | 48.2%   |   | 25.9%   |
| Existing Suhewan Framework<br>Agreement<br><i>(RMB'000)</i>                                       | 48,528                                 | 13,939  | 49,380                                 | 3,440   | 62,320                                  | 48,050  |
| Utilisation rate  |  | 28.7%   |  | 7.0%  |   | 77.1%   |

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As shown in the table above, the actual transaction amounts paid by the Group regarding the transactions contemplated under the Existing Huanchao Hefei Framework Agreement was approximately RMB0.1 million for the period from 8 July 2020 to 31 December 2020, representing approximately 3.0% of the total annual cap of RMB5.0 million in 2020. For the year ended 31 December 2021 and the ten months ended 31 October 2022, the actual transaction amounts paid by the Group were approximately RMB4.9 million and RMB5.3 million, respectively, representing approximately 49.0% and 26.7% of the total annual cap in 2021 and 2022, respectively. Such low utilisation rates in 2020, 2021 and 2022 were primarily attributable to the delay in the delivery of certain properties in the Hefei Chaohu Bantang Hot Spring Town project as affected by the outbreak of COVID-19.

The actual transaction amounts paid by the Group regarding the transactions contemplated under the Existing Airport Town Framework Agreement was approximately RMB11.3 million for the period from 7 July 2021 to 31 December 2021, representing approximately 48.2% of the total annual cap of RMB23.5 million in 2021. As advised by the management of the Group, the low utilisation rate of the 2021 annual cap under the Existing Airport Town Framework Agreement was primarily attributable to the outbreak of COVID-19 which has delayed the delivery of certain properties in the Hefei Airport International Town project.

As the impact of the outbreak of COVID-19 on the delivery of properties in the Hefei Airport International Town project has prolonged in 2022, for the ten months ended 31 October 2022, the actual transaction amounts paid by Group regarding the transactions contemplated under the Existing Airport Town Framework Agreement was approximately RMB7.1 million, representing approximately 25.9% of the total annual cap of RMB27.5 million in 2022.

In addition, the actual transaction amounts paid by the Group regarding the transactions contemplated under the Existing Suhewan Framework Agreement decreased by approximately 75.3% from approximately RMB13.9 million for the year ended 31 December 2020 to approximately RMB3.4 million for the year ended 31 December 2021. We are advised by the management of the Group that such decline was primarily attributable to the outbreak of COVID-19 which has delayed the construction progress and the delivery of certain properties in the Shanghai Suhewan project as well as the decreased number of art exhibitions organised during the year. As such, the demand for property management services decreased substantially as compared to the historical annual cap.

For the ten months ended 31 October 2022, the actual transaction amounts of property management services being provided to the Group under the Existing Suhewan Framework Agreement amounted to approximately RMB48.1 million, representing approximately 77.1% of the total annual cap of approximately RMB62.3 million in 2022.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(ii) Assessment of the Proposed Annual Caps*

Pursuant to the Framework Agreements, the Proposed Annual Caps for the Transaction for each of the three years ending 31 December 2025 are set out below:

|                                    | <b>For the year<br/>ending<br/>31 December<br/>2023<br/>(RMB'000)</b> | <b>For the year<br/>ending<br/>31 December<br/>2024<br/>(RMB'000)</b> | <b>For the year<br/>ending<br/>31 December<br/>2025<br/>(RMB'000)</b> |
|------------------------------------|---|---|---|
| Huanchao Hefei Framework Agreement | 2,600   | 2,600   | 2,600   |
| Huanchao EDZ Framework Agreement   | 3,880   | 2,650   | 3,770   |
| Airport Town Framework Agreement   | 19,100  | 29,860  | 28,460  |
| Suhewan Framework Agreement        | 38,040  | 43,160  | 44,180  |

*The Huanchao Hefei Framework Agreement and the Huanchao EDZ Framework Agreement (collectively, the “**Huanchao Framework Agreements**”)*

In assessing the reasonableness of the proposed annual caps under the Huanchao Hefei Framework Agreement, we have discussed with the management of the Group the basis and assumptions underlying the projection for the property management services to be provided to the Group. As advised by the management of the Group, in determining the proposed annual caps for the three years ending 31 December 2025, they have taken into account, among others, (a) the area requiring management services during the Contract Term; (b) the manpower required of OCT Property (Hefei) in relation to the provision of the services and labour costs (including salaries and benefits for security guards, cleaning staff and other staff, with expected annual salary of each staff ranging from approximately RMB60,000 to RMB230,000), which the parties agree will increase during the Contract Term based on the standard applied in 2023 taking into account the level of inflated costs; (c) the market rate for provision of similar services; and (d) the historical transaction amounts for the provision of similar services.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In assessing the reasonableness of the proposed annual caps under the Huanchao EDZ Framework Agreement, we have discussed with the management of the Group the basis and assumptions underlying the projection for the property management services to be provided to the Group. As advised by the management of the Group, in determining the proposed annual caps for the three years ending 31 December 2025, they have taken into account, among others, (a) the area requiring management services during the Contract Term (including the public area and vacant area before residents move in); (b) pre-move in and initial cleaning fee (at the rate of RMB3 per square meter); (c) the manpower required of OCT Property (EDZ) in relation to the provision of the services and labour costs (including salaries and benefits for security guards, cleaning staff and other staff, with expected annual salary of each staff ranging from approximately RMB60,000 to RMB230,000), which the parties agree will increase during the Contract Term based on the standard applied in 2023 taking into account the level of inflated costs; and (d) the market rate for provision of similar services.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the calculations incorporated the aforementioned development and marketing plan. On the one hand, OCT Property (Hefei) has been providing property management services to Hefei OCT Huanchao for the Hefei Chaohu Bantang Hot Spring Town project and the office areas since 8 July 2020 under the Existing Huanchao Hefei Framework Agreement. As advised by the management of the Group, given the development status of the Hefei Chaohu Bantang Hot Spring Town project, they project that the property services under the Huanchao Hefei Framework Agreement for areas associated with pre-move-in activities and administrative functions (such as area for sales and marketing) as required by Hefei OCT Huanchao will continue and remain stable for the three years ending 31 December 2025. On the other hand, as the marketing and sales of properties in the Hefei Chaohu Bantang Hot Spring Town have started and moving-in is expected to take place during the Contract Term, new need for property management services under the Huanchao EDZ Framework Agreement is expected to be required after residents having moved-in. According to the management of the Group, the property management services fees payable by the Group under the Huanchao Framework Agreements are determined based on the existing and estimated GFA of the properties expected to be developed, delivered and marketed by the Group with reference to the historical amounts, the development plan and estimated marketing schedule of the Hefei Chaohu Bantang Hot Spring Town project, as well as the estimated property management services charged per sq.m. with reference to the market rate for provision of similar services.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *The Airport Town Framework Agreement*

In assessing the reasonableness of the proposed annual caps under the Airport Town Framework Agreement, we have discussed with the management of the Group the basis and assumptions underlying the projection for the property management services to be provided to the Group. As advised by the management of the Group, in determining the proposed annual caps for the three years ending 31 December 2025, they have taken into account, among others, (a) the area requiring management services during the Contract Term; (b) the manpower required of OCT Property (Hefei) in relation to the provision of the services and labour costs (including salaries and benefits for security guards, cleaning staff, customer services, engineering and other staff, with expected annual salary of each staff ranging from approximately RMB50,000 to RMB430,000), which the parties agree will increase during the Contract Term based on the standard applied in 2023 taking into account the level of inflated costs; (c) remuneration for management services calculated at 10% of direct costs; (d) ancillary fees to be incurred upon delivery of the projects (e.g. fees for pre-move-in cleaning, commencement and registration, vacant management); (e) the market rate for provision of similar services; and (f) the historical transaction amounts for the provision of similar services.

According to the management of the Group, the property management services fees payable by the Group under the Airport Town Framework Agreement are determined based on the existing and estimated GFA of the properties expected to be developed, delivered and marketed by the Group with reference to the historical amounts, the development plan and estimated marketing schedule of the Hefei Airport International Town project. Based on the above basis, the proposed annual caps are then arrived at by adopting (a) the estimated manpower which will be allocated by OCT Property (Hefei) for the provision of property management services according to the existing and estimated increase in the total GFA of the sales area multiplied by the average labour costs in 2022; (b) the property management fee for the office building based on the existing contract amount in 2022; (c) the estimated total GFA of properties to be developed and delivered by the Group multiplied by the respective estimated service fee at which pre-delivery property management services will be charged per sq.m. for different types of properties; and (d) the estimated total GFA of properties which are unsold and/or self-owned by the Group multiplied by the respective estimated service fee at which normal property management services will be charged per sq.m. for different types of properties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As disclosed in the Letter from the Board, the Group has been participating in Phases I and II of the Hefei Airport International Town project. Phase I (including residential and commercial properties) is currently being marketed and Phase II (which is planned to be developed into high-rises, foreign-style houses and villas, business streets and business offices, etc.) is under construction and will be marketed during the Contract Term. Also, the business sector of the Hefei Airport International Town project includes business streets, offices and cultural buildings, is expected to come into operation during the Contract Term. Delivery has also been commenced. In light of these scheduled marketing and sales, and completion and moving in scheduled to take place during the Contract Term, and deferral of certain portion of property services originally scheduled to take place in 2022 to within the Contract Term in light of the property development schedule, the Group expects that it will require substantially more property services in the Contract Term when compared to the historical transaction amounts in 2021 and 2022. In this regard, we have obtained and reviewed the sales and development plan of the Hefei Airport International Town project which were consistent with our understanding from the Group. As such, we concurred with the management of the Group on such basis of the projection.

We have been provided with the projection of the estimated manpower which will be allocated by OCT Property (Hefei) for the provision of property management services for sales area under the Hefei Airport International Town project. Based on our review of the projection, the number of allocated employees is projected with reference to its historical amount and additional GFA of the sales area planned by the Group. We have obtained and reviewed the existing contracts entered between Hefei OCT Industry and OCT Property (Hefei) in 2022 in relation to the provision of property services for the sales area and office building under the Hefei Airport International Town project. Based on our review, we noted that the average labour costs applied for the three years ending 31 December 2025 is the same as the average labour costs in 2022 which was calculated based on the existing contract value for the provision of property management services for the sales area in 2022 divided by the average number of employees per month as agreed in the existing contract. As for the office building, as such need for property management services provided by OCT Property (Hefei) is expected to continue during the Contract Term, the Group estimated the property management services fees payable for office building for each of the three years ending 31 December 2025 to be the same as the existing contract amount in 2022.

With regard to the Company's estimation on services fees for normal and pre-delivery property management services to be provided for the coming three years, we are advised by the management of the Group that the services fees are projected with reference to the historical services fees charged by OCT Property (Hefei) for the Hefei Airport International Town project as well as the market rate for normal and pre-delivery property management services. On this basis, we consider the estimation of services fees for the coming three years to be acceptable. Besides, as confirmed by the Company, OCT Property (Hefei) had not provided similar property management services to any Independent Third Parties while the Group had not received similar property management services from any Independent Third Parties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *The Suhewan Framework Agreement*

In assessing the reasonableness of the proposed annual caps under the Suhewan Framework Agreement, we have discussed with the management of the Group the basis and assumptions underlying the projection for the property management services to be provided to the Group. As advised by the management of the Group, in determining the proposed annual caps for the three years ending 31 December 2025, they have taken into account, among others, (a) the area requiring management services during the Contract Term; (b) the manpower required of OCT Property (Jian'an) in relation to the provision of the services and labour costs (including salaries and benefits for security guards, cleaning staff and other staff, with expected annual salary of each staff ranging from approximately RMB60,000 to RMB230,000), which the parties agree will increase during the Contract Term based on the standard applied in 2023 taking into account the level of inflated costs; (c) the market rate for provision of similar services; and (d) the historical transaction amounts for the provision of similar services.

Based on the above basis, the proposed annual caps are then arrived at by adopting (a) the estimated total GFA of the unsold and/or unleased properties under the Shanghai Suhewan project multiplied by the estimated service fee at which property management services will be charged per sq.m.; (b) the estimated manpower which will be allocated by OCT Property (Jing'an) for the provision of property management services for the services apartments and exhibition hall according to the nature and market positioning of the property as well as the total GFA under management; and (c) the property management fees for the office buildings and art museum based on the existing contract amounts in 2021 and 2022.

According to the management of the Group, the aggregated property management services fees payable by the Group under the Suhewan Framework Agreement are determined based on the estimated GFA of the properties expected to be developed, delivered and marketed by the Group with reference to the historical amounts, the development plan and estimated marketing schedule of the Shanghai Suhewan project. As advised by the management of the Group, the Shanghai Suhewan project includes public and commercial areas such as shopping areas, services apartments, art museum and exhibition hall, leading to a continual need for property services throughout the Contract Term. With new areas being completed and delivered, it is expected that the number and actual areas of properties requiring property management services will increase during the Contract Term. Utilities and energy consumption fee, as well as the number and costs of labour, are also expected to increase substantially in light of the growth, optimisation and sector differentiation of properties. In this regard, we have obtained and reviewed the sales and development plan of the Shanghai Suhewan project as well as the construction work completion and inspection table, construction work planning permit and real estate certificate of the relevant properties requiring property management services under the Shanghai Suhewan project. We noted that the GFA of the properties expected to be developed, delivered and marketed by the Group and their corresponding construction completion and marketing status were consistent with those stated in the aforesaid documents we have reviewed. As such, we concurred with the management of the Group on such basis of the projection.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With regard to the Company's estimation on the services fees for property management services to be provided for the coming three years, we are advised by the management of the Group that the services fees are projected with reference to the historical property management fees charged by OCT Property Service Shanghai Zabei Branch for the Shanghai Suhewan project as well as the market rate for the property management services to be offered. On this basis, we consider the estimation of services fees for the coming three years to be acceptable. Besides, as confirmed by the Company, OCT Property (Jing'an) had not provided similar property management services to any Independent Third Parties while the Group had not received similar property management services from any Independent Third Parties.

We have also obtained and reviewed the existing contracts entered between OCT Shanghai Land and OCT Property (Jing'an) in 2021 and 2022 in relation to the provision of property services for office buildings and art museum under the Shanghai Suhewan project. As such need for property management services provided by OCT Property (Jing'an) is expected to continue during the Contract Term, the Group estimated the property management services fees payable for these two properties for each of the three years ending 31 December 2025 to be the same as the existing contract amounts in 2021 and 2022. As for the services apartments and exhibition hall under the Shanghai Suhewan project, as these two properties are newly delivered, their estimated property management service fees are projected with reference to the estimated manpower which will be allocated by OCT Property (Jing'an) according to the nature and market positioning of the property as well as the total GFA under management, which we consider reasonable.

In assessing the reasonableness and fairness of the Management Services Fees, we have (i) obtained and reviewed the details of quotations (a total of 6 samples) obtained by the Group from the Independent Third Parties for similar services to be provided under the Framework Agreements and noted that the services fees charged to the Company by the Service Providers were similar to the services fees offered by the Independent Third Parties; and (ii) independently reviewed the basis of determining the services fees for similar services provided by certain property management companies listed on the Stock Exchange and noted that they have generally taken into account, among others, the GFA under management, the scope of the property management services and the estimated manpower which will be allocated for the provision of services which are similar to the basis of the Management Services Fees. As such, we consider the Management Services Fees are on normal commercial terms.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In reviewing the Proposed Annual Caps, we have (i) reviewed the internal calculation worksheets in determining the respective Proposed Annual Caps which were prepared by the Group based on, among others, the development and marketing schedule of properties to be developed and the estimated total GFA of the properties expected to be developed and delivered by the Group, which were prepared based on the Group's understanding in the current status of property development and delivery plan of the Hefei Chaohu Bantang Hot Spring Town project, Hefei Airport International Town and Shanghai Suhewan projects; and (ii) performed independent research on the industry outlook of property management sector in the PRC which shows the expected future demand on the relevant services and the promulgation of favourable government policies to support the growth of the property management market in the PRC. According to "Notice on Strengthening and Improving Residential Property Management" (關於加強和改進住宅物業管理工作的通知) jointly issued by the Ministry of Housing and Urban-Rural Development and nine other government authorities in January 2021, it improves the pricing mechanism of property services, emphasises the market-oriented pricing tone of residential property management and establishes a dynamic adjustment mechanism based on the implementation of government-directed prices. In addition, in February 2022, the National Development and Reform Commission and 13 other departments issued the "Several Policies for Promoting the Recovery and Development of Difficult Industries in the Service Industry" (《關於促進服務業領域困難行業恢復發展的若干政策》), promoting the coordination effect of fiscal and taxation, finance, industry, employment and precise prevention and control policies on the COVID-19 pandemic, and actively helping the service industry recover and develop.

Generally speaking, in our opinion, it is in the interests of the Group and the Independent Shareholders to determine the Proposed Annual Caps to be as accommodating to the Group's development plan as possible (within reason). Provided that the terms for the Transactions are fair and reasonable and the conduct of the Transactions are subject to annual review by the independent non-executive Directors and auditors of the Company (as discussed below) as required under the Listing Rules, the Group would have flexibility in conducting its businesses with the necessary proper property management services being provided as required if the Proposed Annual Caps are tailored to future development plan of the Group. In assessing the reasonableness of the Proposed Annual Caps, we have discussed with the management of the Group the factors taken into account as stated above in this section, which we consider reasonable. Based on the above analysis, we are of the view that the Proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 5. Internal control policies of the Group

In order to protect the interests of the Shareholders, the Group has adopted certain internal control policies to regulate the respective individual transactions to be conducted within the framework of the Framework Agreements:

- (i) the finance department and relevant senior management of the Company are responsible for monitoring connected transactions of the Company;
- (ii) in order to ensure that the Management Services Fees are not higher than the quotation offered to the Group by Independent Third Parties, the Company will collect market and pricing information from the market from time to time. For examples, the Company will seek quotation from not less than three Independent Third Parties for similar services (if any) periodically (and at least annually), updating itself of the trend of market prices through public channels such as industry news and information websites. These information, together with other relevant information within the Group showing the pricing trend (such as historical pricing for similar services, pricing and quotation of other projects of the Group) will subsequently be passed to the relevant personnel of the finance department and relevant senior management of the Group, who will review and make comparisons and ensure that the Management Services Fees shall not be higher than those offered to the Group by Independent Third Parties;
- (iii) the relevant department of the Company responsible for internal control will review the actual amount utilised in respect of the annual caps of the Transactions from time to time, and in any event every three months. If it is expected that the value of any individual agreements entered into under each of the Framework Agreements, in aggregate, will exceed their respective Proposed Annual Caps, the Company will take steps in order to comply with the relevant requirements of the Listing Rules; and
- (iv) the relevant department of the Company responsible for internal control will review its internal control procedures annually, and compile and submit the annual internal control report to the Board for review and approval.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In assessing whether the above internal control procedures are put in place and effectively implemented, we have reviewed the documentation regarding the approval of the agreements entered between the Group and OCT Property and noted that the transactions contemplated thereunder were properly authorised and monitored. In addition, we have obtained and reviewed the Group's internal control policies on pricing mechanism and the quotations (a total of 6 samples) obtained by the Group from the Independent Third Parties for similar services to be provided under the Framework Agreements. Based on our review, we noted that the services fees charged to the Company by the Service Providers were not less favourable than the prices offered by the Independent Third Parties. As such, we consider the Group's internal controls to be effective to ensure that the Management Services Fees shall not be higher than the quotation offered to the Group by the Independent Third Parties. Having consider the above, in particular (i) that the above internal control procedures which include price comparison conducted by the Group with the prevailing fee level in the market; and (ii) the clear segregation of duties of executing and monitoring the Transactions by designating different personnel or teams for the assessment and approval of the Transactions and the ongoing monitoring of the Transactions, we concur with the Directors that appropriate and adequate internal control procedures are in place to ensure that the transactions contemplated under the Framework Agreements will be appropriately monitored by the Company to ensure that services charged to the Company are on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

### **6. Annual review of the Transactions**

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Transactions are subject to the following annual review requirements:

- (i) the independent non-executive directors must review the Transactions every year and confirm in the annual report whether the Transactions have been entered into:
  - (a) in the ordinary and usual course of business of the Group;
  - (b) on normal commercial terms or better; and
  - (c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) the auditors of the Company must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Transactions:
  - (a) have not been approved by the Board;
  - (b) were not, in all material respects, in accordance with the pricing policies of the Group;
  - (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the Transactions; and
  - (d) have exceeded the Proposed Annual Caps;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iii) the Company must allow, and ensure that the counterparties to the Transactions allow, the auditors of the Company sufficient access to their records for the purpose of reporting on the Transactions; and
- (iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or the auditors of the Company cannot confirm the matters as required. The Stock Exchange may require the Company to re-comply with the announcement and shareholders' approval requirements and may impose additional conditions.

The independent non-executive Directors and the auditors of the Company have reviewed the then continuing connected transactions conducted for the two years ended 31 December 2021 and have provided the relevant confirmation as required under the Listing Rules, details of which are contained in the annual reports of the Company for the two years ended 31 December 2021. The required confirmations in respect of the relevant continuing connected transactions conducted for the three years ending 31 December 2025 will be included in the Company's annual reports for the three years ending 31 December 2025.

In light of the reporting requirements for the Transactions, in particular, (i) the restriction of the values of the Transactions by way of the Proposed Annual Caps; and (ii) the requirements under the Listing Rules for the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Transactions and the Proposed Annual Caps, we are of the view that appropriate measures will be in place to govern the conduct of the Transactions and safeguard the interests of the Independent Shareholders.

### OPINION AND RECOMMENDATION

Taking into account the above principal factors and reasons, we consider that (i) the entering into of the Framework Agreements and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Framework Agreements (including the Proposed Annual Caps) are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the EGM to approve the Framework Agreements (including the Proposed Annual Caps).

Yours faithfully,  
For and on behalf of  
**Rainbow Capital (HK) Limited**  
**Larry Choi**  
*Managing Director*

*Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTEREST IN SECURITIES

### Directors and chief executive

As at the Latest Practicable Date, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) of the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) are as follows:

| Name of Director        | Capacity         | Number of<br>Shares<br>interested<br><i>(long position)</i> | % of Shares in<br>issue<br><i>(approximate)</i> |
|-------------------------|------------------|---|---|
| Lam Sing Kwong<br>Simon | Beneficial owner | 1,000,000   | 0.13%   |

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

**Substantial shareholders and other persons**

As at the Latest Practicable Date, as far as the Directors are aware of, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

| <b>Name of Shareholder</b>                                | <b>Capacity</b>                               | <b>Number of Shares interested<br/>(long position)</b> | <b>% of Shares in issue<br/>(approximate)</b> |
|---|---|--|---|
| Pacific Climax  | Beneficial owner<br>(note 1)                  | 530,894,000  | 70.94%  |
| Overseas Chinese Town (HK) Company Limited (“OCT (HK)”)   | Interest of a controlled corporation (note 2) | 530,894,000  | 70.94%  |
| OCT Ltd.  | Interest of a controlled corporation (note 3) | 530,894,000  | 70.94%  |
| Overseas Chinese Town Group Company Limited (“OCT Group”) | Interest of a controlled corporation (note 4) | 530,894,000  | 70.94%  |

*Notes:*

- (1) Pacific Climax holds 530,894,000 Shares (long position). Ms. Xie Mei and Mr. Lin Kaihua (each an executive Director), and Mr. Wang Wenjin (a non-executive Director) are also directors of Pacific Climax.
- (2) OCT (HK) is the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT (HK) is deemed, or taken to be interested in all the Shares beneficially held by Pacific Climax for the purpose of the SFO. Ms. Xie Mei (an executive Director) and Mr. Wang Wenjin (a non-executive Director) are also directors of OCT (HK).
- (3) OCT Ltd. is the beneficial owner of all the issued share capital of OCT (HK), which is in turn the beneficial owner of all the issued share capital of Pacific Climax. OCT Ltd. is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT (HK) and Pacific Climax pursuant to the SFO. OCT Ltd. is a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange. OCT Ltd. is a subsidiary of OCT Group.
- (4) OCT Group is the holding company of OCT Ltd. and together with its wholly-owned subsidiary, Shenzhen OCT Capital Investment Management Company Limited, hold approximately 47.97% interests in OCT Ltd., which is the beneficial owner of all the issued shares of OCT (HK) and in turn, the beneficial owner of all the issued share capital of Pacific Climax. Therefore, OCT Group is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT Ltd., OCT (HK) and Pacific Climax for the purpose of the SFO.

Save as disclosed above, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company as at the Latest Practicable Date.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not expiring or determinable by the employer within one year without payment of any compensation (other than statutory compensation).

### **4. COMPETING INTERESTS**

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors and their respective close associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete with the businesses of the Group.

### **5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS**

As at the Latest Practicable Date, (i) none of the Directors had any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Company were made up); and (ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting and which was significant in relation to the businesses of the Group.

### **6. MATERIAL ADVERSE CHANGE**

The Group recorded an unaudited loss attributable to equity holders of the Company of approximately RMB61.55 million for the six months ended 30 June 2022, compared to profit attributable to equity holders of the Company of approximately RMB18.17 million for the corresponding period in 2021. Further information is set out in the Company's 2022 interim report.

The Directors confirm that, save as the above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

### **7. LITIGATION**

As at the Latest Practicable Date, so far as the Directors are aware of, no litigation or claim of material importance is pending or threatened against any member of the Group.

**8. EXPERT QUALIFICATIONS AND CONSENT**

The following are the qualifications of the expert who has given its opinions or advice which are contained in or referred to in this circular:

| <b>Name</b>                  | <b>Qualifications</b>  |
|------------------------------|--|
| Rainbow Capital (HK) Limited | a licensed corporation to carry out types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO |

The IFA has confirmed that, as of the Latest Practicable Date, it (i) did not have any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no interest, direct or indirect, in any assets which had been, since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

The IFA has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its statement or letter and references to its name in the form and context in which they respectively appear.

**9. GENERAL**

The English texts of this circular and the accompanying proxy form shall prevail over the Chinese texts in case of inconsistency, unless stipulated otherwise.

**10. DOCUMENTS ON DISPLAY**

A copy of each of the Framework Agreements will be published on the website of the Company and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) for a period of not less than 14 days from the date of this circular (inclusive).

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## NOTICE OF EGM

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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)**

#### NOTICE OF EXTRAORDINARY GENERAL MEETING

##### PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

For the health and safety of the Shareholders, the Company strongly encourages the shareholders of the Company to appoint the chairman of the meeting as their proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM in person.

Please refer to page ii of the circular of the Company issued on the same date for the measures to be implemented at the EGM. The Company may implement further changes and precautionary measures as appropriate.

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Overseas Chinese Town (Asia) Holdings Limited (the “**Company**”) will be held on Thursday, 29 December 2022, at 11:00 a.m. at 3/F., Jacaranda IBC, OCT Harbour, Baishi Road, Nanshan District, Shenzhen, the People’s Republic of China (or any adjournment thereof) for considering and, if thought fit, passing, with or without modifications, the following resolutions as ordinary resolutions of the Company:

##### ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the long-term property services framework agreement dated 23 November 2022 (the “**Huanchao Hefei Framework Agreement**”) (a copy of which is produced before the meeting for the purpose of identification) entered into between Hefei OCT Huanchao Cultural Tourism Real Estate Development Co., Ltd. (合肥華僑城環巢文旅置業發展有限公司), an indirect non-wholly owned subsidiary of the Company (“**Hefei OCT Huanchao**”) and the Hefei branch of OCT Property (Group) Co., Ltd. (華僑城物業(集團)有限公司合肥分公司) (“**OCT Property (Hefei)**”) in relation to the provision of property services by OCT Property (Hefei), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

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- (b) each of the directors of the Company be and is hereby authorised to do all such acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute for and on behalf of the Company (and, where required, under the seal of the Company) all such documents and take such steps as he/she or they may consider necessary, appropriate, desirable or expedient to implement and/or give effect to the Huanchao Hefei Framework Agreement and the transactions contemplated thereunder.”

2. **“THAT**

- (a) the property services framework agreement dated 23 November 2022 (the “**Huanchao EDZ Framework Agreement**”) (a copy of which is produced before the meeting for the purpose of identification) entered into between Hefei OCT Huanchao and the Chaohu Economic Development Zone branch, OCT Property (Group) Co., Ltd. (華僑城物業(集團)有限公司巢湖經濟開發區分公司) (“**OCT Property (EDZ)**”) in relation to the provision of property services by OCT Property (EDZ), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) each of the directors of the Company be and is hereby authorised to do all such acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute for and on behalf of the Company (and, where required, under the seal of the Company) all such documents and take such steps as he/she or they may consider necessary, appropriate, desirable or expedient to implement and/or give effect to the Huanchao EDZ Framework Agreement and the transactions contemplated thereunder.”

3. **“THAT**

- (a) the long-term property services framework agreement dated 23 November 2022 (the “**Airport Town Framework Agreement**”) (a copy of which is produced before the meeting for the purpose of identification) entered into between Hefei OCT Industry Development Co., Ltd. (合肥華僑城實業發展有限公司), an indirect non-wholly owned subsidiary of the Company (“**Hefei OCT Industry**”) and OCT Property (Hefei) in relation to the provision of property services by OCT Property (Hefei), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) each of the directors of the Company be and is hereby authorised to do all such acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute for and on behalf of the Company (and, where required, under the seal of the Company) all such documents and take such steps as he/she or they may consider necessary, appropriate, desirable or expedient to implement and/or give effect to the Airport Town Framework Agreement and the transactions contemplated thereunder.”



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### 4. “THAT

- (a) the property services framework agreement dated 23 November 2022 (the “**Suhewan Framework Agreement**”) (a copy of which is produced before the meeting for the purpose of identification) entered into between Overseas Chinese Town (Shanghai) Land Company Limited (華僑城(上海)置地有限公司), an indirect non-wholly-owned subsidiary of the Company (“**OCT Shanghai Land**”) and Shanghai Jing’an branch office of OCT Property (Group) Co., Ltd. (華僑城物業(集團)有限公司上海靜安分公司) (“**OCT Property (Jing’an)**”) in relation to the provision of property services by OCT Property (Jing’an), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) each of the directors of the Company be and is hereby authorised to do all such acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute for and on behalf of the Company (and, where required, under the seal of the Company) all such documents and take such steps as he/she or they may consider necessary, appropriate, desirable or expedient to implement and/or give effect to the Suhewan Framework Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 12 December 2022

*Notes:*

1. References to time and dates in this notice are to Hong Kong time and dates.
2. Voting at the EGM shall be taken by poll.
3. A form of proxy for use at the EGM is enclosed to the circular of the Company issued on the same date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

To be valid, the instrument appointing a proxy and (if required by the board of directors of the Company (the “**Board**”)) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered 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, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.

Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the EGM if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.

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4. Where there are joint holders of any shares, any one of such joint holder may vote at the EGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. The record date on which the Company will identify shareholders who will be entitled to attend and vote at the EGM is Wednesday, 28 December 2022. In order 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 28 December 2022.
6. If any shareholder chooses not to attend the EGM in person but has any question about any resolution or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter to the Company's email at [ir-asia@chinaoct.com](mailto:ir-asia@chinaoct.com).
7. Shareholders and the proxies who attend the EGM physically must strictly comply with the pandemic prevention requirements of local governmental departments. Please wear a mask and keep a safe distance during the whole process. Please follow the arrangements of the staff and cooperate with the implementation of pandemic prevention measures, including (among other things) attendee registration, temperature checks, health and travel information inquiry, health code scanning and presentation, etc. Shareholders and their proxies who do not meet the requirements of the pandemic prevention policies will not be able to attend the EGM.