THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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** (the "**Company**"), 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.

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)

PROPOSED MANDATE FOR POTENTIAL VERY SUBSTANTIAL DISPOSAL INVOLVING DISPOSAL OF ASSETS THROUGH PUBLIC TENDER AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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 Conference Room No. 5, 43rd Floor, OCT Tower, 9018 Shennan Avenue, Nanshan District, Shenzhen, the People's Republic of China on 21 November 2023 (Tuesday), at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular. A proxy form 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 proxy form in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M 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 proxy form will not preclude you from attending, speaking and voting in person at the EGM or any adjournment thereof should you so wish.

6 November 2023

CONTENTS

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

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"CBEX"	China Beijing Equity Exchange
"Company"	Overseas Chinese Town (Asia) Holdings Limited (華僑城(亞洲)控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Proposed Disposal and the grant of the Proposed Mandate
"Final Consideration"	the final consideration for the Proposed Disposal
"Free Bidding Period"	as defined in the section headed "*The Proposed Disposal through Public Tender – Procedure of the Public Tender*" in the Letter from the Board
"Group"	the Company and its subsidiaries as at the Latest Practicable Date
"Guarantee Fee"	as defined in the section headed "*The Proposed Disposal through Public Tender – Procedure of the Public Tender*" in the Letter from the Board
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Latest Practicable Date"	1 November 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Minimum Price"	as defined in the section headed "*The Proposed Disposal through Public Tender – Consideration*" in the Letter from the Board, being the minimum amount which the Group may set as the Tender Base Price under the Proposed Mandate
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"OCT Shanghai Land"	Overseas Chinese Town (Shanghai) Land Company Limited (華僑城(上海)置地有限公司), a company incorporated in the PRC with limited liability, and an indirect non-wholly-owned subsidiary of the Company
"PRC"	the People's Republic of China, and for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Proposed Disposal"	the proposed disposal of the Sale Assets
"Proposed Mandate"	a mandate proposed to be granted in advance by the Shareholders to the Directors to enter into and complete the Proposed Disposal through Public Tender
"Public Tender"	the public tender for the Proposed Disposal through CBEX
"Publication Notice"	as defined in the section headed "*The Proposed Disposal through Public Tender – Procedure of the Public Tender*" in the Letter from the Board
"Publication Period"	as defined in the section headed "*The Proposed Disposal through Public Tender – Procedure of the Public Tender*" in the Letter from the Board
"Purchaser"	the successful bidder of the Public Tender
"Remaining Group"	the Group immediately upon completion of the Proposed Disposal
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Assets"	the real estates proposed to be disposed of, as detailed in the section headed "*The Proposed Disposal through Public Tender – Subject matter*" in the Letter from the Board

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the share(s) of the Company
"Shareholder(s)"	the shareholder(s) of the Company
"Shenzhen OCT Real Estate"	Shenzhen OCT Real Estate Company Limited, a company incorporated in the PRC with limited liability, and an associate Overseas Chinese Town Enterprises Company (a controlling shareholder of the Company)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisory Approvals"	approvals which are necessary or appropriate pursuant to the Measures for the Supervision and Administration of the Transactions of State-owned Assets of Enterprises for the Proposed Disposal
"Tender Base Price"	the base bidding price for the Sale Assets through Public Tender to be determined by and submitted to the CBEX by the Group, which in any event shall not be lower than the Minimum Price
"Transaction Agreement"	a real assets transaction agreement expected to be entered into between OCT Shanghai Land and the Purchaser with respect to the Proposed Disposal
"%"	per cent.

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:
Ms. Liu Yu *(Chairman)*
Mr. Wang Jianwen *(Chief Executive Officer)*
Ms. Qi Jianrong

Non-executive Director:
Mr. Yang Guobin

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

6 November 2023

To the Shareholders

Dear Sir or Madam,

PROPOSED MANDATE FOR POTENTIAL VERY SUBSTANTIAL DISPOSAL INVOLVING DISPOSAL OF ASSETS THROUGH PUBLIC TENDER

INTRODUCTION

Reference is made to the announcement of the Company dated 11 October 2023 with respect to the Proposed Disposal. The purpose of this circular is to provide you with, among other things, further details of the Proposed Disposal.

THE PROPOSED DISPOSAL THROUGH PUBLIC TENDER

OCT Shanghai Land intends to dispose of the Sale Assets through Public Tender to be conducted on CBEX.

OCT Shanghai Land is a state-controlled enterprise. Accordingly, the Proposed Disposal constitutes a transfer of state-owned assets, and is required by the relevant PRC laws and regulations to undergo the process of public tender through a qualified equity exchange institution.

Major Terms of the Proposed Disposal

Subject matter

The Sale Assets include the following components in the Suhewan project in Shanghai, the PRC. As of the Latest Practicable Date and prior to the Proposed Disposal, OCT Shanghai Land is the sole holder of the real estate ownership of the Sale Assets.

Description	Location	Gross floor area
Main hotel block and other structures *(Notes 2, 3)*	No. 5-8, 11, 16-18 Lane 108, North Shanxi Road; No. 96, 98, 112, 116, 120, 126 North Shanxi Road; No. 673, 677, 681 Tian Tong Road; No. 17, 23 North Henan Road; 1/F-3/F and B1/F corridor, No. 33, 39, 51 North Henan Road; 1/F-2/F, No. 468 North Suzhou Road of Jing'an District, Shanghai	23,193.73 m^2
Hotel facilities and ancillary rooms in B1/F-B2/F of T1 building *(Note 4)*	No. 9, 10, Lane 88, North Shanxi Road, Jing'an District, Shanghai	6,924.68 m^2
88 underground carparks *(Note 4)*	No. 9, 10, Lane 88, North Shanxi Road, Jing'an District, Shanghai	5,128.80 m^2

Notes:

1. The Sale Assets are a series of assets of the hotel in the Suhewan project. The main hotel body is currently being used for hotel operation and for provision of ancillary services pursuant to branding arrangements with a licensor who is an independent third party. Continuation of such branding arrangements (if any) will be subject to negotiation and agreement between the Purchaser and the branding licensor.

   Certain portions of the Sale Assets are currently being leased to third parties.

2. Pledged to a commercial bank, who is an independent third party, as security for the Group's loan (with an outstanding balance of approximately RMB960 million as of 30 June 2023). It is intended that OCT Shanghai Land will arrange for the release of such pledge at or around the time of the registration of transfer of the Sale Assets.

3. Term of usage: 40 years for commercial use; 50 years for office, cultural and recreation uses; 70 years for residential use, all commenced from 10 March 2011.

4. Real estate ownership certificate has not yet been issued as of the Latest Practicable Date. The area stated above was based on surveying report only, which may be updated based on the circumstances then prevailing at the time of the Public Tender.

Qualifications of the bidders

The Proposed Disposal will be conducted through Public Tender on CBEX. The successful bidder of the Public Tender will be the Purchaser. Interested bidders shall satisfy, among others, the following qualifications:

i. it shall be a corporation or a non-corporate organization, legally registered with valid continuing existence, or shall be a natural person with full civil capacity, in mainland China;

ii. it shall be financially sound, with ability to pay; and

iii. other qualifications stipulated under applicable national laws and regulations.

A bidder will be required to undertake that it and its ultimate beneficial owners are not connected persons of the Company. The Company expects that the Purchaser will not be a connected person of the Company. In the event that the Purchaser is a connected person, the Company will comply with the relevant requirements of Chapter 14A of the Listing Rules.

Procedure of the Public Tender

To commence the formal process of the Public Tender, OCT Shanghai Land will submit to CBEX an application to release information on the transfer of assets. Information to be released will include (among other things) information of the Sale Assets (including their location and other basic information), the Tender Base Price, principal terms of the transaction, and the qualifications of the bidders. CBEX will release such information on its website (the "**Publication Notice**") if the release requirements are met. OCT Shanghai Land intends to apply to CBEX to commence the formal process of the Public Tender after having obtained the Shareholders' approval of the Proposed Disposal and the Proposed Mandate at the EGM and having obtained the Supervisory Approvals necessary for such application.

The publication period will initially be 20 working days (commencing on the date immediately after the date of the Publication Notice) (the "**Publication Period**"). During the Publication Period, qualified bidders may conduct on-site inspection of the Sale Assets, and register themselves with CBEX as interested bidders. Interested bidders are required to pay a guarantee fee (which is expected to be not more than 30% of the Tender Base Price) (the "**Guarantee Fee**") to the designated account of CBEX within the period prescribed by CBEX. Interested bidders may submit their bidding price within 22 working days from the date of the Publication Notice (the "**Free Bidding Period**").

After the Free Bidding Period, all bids submitted during the Free Bidding Period will enter the online bidding to be conducted by CBEX. Interested bidders may submit their bidding price multiple times at such online bidding. The online bidding will conclude if no valid increased bid is submitted within 5 minutes since the current leading bid. The bidder with the leading bidding price at the conclusion of the online bidding will be the successful bidder. If there is only one interested bidder upon the close of the Free Bidding Period, the Final Consideration will be the price submitted by such bidder (which shall not be lower than the Tender Base Price). CBEX will notify OCT Shanghai Land of the identity of the successful bidder (being the Purchaser). It is expected that OCT Shanghai Land and the Purchaser will enter into the Transaction Agreement on or about the date on which the identity of the Purchaser is confirmed.

In the event that no interested bidders are identified during the Publication Period, the Publication Period will be extended for up to twelve months. The seller will be required to update the information published (including the financial data and valuation) before any further extension if no interested bidder is identified in such twelve month-period.

As of the Latest Practicable Date, certain material content of the Transaction Agreement such as the date of the Transaction Agreement, the identity of the Purchaser, the Final Consideration and closing date of the Proposed Disposal have not been finalised. The Company will make further announcement(s) on the Public Tender and the Proposed Disposal as and when appropriate.

Consideration

The Final Consideration of the Sale Assets shall be the winning bid price of the Public Tender pursuant to the procedure set out in the sub-section headed "*Procedure of the Public Tender*" above. OCT Shanghai Land will submit a Tender Base Price to CBEX, which will be released in the Publication Notice.

The Tender Base Price will be determined by the Group, but will not be lower than RMB2.43 billion (the "**Minimum Price**", inclusive of value-added tax). In determining the Minimum Price, the Group has taken into account, among other things, (1) the aggregate appraisal value of the Sale Assets of approximately RMB1.70 billion as of 31 August 2023, prepared by an independent property valuer based on income approach; (2) the unaudited net book value of the Sale Assets of approximately RMB2.01 billion as of 30 June 2023 based on the management accounts of the Group; (3) tax, transaction fee and other fees and expenses to be incurred by the Group with respect to the Proposed Disposal (currently estimated to be approximately RMB0.36 billion in aggregate, assuming the Proposed Disposal completes at the Minimum Price); and (4) prospects of the Sale Assets.

In light of the above and information set out in the section headed "*Reasons for and benefits of the Proposed Disposal*" below, the Board considers that the Final Consideration to be arrived at will be fair and reasonable.

The Final Consideration will be paid in cash in RMB. One-off payment of the Final Consideration (after deducting the Guarantee Fee) shall be made to the designated account of CBEX on the date of the Transaction Agreement becoming effective. Transfer of the Final Consideration to the designated account of OCT Shanghai Land will take place on the date when CBEX issues the Certificate of Real Assets Transaction.

Registration of the Proposed Disposal

Application to register the transfer of the Sale Assets will be made with the relevant governmental authority(ies) in the PRC after CBEX having issued the Certificate of Real Assets Transaction.

Representations and warranties

It is expected that OCT Shanghai Land will give certain representations and warranties in relation to the Sale Assets in the Transaction Agreement, such as its right to dispose the Sale Assets, accuracies of information provided.

Conditions precedent to the Proposed Disposal

The Proposed Disposal will be subject to, among other things, having obtained the Shareholders' approval on the Proposed Disposal and the Proposed Mandate at the EGM, and having obtained the Supervisory Approvals.

As OCT Shanghai Land (as the transferor of the Proposed Disposal) is a state-controlled enterprise, the Proposed Disposal is required by the relevant PRC laws and regulations to undergo the process of public tender through a qualified equity exchange institution. Pursuant to the relevant rules of CBEX, publication to formally commence a public tender should only be made after the transferor having completed relevant decision-making and approval procedures. Hence, it would not be practicable to formally commence the Public Tender with a term that the Proposed Disposal be conditional upon the Shareholders' approval. The Board would like to seek the Proposed Mandate to be granted in advance by the Shareholders at the EGM for the Directors to enter into and complete the Proposed Disposal.

FINANCIAL INFORMATION ABOUT THE SALE ASSETS

Set out below is a summary of certain financial information attributable to the Sale Assets for the periods indicated, derived from the underlying books and records of the Group and prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 31 December		**For the six months ended 30 June**
	2021	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(unaudited)*
Revenue	248,705	140,446	118,892
Loss before taxation	(14,358)	(69,668)	(9,200)
Loss after taxation	(10,768)	(52,251)	(6,900)

As of 30 June 2023, the unaudited net book value of the Sale Assets was approximately RMB2.01 billion.

See also appendix II – "*Unaudited profit and loss statements on the identifiable net income stream of the Sale Assets*" in this circular for more financial information attributable to the Sale Assets.

FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

On the assumption that the Proposed Disposal is completed at the Minimum Price, it is estimated that a gain of about RMB0.06 billion will be derived, which is calculated based on (1) the Minimum Price (i.e. RMB2.43 billion), (2) the tax, transaction fee and other fees and expenses relating to the Proposed Disposal (currently estimated to be approximately RMB0.36 billion in aggregate based on the Minimum Price), and (3) the unaudited net book value of the Sale Assets of approximately RMB2.01 billion as of 30 June 2023 based on the management accounts of the Group.

On the assumption that the Proposed Disposal is completed at the Minimum Price and taking into account the taxes, fees and expenses of the Proposed Disposal, it is estimated that the net proceeds from the Proposed Disposal will amount to approximately RMB2.07 billion. The Board intends to apply the net proceeds from the Proposed Disposal for repayment of loans and borrowing (currently estimated to be approximately RMB0.96 billion out of the proceeds), and the remaining for general working capital of the Group. As of the Latest Practicable Date, there are no substantive plan approved by the Board for investing the proceeds from the Proposed Disposal in any assets.

According to the Company's 2023 Interim Report, the unaudited consolidated total assets and total liabilities of the Group as at 30 June 2023 were approximately RMB24.09 billion and RMB18.32 billion respectively. For the purpose of illustrating the financial effect of the Proposed Disposal on the Group's financial position, based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, assuming completion of the Proposed Disposal had taken place on 30 June 2023, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group would be approximately RMB24.15 billion and RMB18.32 billion respectively. According to the Company's 2022 Annual Report, the loss for the year of the Group for the year ended 31 December 2022 was RMB2.00 billion. For the purpose of illustrating the financial effect of the Proposed Disposal on the Group's results, based on the unaudited pro forma consolidated statement of profit or loss of the Remaining Group as set out in Appendix III to this circular, assuming completion of the Proposed Disposal had taken place on 1 January 2022, the unaudited pro forma consolidated loss for the year of the Remaining Group would be approximately RMB1.96 billion.

The excess of the Minimum Price over the net book value of the Sale Assets (as of 30 June 2023) amounts to approximately RMB0.42 billion.

Shareholders and potential investors should note that the above financial effects and estimations are for reference purpose only, and do not purport to represent how the financial position of the Group will be upon completion of the Proposed Disposal. The actual financial figures and effects resulted from the Proposed Disposal will be assessed based on the Final Consideration, the financial position of the Group at the time of completion of the Proposed Disposal, and eventually be recognised in the consolidated financial statements of the Company upon completion of the Proposed Disposal.

See also appendix III – "*Unaudited pro forma financial information of the Remaining Group*" in this circular.

INFORMATION ON 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 (including hotels, apartments, shops, industrial parks and other properties), and development and operation of tourism projects.

OCT Shanghai Land is a non-wholly owned subsidiary of the Group. 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 hotel properties, commercial properties, residential properties, office premises, and culture and entertainment projects of land pieces in Shanghai, together with the management of related parking lots as of the Latest Practicable Date.

After completion of the Proposed Disposal, remaining properties owned by OCT Shanghai Land in the Suhewan project would principally include commercial properties (being assets directly held by OCT Shanghai Land and includes area under construction) of approximately 72,000 square meters, apartments (being assets held by Shanghai Shouchi Enterprise Management Limited) of approximately 25,000 square meters and underground car parks (being assets directly held by OCT Shanghai Land).

Hotel and apartment leasing is part of the Group's comprehensive development business. The Remaining Group will continue to develop its hotel and apartment leasing business. As part of the Group's comprehensive development business, approximately 35,000 square meters and approximately 4,000 square meters of areas under construction are planned for the Group's hotel and apartment leasing operations, which would be marketed in the future when the prevailing market condition is appropriate.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Board considers that the Proposed Disposal, if materialised, would allow the Group (i) to revitalise its assets and accelerate asset turnover for the overall strategic planning of the Company; (ii) to apply the inflow of cash from the Proposed Disposal on repayment of loans and borrowings, and could lower the Group’s interest-bearing liabilities; and (iii) to realise investment income.

In view of the above, the process of the Public Tender and how the Final Consideration will be arrived at, and other terms of the Proposed Disposal, the Directors are of the view that the Proposed Disposal and its key terms will be on normal commercial terms, fair and reasonable, and the Proposed Disposal is in the interests of the Company and the Shareholders as a whole.

To the best of the Directors’ knowledge, information and belief, no Director has a material interest in, and no Director is required to abstain from voting on the Board resolutions approving, the Proposed Disposal and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

If the Group proceeds with the Proposed Disposal, the highest applicable percentage ratio calculated pursuant to the Listing Rules based on the Minimum Price in respect of the Proposed Disposal is more than 75%, the Proposed Disposal is therefore expected to constitute a very substantial disposal of the Company for the purpose of the Listing Rules and be subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

Notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. At the EGM, a resolution will be proposed to seek the Shareholders' approval on the Proposed Disposal, and the granting of the Proposed Mandate in advance by the Shareholders for the Directors to enter into and complete the Proposed Disposal.

So far as the Company is aware of having made reasonable enquiries, at as the Latest Practicable Date, no Shareholder shall be considered as having a material interest and be required to abstain from voting at the EGM. The proposed resolution will be passed by way of ordinary resolution and voted on by way of poll at the EGM.

Shareholders may appoint the Chairman of the meeting as their proxy to vote on the relevant resolution(s) at the EGM by completing and returning the proxy form accompanying this circular in accordance with the instructions printed thereon. If a 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, it is welcome to send such question or matter in writing to the Company at ir-asia@chinaoct.com.

RECOMMENDATION

The Directors are of the view that the Proposed Disposal and its key terms will be on normal commercial terms and are fair and reasonable, and that the Proposed Disposal is in the interests of the Company and the Shareholders as a whole. The Board would recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Proposed Disposal and the grant of the Proposed Mandate.

ADDITIONAL INFORMATION

The terms of the Public Tender have yet to be finalised and therefore may be subject to changes. In addition, the Proposed Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution in dealing in the securities of the Company. Further announcement(s) will be made by the Company as and when appropriate or required by the Listing Rules.

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

By order of the Board
Overseas Chinese Town (Asia) Holdings Limited
Liu Yu
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 December 2020, 2021 and 2022 and for the six months ended 30 June 2023 were disclosed in the following documents:

Financial information	Document
Audited consolidated financial statements of the Group for the year ended 31 December 2020	2020 annual report (pages 97-217) *(Note 1)*
Audited consolidated financial statements of the Group for the year ended 31 December 2021	2021 annual report (pages 61-173) *(Note 2)*
Audited consolidated financial statements of the Group for the year ended 31 December 2022	2022 annual report (pages 57-163) *(Note 3)*
Unaudited consolidated financial statements of the Group for the six months ended 30 June 2023	2023 interim report (pages 26-56) *(Note 4)*

Notes:

1. Available at https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0420/2021042001081.pdf

2. Available at https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0512/2022051200282.pdf

3. Available at https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0420/2023042001903.pdf

4. Available at https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0914/2023091400720.pdf

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2023, being the date of this indebtedness statement prior to the printing of this circular, the Group had total borrowings of approximately RMB13,567.33 million, comprising secured and guaranteed bank and related party loans of approximately RMB5,047.78 million, and unsecured and unguaranteed bank and related party loans of approximately RMB8,519.55 million. As at 30 September 2023, the Group's secured and guaranteed bank loans were secured and guaranteed by: (i) property, plant and equipment, interests in leasehold land held for own use and inventory with a total carrying value of approximately RMB5,277.18 million; (ii) guarantees provided by Shenzhen Overseas Chinese Town Company Limited ("**OCT Ltd.**"), which is an intermediate parent of the Company; (iii) guarantees provided by Great Tec Investment Limited, which is a subsidiary of the Company; and (iv) guarantees provided by Hefei Xingtai Financial Holdings (Group) Co., LTD, which is a non-controlling interest.

As at 30 September 2023, the Group had outstanding obligations under lease with a carrying amount of approximately RMB9.53 million.

As at 30 September 2023, save for the guarantees of approximately RMB820.32 million given to financial institutions for mortgage facilities granted to buyers of the Group's properties, the Group had no other material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 30 September 2023, the Group did not have any other outstanding mortgages, charges, debt securities or other loan capital, bank overdrafts or loans, other similar indebtedness, hire purchase commitments, liabilities under acceptance or acceptance credit, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group, including the internally generated funds, available banking facilities, as well as the impact of and proceeds from the Proposed Disposal, the Group will have sufficient working capital to satisfy its requirements for at least the next 12 months from the date of this circular in the absence of unforeseen circumstances. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

The Company will continue to carry out its existing principal businesses following the completion of the Proposed Disposal.

Set out below are the management discussion and analysis of the Remaining Group for each of the three financial years ended 31 December 2020, 2021 and 2022, and for the six months ended 30 June 2023. For the purpose of this circular, the financial data in respect of the Remaining Group is derived from the consolidated financial statements of the Company for each of the three years ended 31 December 2020, 2021 and 2022, and the unaudited consolidated financial statements of the Company for the six months ended 30 June 2023.

For the year ended 31 December 2020

For the year ended 31 December 2020, the Remaining Group realised revenue of approximately RMB1.104 billion, representing a decrease of approximately 41.3% compared to the same period of 2019, of which, revenue of the comprehensive development business was approximately RMB1.279 billion, representing a decrease of approximately 37.6% compared to the same period of 2019, primarily due to the decrease in revenue of Chengdu OCT Project; and revenue of the finance lease business amounted to approximately RMB22.50 million, representing an increase of approximately 5.4% compared to the same period of 2019, primarily due to the increase in business during the year ended 31 December 2020.

The total equity of the Remaining Group as at 31 December 2020 was approximately RMB11.064 billion. As at 31 December 2020, the Remaining Group had current assets of approximately RMB13.273 billion and current liabilities of approximately RMB4.634 billion. The current ratio was approximately 2.86 as at 31 December 2020, representing an increase of 1.59 as compared with that as at 31 December 2019, mainly due to the sale of Chengdu OCT Project and Xi'an OCT Land Project to revitalise the Group's funds in 2020. The Remaining Group generally financed its operations with internally generated cash flow, credit facilities provided by banks and shareholder's loans during the year ended 31 December 2020.

As at 31 December 2020, the Remaining Group had outstanding bank and other loans of approximately RMB6.606 billion, approximately RMB2.078 billion was fixed-rate loans. As at 31 December 2020, the interest rates of bank and other loans of the Remaining Group ranged from 1.33% to 4.75% per annum. Some of those bank loans were secured by certain assets of the Remaining Group and corporate guarantees provided by certain related companies of the Company. The Remaining Group's gearing ratio (being the total borrowings including bills payable and loans divided by total assets) was approximately 28.40% as at 31 December 2020, representing a decrease of 5.1 percentage points as compared with approximately 33.49% as at 31 December 2019, which was mainly due to the decrease in bank and other loans.

As at 31 December 2020, approximately 53.8% of the total amount of outstanding bank and other loans of the Remaining Group amounting to approximately RMB3.556 billion was denominated in Hong Kong dollars and approximately 46.2% of which amounting to approximately RMB3.050 billion was denominated in RMB.

As at 31 December 2020, approximately 0.4% of the total amount of cash and cash equivalents of the Remaining Group was denominated in United States dollars, approximately 59.4% of which was denominated in RMB and approximately 40.2% of which was denominated in Hong Kong dollars.

For the year ended 31 December 2021

For the year ended 31 December 2021, the Remaining Group realised revenue of approximately RMB1.225 billion, representing an increase of approximately 11.0% compared to the same period of 2020, of which, revenue of the comprehensive development business was approximately RMB1.452 billion, representing an increase of approximately 13.5% compared to the same period of 2020, primarily due to the increase in revenue carried forward from the Hefei Airport International Town Project; and revenue of the finance lease business amounted to approximately RMB15.8 million, representing a decrease of approximately 29.8% compared to the same period of 2020, primarily due to the decrease in business during the year ended 31 December 2021.

The total equity of the Remaining Group as at 31 December 2021 was approximately RMB10.299 billion; current assets were approximately RMB16.082 billion; current liabilities were approximately RMB10.914 billion. The current ratio was approximately 1.47 as at 31 December 2021, representing a decrease of 1.39 as compared to that as at 31 December 2020, mainly due to reclassification of certain loans from banks and related parties from long-term liabilities to short-term liabilities. The Remaining Group generally financed its operations with internally generated cash flow, credit facilities provided by banks and shareholder's loans during the year ended 31 December 2021.

As at 31 December 2021, the Remaining Group had outstanding bank and other loans of approximately RMB5.747 billion, with fixed rate loans of approximately RMB1.935 billion. As at 31 December 2021, the interest rates of bank and other loans of the Remaining Group ranged from 1.31% to 4.75% per annum. Some of those bank loans were secured by certain assets of the Remaining Group and corporate guarantees provided by certain related companies of the Company. The Remaining Group's gearing ratio (being the total borrowings including loans divided by total assets) was approximately 23.71% as at 31 December 2021, representing a decrease of approximately 4.7 percentage points as compared with that as at 31 December 2020, which was mainly due to the decrease in bank and other loans.

As at 31 December 2021, approximately 37.9% of the total amount of outstanding bank and other loans of the Remaining Group amounting to approximately RMB2.176 billion was denominated in Hong Kong Dollars; and approximately 62.1% amounting to approximately RMB3.571 billion was denominated in RMB.

As at 31 December 2021, approximately 0.1% of the total amount of cash and cash equivalents of the Remaining Group was denominated in United States dollars; approximately 90.7% was denominated in RMB; and approximately 9.2% was denominated in Hong Kong dollars.

For the year ended 31 December 2022

The Remaining Group recorded operating revenue of approximately RMB2.932 billion for the year ended 31 December 2022, an increase of approximately 139.3% over the same period in 2021, which was mainly due to the increase in revenue carried forward from comprehensive development projects. The loss attributable to the equity holders of the Company for year ended 31 December 2022 was approximately RMB1.887 billion. The increase in loss as compared to the same period in 2021 was primarily attributable to, among other things, (i) due to macro-control measures on industry and continued decline in the market environment of the real estate industry, certain of the Remaining Group's associates and a joint venture incurred substantial loss in their financial performance resulting from provisions for impairment of inventories, receivables and investments; and (ii) based on the prudence principle, provisions were made for impairment loss of inventories in certain of the Remaining Group's comprehensive development projects, and for impairment loss of investment in an associate.

The total equity of the Remaining Group as at 31 December 2022 was approximately RMB7.842 billion; current assets were approximately RMB16.356 billion; and current liabilities were approximately RMB10.377 billion. The current ratio was approximately 1.58 as at 31 December 2022, representing an increase of approximately 0.1 as compared to that as at 31 December 2021, mainly due to the decrease in the weighted average balance of short-term bank borrowings in 2022. The Remaining Group generally financed its operations with internally generated cash flow, credit facilities provided by banks and shareholder's loans during the year ended 31 December 2022.

As at 31 December 2022, the Remaining Group had outstanding bank and other loans of approximately RMB4.733 billion, without fixed rate loans in RMB. As at 31 December 2022, the interest rates of bank and other loans of the Remaining Group ranged from 3.30% to 5.95% per annum. Some of those bank loans were secured by certain assets of the Remaining Group and corporate guarantees provided by certain related companies of the Company. The Remaining Group's gearing ratio (being the total borrowings including bills payable and loans divided by total assets) was approximately 22.82% as at 31 December 2022, representing a decrease of approximately 0.9 percentage points as compared with that as at 31 December 2021, which was mainly due to the decrease in bank and other loans.

As at 31 December 2022, approximately 47.3% of the total amount of outstanding bank and other loans of the Remaining Group amounting to approximately RMB2.238 billion was denominated in Hong Kong Dollars; and approximately 52.7% amounting to approximately RMB2.495 billion was denominated in RMB.

As at 31 December 2022, approximately 0.1% of the total amount of cash and cash equivalents of the Remaining Group was denominated in United States dollars; approximately 97.5% was denominated in RMB; and approximately 2.4% was denominated in Hong Kong dollars.

For the six months ended 30 June 2023

During the six months ended 30 June 2023, the Remaining Group's operating revenue was approximately RMB0.075 billion, a decrease of approximately 91.1% over the same period in 2022. This was mainly attributable to a significant decrease in income carried forward from the comprehensive development business as compared to the same period in 2022. The loss attributable to the equity holders of the Company was approximately RMB0.212 billion, mainly attributable to the increase in the share of loss of associates, as some associates incurred substantial losses resulting from the continued decline of the market environment of the real estate industry and a decrease in income carried forward from the real estate projects for the six months ended 30 June 2023.

The total equity of the Remaining Group as at 30 June 2023 was approximately RMB3.760 billion; current assets were approximately RMB17.943 billion; and current liabilities were approximately RMB14.911 billion. The current ratio was approximately 1.20 as at 30 June 2023, representing a decrease of 0.37 as compared to that as at 31 December 2022, mainly due to the reclassification of certain loans from banks and related parties from long-term liabilities to short-term liabilities and the reclassification of the perpetual capital securities with an amount of US$0.5 billion from equity instruments to short-term liabilities. The Remaining Group generally financed its operations with internally generated cash flow, credit facilities provided by banks and shareholder's loans during the six months ended 30 June 2023.

As at 30 June 2023, the Remaining Group had outstanding bank and other loans of approximately RMB9.021 billion, without fixed rate loans in RMB. As at 30 June 2023, the interest rates of bank and other loans of the Remaining Group ranged from 3.55% to 6.57% per annum. Some of those bank loans were secured by certain assets of the Remaining Group and corporate guarantees provided by certain related companies of the Company. The Remaining Group's gearing ratio (being the total borrowings including bills payable and loans divided by total assets) was approximately 40.85% as at 30 June 2023, representing an increase of approximately 18.0 percentage points as compared with that as at 31 December 2022, which was mainly due to the increase in bank and other loans.

As at 30 June 2023, approximately 68.8% of the total amount of outstanding bank and other loans of the Remaining Group amounting to approximately RMB6.207 billion was denominated in Hong Kong Dollars; and approximately 31.2% amounting to approximately RMB2.814 billion was denominated in RMB.

As at 30 June 2023, approximately 0.1% of the total amount of cash and cash equivalents of the Remaining Group was denominated in United States Dollars; approximately 65.6% was denominated in RMB; and approximately 34.4% was denominated in Hong Kong Dollars.

Funding and Treasury Policies

The Remaining Group adopted prudent funding and treasury policies.

The Remaining Group's liquidity position remains stable during the years ended 31 December 2020, 2021 and 2022, and the six months ended 30 June 2023. Its transactions and monetary assets were principally denominated in RMB, Hong Kong Dollars and the United States Dollars during these period.

During the years ended 31 December 2020, 2021 and 2022, and the six months ended 30 June 2023, the Remaining Group has not experienced any material difficulties in or effects on its operations or liquidity as a result of fluctuations in currency exchange rates, and the Remaining Group did not enter into any foreign exchange forward contracts and other material financial instruments for hedging foreign exchange risk purpose.

The Remaining Group will continue to monitor the situation and may consider entering into hedging arrangements in order to minimise foreign exchange risks, if and when necessary.

Interest Expenses

For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, the interest expenses of the Remaining Group were approximately RMB183 million, RMB149 million, RMB140 million and RMB74 million, respectively. A large portion of the interest expenses was incurred as a result of bank borrowings obtained by the Remaining Group for the development of integrated businesses.

Employees and Remuneration Policy

As at 31 December 2020, 2021 and 2022 and 30 June 2023, the Remaining Group employed approximately 314, 311, 272 and 221 full-time employees, respectively. The basic remunerations of the employees of the Remaining Group are determined with reference to the industry's remuneration benchmark, the employees' experience and their performance, and equal opportunities are offered to all staff members. Salaries of the employees are maintained at a competitive level and are reviewed annually, with reference to the relevant labour market and economic situation. Directors' remuneration is determined based on a variety of factors such as market conditions and responsibilities assumed by each Director. Apart from the basic remuneration and statutory benefits, the Remaining Group also provides bonuses to the staff based upon the Remaining Group's results and their individual performance.

The Remaining Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff since 1 January 2020. The Remaining Group maintains a good relationship with its employees. Most members of senior management have been working for the Remaining Group for many years.

The Company previously operated a share option scheme pursuant to the shareholders' approval at a general meeting held on 15 February 2011. As of the Latest Practicable date, the scheme has expired, and all share options granted under the scheme have expired, lapsed or cancelled. No share options were granted, exercised, lapsed or cancelled during the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023.

Contingent Liabilities

The Remaining Group enters into agreements with certain banks with respect to mortgage loans provided to buyers of the property units. Pursuant to the mortgage agreements signed between the Remaining Group and the banks, the guarantee will be released upon the issuance of the individual property ownership certificate. Should the mortgagors fail to pay the mortgage monthly instalment before the issuance of the individual property ownership certificate, the banks can draw down the security deposits up to the amount of outstanding mortgage instalments and demand the Remaining Group to repay the outstanding balance if the deposit balance is insufficient.

The amount of guarantee deposits required varies among different banks, but usually within a range of 0% to 5% of the mortgage loans granted to buyers, with a prescribed capped amount.

The management does not consider it probable that the Remaining Group will sustain a loss under these guarantees over the term of the guarantee as the bank has the rights to sell the properties and recovers the outstanding loan balance from the sale proceeds if the property buyers default on payment. The management also considers that the market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Remaining Group. Therefore, no liabilities are recognised in respect of these guarantees.

As at 31 December 2020, 2021 and 2022 and as at 30 June 2023, guarantees given by financial institutions for mortgages facilities granted to buyers of the Remaining Group's properties amounted to approximately RMB99.86 million, RMB498 million, RMB936 million, RMB898 million respectively.

Significant Investments

Going forward, the Remaining Group will actively explore equity investment opportunities through the prudent selection of high-quality projects that is in line with its corporate development strategy specialising in culture, tourism, new urbanisation and industrial ecosphere investment. The Remaining Group will continue to adopt prudent capital management and liquidity risk management policies and practices to preserve adequate buffer to meet the challenges ahead.

There were currently no specific plan of material investments or additions of capital assets authorised by the Board as of the Latest Practicable Date.

Material Acquisitions and Disposals

For the year ended 31 December 2020

Second disposals of listed securities in Tianli Education

On 3 January 2020, City Legend International Limited ("**City Legend**") disposed on-market and through block trade an aggregate of 42,666,000 shares of Tianli Education International Holdings Limited in a series of transactions, at the average selling price of HK$3.10 per share of Tianli Education International Holdings Limited. The aggregate gross sale proceeds from the disposals are approximately HK$132.3 million (excluding transaction costs). After the disposal, the Group ceased to hold any shares of Tianli Education International Holdings Limited. For further details, please refer to the announcement of the Company dated 3 January 2020.

Investment in Dongguan Partnership

On 6 March 2020, Shenzhen OCT Huaxin Equity Investment Management Limited ("**Shenzhen Huaxin**") and Shenzhen Huayou Investment Co., Ltd ("**Shenzhen Huayou**"), both of which are indirect wholly-owned subsidiaries of the Company, entered into a limited partnership agreement with Dongguan City Industrial Investment Parent Fund Co., Ltd. ("**Dongguan Industrial Investment**"), Guangdong Province Yueke Songshan Lake Innovation Venture Capital Parent Fund Co., Ltd. ("**Songshan Lake Venture Capital**") and Dongguan City Multiplier Program Industrial M&A Parent Fund Partnership (Limited Partnership) ("**Dongguan Industrial M&A**") in relation to the establishment of Dongguan City OCT Lüwen Technology Investment Partnership (Limited Partnership) ("**Dongguan Partnership**") for the purpose of the investment. The total capital contribution to be subscribed by all partners to the Dongguan Partnership is RMB300 million. The capital contribution subscribed by Shenzhen Huaxin, Shenzhen Huayou, Dongguan Industrial Investment, Songshan Lake Venture Capital and Dongguan Industrial M&A will be RMB3,000,000, RMB132,000,000, RMB75,000,000, RMB60,000,000 and RMB30,000,000, respectively. For further details, please refer to the announcement of the Company dated 6 March 2020.

Renewal of finance lease and factoring framework agreements

On 18 May 2020, OCT Financial Leasing Co., Ltd. ("**OCT Financial Leasing**") entered into finance lease and factoring framework agreements with: (i) Overseas Chinese Town Group Company Limited ("**OCT Group**"); and (ii) Shenzhen Overseas Chinese Town Company Limited ("**OCT Ltd.**"), each being a connected person of the Company, respectively, pursuant to which OCT Financial Leasing agreed to provide finance lease and factoring services to OCT Group and OCT Ltd. Each of the finance lease and factoring framework agreements was effective for one year from the date of approval of the financial lease and factoring agreements by the independent shareholders at the extraordinary general meeting held on 19 June 2020. The annual caps for the above effective period for each of financial lease and factoring agreements were RMB1,000,000,000. For further details, please refer to the circular of the Company dated 29 May 2020.

Transfer of 1% equity interest in Dongguan Partnership

On 12 June 2020, Shenzhen Huayou entered into an equity transfer agreement with Happy Valley Cultural Tourism Development Co., Ltd. ("**Happy Valley Cultural Tourism**"), a company held as to 60% by OCT Ltd. and a connected person of the Company, and the Dongguan Partnership, pursuant to which Shenzhen Huayou has agreed to transfer 1% of the equity interest in the Dongguan Partnership, representing a capital contribution of RMB3,000,000 by Shenzhen Huayou to Happy Valley Cultural Tourism at the consideration of RMB3,000,185.40. Upon completion of the transfer, Shenzhen Huayou owned 43% of the equity interest in the Dongguan Partnership with a total subscribed capital contribution of RMB129,000,000, and Happy Valley Cultural Tourism owned 1% of the equity interest in the Dongguan Partnership with a total subscribed capital contribution of RMB3,000,000. For further details, please refer to the announcement of the Company dated 12 June 2020.

Entering into Finance Lease Agreement for Chengdu Happy Valley

On 13 August 2020, Chengdu Tianfu OCT Industry Development Co., Ltd. ("**Chengdu OCT**"), an indirect non-wholly owned subsidiary of the Company, entered into a finance lease agreement with CMB Financial Leasing Co., Ltd., pursuant to which: (i) CMB Financial Leasing Co., Ltd. conditionally agreed to purchase certain amusement and ancillary facilities (such as roller coaster and waterpark facilities) used in Chengdu Happy Valley currently owned by Chengdu OCT, and (ii) following the acquisition, CMB Financial Leasing Co., Ltd. conditionally agreed to lease the leased assets to Chengdu OCT, for a lease term of 36 months. For further details, please refer to the circular of the Company dated 30 September 2020.

Assignment of 50.99% of Equity Interest and Debt in Chengdu OCT

Bantix International Limited ("**Bantix International**") entered into the equity transfer agreement with OCT (Chengdu) Investment Co., Ltd., ("**OCT Chengdu Investment**") and Chengdu OCT on 4 September 2020 in relation to the transfer of 50.99% of the equity interest in Chengdu OCT to OCT Chengdu Investment at the consideration of RMB1,092 million; Bantix International, OCT Chengdu Investment and Chengdu OCT entered into the debt transfer agreement on 4 September 2020 in relation to the assignment of the debt of RMB160 million from Bantix International to OCT Chengdu Investment. For further details, please refer to the circular of the Company dated 30 September 2020.

Subscription of 49% Interest in the Cayman Fund and Disposal of Equity Interest of City Turbo

The Company and HNW Investment Fund Series SPC entered into the cooperation agreement on 8 December 2020 in relation to (among others) (i) the subscription of not more than 49% interest of Serica segregated portfolio at the subscription amount of not more than HK$417 million; (ii) the disposal of the entire issued shares of City Turbo Limited ("**City Turbo**") (including the entire assets, rights and liabilities of City Turbo) at the consideration of approximately HK$2,037 million; and (iii) the granting of share repurchase options to other investors in respect of their respective participating shares. For further details, please refer to the circular of the Company dated 15 December 2020.

Disposal of Listed Securities of Tongcheng-Elong

City Legend disposed on-market the listed securities of Tongcheng-Elong Holdings Limited ("**Tongcheng-Elong**") in a series of transactions. After six disposals, the Group held 70,549,880 of Tongcheng-Elong shares, accounting for approximately 3.25% of the issued share capital of Tongcheng-Elong as at 30 November 2020. For further details, please refer to the announcements dated 28 August 2020, 11 November 2020, 17 November 2020, 20 November 2020, 2 December 2020 and 18 December 2020 of the Company in relation to six disposals and the circular dated 31 December 2020.

For the year ended 31 December 2021

Further Disposal of Listed Securities of Tongcheng-Elong

City Legend disposed of the listed securities of Tongcheng-Elong in a series of transactions on the market. For further details, please refer to the announcements of the Company dated 17 February 2021, 19 February 2021, 25 February 2021 and 31 March 2021 and two circulars of the Company dated 23 April 2021.

Establishment of Xiamen Qiaorun Investment Partnership (Limited Partnership)

On 23 February 2021, Shenzhen OCT Gangya Holdings Development Co., Ltd. ("**Gangya**", an indirect wholly-owned subsidiaries of the Company), Shenzhen Huayou, Shanghai Xuxiang Trading Co., Ltd., Panxing Capital Management (Shenzhen) Co., Ltd. and Xiamen Zhongmao Yitong Commerce Co., Ltd. entered into a limited partnership agreement in relation to the establishment of Xiamen Qiaorun Investment Partnership (Limited Partnership). The total capital contribution subscribed by Gangya and Huayou to the partnership was RMB600,010,000. For further details, please refer to the circular of the Company dated 23 April 2021.

Supplemental Agreement for Subscription of 49% Interest in Cayman Fund

On 9 April 2021, the Company, City Legend, HNW Investment Fund Series SPC, Century Ginwa Retail Holdings Limited, Kinetic Creation Global Investments Limited, CCB International Asset Management Limited and Xi'an OCT Land Co., Ltd. and City Turbo entered into a supplemental agreement to the Private Placement Memorandum to revise the Private Placement Memorandum (relating to the Group's subscription of a Cayman Fund in December 2020) under which, subject to all parties to the supplemental agreement obtaining all requisite approvals, the open period for the transfer or redemption of the fund shares of such Cayman Fund is to be amended. For further details, please refer to the circular of the Company dated 26 May 2021.

Establishment of Shenzhen Qiaoheng

On 26 April 2021, Gangya and Shenzhen Huayou entered into a limited partnership agreement with Shenzhen Haomei Enterprise Co., Ltd. and Shenzhen Jingcheng Enterprise Co., Ltd. in relation to the establishment of Shenzhen Qiaoheng No. 1 Investment Enterprise (Limited Partnership). The total capital contribution subscribed by Gangya and Shenzhen Huayou to the partnership was RMB719,250,000. Such joint venture has invested in certain equity interests in Huizhou Kaiyue Zhiye Co., Ltd. ("**the Project Company**") and provided shareholder's loans to develop an urban renewal project. Subsequently, the implementation progress of the above project has been delayed because another shareholder of the Project Company failed to continuously provide funds as planned. For the year of 2022, the Group's share of loss amounting to RMB438,307,000 has been made based on the financial performance of the partnership as the development of the project was still delayed. For further details, please refer to the circular of the Company dated 26 May 2021 and the Company's 2021 and 2022 annual reports.

Acquisition of Land Use Rights in the Second Phase of Hefei Airport International Town

Hefei OCT Industry Development Co., Ltd ("**Hefei OCT Industry**", an indirect non-wholly owned subsidiary of the Company) entered into four state-owned Construction Land Use Right Transfer Contracts dated 30 June 2021 (and relevant supplemental agreements dated 30 June 2021) with Hefei Municipal Bureau of Natural Resources and Planning in relation to the acquisition of land use rights of four parcels of land, located in the second phase of Hefei Airport International Town and with a total site area of approximately 913.05 mu, at a total consideration of approximately RMB2,805 million. For further details, please refer to the circular of the Company dated 26 July 2021.

Investment in Semk Holdings

On 7 July 2021, City Legend, Semk Holdings International Limited ("**Semk Holdings**"), Semk Global Investment Ltd, and Mr. Hui Ha Lam entered into an investment agreement in relation to the subscription and acquisition by City Legend of a total of approximately 9.5% of the enlarged issued share capital of Semk Holdings immediately after the investment at an aggregate consideration of HK$142,500,585. Semk Holdings completed its initial public offering and commenced listing on the Stock Exchange in January 2022. For further details, please refer to the announcement of the Company dated 7 July 2021 and the Company's 2021 annual report.

Establishment of Nantong Zijing Huaxin Industry Master Fund

On 19 July 2021, Shenzhen Huaxin, Gangya, Nantong Zijing Huatong Corporate Management Limited, Nantong Industry Investment Master Fund Limited, and other independent third parties entered into a partnership agreement in relation to the establishment of Nantong Zijing Huaxin Industry Master Fund. The total capital contribution to be subscribed by Shenzhen Huaxin and Gangya to the fund is RMB400,000,000. For further details, please refer to the circular of the Company dated 24 September 2021.

Establishment of Foshan Gaoxin Technology Industry Fund

Shenzhen Huaxin, Shenzhen Huajing Investment Limited ("**Shenzhen Huajing**", a wholly-owned subsidiary of the Company), Guangdong Fogao Private Equity Management Limited, Guangdong Fogao Holding Limited, Foshan Nanhai Industry Development Investment Management Limited and other independent third parties entered into a limited partnership agreement in relation to the establishment of Foshan Gaoxin Technology Industry Fund. The total capital contribution to be subscribed by Shenzhen Huaxin and Shenzhen Huajing to the fund was RMB70,000,000. For further details, please refer to the announcement of the Company dated 15 December 2021.

For the year ended 31 December 2022

Proposed disposal of partial interests in Shouchi Enterprise

OCT Shanghai Land intends to dispose of 51% equity interests in Shanghai Shouchi Enterprise Management Limited ("**Shouchi Enterprise**"). On 3 April 2023, Shanghai Shengfenlai Enterprise Consultation Partnership (Limited Partnership) was identified as the winning bidder through public tender conducted on the CBEX, with a final consideration of RMB612,000,000. The disposal is expected to be completed in or around the year ending 31 December 2023. For further details, please refer to the circular of the Company dated 25 October 2022 and the Company's 2023 interim report.

Entering into the Ancillary Agreement for Cayman Fund

On 30 December 2022, the Company, City Legend International Limited, HNW Investment Fund Series SPC, Century Ginwa Retail Holdings Limited, Kinetic Creation Global Investments Limited, CCB International Asset Management Limited, Xi'an OCT Land Co., Ltd. and City Turbo Limited entered into an ancillary agreement for the Cayman Fund (relating to the Group's subscription of a Cayman Fund in December 2020) under which, subject to all parties to the ancillary agreement obtaining all requisite approvals, the Company would (or would procure its designated third party to) provide the financial support. For further details, please refer to the announcement of the Company dated 30 December 2022.

The Remaining Group had no other significant material acquisitions and disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2023.

5. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

In the second half of 2023, it is expected that global inflation will remain high, and the global economy will further slow down. China's economic recovery will rely more on domestic demand, with increasing downward pressure on the economy. With continuous uneven recovery across various industries, more specific measures to stabilize growth and shore up confidence are expected to be introduced. In terms of real estate policies, the central government and the State Council have emphasized the adjustment and optimization of real estate policies. In the second half of the year, it is expected that the real estate industry will still be guided by the supporting and caring policies. The real estate market is expected to recover slowly amid fluctuations, as the confidence in house purchasing and the commencement of construction may still take time to recover.

In the second half of 2023, in terms of comprehensive development business, the Remaining Group will catch up with the new situation of major changes in the relationship between supply and demand in the real estate market, seize the window period of the recovery of real estate market, implement policies according to the actual conditions of each city to better meet the rigid and reasonable improvement housing demands of residents, and accelerate the sales of inventory. With "property group purchase + government housing vouchers" as the engine, Hefei Airport International Town will, on the one hand, engage enterprises to provide exclusive property purchase discounts and subsidies for the talents, and on the other hand, it will further accelerate sales by virtue of its advantages of low-density green projects in international and quality communities.

The Remaining Group will take forward the construction of the Huizhou OCT Entrepreneurship and Innovation Industrial Park project in full stream, and start its pre-sale. Construction of the project is expected to be completed in 2024, providing an estimated additional area of approximately 93,000 square meters and bringing new momentum to the high-quality development of the OCT Entrepreneurship and Innovation Industrial Park. The Remaining Group will continue to expand the industrial park business and expand the management and operation of characteristic industrial parks, aiming to continuously consolidate and improve service quality. At the same time, the Remaining Group will actively explore the asset-light operation mode of the industrial parks, and connect industrial funds with industrial park business and create mutual benefits between capital investment and business solicitation, thereby realizing the coordinated development of "industrial fund + industrial park" business.

In the second half of 2023, with respect to the equity investment and fund business, the Remaining Group will fully leverage OCT's industrial resource advantage to strengthen cooperations with government-guided funds, market-oriented master funds and leading enterprises in the industry. With a diversified fund product matrix preliminarily formed, the Remaining Group will build a reserve of high-quality targets of mergers and acquisitions for the Company. In the future, the Remaining Group will actively mobilize industrial resources and financial resources in promoting the development and growth of invested companies, and exit at appropriate time.

The Remaining Group plans to adhere to the business development idea of "revitalizing the existing assets and adjusting the structure, implementing lean management to improve efficiency, and focusing on the main business to deliver excellent and strong performance", and strengthen risk prevention and control and improve operating efficiency under the principle of prudent operation. The Remaining Group will also build a standardized operating system to improve and optimize the management efficiency and level and to enhance the operational capabilities, with a view to building itself into a market-oriented operating entity with excellence in both industrial operation and capital operation.

The Sale Assets are currently being used for hotel operation and for provision of ancillary services, and are classified as revenue-generating assets under the Listing Rules.

In accordance with Rule 14.68(2)(b)(i) of the Listing Rules, the unaudited profit and loss statements on the identifiable net income stream of the Sale Assets for the years ended 31 December 2020, 2021 and 2022 and for the six months ended 30 June 2023 (the "**Unaudited Profit and Loss Statement**") are set out below.

In the opinion of the Directors, such information has been properly compiled and derived from the underlying books and records of the Group, prepared using accounting policies materially consistent with those of the Group, and taken into consideration of certain adjustments identified by the Group to reflect the business performance of the Sale Assets, in relation to the allocation of certain costs and expenses, including finance costs and income tax expense, from the Group.

UNAUDITED PROFIT AND LOSS STATEMENTS ON THE IDENTIFIABLE NET INCOME STREAM OF THE SALE ASSETS

	Year ended 31 December			Six months ended 30 June
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	202,654	248,705	140,446	118,892
Cost of sales	(179,892)	(207,319)	(170,026)	(98,386)
Gross profit/(loss)	22,762	41,386	(29,580)	20,506
Other income	3,376	2,152	1,780	894
Other net gains/(loss)	339	54	68	(827)
Distribution costs	(11,961)	(15,928)	(10,874)	(8,663)
Administrative expenses	(37,104)	(42,000)	(31,005)	(21,100)
Loss from operations	(22,588)	(14,336)	(69,611)	(9,190)
Finance costs	–	(22)	(57)	(10)
Loss before taxation	(22,588)	(14,358)	(69,668)	(9,200)
Income tax	5,647	3,590	17,417	2,300
Loss and total comprehensive income for the year/period	(16,941)	(10,768)	(52,251)	(6,900)

Pursuant to Rule 14.68(2)(b)(i) of the Listing Rules, Company has engaged KPMG, the reporting accountants, to perform certain agreed upon procedures and report their factual finding in respect of the Unaudited Profit and Loss Statement in accordance with Hong Kong Standard on Related Services 4400 (Revised) "Agreed-Upon Procedures Engagements" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The reporting accountants have performed procedures in accordance with the agreed-upon procedures set out in the relevant engagement letter between the Company and the reporting accountants and reported their factual findings as follows:

(a) agreed the Unaudited Profit and Loss Statement to the underlying books and records of the Group and found the amounts to be in agreement; and

(b) checked the arithmetical accuracy of the Unaudited Profit and Loss Statement and found the amounts to be arithmetically accurate.

Based on the above, the Directors are of the opinion that the Unaudited Profit and Loss Statement have properly compiled and derived from the underlying books and records. The findings on the agreed-upon procedures were reported solely for the information of the Directors of the Company in order to comply with the requirements under Rule 14.68(2)(b)(i) of the Listing Rules and should not be used or relied upon by any other parties for any other purposes.

The work performed by the reporting accountants did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no opinion or assurance conclusion has been expressed by the reporting accountants on the Unaudited Profit and Loss Statement. Had the reporting accountants performed additional procedures other matters might have come to the their attention that would have been reported to the Directors.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. Introduction

The following is the unaudited pro forma financial information of Overseas Chinese Town (Asia) Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**"), comprising the unaudited pro forma consolidated net assets statement as at 30 June 2023 and the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 and related notes (collectively, the "**Unaudited Pro Forma Financial Information**").

The Unaudited Pro Forma Financial Information is prepared by the directors of the Company in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), for the purpose of illustrating the effect of the proposed disposal of the Sale Assets in Overseas Chinese Town (Shanghai) Land Company Limited (the "**Proposed Disposal**") as described in the section headed "Letter from the Board" in this circular. The Group excluding the Sale Assets upon the completion of the Proposed Disposal is referred to as the "Remaining Group".

The Unaudited Pro Forma Financial Information presented below is prepared to illustrate (i) the financial position of the Group as at 30 June 2023 as if the Proposed Disposal had been completed on 30 June 2023; and (ii) the statement of profit or loss and the statement of profit or loss and other comprehensive income of the Remaining Group for the year ended 31 December 2022 as if the Proposed Disposal had been completed on 1 January 2022.

The Unaudited Pro Forma Financial Information of the Remaining Group is based upon the consolidated financial information of the Group for year ended 31 December 2022, which has been derived from the Company's published annual report for the year ended 31 December 2022 and the consolidated financial information of the Group for the six months ended 30 June 2023, which has been derived from the Company's published interim report for the six months ended 30 June 2023, after taking pro forma adjustments as summarised in the accompanying notes that are clearly shown explained, factually supportable and directly attributable to the Proposed Disposal.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and is based on certain assumptions, estimates and current available information. Accordingly, because of its hypothetical nature, it may not give a true picture of the financial results and financial position of the Remaining Group had the Proposed Disposal been completed as at the specified dates or any other dates.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Company for year ended 31 December 2022 or the published interim report of the Company for the six months ended 30 June 2023 and other financial information included elsewhere in this circular.

2. Unaudited Pro Forma Consolidated Net Asset Statement of the Remaining Group at 30 June 2023

(Expressed in RMB)

	The Group as at 30 June 2023	Pro forma adjustments	The Remaining Group as at 30 June 2023
	RMB'000	*RMB'000*	*RMB'000*
	Note (a)	*Note (b)*	
Non-current assets			
Investment property	420,639		420,639
Property, plant and equipment	1,075,516	(778,590)	296,926
Interests in leasehold land held for own use	1,127,610	(858,950)	268,660
	2,623,765		986,225
Intangible assets	20,048		20,048
Interests in associates	2,037,430		2,037,430
Interests in joint ventures	595,425		595,425
Other financial assets	351,119		351,119
Deferred tax assets	148,325	(19,013)	129,312
	5,776,112		4,119,559
Current assets			
Inventories and other contract costs	13,432,058	(371,578)	13,060,480
Trade and other receivables	380,167		380,167
Cash at bank and on hand	2,559,850	2,085,168	4,645,018
	16,372,075		18,085,665
Assets of disposal group classified as held for sale	1,942,744		1,942,744
	18,314,819		20,028,409

	The Group as at 30 June 2023	Pro forma adjustments	The Remaining Group as at 30 June 2023
	RMB'000	*RMB'000*	*RMB'000*
	Note (a)	*Note (b)*	
Current liabilities			
Trade and other payables	3,088,555		3,088,555
Contract liabilities	1,769,974		1,769,974
Lease liabilities	8,993		8,993
Bank and other loans	6,577,064		6,577,064
Loans from related parties loans and non-controlling interests	1,911,000		1,911,000
Current taxation	142,194		142,194
	13,497,780		13,497,780
Liabilities directly associated with assets of disposal group classified as held for sale	1,413,609		1,413,609
	14,911,389		14,911,389
Net current assets	3,403,430		5,117,020
Total assets less current liabilities	9,179,542		9,236,579
Non-current liabilities			
Bank and other loans	2,443,895		2,443,895
Related party loans	783,507		783,507
Lease liabilities	2,057		2,057
Deferred tax liabilities	181,103		181,103
	3,410,562		3,410,562
NET ASSETS	5,768,980		5,826,017

3. Unaudited Pro Forma Consolidated Statement of Profit or Loss of the Remaining Group for the year ended 31 December 2022

(Expressed in RMB)

	The Group for the year ended 31 December 2022	Pro forma adjustments		The Remaining Group for the year ended 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note (a)	*Note (c)*	*Note (d)*	
Revenue	3,072,451	(140,446)	389,420	3,321,425
Cost of sales	(2,750,134)	170,026	(371,578)	(2,951,686)
Gross profit	322,317			369,739
Other income	40,354	(1,780)		38,574
Other net (losses)/gains	(32,720)	(68)	196,204	163,416
Distribution costs	(80,171)	10,874		(69,297)
Administrative expenses	(285,126)	31,005	(27,375)	(281,496)
(Loss)/profit from operations	(35,346)			220,936
Finance costs	(140,357)	57		(140,300)
Share of profits less losses of associates	(1,169,732)			(1,169,732)
Share of profits less losses of joint ventures	(404,051)			(404,051)
Impairment losses on associates	(139,254)			(139,254)
Loss before taxation	(1,888,740)			(1,632,401)
Income tax	(107,322)	(17,417)	(197,975)	(322,714)
Loss for the Year	(1,996,062)			(1,955,115)
Attributable to:				
Equity holders of the Company	(1,912,536)	26,387	(5,709)	(1,891,858)
Non-controlling interests	(83,526)	25,864	(5,595)	(63,257)
Loss for the Year	(1,996,062)			(1,955,115)

4. Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Remaining Group for the year ended 31 December 2022

(Expressed in RMB)

	The Group for the year ended 31 December 2022	Pro forma adjustments		The Remaining Group for the year ended 31 December 2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	Note (a)	*Note (c)*	*Note (d)*	
Loss for the Year	(1,996,062)	52,251	(11,304)	(1,955,115)
Other comprehensive income for the Year (after tax and reclassification adjustments)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences	(130,449)			(130,449)
Share of other comprehensive income of associates and a joint venture	(155,695)			(155,695)
Other comprehensive income for the Year	(286,144)			(286,144)
Total comprehensive income for the Year	(2,282,206)			(2,241,259)
Attributable to:				
Equity holders of the Company	(2,198,680)	26,387	(5,709)	(2,178,002)
Non-controlling interests	(83,526)	25,864	(5,595)	(63,257)
Total comprehensive income for the Year	(2,282,206)			(2,241,259)

Notes to the Unaudited Pro Forma Financial Information of the Remaining Group:

(a) The unadjusted consolidated statement of financial position of the Group as at 30 June 2023 is extracted from the Company's published interim report for the six months ended 30 June 2023. The unadjusted consolidated statement of profit or loss and unadjusted consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 are extracted from the Company's published annual report for the year ended 31 December 2022.

(b) The adjustment represents the financial impacts of the Proposed Disposal as if it had taken place on 30 June 2023, which is estimated as follows:

	RMB'000
Estimated consideration for the Proposed Disposal	2,430,000
Less: Estimated VAT directly attributable to the Proposed Disposal *(i)*	(115,714)
Less: Book value of the Sale Assets as at 30 June 2023 attributable to equity shareholder of the Company *(ii)*	(2,009,118)
Less: Estimated other costs directly attributable to the Proposed Disposal	(27,375)
Estimated pre-tax gain on the Proposed Disposal	277,793
Less: Estimated tax effect in relation to the gain on the Proposed Disposal calculated at the applicable tax rates *(iii)*	(220,756)
Estimated gain on the Proposed Disposal	57,037
Net effect on total equity	57,037

(i) Estimated VAT is calculated at 5% pursuant to regulation of the PRC.

(ii) The book value of the Sale Assets represent the sum of the book values of the following assets of the Sales Assets as at 30 June 2023:

	RMB'000
Property, plant and equipment	778,590
Intangible assets	858,950
Inventories	371,578
Total:	2,009,118

(iii) Estimated tax effect includes land appreciation tax ("**LAT**") RMB201,743,000 and Corporate income tax ("**CIT**") RMB19,013,000. LAT is levied at progressive applicable rates on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures. CIT is charged based on estimated pre-tax gain deducted by LAT at applicable rate of 25%.

(c) The adjustment represents the exclusion of results of the Sale Assets for the year ended 31 December 2022 as if the Proposed Disposal had been completed on 1 January 2022 for the unaudited pro forma consolidated statement of profit or loss and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income. The amounts are extracted from the unaudited profit and loss statement on the identifiable net income stream of the Sale Assets for the year ended 31 December 2022 as set out in Appendix II to this circular.

(d) The adjustments represent the estimated net loss on the Proposed Disposal as if it had taken place on 1 January 2022, which is estimated as follows:

	RMB'000
Estimated consideration for the Proposed Disposal	2,430,000
Less: Estimated VAT directly attributable to the Proposed Disposal *(i)*	(115,714)
Less: Book value of the Sale Assets as at 1 January 2022 attributable to equity shareholder of the Company *(ii)*	(2,100,240)
Less: Estimated other costs directly attributable to the Proposed Disposal	(27,375)
Estimated pre-tax gain on the Proposed Disposal	186,671
Less: Estimated tax effects in relation to the gain on the Proposed Disposal calculated at the applicable tax rates *(iii)*	(197,975)
Estimated loss on the Proposed Disposal	(11,304)
Net effect on total equity	(11,304)
Attributable to:	
Equity holders of the Company	(5,709)
Non-controlling interests	(5,595)

(i) Estimated VAT is calculated at 5% pursuant to regulation of the PRC.

(ii) The book value of the Sale Assets represent the sum of the book values of the following assets of the Sale Assets as at 1 January 2022:

	RMB'000
Property, plant and equipment	821,844
Intangible assets	906,818
Inventories	371,578
Total:	2,100,240

The estimated consideration has been apportioned to each of the Sale Assets based on their estimated value as at 1 January 2022, resulting in the recognition of net gains of RMB196,204,000 in relation to the disposal of intangible assets and property plant and equipment, and revenue and cost of RMB389,420,000 and RMB371,578,000 respectively for the disposal of inventories.

(iii) Estimated tax effect includes LAT RMB201,743,000 and deferred tax expense RMB3,768,000.

(e) The adjustments in respect of the unaudited pro forma consolidated statement of profit or loss and unaudited pro forma consolidated statement of profit or loss and other comprehensive income above are not expected to have a continuing effect on the Remaining Group.

(f) The estimated consideration and estimated gain/(loss) on Proposed Disposal as illustrated above are subject to change. The final consideration, carrying amount of the Sale Assets, and thus the loss on Proposed Disposal at the date of completion will likely be different from those stated in the pro forma financial information.

(g) No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 30 June 2023 for the unaudited pro forma consolidated net assets statement and 31 December 2022 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Remaining Group's pro forma financial information for the purpose in this circular.

KPMG

Independent Reporting Accountants' Assurance Report on the Compilation of Pro Forma Financial Information

To the Directors of Overseas Chinese Town (Asia) Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Overseas Chinese Town (Asia) Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated net assets statement as at 30 June 2023 and unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 and related notes as set out in Part A of Appendix III to the circular dated 6 November 2023 (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix III to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed disposal of the Sale Assets of Overseas Chinese Town (Shanghai) Land Company Limited (the "**Proposed Disposal**") on the Group's financial position as at 30 June 2023 and the Group's financial performance for the year ended 31 December 2022 as if the Proposed Disposal had taken place at 30 June 2023 and 1 January 2022 respectively. As part of this process, information about the Group's financial position as at 30 June 2023 has been extracted by the Directors from the interim financial report of the Group for the six months ended 30 June 2023, on which no review report has been published. Information about the Group's financial performance for the year ended 31 December 2022 has been extracted by the Directors from the consolidated financial statements of the Group for the year ended 31 December 2022, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 June 2023 or 1 January 2022 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

a) the pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group, and

c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Certified Public Accountants
Hong Kong

6 November 2023

The following is the text of a letter and the valuation certificate, prepared for the purpose of incorporation in this Circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer and consultant, in connection with its valuation as at 31 August 2023 of the Property held by OCT Shanghai Land.

Jones Lang LaSalle Corporate Appraisal and
Advisory Limited
7/F One Taikoo Place
979 King's Road
Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

6 November 2023

The Board of Directors
Overseas Chinese Town (Asia) Holdings Limited (the "Company")
59/F., Bank of China Tower
1 Garden Road
Hong Kong

Dear Sirs,

Overseas Chinese Town (Shanghai) Land Company Limited ("**OCT Shanghai Land**", an indirect non-wholly-owned subsidiary of the Company) intends to dispose of the Sale Assets through Public Tender to be conducted on China Beijing Equity Exchange ("**CBEX**"). Hence, the Board proposes to seek the Proposed Mandate to be granted in advance by the Shareholders at the EGM for the Directors to enter into and complete the proposed disposal.

In accordance with your instructions to value the property interest held by OCT Shanghai Land in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 August 2023 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the hotel portion of the property interest by the Discounted Cash Flow ("**DCF**") approach. The DCF approach is adopted by discounting future net cash flow of the property to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for an investment of this type. In the analysis, we incorporated an assumed 10-year forecast and the reversionary value in year eleven and discounted by an appropriate discount rate to derive a net present value. The projections in the discounted cash flow have been prepared for valuation purposes and not as a business plan forecast.

We have valued the commercial portion of the property interest by the income approach by taking into account the rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

We have valued the car parking spaces of the property interest by comparison approach assuming sale of the property interest in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Company and OCT Shanghai Land and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, and particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of Real Estate Title Certificates and other documents relating to the property interest and have made relevant enquires. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the OCT Shanghai Land's PRC legal advisor – V&T (Shanghai) Law Firm, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

The site inspection was carried out on 25 May 2023 by Ms. Joan Zhu who is China Qualified Land Valuer and has 12 years' valuation experience in the real estate industry of the PRC and Mr. Simo Wu who has obtained a master degree in urban planning and has 2 years' valuation experience in the real estate industry of the PRC. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and OCT Shanghai Land. We have also sought confirmation from OCT Shanghai Land that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 29 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION SUMMARY

Property interest held for operation by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2023 *RMB*
The hotel portion, 3 commercial buildings and 88 underground car parking spaces in the Suhewan project located at Nos. 5 to 8, 11, 16 to 18 Lane 108, North Shanxi Road; Nos. 96, 98, 112,116,120,126 North Shanxi Road; Nos. 673, 677, 681 Tiantong Road; Nos. 17, 23 North Henan Road; Levels 1 to 3 and Level B1 corridor, Nos. 33, 39, 51 North Henan Road; Levels 1 to 2, No. 468 North Suzhou Road and Nos. 9, 10 Lane 88, North Shanxi Road, Jing'an District, Shanghai, The PRC	The property is located at the junction of Tiantong Road and North Shanxi Road, Jing'an District. The locality is a mature residential and commercial area. It is well served by public facilities and convenient public transportation network and landmark developments such as Joy City and Raffles City are located nearby. The property occupies 2 parcels of land with a total site area of approximately 35,560.46 sq.m. (including the land use rights of the property), which had been developed into an international super luxury hotel and 3 commercial buildings. As at the valuation date, portions of the property were operated as a luxury hotel, portions of the 3 commercial buildings were rented to various third parties for commercial use and the remaining portions were vacant. As at the valuation date, the property comprises the main hotel portion on levels B2 to B1, 1, 40 to 47 of a 47-storey composite building, 2 hotel ancillary buildings and 3 commercial buildings which were completed in 2016. The property has a total gross floor area ("**GFA**") of approximately 35,247.21 sq.m. The usage and gross floor area details of the property are set out in note 2. The land use rights of the property have been granted for a term expiring on 9 March 2051 for hotel and commercial uses.	As at the valuation date, portions of the property were operated as a luxury hotel, portions of the 3 commercial buildings were rented to various third parties for commercial use and the remaining portions were vacant, whilst the car parking spaces were available to hotel customers for free parking.	1,700,000,000 *(refer to Note 7)*

Notes:

1. Pursuant to 3 Real Estate Title Certificates – Hu (2018) Jing Zi Bu Dong Chan Quan Di No. 012287, Hu (2019) Jing Zi Bu Dong Chan Quan Di No. 010434 and Hu (2019) Jing Zi Bu Dong Chan Quan Di No. 010436, the land use rights of 2 parcels of land with a total site area of approximately 35,560.46 sq.m. (including the land use rights of the property) have been granted to OCT Shanghai Land for a term expiring on 9 March 2051 for hotel and commercial uses. A total gross floor area of approximately 23,193.73 sq.m. is owned by OCT Shanghai Land.

2. According to the information provided by OCT Shanghai Land, the detailed gross floor area of the property is set out as below:

Property Item	**Usage**	**Floor**	**Gross Floor Area** *(sq.m.)*	**No. of car parking space**
Main hotel block and ancillary buildings	Hotel	B2-B1, 1-3F, 40-47F	26,833.94	N/A
Building P1	Commercial	1-3F	2,753.44	N/A
Building P2	Commercial	1F	165.45	N/A
Building P3	Commercial	1F	365.58	N/A
CPS No. 57 to 59, 260 to 342, 347 to 348	Car parking space	B2-B1	5,128.80	88
Total:			**35,247.21**	**88**

3. As at the valuation date, the ancillary facilities on Levels B2 to B1 of the hotel portion and 88 car parking spaces on Levels B2 to B1 of the property with a total gross floor area of approximately 12,053.48 sq.m. have not obtained Real Estate Title certificates.

4. According to the information provided by OCT Shanghai Land, details of the room configuration of the hotel portion are summarized below:

Room Type	**Size** *(approx. sq.m./room)*	**Number of rooms**
Room (客房)	60	63
Deluxe Suite (高級套房)	81	12
Grand Deluxe Suite (豪華套房)	124	5
The Bund Suite (精選外灘套房)	164	1
Presidential Suite (總統套房)	570	1
Total:		**82**

5. As at the valuation date, pursuant to 6 Tenancy Agreements, portions of the 3 commercial buildings with a total gross floor area of approximately 2,673.73 sq.m were leased to various tenants for commercial purpose with various expiry dates between 14 February 2025 and 20 December 2026, and the total passing monthly rent was approximately RMB575,000 exclusive of management fees, water and electricity charges.

6. Our valuation has been made on the following basis and analysis:

In undertaking our valuation process, we have adopted the discounted cash flow ("**DCF**") approach to value the hotel portion of the property. We have prepared a 10-year cash flow forecast with reference to the current and anticipated market condition. Our assumptions and forecast mainly based on the actual operating data and the market statistics data. More details are shown below:

a) Average Daily Rate ("**ADR**") in 1st year: Ranges from RMB5,900 to RMB8,100 per room based on the main room types.

Room Type	**ADR in 1st year** *(RMB)*
Room (客房)	5,900
Deluxe Suite (高級套房)	7,200
Grand Deluxe Suite (豪華套房)	8,100
The Bund Suite (精選外灘套房)	10,000
Presidential Suite (總統套房)	220,000

In drawing this assumption, we have made reference to and analyzed the actual operation data of the subject hotel and the average data of 5-star and luxury hotels in Shanghai. The ADR achieved by the subject hotel since it has officially opened ranges from RMB5,900 to RMB8,100 based on the main room types. In determining the ADR in 1st year, based on the actual data, we have made relevant adjustments on the general factors including inflation, Shanghai traveling condition and specific factors including competition and distinctiveness.

b) Average Occupancy Rate

The Average Occupancy Rate achieved by the subject hotel since it has officially opened ranges from 54% – 57% between 2019 and H1 2023. Shanghai is an international center of economy, finance, trade, shipping, scientific & technology and a cultural metropolis as well as a national historical city in China. Large branding cultural festivals such as Shanghai Tourism Festival and Shanghai International Film Festival will be held in Shanghai every year. According to the market statistics, in Q3 2023, more than 2.2 million international inbound tourists have been to Shanghai and the occupancy rate of 5-star hotels based on the stable operation in Shanghai reached 66.5%. However, the subject hotel is a super luxury hotel which is very rare in Shanghai. The ADR is much higher than other 5-star hotels and the subject hotel is favorable to the super luxurious customer groups. In addition, the impact of past COVID-19 outbreak has led to longer recovery periods and slower growth in occupancy rate. Due to an estimated supply balancing dynamic and increasing demand, the average occupancy rate in our forecast period will continue from 55% in the 1st year to 66% at the stable-operating level from the 9th year to the expiry date of land use rights.

The projected occupancy rates adopted in our 10-year DCF valuation are tabulated below.

Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Projected occupancy rate	55.0%	58.0%	60.0%	60.0%	62.0%	62.0%	64.0%	64.0%	66.0%	66.0%

c) Stabilized Growth Rate: 3%.

Having considered general inflation, risk free treasury bills and based on sustained industry growth of past few years, it is believed that the performance of the subject hotel continue in upward trends and will generate more revenue in the future, assuming no policy changes or unforeseen events impacting the economy of locality will occur.

d) Terminal Capitalization Rate: 4%.

After the 10-year forecast period, we have calculated the terminal value through a stabilized net operating income at the 11th year to be capitalized from the expiry date of land use rights to the valuation date. We have compared the subject hotel on-going yields and also cross checked the industry average. For hotel sectors, the terminal capitalization rate ranges from 3.5% to 4.5% in Shanghai. The subject property is located at the core business area with convenient public transportation network in Shanghai and there is lack of the high-quality super luxury hotel in the surrounding area. On the other hand, the subject hotel is positioned to serve smaller groups of luxurious customers, reflecting in relatively lower occupancy rate despite higher ADR. On the balance of its strength and weakness, in undertaking our analysis, we have adopted the terminal capitalization rate of 4% in the valuation.

e) Discount Rate: 7%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the one-year deposit rates of 1.5% issued by The People's Bank of China, the expected stabilized growth rate of 3% and investment risk premium. Investment risk premium is that when investors invest in real estate with uncertain returns and certain risks, they will inevitably require premium for the additional risks they bear. Generally, the investment risk premium of commercial real estate is between 2% and 2.5%. Considering that portions of the property are for hotel use, we have adopted the investment risk premium of 2.5% in our valuation. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

f) Operating Expense and related taxes:

We have also deducted amounts for operating expenses inclusive of administrative and general expense, marketing, energy, property operation and maintenance, and management fees, and related taxes inclusive of property tax and urban land use tax. Details of the key assumptions are as below:

Parameters of operating expenses and taxes	**Assumptions**
Administrative and General	8.0% on total operating revenue
Sales and Marketing	4.0% on total operating revenue
Energy	3.5% on total operating revenue
Property Operation and Maintenance	3.0% on total operating revenue
Base Management Fee	3.75% on total operating revenue
Incentive Management Fee	6.0% on gross operating profits
Property tax	1.2% of 70% of book value
Urban Land Use Tax *(RMB/sq.m.)*	10.00

The DCF approach is adopted by discounting future net cash flow of the property to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for an investment of this type. The major steps involved in DCF analysis of the hotel portion of the property include:

(1) net cash flow projection – determining the forecast period, setting up the revenue and cost & expenses forecasting supported schedules mainly including Average Daily Room Rate, Average Occupancy Rate, Growth Rate, operating expenses and related taxes, etc.

(2) calculating net cash flow to the property = Revenue – Cost & Expenses

(3) determining the discount rate

(4) calculating the terminal value – Adopting the terminal capitalisation rate to arrive at the terminal value of the subject hotel, we have had due regard, among other things, to (i) discount rate we have adopted, our forecast change in average revenue per room over the assumed 10-year forecast period, and (ii) the duration of the remaining land use term of the land on which the subject hotel is located.

(5) performing present value calculations – find the present values to the property and terminal values

Based on the above analysis, the market value of the hotel portion of the property in existing state as at valuation date is RMB1,453,000,000.

The following table demonstrates the sensitivity analysis of the market value of the hotel portion of the property as at the valuation date subject to hypothetical changes in ADR and terminal capitalization rate:

Hypothetical changes in the input	**Market value of the hotel portion as at valuation date** *(RMB)*
ADR	
10%	1,621,000,000
0%	1,453,000,000
-10%	1,284,000,000
Terminal capitalization rate	
10%	1,388,000,000
0%	1,453,000,000
-10%	1,522,000,000

g) For the commercial portion, in undertaking our valuation, we have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the commercial buildings of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;

We have made reference to relevant rental comparables which are selected based on criteria of

(1) time – comparables listed in the past 3 months;

(2) location – comparables of similar accessibility as the property within radial distance of 5 km.;

(3) size – GFA of comparables within 100 to 500 sq.m.; and

(4) usage – comparables of commercial use.

We have analyzed recent market rental evidences of similar properties to compare with the property under assessment. Each comparable is analyzed on the basis of its unit rent, each attribute of the comparable is then compared with the property and where there is a difference, the unit rent is adjusted in order to arrive at the appropriate unit rent for the property. Considering the time, location, size, usage and building quality of the property, we finally identified three recent comparables as below. The unit rent of these comparable commercial units on the first floor basis ranges from RMB15 to RMB16.5 per sq.m. per day. Appropriate adjustments and analysis are considered to the differences in several aspects including location and physical characteristics between the comparable properties and the subject property. The general basis of adjustment of physical characteristics like building age, size and layout, etc. and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Details of the comparable properties and adjustments are set out below, the lists of the comparable properties are exhaustive based on the above selection criteria at the time we performed the valuation of the property.

Comparable (commercial portion)	**A**	**B**	**C**
Location	No. 1688 Sichuan North Road, Hongkou District	No. 501 Jiujiang Road, Huangpu District	No. 1661 Sichuan North Road, Hongkou District
Usage	Commercial	Commercial	Commercial
GFA *(sq.m.)*	450	148	440
Year of completion	1997	Finished the renovation in 2015	2007
Unit asking rent *(RMB/sq.m./day)*	15.0	16.5	16.0
Adjustment factors:			
Asking price	-2%	-2%	-2%
Location and accessibility	5%	-2%	5%
Building quality	2%	2%	2%
Layout	0%	0%	0%
Floor	0%	0%	0%
Size	0%	-5%	0%
Total adjustment	5%	-7%	5%
Adjusted unit rent *(RMB/sq.m./day)*	15.8	15.3	16.8

Based on the analysis of the three comparable properties, the adjusted average unit rate for the market rent of the commercial unit on the first floor of the property is RMB16 per sq.m. per day.

h) Based on our research on commercial market in the surrounding area of the property, for commercial portion, the stabilized market yield ranged from 5% to 6% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 5.5% for commercial portion as the capitalization rate in the valuation.

In this valuation method, the total rental income is divided into a current passing rental income over the existing lease term (the term income) and a potential future reversionary rental income over the residual land use rights term (the reversionary income). The term value involves the capitalisation of the current passing rental income over the existing lease term. The reversionary value is taken to be market rental income upon the expiry of the lease and is capitalised over the remaining land use rights term. It is then discounted back to the valuation date. Thus, the market value of the commercial portion of the property in existing state as at valuation date is RMB194,000,000.

The following table demonstrates the sensitivity analysis of the market value of the commercial portion of the property as at the valuation date subject to hypothetical changes in market rent and capitalization rate:

Hypothetical changes in the input	**Market value of the commercial portion as at valuation date** *(RMB)*
Market rent	
10%	211,000,000
0%	194,000,000
-10%	176,000,000
Capitalization rate	
10%	182,000,000
0%	194,000,000
-10%	206,000,000

i) For the car parking space portion, in undertaking our valuation, we have made reference to relevant sales comparables which are selected based on criteria of

(1) time – comparables transacted in the past 1 year;

(2) location – comparables of similar accessibility as the property within radial distance of 5 km.;

(3) Maintenance condition – comparables kept well in maintenance condition; and

(4) usage – comparables of car parking space use.

We have analyzed recent market sales evidences of similar properties to compare with the property under assessment. Each comparable is analyzed on the basis of its unit price, each attribute of the comparable is then compared with the property and where there is a difference, the unit price is adjusted in order to arrive at the appropriate unit price for the property. Considering the time, location, maintenance condition and usage of the property, we finally identified three recent comparables as below.

The unit price of these comparable properties ranges from RM590,000 to RMB620,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in several aspects including time, location and physical characteristics between the comparable properties and the subject property to arrive at the market value of the property. The general basis of adjustment of physical characteristics like maintenance condition and location such as accessibility is that if the comparable property is better than the property, a downward adjustment is made. Alternatively, if the comparable property is inferior or less desirable than the property, an upward adjustment is made. Details of the comparable properties and adjustments are set out below, the lists of the comparable properties are exhaustive based on the above selection criteria at the time we performed the valuation of the property.

Comparable (car parking space)	**A**	**B**	**C**
Location	No. 259 Shanxi North Road, Jingan District	No. 1539 Zhongxing Road, Jingan District	No. 1000 Changan Road, Jingan District
Usage	Car parking	Car parking	Car parking
Location and accessibility	Good	Good	Good
Unit transaction price *(RMB/space)*	590,000	610,000	620,000
Adjustment factors:			
Transaction price	0%	0%	0%
Location and accessibility	0%	0%	-3%
Maintenance condition	0%	0%	0%
Total adjustment	+0%	+0%	-3%
Adjusted unit price *(RMB/space)*	590,000	610,000	600,000

Based on the analysis of the three comparable properties, the adjusted average unit rate for the market value of the car parking spaces of the property is RMB600,000 per space. Thus, we have arrived at the market value of total 88 car parking spaces of the property at RMB53,000,000 (rounded to the nearest million).

7. Based on the above analysis, the market value of the property in existing state is summarized as following:

Property	Market Value in existing state as at the valuation date *(RMB)*
The hotel portion	1,453,000,000
3 commercial buildings	194,000,000
Car parking spaces	53,000,000
Total:	**1,700,000,000**

8. As advised by the Company, the net book value of movable asset of the property as at 31 August 2023 was RMB9,758,743. For reference purpose only, by deducting this net book value from the market value of the property, the calculated value of the property would be RMB1,690,241,257.

9. We have been provided with a legal opinion regarding the property interest by the OCT Shanghai Land's PRC legal advisors, which contains, inter alia, the following:

   a. The ownership rights of the property are legal and clear;

   b. Pursuant to Shanghai Commercial Housing Sales Record Certificate – Jing An Fang Guan (2020) Di No. 20200311, the ancillary facilities on Levels B2 to B1 and the Spa and Fitness on Level B1 are registered as reserved for OCT Shanghai Land's ownership, which can be freely transferred in accordance with relevant laws and regulations;

   c. OCT Shanghai Land has the rights to freely transfer 88 car parking spaces in accordance with relevant laws and regulations;

   d. Pursuant to the mortgage registration dated 13 August 2019, the property is subject to mortgage in favour of Agricultural Bank of China Co., Ltd. Shanghai Zhabei Sub-branch (the "**Bank**"), as security for the principal obligation for an amount of RMB1,000,000,000 within the period from 7 August 2019 to 6 August 2034;

   e. Except for the mortgage mentioned in note 9(d), the property is not subject to mortgage or seizure by court; and

   f. The property can be legally transferred upon the Bank's consent or withdrawal of the mortgage registration.

   According to the PRC legal opinion, OCT Shanghai Land is legally and validly in possession of the land use rights and ownership rights of buildings of the property. OCT Shanghai Land has the rights to occupy, use, lease, transfer or otherwise dispose of the land use rights and buildings of the property and subject to the consent from the mortgagee to transfer, lease, re-mortgage or otherwise dispose of the land use rights of the mortgaged portion of the property. We have attributed commercial value to the property based on this legal opinion.

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 executives

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 they 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 are as follows:

Name	**Capacity/Nature**	**Number of Shares interested** *(long position)*	**% of Shares in issue** *(approximate)*
Lam Sing Kwong Simon	Beneficial owner	1,000,000	0.13%

Save as disclosed above, as at the Latest Practicable Date, the Company was not aware of any Director's or chief executive's 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 have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Party 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:

Name	**Capacity/Nature**	**Number of Shares interested** *(long position)*	**% of Shares in issue** *(approximate)*
Substantial shareholders			
Pacific Climax Limited ("**Pacific Climax**")	Beneficial owner *(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%
Shenzhen Overseas Chinese Town Company Limited ("**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) The interests held by Pacific Climax consist of interests (long position) in 530,894,000 Shares. Mr. Wang Jianwen, a Director of the Company, holds a directorship in 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. Liu Yu, Mr. Wang Jianwen and Mr. Yang Guobin, Directors of the Company, hold directorship in 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 THE 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 2022 (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 Directors confirm that 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 2022 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by members of the Group within the two years immediately preceding the date of this circular and which are or may be material:

(1) the limited partnership agreement entered into among Shenzhen Huaxin, Shenzhen Huajing, Guangdong Fogao Private Equity Management Limited, Guangdong Fogao Holding Limited, Foshan Nanhai Industry Development Investment Management Limited, Foshan Shunde Shunsheng Investment Development Limited, Foshan Gaotou Yingju Investment Management Limited, Foshan City Gaoming Xijiang Xincheng Development Group Limited and Foshan Sanshui Zhongxin Technology Industrial Park Development Limited dated 15 December 2021 in relation to the establishment of a partnership, pursuant to which Shenzhen Huaxin and Shenzhen Huajing are required to contribute RMB2,000,000 and RMB68,000,000, representing approximately 1% and 34% of the total capital of such partnership at that time, respectively; and

(2) an agreement entered into between the Company, City Legend, HNW Investment Fund Series SPC, CCB International Asset Management Limited, Century Ginwa Retail Holdings Limited, Kinetic Creation Global Investments Limited, City Turbo Limited and Xi'an Huayi Land Co., Ltd. dated 30 December 2022 in relation to the provision of financial support, which includes, the Company's undertaking to procure (but not guarantee) that Xi'an Huayi Land Co., Ltd shall remit an amount of not less than RMB60 million each year to the Cayman Fund for two years ending 30 December 2024.

8. 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.

9. EXPERTS

The following are the qualifications of the experts who have given opinions or advice, which are contained or referred to in this circular:

Name	Qualifications
KPMG	Certified public accountants
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Valuer

Each of the above experts has respectively confirmed that, as of the Latest Practicable Date, it: (i) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) had no interests, direct or indirect, in any assets which had been, since 31 December 2022 (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 any of member of the Group, or are proposed to be acquired or disposed of by or leased to any of member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter or report (as the case may be) and reference to its name in the form and context in which they respectively appear.

10. GENERAL

(1) The company secretaries of the Company are Ms. Cheng Mei and Ms. Ho Sze Man. Ms. Ho is a practicing solicitor in Hong Kong. The Stock Exchange has granted a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules. More information of the waiver is set out in the Company's announcement dated 26 June 2023.

(2) The Company's registered office is at Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The head office and principal place of business in Hong Kong is at 59/F, Bank of China Tower, 1 Garden Road, Hong Kong.

(3) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(4) 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. Save as the above or unless stipulated otherwise, the English text of this circular, the notice of EGM and the proxy form shall prevail over the Chinese text in case of inconsistency.

(5) Certain figures set out in this circular have been subject to rounding.

(6) This circular contains forward-looking statements that reflect the Company's plans or expectations for the future. These statements are based on a number of assumptions, current estimates and projections and are therefore subject to risks, uncertainties or other factors that may or may not be beyond the Company's control. The actual results may differ materially and/or adversely. These statements shall not be relied upon as any assurance or representation as to the future or as a representation or warranty otherwise. Neither the Company nor its directors, officers, agents, advisers or representatives assume any responsibility to update, modify or correct these statements or to provide supplemental information in relation thereto.

11. DOCUMENTS ON DISPLAY

The following documents will be published on the website of the Company and the website of the Stock Exchange (*www.hkexnews.hk*) for a period of not less than 14 days from the date of this circular (inclusive):

(1) the report on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in appendix III to this circular;

(2) the property valuation report of the Sale Assets, the text of which is set out in appendix IV to this circular; and

(3) the written consents referred to in the paragraph headed "Experts" in this appendix.

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

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Overseas Chinese Town (Asia) Holdings Limited (the "**Company**") will be held on 21 November 2023 (Tuesday) at 10:00 a.m. at Conference Room No. 5, 43rd Floor, OCT Tower, 9018 Shennan Avenue, 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 resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the Company be and is hereby authorised to, through Overseas Chinese Town (Shanghai) Land Company Limited, dispose of the Sale Assets by way of a public tender in accordance with the major terms as stated in the circular of the Company dated 6 November 2023, and such disposal and the transactions contemplated thereunder (the "**Proposed Disposal**") be and are hereby approved, ratified and confirmed; and

(b) any one director of the Company be and are hereby authorised to proceed with the public tender, and to exercise all the powers of the Company and to do all such things and acts, and to negotiate, approve, agree, sign, initial, ratify, execute (and where required, to affix the common seal of the Company thereon) and/or deliver all documents and take all steps which may be in his/her opinion necessary, desirable or expedient to implement and/or give effect to the Proposed Disposal."

By order of the Board
Overseas Chinese Town (Asia) Holdings Limited
Liu Yu
Chairman

Hong Kong, 6 November 2023

Notes:

1. References to time and dates in this notice are to Hong Kong time and dates.

2. Voting at the EGM will be taken by poll.

3. An eligible shareholder is entitled to appoint one or more proxies to attend, speak and vote in its stead in the EGM subject to the provisions in the Company's articles of association and relevant rules and regulations. A member who holds two or more shares may appoint more than one proxy to represent it and vote on its 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. Shareholder may appoint the chairman of the EGM as its proxy to vote on the resolution(s), instead of attending the meeting in person.

   The instrument appointing a proxy shall be in writing under the hand of the appointor or of its 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. A proxy form for use at the EGM is enclosed to the circular of the Company issued on the same date.

   To be valid, the instrument appointing a proxy and (if required by the board of directors of the Company) 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 in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M 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.

   Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending, speaking 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.

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 it 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. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 20 November 2023 to Tuesday, 21 November 2023 (being the record date for the EGM) (both days inclusive), during which period no transfer of the shares will be registered. 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 branch share registrar in Hong Kong, 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 Friday, 17 November 2023.

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 of directors of the Company, it is welcome to send such question or matter to the Company's email at ir-asia@chinaoct.com.

7. The Company may change the arrangements of the EGM subject to the public health requirements or guidelines of regulatory authorities, extreme weather conditions or where the situation requires. The Company may announce updates on the arrangement of the EGM on its website as and when appropriate.