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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in **Overseas Chinese Town (Asia) Holdings Limited** (the “**Company**”), you should at once hand this circular and the proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Overseas Chinese Town (Asia) Holdings Limited**  
**華僑城(亞洲)控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 03366)**

**VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION**  
**DISPOSAL OF INTEREST IN OCT (SHANGHAI) LAND**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

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

**RAINBOW.**

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

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

The EGM Notice is set out on pages EGM-1 to EGM-2 of this circular.

A proxy form for use at the EGM is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.oct-asia.com](http://www.oct-asia.com)). To be valid, the proxy form must be completed and deposited in accordance with the instructions 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 not less than 48 hours before the time appointed for holding the EGM or adjourned meeting (as the case may be). Completion and delivery of the proxy form will not preclude you from attending and voting in person at the EGM, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

3 September 2024

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## DEFINITIONS

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*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 of the Company
“Company”	Overseas Chinese Town (Asia) Holdings Limited (華僑城(亞洲)控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal, being RMB2,055,399,300
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Interests
“EGM”	an extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Disposal
“EGM Notice”	the notice convening the EGM. A copy of the EGM Notice is set out on pages EGM-1 to EGM-2 of this circular
“Equity Transfer Agreement”	the equity transfer agreement dated 29 July 2024 entered into between the Seller, the Purchaser and the Target Company with respect to the Disposal
“Group”	the Company and its subsidiaries as at the Latest Practicable Date
“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

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## DEFINITIONS

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“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors (namely, Ms. Wong Wai Ling, Mr. Lam Sing Kwong Simon and Mr. Chu Wing Yiu), established for the purpose of making recommendations to the Independent Shareholders in respect of the Disposal
“Independent Financial Adviser” or “IFA”	Rainbow Capital (HK) Limited a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“Independent Shareholders”	Shareholders (other than OCT Ltd. and its associates) who are not required to abstain from voting on resolution(s) approving the Disposal at the EGM
“Latest Practicable Date”	29 August 2024, being the latest practicable date prior to the publication of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“OCT Ltd.”	Shenzhen Overseas Chinese Town Company Limited (深圳華僑城股份有限公司), a company established in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: SZ000069). It is a controlling shareholder of the Company
“OCT Real Estate”	Shenzhen OCT Real Estate Company Limited (深圳華僑城房地產有限公司), a company incorporated in the PRC with limited liability. It was wholly-owned by OCT Ltd. as of the Latest Practicable Date
“Pacific Climax”	Pacific Climax Limited, a controlling shareholder of the Company

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## DEFINITIONS

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“PRC”	the People’s Republic of China, and for the purposes of this circular only, excludes the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property Valuation Report”	a report of the valuation of the properties of the Target Group by the Property Valuer, the text of which is set out in Appendix IV to this circular
“Property Valuer”	Savills Valuation and Professional Services (China) Limited
“Purchaser”	Shanghai Highpower OCT Investment Co., Ltd. (上海天祥華僑城投資有限公司), a company incorporated in the PRC with limited liability. It is a connected person of the Company
“Remaining Group”	the Group (excluding the Target Company and its subsidiaries) immediately after the Completion
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interests”	equity interest in the Target Company corresponding to RMB1.53 billion out of the Target Company’s registered capital to be disposed of by the Seller (representing approximately 50.5% equity interest in the Target Company). More information is set out in “ <i>Letter from the Board – Equity Transfer Agreement – The Sales Interests</i> ”
“Seller”	GREAT TEC INVESTMENT LIMITED, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
“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”	Shenzhen OCT Hong Kong Asia Holdings Development Co., Ltd., a wholly-owned subsidiary of the Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Suhewan Project”	the project operated by the Target Group at a site located in the Jing’an district in Shanghai, PRC
“Supervisory Approvals”	approvals from relevant department(s) and authority(ies) with respect to the supervision and administration of state-owned assets with respect to the Disposal
“Target Company” or “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. More information is set out in “ <i>Letter from the Board – Information of the Target Company</i> ”
“Target Group”	the Target Company and its subsidiary
“%”	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:*

Suite 2103, 21/F,

Prudential Tower

The Gateway, Harbour City

Kowloon

Hong Kong

3 September 2024

*To the Shareholders*

Dear Sir/Madam,

**VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION**  
**DISPOSAL OF INTEREST IN OCT (SHANGHAI) LAND**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 29 July 2024.

On 29 July 2024, the Seller (an indirect wholly-owned subsidiary of the Company) entered into the Equity Transfer Agreement with respect to the Disposal. The purpose of this circular is to provide you with, among other things, information about the Disposal.

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## LETTER FROM THE BOARD

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### EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are summarised as follows:

#### **Date**

29 July 2024

#### **Parties**

- (1) The Seller (the transferor)
- (2) The Purchaser (the transferee)
- (3) OCT Shanghai Land (the Target Company)

#### **The Sale Interests**

Equity interest in the Target Company corresponding to RMB1.53 billion out of the Target Company's registered capital (representing approximately 50.5% equity interests in the Target Company).

#### **Consideration**

The Consideration for the Sale Interests is RMB2,055,399,300 in cash.

Pursuant to the Equity Transfer Agreement, the Purchaser shall pay the Consideration to the Seller by a one-off payment to the account designated by the Seller within forty-five working days after the Equity Transfer Agreement comes into effect. The payment mechanism and schedule took into account the requirements and practices applicable to the Disposal, under which payment could be advanced only after all approvals and reviews by supervisory and regulatory institutions for the payment (including tax and foreign exchange control authorities in Chinese Mainland) having been completed. Pursuant to the Equity Transfer Agreement, if due to force majeure or fundamental condition change (which points to fundamental change to the contractual basis that cannot be foreseen when parties conclude their agreement that are not commercial risks, which would render the performance of the contract obviously unfair), the Purchaser is unable to pay the Consideration within the above time frame, the Seller may based on the situations at the relevant time grant an extension of the payment deadline (which shall not be more than 120 calendar days).

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## LETTER FROM THE BOARD

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### *Basis of Consideration*

The Consideration was determined after arm's length negotiations between the Seller and the Purchaser.

The primary assets of the Target Group are its properties in the Suhewan Project, and the Target Group derives almost all of its revenue from the sale, and leasing and management service in connection with these properties. When determining the Consideration, the Seller took into account, among other things, the following principal factors available at the relevant time: (1) the net carrying value of the Target Group as of 30 June 2024 (approximately RMB3.54 billion based on the Group's management accounts at such time). This net carrying value included, among other things, the book value of the real estate properties (including inventories and assets held-for-sale) at its original costs of approximately RMB5,748 million; (2) an increment of the value of these real estate properties (compared with its book value) of approximately RMB1,198 million. Such increment was assessed based on the preliminary appraisal of the market value of the real estate properties of the Target Group as of 30 June 2024 of approximately RMB6,946 million by the Property Valuer. An estimated amount of approximately RMB693 million as taxes, fees, expenses and transaction costs (including land value increment tax) which the Target Group may bear if it realises its real estate properties was also factored in; and (3) the corresponding equity holding percentage to be sold in the Disposal.

The total assets of the Target Group as of 30 June 2024 extract from the unaudited consolidated financial statements of the Target Group was approximately RMB6.99 billion, whereas the total assets of the Target Group as of 30 June 2024 based on the Group's management accounts were approximately RMB7.17 billion. The difference is mainly due to the Target Group's capitalization of interest expense of approximately RMB145 million of a subsidiary of the Group (namely, Shenzhen OCT) at the group merger level. The difference between the net assets of the Target Group of approximately RMB3.44 billion as of 30 June 2024 and its net assets of approximately RMB3.54 billion at the consolidated level is mainly attributable to: (1) related party loans by Shenzhen OCT to the Target Group from 2013 to 2018 for the Target Group's real estate development business, and the corresponding borrowing interest was capitalized in the Target Group in accordance with the requirements of accounting standards; the Target Group's net assets were reduced by approximately RMB145 million; and (2) The fair value premium of the properties of the Target Group which was not amortized when the Group initially acquired the Target Group in 2012; the Target Group's net assets increased by approximately RMB241 million. Other than its properties, the remaining assets of the Target Group were mainly cash and cash equivalent (taking into account the cash consideration received from the disposal of assets as disclosed in the Company's circular dated 6 November 2023). In line with the Group's intended use of proceeds from such assets disposal as set out in the aforesaid circular, approximately RMB0.96 billion of the net proceeds from such assets disposal had been applied for repayment of loan up to the Latest Practicable Date.

The Property Valuer is an independent valuer engaged by the Company in connection with the appraisal of the market value of the properties held by the Target Group. The Property Valuer applied direct comparison method, and where applicable, the cost that will be expended in its appraisal of the market value of the Target Group's real estate properties. See also appendix IV – *Property Valuation Report* to this circular for more information about the appraisal performed by the Property Valuer, including the methodology, basis and assumptions adopted in the exercise.

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## LETTER FROM THE BOARD

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### **Representation and warranties**

The Seller has provided certain representations and warranties in relation to the Disposal under the Equity Transfer Agreement. These include, among other things, representations and warranties with respect to (i) the Seller's right to dispose of the Sale Interests; (ii) the Disposal will not be in breach of any agreement or arrangement that the Target Company or its shareholders has entered into with any third party; (iii) the Disposal will not be in breach of the relevant provisions relating to the management of state-owned assets; (iv) information provided to the Purchaser; and (v) no encumbrance over the Sale Interests.

The Seller will be responsible for the expenses related to the audit, valuation and issue of the legal advice with respect to the Disposal. Taxes and other expenses shall be borne by parties with respect to the relevant tax laws and regulations in the PRC.

### ***Conditions precedent***

The Equity Transfer Agreement will come into effect upon (among other things) satisfaction of the following conditions:

- (1) the Company having obtained all necessary approvals, authorisations, consents and permission, and performed relevant procedures required under the Listing Rules and other applicable laws with respect to the Disposal (including making announcements, and having obtained the Independent Shareholders' approval at a general meeting of the Company); and
- (2) the Disposal having obtained the Supervisory Approvals.

So far as the Company is aware of, the above conditions have been fulfilled as of the Latest Practicable Date except for the Independent Shareholders' approval. The Company will seek the Independent Shareholders' approval at the EGM.

### **Completion**

The Seller and the Purchaser will cooperate with the Target Company to arrange the relevant procedures on changes and registration of the equity interests with the relevant authorities within forty-five working days after the Equity Transfer Agreement comes into effect.

### **INFORMATION OF THE GROUP**

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

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## LETTER FROM THE BOARD

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It has always been a priority of the Company to enhance shareholders' value, to maintain core competitiveness, minimize undue risks and promote sustainable development. These principles have from time to time proven their significance, guiding the Group through uncertainties and volatilities brought by the external environment in recent years.

After Completion, the Group's comprehensive development business will, through its other projects, keep its focus on cities in core metropolitan areas in Hefei (the Hefei International Town Project, and the Hefei OCT Bantang Hot Spring Town Project), Chongqing (the Chongqing OCT Land Project), and Zhongshan (the Zhongshan Yuhong Project). The operation of industrial park projects in Huizhou in Guangdong and Suzhou in Jiangsu, and the provision of property and management services also allow the Group to derive cashflow and income. Without taking into account the Suhewan Project operated by the Target Group, the Group had saleable properties of approximately 243,500 square meters in aggregate, developer self-held properties (including properties operated or leased by the Group, including industrial parks) with a total construction area of approximately 254,800 square meters, and land reserved for development with a construction area of approximately 1,208,100 square meters as of 30 June 2024.

The Group's equity investment and fund business focuses on the "cultural tourism + technology" industrial ecosystem. As of 31 December 2023, the total size of funds under the Group amounted to approximately RMB4.37 billion, and the size of actively managed funds was approximately RMB1.5 billion.

To live up to the Group's priority and strategy mentioned above, the Group continues to optimise its business structure, revitalise its assets, focusing its resources on fields with strong growth prospects. Further information about the Group's business (including further details of its other comprehensive development projects, and its equity investment and fund business summarized above) were set out in the 2023 Annual Report, and the interim results announcement for the six months ended 30 June 2024.

The Seller is an indirect wholly-owned subsidiary of the Company. It was principally engaged in investment holding as of the Latest Practicable Date.

### INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability on 1 March 2010. As of the Latest Practicable Date, the Target Company had a fully paid-up registered capital of RMB3.03 billion. The following chart summarises the equity holding structure of the Target Company as of the Latest Practicable Date and prior to the Disposal:

<b>Name of equity holder</b>	<b>Corresponding registered capital (RMB' 000)</b>	<b>Percentage of equity holding (approximate %)</b>
The Seller	1,530,000	50.5%
OCT Real Estate	1,500,000	49.5%
Total	<u>3,030,000</u>	<u>100%</u>

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## LETTER FROM THE BOARD

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The Target Group is principally engaged in residential development, leasing of commercial and apartments, management of related parking lots and provision of services including property management in block 1, blocks 41 and 42 in Jing'an District, Shanghai (the "Site") in the PRC. The Target Group derives its revenue mainly from the operation of comprehensive development business (the Suhewan Project) located in the Site. As of the Latest Practicable Date, the Suhewan Project had a gross floor area of approximately 454,470 square meters. It includes commercial properties (including area under construction), apartments and underground car parks.

Below summarises certain unaudited consolidated financial information of the Target Group for the periods/dates indicated, prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2023</b>
	<i>(RMB' 000)</i>	<i>(RMB' 000)</i>
Revenue	230,248	329,745
Net loss before taxation	(308,630)	(261,917)
Net loss after taxation	(246,331)	(221,525)
	<b>As of</b>	<b>As of</b>
	<b>31 December</b>	<b>30 June</b>
	<b>2023</b>	<b>2024</b>
	<i>(RMB' 000)</i>	<i>(RMB' 000)</i>
Total assets	9,403,144	6,990,687
Net assets	3,372,568	3,441,920

See also Appendix II – *Financial information of the Target Group* to this circular.

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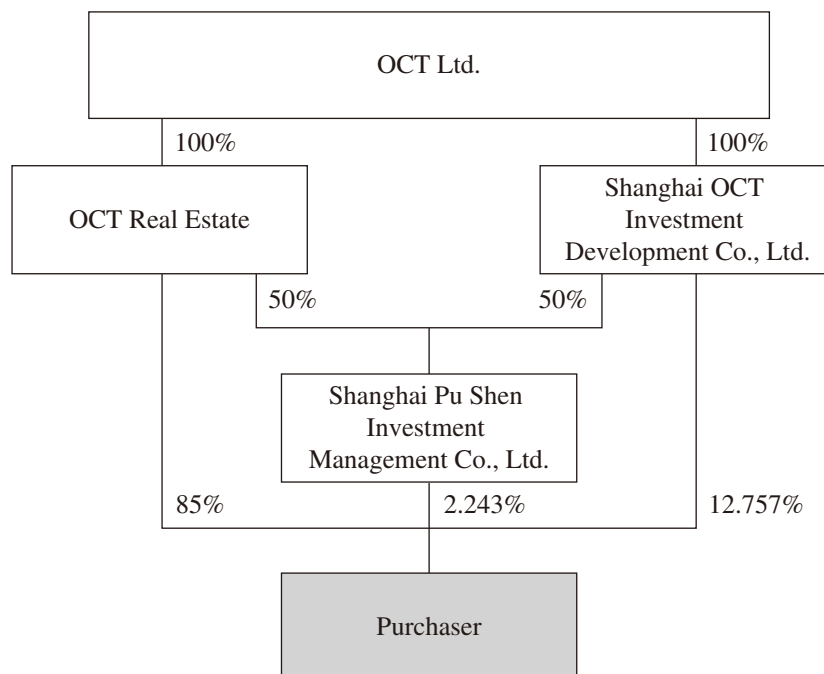
## LETTER FROM THE BOARD

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### INFORMATION OF THE PURCHASER

The Purchaser is a limited company established in the PRC. It was principally engaged in real estate development and operation, property and parking services, department stores, and sales of building materials and related equipment as of the Latest Practicable Date based on information available to the Company.

The Purchaser is an indirect subsidiary of OCT Ltd. The below chart further illustrates information regarding the Purchaser's shareholding structure as of the Latest Practicable Date:



*Notes:*

1. OCT Ltd. is a controlling shareholder of the Company under the Listing Rules. As of the Latest Practicable Date, OCT Ltd. wholly-owned Overseas Chinese Town (HK) Company Limited, which in turn wholly-owns Pacific Climax (who holds approximately 70.94% of the total issued Shares of the Company). The shares of OCT Ltd. are listed on the Shenzhen Stock Exchange. OCT Ltd. is principally engaged in cultural tourism and real estate businesses.
2. OCT Real Estate is also an equity holder of the Target Company. See “*Information of the Target Company*” above.
3. Each of Shanghai OCT Investment Development Co., Ltd. (上海華僑城投資發展有限公司) and Shanghai Pu Shen Investment Management Co., Ltd. (上海浦深投資管理有限公司) are companies incorporated in the PRC.

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## LETTER FROM THE BOARD

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### FINANCIAL EFFECT OF THE DISPOSAL

The Group will not hold any equity interest in the Target Company following the Completion. Accordingly, the Target Company will cease to be a subsidiary of the Group, and the Target Group's financial results will no longer be consolidated into the Company's consolidated financial statement. The excess of the Consideration over the net book value attributable to the Sale Interests (being approximately 50.5% of the net book value of the Target Group) is approximately RMB269 million.

The Group expects to realise a gain upon the Completion. Subject to the Completion, the Group estimates the gain arising from the Disposal to be approximately RMB268 million based on the information currently available, including (i) the amount of the Consideration, (ii) the Target Group's net assets value as of 30 June 2024 (of approximately RMB3.54 billion based on the Group's management accounts) and the corresponding percentage of equity interests (i.e. approximately 50.5%) in the Target Company to be disposed of, and (iii) the estimated fees and expenses of the Group arising from the Disposal of approximately RMB1 million.

The assets and liabilities of the Group are estimated to decrease by approximately RMB5,100 million and RMB3,617 million, respectively, after the Disposal. The loss of the Group is estimated to decrease by approximately RMB167 million after the Disposal. Please see Appendix III – *Unaudited Pro Forma Financial Information of the Remaining Group* to this circular for more details.

The financial effects are shown for reference only. The actual effect is subject to change, and will be assessed based on the financial position of the Target Group as at Completion, and therefore may vary from the amounts mentioned above.

### USE OF PROCEEDS

The net proceeds from the Disposal are expected to be approximately RMB2,054 million (after deducting estimated taxes, fees and expenses). The Company intends to apply all net proceeds from the Disposal principally for the repayment of the Group's borrowings.

The Remaining Group's gearing ratio (calculated by dividing the Remaining Group's total debt by its total assets) was approximately 89% as of 30 June 2024. For illustrative purpose only, on the basis that there being no other changes except that RMB2,054 million (being the estimated net proceeds) had been applied to to repay the Remaining Group's borrowings, such ratio as of 30 June 2024 would have been dropped to approximately 87%.

### REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal, if materialised, will enable the Group to realise proceeds of over RMB2 billion in the form of cash. The proceeds (proposed to be used as described in "Use of Proceeds" above) could materially reduce the Group's indebtedness and interest payment, and strengthen the Group's financial profile with an improved overall gearing ratio and indebtedness structure. The Company's financial position would be enhanced upon the Completion, and the Group will be benefited from the enhanced financial flexibility, with an improved cashflow and liquidity to support its overall development.

The Board (including the independent non-executive Directors) is of the view that the terms of the Equity Transfer Agreement are on normal commercial terms or better, and are fair and reasonable, and that the Disposal is in the interest of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules.

The Purchaser is a subsidiary, and thus an associate, of OCT Ltd. (See also “*Information of the Purchaser*” above for more information). As the Purchaser is a connected person of the Company, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. It is therefore subject to, among other things, the reporting, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. The Company will seek the Independent Shareholders’ approval at the EGM for the Disposal and the transactions contemplated under the Equity Transfer Agreement.

### OTHER INFORMATION

No Directors have a material interest in the Disposal and are required to abstain from voting on the Board resolutions approving the Disposal and the transactions contemplated under the Equity Transfer Agreement.

An Independent Board Committee (comprising all independent non-executive Directors, namely, Ms. Wong Wai Ling, Mr. Lam Sing Kwong Simon and Mr. Chu Wing Yiu) has been established to advise the Shareholders with respect to the Disposal. Rainbow Capital (HK) Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Disposal. The text of the letter from the Independent Board Committee and the text of the letter from the IFA are set out on pages 15 to 16, and pages 17 to 34 of this circular respectively.

### EGM

The EGM will be convened to seek the Independent Shareholders’ approval on the Disposal and the transactions contemplated under the Equity Transfer Agreement. The EGM Notice is set out on pages EGM-1 to EGM-2 of this circular. An ordinary resolution will be proposed and voted on by way of poll in accordance with the requirement of the Listing Rules.

Shareholder with a material interest in the Disposal and the transactions contemplated under the Equity Transfer Agreement shall not vote on the resolution regarding the Disposal at the EGM. So far as the Company is aware of, OCT Ltd. and its associates (including Pacific Climax) held 530,894,000 Shares (representing approximately 70.94% of the total issued Shares) as at the Latest Practicable Date, and they will abstain from voting for the resolution regarding the Disposal at the EGM. The Company was not aware of other Shareholders who are considered to have a material interests in the Disposal and who are required to abstain from voting at the EGM as of the Latest Practicable Date.

To be valid, the proxy form must be completed and deposited in accordance with the instructions 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 not less than 48 hours before the time appointed for holding the EGM or adjourned meeting (as the case may be). Completion and delivery of the proxy form shall not preclude you from attending and voting in person at the EGM, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

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## LETTER FROM THE BOARD

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Shareholders may appoint the Chairman of the meeting as their proxy to vote on the relevant resolution(s) at the EGM by completing and delivering the proxy form 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's email at ir-asia@chinaoct.com.

### RECOMMENDATION

The Board (including the independent non-executive Directors) is of the view that the terms of the Equity Transfer Agreement are on normal commercial terms or better, and are fair and reasonable, and that the Disposal is in the interests of the Company and the Shareholders as a whole. The Board recommends the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Disposal.

### ADDITIONAL INFORMATION

**Completion of the Disposal is conditional upon satisfaction of the conditions precedent under the Equity Transfer Agreement. In addition, the 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.**

Your attention is also drawn to the letters from the Independent Board Committee and from the IFA, respectively, and the appendices to this circular.

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee setting out its advice to the Independent Shareholders in respect of the Disposal, prepared for the purpose of inclusion in this circular.*



### **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)**

3 September 2024

*To the Independent Shareholders,*

Dear Sirs or Madams,

#### **VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION DISPOSAL OF INTEREST IN OCT (SHANGHAI) LAND**

We refer to the circular of the Company dated 3 September 2024 (the “**Circular**”), of which this letter forms part. Capitalised terms used herein have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise you that in our opinion after taking into account the recommendation of the IFA: (i) whether the terms of the Disposal and the transactions contemplated under the Equity Transfer Agreement are fair and reasonable, is on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole, and (ii) how to vote.

Rainbow Capital (HK) Limited has been appointed as the independent financial adviser to make recommendations to us and to the Shareholders on, among other things: (i) whether the terms of the Disposal and the transactions contemplated under the Equity Transfer Agreement are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole, and (ii) whether the Independent Shareholders should vote in favour of the Disposal and the transactions contemplated under the Equity Transfer Agreement.

The text of the letter from the IFA, containing its recommendations, is set out on pages 17 to 34 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms of the Disposal and the transactions contemplated under the Equity Transfer Agreement, the opinion from the IFA (including the reasons for its opinion, factors that the IFA has taken into consideration in forming the opinion), we are of the view that the terms of the Disposal and the transactions contemplated under the Equity Transfer Agreement are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole. We recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Disposal and the transactions contemplated under the Equity Transfer Agreement.

Yours faithfully,

Independent Board Committee of  
**Overseas Chinese Town (Asia) Holdings Limited**

**Wong Wai Ling**

**Lam Sing Kwong Simon**

**Chu Wing Yiu**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Rainbow Capital (HK) Limited to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, which has been prepared for the purpose of inclusion in this circular.*

### **Rainbow Capital (HK) Limited**

3 September 2024

*To the Independent Board Committee and the Independent Shareholders*

Overseas Chinese Town (Asia) Holdings Limited  
Suite 2103, 21/F,  
Prudential Tower  
The Gateway, Harbour City  
Kowloon

Dear Sirs,

### **VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION DISPOSAL OF INTEREST IN OCT (SHANGHAI) LAND**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 3 September 2024 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 29 July 2024 (after trading hours), the Seller, an indirect wholly-owned subsidiary of the Company, the Purchaser and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Seller conditionally agreed to sell, and the Purchaser conditionally agreed to acquire the Sale Interests, representing approximately 50.5% of the equity interest in the Target Company, at the Consideration of RMB2,055,399,300, subject to the terms and conditions of the Equity Transfer Agreement. Upon Completion, the Company will not hold any interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company.

As at the Latest Practicable Date, the Purchaser is a subsidiary, and thus an associate, of OCT Ltd., a controlling shareholders of the Company and therefore a connected person of the Company under Chapter 14A of the Listing Rules. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Disposal exceeds 75%, the Disposal also constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. Therefore, the Disposal is subject to reporting, announcement, circular and Independent Shareholders’ approval requirements under the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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No Directors have a material interest in the Disposal and are required to abstain from voting on the Board resolutions approving the Disposal and the transactions contemplated under the Equity Transfer Agreement.

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

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

As at the Latest Practicable Date, we did not have any relationships or interests with the Group and the Purchaser that could reasonably be regarded as relevant to our independence. We have acted as the independent financial adviser to the independent board committee and the Independent Shareholders of the Company in relation to the continuing connected transactions in relation to property services, details of which are set out in the circular of the Company dated 12 December 2022. Other than that, there was no engagement or connection between the Group or the Purchaser and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group or the Purchaser. Accordingly, we are qualified to give independent advice in respect of the Disposal. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR OPINION**

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

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

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In considering whether the terms of Equity Transfer Agreement are fair and reasonable, we have taken into account the principal factors and reasons set out below:

#### **1. Information of the Group and background to the Disposal**

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

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The tables below set forth a summary of the consolidated financial information of the Group for the three years ended 31 December 2023 (“FY2021”, “FY2022” and “FY2023”, respectively) and the six months ended 30 June 2023 and 2024 (“6M2023” and “6M2024”, respectively) as extracted from the annual reports of the Company for FY2022 and FY2023, interim report for 6M2023 and interim results announcement for 6M2024:

(i) *Financial performance*

	FY2021	FY2022	FY2023	6M2023	6M2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
<b>Revenue</b>	<b>1,474,128</b>	<b>3,072,451</b>	<b>1,262,753</b>	<b>193,621</b>	<b>598,479</b>
<b>Gross profit</b>	<b>304,147</b>	<b>322,317</b>	<b>139,166</b>	<b>61,153</b>	<b>111,422</b>
<i>Gross profit margin</i>	<i>20.6%</i>	<i>10.5%</i>	<i>11.0%</i>	<i>31.6%</i>	<i>18.6%</i>
Other income	55,024	40,354	27,573	15,662	12,077
Other net profit/(losses)	118,265	(32,720)	(10,553)	(2,662)	221,236
Distribution costs	(89,033)	(80,171)	(80,710)	(33,961)	(17,976)
Administrative expenses	(273,053)	(285,126)	(200,518)	(77,531)	(51,239)
Finance costs	(149,216)	(140,357)	(355,051)	(74,300)	(240,181)
Share of profits less losses of associates	(147,032)	(1,169,732)	(73,995)	(93,103)	836
Share of profits less losses of joint ventures	88,742	(404,051)	(39,592)	(30,642)	(25,469)
Impairment losses on associates	(750,000)	(139,254)	–	–	–
<b>(Loss)/profit before taxation</b>	<b>(842,156)</b>	<b>(1,888,740)</b>	<b>(593,680)</b>	<b>(235,384)</b>	<b>10,706</b>
<b>Loss attributable to the Shareholders</b>	<b>(883,252)</b>	<b>(1,912,536)</b>	<b>(464,528)</b>	<b>(212,428)</b>	<b>(221,217)</b>
<b>Net cash used in operating activities</b>	<b>(2,177,634)</b>	<b>(1,040,947)</b>	<b>(833,996)</b>	<b>(986,600)</b>	N/A (Note)

*Note:* The net cash used in operating activities for 6M2024 was not disclosed in the interim results announcement for 6M2024.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *6M2024 compared to 6M2023*

The Group's revenue increased by approximately 209.1% from approximately RMB193.6 million for 6M2023 to approximately RMB598.5 million for 6M2024, primarily due to the increase in revenue from comprehensive development business as the gain from the transfer of hotel was released in this period.

Despite the improvement in revenue and gross profit, the Group continued to record loss attributable to the Shareholders, which amounted to approximately RMB221.2 million for 6M2024, mainly due to the increase in finance costs of approximately RMB240.2 million incurred for the period.

### *FY2021 compared to FY2022*

The Group's revenue increased by approximately 108.4% to approximately RMB3,072.5 million for FY2022 as compared to approximately RMB1,474.1 million for FY2021, primarily due to the increase in revenue carried forward from the Hefei International Town Project. The gross profit margin was approximately 10.5% for FY2022, representing a decrease of 10.1 percentage points compared to that of 20.6% for FY2021, mainly due to the losses incurred by the hotel and apartment leasing businesses under the impact of the pandemic control measures in Shanghai and the provisions for inventory impairment made by some real estate projects due to market downturn in 2022.

The Group's loss attributable to the Shareholders increased by approximately 116.5% to approximately RMB1,912.5 million for FY2022 as compared to approximately RMB883.3 million for FY2021, mainly due to the increase in share of losses of associates as a result of the volatile real estate market in the PRC.

### *FY2023 compared to FY2022*

The Group's revenue decreased by approximately 58.9% to approximately RMB1,262.8 million for FY2023 as compared to approximately RMB3,072.5 million for FY2022, primarily due to the decrease in revenue carried forward from the Hefei International Town Project with the majority of which recognised in FY2022, and no revenue was generated from the finance lease business as this business liquidated. Gross profit margin remained stable at approximately 11.0% for FY2023 as compared to approximately 10.5% for FY2022.

The Group's loss attributable to the Shareholders decreased by approximately 75.7% to approximately RMB464.5 million for FY2023 as a result of the decrease in share of losses of associates, share of losses of joint ventures and impairment losses on associates.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) *Financial position*

	As at 31 December			As at
	2021	2022	2023	30 June
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(unaudited)
<b>Non-current assets, including:</b>	<b>9,889,074</b>	<b>6,048,525</b>	<b>4,162,652</b>	<b>4,018,723</b>
– Investment property	2,408,972	425,071	407,153	399,155
– Property, plant and equipment	986,334	1,117,909	509,936	504,864
– Interests in leasehold land held for own use	1,187,080	1,148,499	235,603	232,280
– Interest in associates	3,607,167	2,124,711	1,894,443	1,875,989
– Interest in joint ventures	1,137,901	706,395	536,079	509,191
<b>Current assets, including:</b>	<b>16,453,689</b>	<b>16,727,514</b>	<b>18,768,953</b>	<b>15,849,329</b>
– Inventories and other contract costs	10,299,940	12,512,456	12,422,277	12,195,856
– Cash at bank and on hand	3,331,662	1,915,139	2,457,335	1,463,148
– Assets of disposal group classified as held for sale	–	1,944,595	3,591,622	1,946,929
<b>Total assets</b>	<b>26,342,763</b>	<b>22,776,039</b>	<b>22,931,605</b>	<b>19,868,052</b>
<b>Current liabilities, including:</b>	<b>10,914,406</b>	<b>10,377,755</b>	<b>11,885,461</b>	<b>8,865,974</b>
– Trade and other payables	2,101,689	2,689,507	4,837,993	2,710,881
– Contract liabilities	3,407,258	1,609,712	1,217,635	719,388
– Bank and other loans	3,322,278	2,578,088	2,343,938	1,831,354
– Loans from related parties and non-controlling interests	1,911,000	1,941,000	1,911,000	1,911,000
– Liabilities directly associated with assets of disposal group classified as held for sale	–	1,399,868	1,413,075	1,407,821
<b>Non-current liabilities, including:</b>	<b>3,028,915</b>	<b>2,517,601</b>	<b>7,708,837</b>	<b>7,927,964</b>
– Bank and other loans	2,425,082	2,155,215	1,303,645	1,093,852
– Related party loans	420,000	175,000	6,241,988	6,704,085
<b>Total liabilities</b>	<b>13,943,321</b>	<b>12,895,356</b>	<b>19,594,298</b>	<b>16,793,938</b>
<b>Net current assets</b>	<b>5,539,283</b>	<b>6,349,759</b>	<b>6,883,492</b>	<b>6,983,355</b>
<b>Equity/(Deficits) attributable to the Shareholders</b>	<b>8,620,508</b>	<b>6,185,275</b>	<b>(220,171)</b>	<b>(497,441)</b>
<b>Current ratio (Note 1)</b>	<b>1.51</b>	<b>1.61</b>	<b>1.58</b>	<b>1.79</b>
<b>Gearing ratio (Note 2)</b>	<b>30.7%</b>	<b>30.1%</b>	<b>51.5%</b>	<b>58.1%</b>

Notes:

1. Being current assets divided by current liabilities.
2. Being total borrowings divided by total assets and multiplied by 100%.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 30 June 2024, total assets of the Group amounted to approximately RMB19,868.1 million, which mainly consisted of (a) fixed assets of approximately RMB1,136.3 million, comprising investment property, property, plant and equipment and interests in leasehold land held for own use; (b) interest in associates of approximately RMB1,876.0 million; (c) inventories and other contract costs of approximately RMB12,195.9 million; (d) cash at bank and on hand of approximately RMB1,463.1 million; and (e) assets of disposal group classified as held for sale of approximately RMB1,946.9 million.

As at 30 June 2024, total liabilities of the Group amounted to approximately RMB16,793.9 million, which mainly consisted of (a) trade and other payables of approximately RMB2,710.9 million; (b) contract liabilities of approximately RMB719.4 million; (c) total borrowings of approximately RMB11,540.3 million; and (d) liabilities directly associated with assets of disposal group classified as held for sale of approximately RMB1,407.8 million.

The Group had net liabilities attributable to the Shareholders of approximately RMB497.4 million as at 30 June 2024 as compared to equity attributable to the Shareholders of approximately RMB6,185.3 million as at 31 December 2022. Such decrease was mainly due to the Company redeemed perpetual capital securities with a principal amount of US\$800 million in 2023 and increase in related party loans from approximately RMB175.0 million as at 31 December 2022 to approximately RMB6,704.1 million as at 30 June 2024, which carries interest rate of 3.45% to 5.32% for the year ended 31 December 2023. The gearing ratio of the Group increased to approximately 58.1% as at 30 June 2024 as compared to approximately 30.1% as at 31 December 2022 mainly due to the increase in total borrowings.

**(iii) Overall comment**

The Group's revenue was mainly derived from comprehensive development business. In 2023, with the increasing volatile and grave external environment and coupled with the domestic cyclical and structural problems, resulted in the insufficient demand and market downturn in China. Amid the weakening demand and market downturn, the Group recorded net loss for FY2022 and FY2023. While there were continuing optimization of policies for the real estate industry released during 2023 and the regulatory support to the reasonable financing needs of real estate enterprises, it still takes time for the home buyer to regain confidence and the real estate industry to recover. During the year ended 31 December 2023, due to the repayment of US\$800,000,000 perpetual capital securities, the Group increased its shareholders' loan. Accordingly, the Group's gearing ratio increased from approximately 30.1% as at 31 December 2022 to approximately 51.5% as at 31 December 2023 and further to approximately 58.1% as at 30 June 2024, and the total borrowings increased from approximately RMB6,849.3 million as at 31 December 2022 to approximately RMB11,540.3 million as at 30 June 2024. In addition, the increase in total borrowings led to an increase in finance costs by approximately 153.0% from approximately RMB140.4 million for FY2022 to approximately RMB355.1 million for FY2023.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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It has always been a priority of the Company to enhance shareholders' value, to maintain core competitiveness, minimize undue risks and promote sustainable development. These principles have from time to time proven their significance, guiding the Group through uncertainties and volatilities brought by the external environment in recent years.

After Completion, the Group's comprehensive development business will, through its other projects, keep its focus on cities in core metropolitan areas in Hefei (the Hefei International Town Project, and the Hefei OCT Bantang Hot Spring Town Project), Chongqing (the Chongqing OCT Land Project), and Zhongshan (the Zhongshan Yuhong Project). The operation of industrial park projects in Huizhou in Guangdong and Suzhou in Jiangsu, and the provision of property and management services also allow the Group to derive cashflow and income. Without taking into account the Suhewan Project operated by the Target Group, the Group had saleable properties of approximately 243,500 square meters in aggregate, developer self-held properties (including properties operated or leased by the Group, including industrial parks) with a total construction area of approximately 254,800 square meters, and land reserved for development with a construction area of approximately 1,208,100 square meters as of 30 June 2024.

### **2. Industry overview**

The Target Company is principally engaged in the residential development, leasing of commercial and apartments, management of related parking lots and provision of services as at the Latest Practicable Date.

According to the statistics of National Bureau of Statistics ([https://www.stats.gov.cn/english/PressRelease/202406/t20240625\\_1955165.html](https://www.stats.gov.cn/english/PressRelease/202406/t20240625_1955165.html)), for the five months ended 31 May 2024, the investment in real estate development in the PRC was RMB4,063.2 billion, representing a year-on-year decrease of 10.1%, of which the investment in residential buildings was RMB3,082.4 billion, representing a year-on-year decrease of 10.6%. The floor space of residential buildings sold decreased by 23.6% and the sales of residential buildings decreased by 30.5% for the five months ended 31 May 2024.

Regarding the commercial property market, according to a real estate industry report issued by CBRE, a worldwide commercial real estate services & investment company, in February 2024 (<https://mktgdocs.cbre.com/2299/1db6aa19-c6d2-47fb-b0f7-10813274513b-2613982043.pdf>), the office market will still be oversupplied in 2024, and the overall vacancy rate in the PRC is expected to rise to 26%. Benefiting from the continued recovery of residents' consumption, retail property rents are expected to stabilize or increase slightly in 2024, but will still be lower than the rents prior to the COVID-19 period.

The slowdown in the growth of the Chinese economy has put pressure on both residential and commercial properties. Given the current uncertain outlook for the real estate industry in the PRC, it is expected that OCT (Shanghai) Land may not be able to improve its performance in the short term.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. Information of the Purchaser

The Purchaser is a limited company established in the PRC. It is principally engaged in real estate development and operation, property and parking services, department stores, and sales of building materials and related equipment based on information available to the Company. The Purchaser is an indirect subsidiary of OCT Ltd.

### 4. Information of the Target Company

The Target Company is a company established in the PRC with limited liability on 1 March 2010. As at the Latest Practicable Date, the Target Company has a fully paid-up registered capital of RMB3.03 billion. The Target Company is principally engaged in residential development, leasing of commercial and apartments, management of related parking lots and provision of services including property management in block 1, blocks 41 and 42 in Jing'an District, Shanghai (the "Site") in the PRC. The Target Group derives its revenue mainly from the operation of comprehensive development business (the Suhewan Project) located in the Site. As at the Latest Practicable Date, the Suhewan Project has a gross floor area of approximately 454,470 square meters. It includes commercial properties (including area under construction), apartments and underground car parks.

Below summarises certain unaudited consolidated financial information of the Target Group for the periods/dates indicated, prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>FY2022</b>	<b>FY2023</b>	<b>Six months ended 30 June 2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)
Revenue	230,248	329,745	351,499
Gross (loss)/profit	(75,247)	(7,595)	24,052
Finance costs	(90,615)	(112,297)	(29,928)
(Loss)/profit before taxation	(308,630)	(261,917)	288,416
(Loss)/profit for the year/period	(246,331)	(221,525)	69,352
	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 December</b>	<b>31 December</b>	<b>30 June</b>
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	8,033,432	9,403,144	6,990,687
Total liabilities	4,439,339	6,030,576	3,548,767
Net assets	3,594,093	3,372,568	3,441,920

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The revenue of the Target Group increased from approximately RMB230.2 million for FY2022 to approximately RMB329.7 million for FY2023, mainly due to the resumption of operation of the hotels of the Target Group as the pandemic control measures eased in FY2023. Nevertheless, the Target Group recorded loss for both FY2022 and FY2023, which was mainly due to the low gross margin and the significant finance costs, the loss of which amounted to approximately RMB246.3 million and RMB221.5 million for FY2022 and FY2023, respectively. During the six months ended 30 June 2024, the Target Group turnaround and recorded profit of approximately RMB69.4 million, which was mainly due to the revenue generated from the disposal of hotel series assets of Suhewan Project through public tender.

As at 30 June 2024, total assets of the Target Group amounted to approximately RMB6,990.7 million, which mainly represented (i) inventories and other contract costs of approximately RMB3,587.9 million; (ii) assets of disposal group classified as held for sale of approximately RMB1,975.4 million which mainly comprised the hotels series assets in the Suhewan Project; and (iii) cash and cash equivalents of approximately RMB1,163.7 million.

As at 30 June 2024, total liabilities of the Target Group amounted to approximately RMB3,548.8 million, which mainly represented (i) trade and other payables of approximately RMB784.5 million; (ii) liabilities directly associated with assets of disposal group classified as held for sale of approximately RMB1,407.8 million; and (ii) bank and other loans of approximately RMB977.7 million.

### **5. Principal terms of the Equity Transfer Agreement**

Details of the principal terms of the Equity Transfer Agreement is set out in the Letter from the Board, which are summarised as follows:

Date	:	29 July 2024
Parties:	:	(1) The Seller (the transferor) (2) The Purchaser (the transferee) (3) OCT (Shanghai) Land (the Target Company)
Sale Interests	:	Equity interest in the Target Company corresponding to RMB1.53 billion out of the Target Company's registered capital (representing approximately 50.5% equity interests in the Target Company)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Consideration : The Consideration for the Sale Interests is RMB2,055,399,300 in cash.

Pursuant to the Equity Transfer Agreement, the Purchaser shall pay the Consideration to the Seller by a one-off payment to the account designated by the Seller within forty-five working days after the Equity Transfer Agreement comes into effect. If the Purchaser is unable to pay the Consideration to the Seller within such time frame due to force majeure or fundamental condition change, the Seller may based on the situations at the relevant time grant an extension of the payment deadline (which shall not be more than 120 calendar days).

The Consideration was determined after arm's length negotiations between the Seller and the Purchaser.

The primary assets of the Target Group are its properties in the Suhewan Project, and the Target Group derives almost all of its revenue from the sale, and leasing and management service in connection with these properties. When determining the Consideration, the Seller took into account, among other things, the following principal factors available at the relevant time: (1) the net carrying value of the Target Group as of 30 June 2024 (approximately RMB3.54 billion, based on the Group's management accounts at such time). This net carrying value included, among other things, the book value of the real estate properties (including inventories and assets held-for-sale) at its original costs of approximately RMB5,748 million; (2) an increment of the value of these real estate properties (compared with its book value) of approximately RMB1,198 million. Such increment was assessed based on the preliminary appraisal of the market value of the real estate properties of the Target Group as of 30 June 2024 by the Property Valuer; (3) the estimated amount of approximately RMB693 million as taxes, fees, expenses and transaction costs (including land value increment tax) which the Target Group may bear if it realises its real estate properties was also factored in; and (4) the corresponding equity holding percentage to be sold in the Disposal.

The total assets of the Target Group as of 30 June 2024 extract from the unaudited consolidated financial statements of the Target Group was approximately RMB6.99 billion, whereas the total assets of the Target Group as of 30 June 2024 based on the Group's management accounts were approximately RMB7.17 billion. The difference is mainly due to the Target Group's capitalization of interest expense of approximately RMB145 million of a subsidiary of the Group (namely, Shenzhen OCT) at the group merger level. The difference between the net assets of the Target Group of approximately RMB3.44 billion as of 30 June 2024 and its adjusted net assets of approximately RMB3.54 billion at the consolidated level is mainly attributable to: (1) related party loans by Shenzhen OCT to the Target Group from 2013 to 2018 for the Target Group's real estate development business, and the corresponding borrowing interest was capitalized in the Target Group in accordance with the requirements of accounting standards; the Target Group's net assets were reduced by approximately RMB145 million; and (2) The fair value premium of the properties of the Target Group which was not amortized when the Group initially acquired the Target Group in 2012; the Target Group's net assets increased by approximately RMB241 million. Other than its properties, the remaining assets of the Target Group were mainly cash and cash equivalent (taking into account the cash consideration received from the disposal of assets as disclosed in the Company's circular dated 6 November 2023). In line with the Group's intended use of proceeds

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from such assets disposal as set out in the aforesaid circular, approximately RMB0.96 billion of the net proceeds from such assets disposal had been applied for repayment of loan up to the Latest Practicable Date.

The Property Valuer is an independent valuer engaged by the Company in connection with the appraisal of the market value of the properties held by the Target Group. The Property Valuer applies direct comparison method and where applicable, the cost that will be expended in its appraisal of the market value of the Target Group's real estate properties. The text of the property valuation report of the Target Group prepared by the Property Valuer is set out in Appendix IV to this Circular.

### **6. Reasons for and benefits of the Disposal**

With reference to the Letter from the Board, the Disposal, if materialised, will enable the Group to realise proceeds of over RMB2 billion in the form of cash. The proceeds could materially reduce the Group's indebtedness and interest payment and strengthen the Group's financial profile with an improved overall debt-to-asset ratio and indebtedness structure. The Company's financial position would be enhanced upon the Completion, and the Group will be benefited from the enhanced financial flexibility, with an improved cashflow and liquidity to support its overall development.

Upon Completion, the Target Group will cease to be subsidiaries of the Company, and the financial information of the Target Group will no longer be consolidated into the Group's consolidated financial statements. The excess of the Consideration over the net book value attributable to the Sale Interests (being approximately 50.5% of the net book value of the Target Group) is approximately RMB269 million. The net proceeds (after deducting estimated taxes, fees and expenses) are expected to be approximately RMB2,054 million. The Company intends to apply the net proceeds from the Disposal principally for the repayment of the Group's borrowings. The Group expects to realise a gain upon the Completion. Subject to the Completion, the Group estimates the gain arising from the Disposal to be approximately RMB268 million based on the information currently available, including the Target Group's net assets value as of 30 June 2024 (of approximately RMB3.54 billion based on the Group's management accounts), the corresponding percentage of equity interests in the Target Company to be disposed of, and the estimated fees and expenses of the Group arising from the Disposal of approximately RMB1 million. For further financial effects of the Disposal, please refer to the section headed "8. Financial effects of the Disposal" in this letter below.

As mentioned in the session headed "1. Information of the Group and background to the Disposal" above, as a result of the increasing volatile and grave external environment and coupled with the domestic cyclical and structural problems, the real estate market in China remained to be weak and the Group recorded net loss for FY2022 and FY2023. Due to the low demand and the low turnover on the realization of assets, the Group financial position deteriorated to record net deficit of approximately RMB497.4 million and gearing ratio of approximately 58.1% as at 30 June 2024. Due to the increase in borrowings, the Group also recorded increase in finance costs by approximately 153.0% from approximately RMB140.4 million for FY2022 to approximately RMB355.1 million for FY2023. In light of the above, as the Group intends to use the net proceeds to repay certain principal amount of the Company's offshore debt, the Disposal will improve the Company's financial position and alleviate the burden of the Group's financial expenses, and

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thereby improve the overall financial performance of the Group in the future. As at 30 June 2024, the borrowings of the Group amounted to approximately RMB11,540.3 million, which mainly comprised loans from non-controlling interests of approximately RMB1,911.0 million and related party loans of approximately RMB6,704.1 million, which carries interest rate of 4.75% to 9.00% and 3.45% to 5.23%, respectively. Based on weighted interest of approximately 5.98% and the entire net proceeds of RMB2,054 million will be applied for the repayment of loans, the Group would save interest expenses of approximately RMB122.8 million per annum.

Based on the above, we consider that the Disposal is in the interests of the Company and the Shareholders as a whole.

### 7. The Consideration

#### (i) *The Property Valuation*

The Consideration was arrived at after arm's length negotiations between the Seller and the Purchaser with reference to, among other things, the consolidated net carrying value of the Target Company and adjusted for the increment in value of its real estate properties, namely the Suhewan Project (the "**Target Property**") according to the valuation (the "**Valuation**") prepared by the Property Valuer using the direct comparison method. The full text of the property valuation report dated 3 September 2024 is set out in Appendix IV to the Circular, and Independent Shareholders are recommended to read them in full.

We have conducted an interview with the Property Valuer to enquire to their qualification and experience in valuing similar properties in the PRC and their independence. From the mandate letter and other relevant information provided by the Property Valuer, we noted that the Property Valuer is a qualified asset appraisal firm to perform valuation works in the PRC, and the responsible person of the Property Valuer is a member of The Hong Kong Institute of Surveyors and a member of Royal Institution of Chartered Surveyors who possesses sufficient qualifications and experience in valuing similar assets in the PRC. We have also enquired with the Property Valuer as to their independence from the Group, the Seller and the Purchaser, and were given to understand that the Property Valuer is independent of the Group, the Seller and the Purchaser. The Property Valuer confirmed that they were not aware of any relationship or interest between themselves and the Group, the Seller and the Purchaser or any other parties that would reasonably be considered to affect their independence to act as the Property Valuer for the Company. The Property Valuer also confirmed that apart from normal professional fees paid or payable to them in connection with their appointment as the Property Valuer, no arrangements exist whereby they will receive any fees or benefits from the Group, the Seller and the Purchaser. We have also reviewed the terms of engagement of the Property Valuer, in particular to their scope of work. We noted that their scope of work is appropriate to form the opinion required to be given and there are no limitations on the scope of work which might adversely impact on the degree of assurance given by the Property Valuer in the Valuation Report. We have also performed work as required under note (1)(d) to Rule 13.80 of the Listing Rule in relation to the Property Valuer and its work as regards the Valuation. Based on the above, we are satisfied with the terms of engagement of the Property Valuer as well as their qualification and experience for performing the Valuation, and we are of the view that the scope of work of the Property Valuer is appropriate.

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The Property Valuer confirmed that it has performed a site visit to the Target Property. We have discussed with the management of the Group to understand the latest status as well as the latest development of the Target Property.

As stated in the Valuation Report, the Valuation is conducted in compliance with all requirements contained in Chapter 5 and Practice Note 12 of the Listing Rules, the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council. We have reviewed and discussed with the Property Valuer regarding the methodology, basis and assumptions adopted in arriving at the value of the Target Property. In respect of certain portion of the Target Property that is under development as at 30 June 2024 (i.e. the valuation date of the Valuation Report), the Property Valuer have valued such portion on the basis that it will be developed and completed in accordance with the latest development proposals after taken into account the total construction cost to be expended of the under construction portion of the property and the outstanding construction cost for completion.

When arriving at the Valuation, the Property Valuer has adopted the direct comparison method by making reference to sale of comparable properties as available in the market assuming sale with the benefit of vacant possession. As advised by the Property Valuer, comparable sales transactions are selected based on similar location, usage and characteristics of the properties and timing of the sales transactions. Based on the information provided by the Property Valuer, three most comparable properties have been selected for comparison purpose for each type of the Target Properties, namely commercial, office and car parking spaces (i.e. a total of 9 comparable properties had been adopted). The details of the comparable properties of the Target Property are set out in the Valuation Report. As confirmed by the Property Valuer, no comparable transactions that met the said criteria has been excluded. Given that (i) the comparable properties are all located within close proximity to the Target Property with the same usage; (ii) the comparable properties share similar characteristics, especially location, quality, floor and age with the Target Property; (iii) the transaction dates of the comparable properties are close to the valuation date, i.e. within one year from the valuation date of the Valuation Report; (iv) the Property Valuer has made necessary adjustments based on factors, which include, among others, differences in location, size, floor and timing of transaction between the comparable properties and the Target Property; and (v) the Property Valuer has confirmed that no comparable transactions that met the said criteria has been excluded, we consider the comparable properties are exhaustive, representative and appropriate for determining the valuation of the Target Property.

We were further advised by the Property Valuer that in deriving the valuation of the Target Property, adjustments would be made in consideration of the differences in, among others, location, size, floor and timing of transaction, between the comparable properties and the Target Property. The unit rate of a property would generally be higher if the property (i) situated at a superior location with superior commercial potential; (ii) located on higher floor for office and located near ground floor for commercial properties; (iii) smaller in size, and vice versa. The comparables is also adjusted for the timing of the transactions based on the sale price index when the comparables sales was conducted. We have discussed with the Property Valuer on the adjustments applied and understand that such adjustment factors

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were commonly adopted for valuation of properties and the Property Valuer has used their professional judgement and experience in valuing similar properties to assign different weightings to the factors when applying adjustments, which is also conducted in the same manner as required by the HKIS Valuation Standards. After adjustments were applied on the unit prices of the comparable properties, the Property Valuer had applied the average adjusted unit prices of the comparable properties as the unit price for the Target Property. Taking into account that (i) the comparable properties are appropriately selected for valuation of the Target Property; (ii) the adjustment factors applied on arriving the valuation are commonly adopted in valuation of properties; and (iii) the adjustments were applied based on the Property Valuer's professional judgment and experience and in accordance with the HKIS Valuation Standards, we consider the valuation of the Target Property is fair and reasonable.

As part of our due diligence, we have also reviewed the valuation methodologies adopted for similar types of properties by certain property companies listed on the Stock Exchange and noted that the methodology adopted in the Valuation Report is usual. Taking into consideration of the nature of the Target Property and that the Valuation is conducted in accordance with the aforesaid requirements, we consider that the methodology, basis and assumptions adopted by the Property Valuer for determining the value of the Target Property are appropriate and the Valuation is fair and reasonable so far as the Independent Shareholders are concerned.

*(ii) Comparable analysis*

Further, in assessing whether the Consideration is fair and reasonable, we have, based on our search on Bloomberg and the website of the Stock Exchange, identified an exhaustive list of companies (the “**Comparable Companies**”) which (i) are principally engaged in property development in the PRC, which accounts for more than 50% of revenue; (ii) have their shares listed on Main Board of the Stock Exchange; and (iii) have market capitalisation between HK\$2 billion and HK\$6 billion, considering the implied value of 100% equity interest of the Target Company of approximately RMB4.07 billion. Based on these criteria, we have identified 20 Comparable Companies.

Price-to-earnings (“**P/E**”), price-to-book (“**P/B**”) multiple and price-to-sale (“**P/S**”) multiples are the three most commonly used benchmarks in valuing a company. Given (i) the Target Group was loss-making for FY2023; (ii) P/B is typically applied for valuing companies whose book values approximate their fair market values such as real estate companies and banks; and (iii) P/S multiple is appropriate for valuing companies which have stable revenue such as retailers offering general merchandise, we consider that P/B is more appropriate for valuing the Target Group as compared to P/E and P/S multiples.

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The following table set out the details of the Comparable Companies:

Company name (stock code)	Market capitalisation (HK\$ billion) (Note 1)	P/B (Note 1)
China South City Holdings Limited (1668.HK)	2.07	0.05
China Electronics Optics Valley Union Holding Company Limited (798.HK)	2.10	0.25
Powerlong Real Estate Holdings Limited (1238.HK)	2.57	0.06
Agile Group Holdings Limited (3383.HK)	2.57	0.09
Sino-Ocean Group Holding Limited (3377.HK)	2.82	0.36
Shimao Group Holdings Limited (813.HK)	2.92	0.18
Joy City Property Limited (207.HK)	2.95	0.09
LVGEM China Real Estate Investment Co Limited (95.HK)	3.01	0.16
Guangzhou R&F Properties Co Limited (2777.HK)	3.08	0.08
CIFI Holdings Group Co Limited (884.HK)	3.18	0.14
SOHO China Limited (410.HK)	3.59	0.09
Gemdale Properties & Investment Corp Limited (535.HK)	3.70	0.15
Tomson Group Limited (258.HK)	4.03	0.31
Beijing North Star Co Limited (588.HK)	4.21	0.16
Logan Group Co Limited (3380.HK)	4.38	0.16
Redco Properties Group Limited (1622.HK)	4.72	9.43
Shui On Land Limited (272.HK)	5.38	0.13
Poly Property Group Co Limited (119.HK)	5.69	0.15
K Wah International Holdings Limited (173.HK)	5.73	0.13
Tian An China Investment Co Limited (28.HK)	5.86	0.22
	<b>Maximum (Note 2)</b>	<b>0.36</b>
	<b>Minimum</b>	<b>0.05</b>
	<b>Average (Note 2)</b>	<b>0.16</b>
	<b>Median (Note 2)</b>	<b>0.15</b>
	<b>The Target Company</b>	<b>1.18</b>
		<i>(Note 3)</i>

Source: Bloomberg

Notes:

- As at the date of the Equity Transfer Agreement as extracted from Bloomberg.
- Excluding the P/B of Redco Properties Group Limited as it is considered as an outlier.
- The implied P/B of the Target Company is calculated based on (i) the Consideration of RMB2,055,399,300 for 50.5% equity interest in the Target Company; and (ii) the net assets of approximately RMB3,441,920,000 of the Target Group as at 30 June 2024.

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As shown in the above, after excluding the P/B of Redco Properties Group Limited as it is considered as outlier, the P/Bs of the Comparable Companies ranged from approximately 0.05 time to approximately 0.36 times with an average and median of approximately 0.16 time and 0.15 time, respectively.

The implied P/B of the Target Company of approximately 1.18 times is significantly higher than all of the P/Bs of the Comparable Companies.

### *(iii) Conclusion*

In view of (i) the methodology, bases and assumptions adopted by the Property Valuer in determining the market value of the Target Property are appropriate; (ii) the Consideration is made with reference to the aforementioned independent Valuation which was fairly and reasonably determined by the Property Valuer; (iii) the implied P/B of the Target Company is higher than the average and the median of the P/Bs of the Comparable Companies; and (iv) the reasons for and benefits of the Disposal as discussed in the section headed “6. Reasons for and benefits of the Acquisition” above, we consider the Consideration to be fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

## **8. Financial effects of the Disposal**

### *(i) Earnings*

Following the Completion, the Group will not hold any equity interest in the Target Company. Accordingly, the Target Company will cease to be a subsidiary of the Group, and the Target Group’s financial results will no longer be consolidated into the Company’s consolidated financial statement. The excess of the Consideration over the net book value attributable to the Sale Interests (being approximately 50.5% of the net book value of the Target Group) is approximately RMB269 million.

The Group expects to realise a gain upon the Completion. Subject to the Completion, the Group estimates the gain arising from the Disposal to be approximately RMB268 million based on the information currently available, including the Target Group’s net assets value as of 30 June 2024 (of approximately RMB3,538 million based on the Group’s management accounts), the corresponding percentage of equity interests in the Target Company to be disposed of, and the estimated fees and expenses of the Group arising from the Disposal of approximately RMB1 million. In addition, given that (i) the Target Group has been loss making for FY2022 and FY2023; and (ii) the proceeds from the Disposal will be used for the repayment of loans of the Group which in turns reduce the Group’s interest expenses, the Group’s earnings may be improved following completion of the Disposal.

### *(ii) Equity attributable to the Shareholders*

As set out in Appendix III to this Circular, on the assumption that the Disposal had taken place on 30 June 2024, the pro forma net current assets of the Remaining Group as at 30 June 2024 would be approximately RMB4,732.6 million after Completion, representing a decrease of approximately 32.2% from that of the Group of approximately RMB6,983.4 million. The pro forma equity attributable to the Shareholders of the Remaining Group as at

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30 June 2024 would be a deficit of approximately RMB229.5 million after Completion, representing an improvement of approximately RMB267.9 million from the net deficit attributable to the Shareholders of the Group of approximately RMB497.4 million as at 30 June 2024. The pro forma equity value attributable to the Shareholders after Completion has taken into account, among other things, the Disposal of the Target Group and the Consideration to be received.

### *(iii) Gearing*

As at 30 June 2024, the Group had a gearing ratio of approximately 58.1%, which is calculated as total borrowings divided by total assets of the Group. Based on the pro forma financial information in Appendix III to this circular, the total borrowings and total assets of the Group will be approximately RMB10,562.6 million and RMB14,767.9 million, respectively. Accordingly, the gearing ratio of the Group is expected to increase to approximately 71.5% following Completion, which was mainly due to the decrease in total assets. The Remaining Group's debt-to-assets ratio (calculated by dividing the Remaining Group's total debt by its total assets) was approximately 89% as of 30 June 2024. For illustrative purpose only, on the basis that there being no other changes except that RMB2,054 million (being the estimated net proceeds) had been applied to repay the Remaining Group's borrowings, such ratio as of 30 June 2024 would have been dropped to approximately 87%.

For details of the pro forma adjustments, please refer to Appendix III to this circular.

The above financial impact is shown for illustrative purpose only and the actual gain or loss as a result of the Disposal to be recorded by the Group is subject to, among other things, the net asset value of the Target Company on the day of Completion and the review by the auditors of the Company upon finalization of the consolidated financial statements of the Group.

### OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Equity Transfer Agreement and the Disposal contemplated thereunder are conducted in the ordinary and usual course of business of the Group and on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the Disposal contemplated thereunder.

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

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

## 1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the financial years ended 31 December 2021, 2022, 2023 and the six months ended 30 June 2024 were disclosed in the following documents:

The audited consolidated financial statements of the Group for the year ended 31 December 2021 have been set out in pages 61 to 173 of the 2021 annual report of the Company which was posted on 12 May 2022 on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0512/2022051200282.pdf>).

The audited consolidated financial statements of the Group for the year ended 31 December 2022 have been set out in pages 57 to 163 of the 2022 annual report of the Company which was posted on 20 April 2023 on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0420/2023042001903.pdf>).

The audited consolidated financial statements of the Group for the year ended 31 December 2023 have been set out in pages 57 to 157 of the 2023 annual report of the Company which was posted on 29 April 2024 on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042901019.pdf>).

The Company has announced its interim results for the six months ended 30 June 2024. The interim results announcement was posted on 27 August 2024 on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0827/2024082701608.pdf>).

## 2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2024, being the date of this indebtedness statement prior to the printing of this circular, the Group had total borrowings of approximately RMB12,893.77 million, comprising secured and guaranteed bank and related party loans of approximately RMB3,123.72 million, and unsecured and unguaranteed bank and related party loans of approximately RMB9,770.05 million. As at 31 July 2024, 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 RMB3,864.44 million; (ii) guarantees provided by OCT Ltd., which is an intermediate parent of the Company; (iii) guarantees provided by Hefei Xingtai Financial Holdings (Group) Co., LTD, which is a non-controlling shareholder.

As at 31 July 2024, the Group had outstanding obligations under lease with a carrying amount of approximately RMB4.66 million.

As at 31 July 2024, save for the guarantees of approximately RMB642.62 million given to financial institutions for mortgage facilities granted to buyers of the property units sold by the Group in its ordinary course of business, 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 31 July 2024, the Group did not have any other material outstanding mortgages, charges, debt securities, term loans, bank overdrafts, liabilities under acceptance or acceptance credit, hire purchase commitment, guarantees or other 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 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. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of other material adverse change in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Company were made up) save as the follows:

A loss attributable to equity holders of the Group of approximately RMB221.22 million was recorded for the first half of 2024. The increased indebtedness of the Group for the first half of 2024 has increased the Group's finance costs. While the comprehensive development business segment of the Group turned the loss recorded in the first half of 2023 into profit of approximately 62.88 million in the first half of 2024, uncertainties and volatilities persist in the real estate markets. These pose challenges and inherent risks to real estate enterprises, and have profound implications to the scale of sales and profitability to market participants including the Group. See also the Company's interim results announcement dated 27 August 2024.

### 5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below are the management discussion and analysis of the Remaining Group for each of the three financial years ended 31 December 2021, 2022 and 2023, and the six months ended 30 June 2024 (the “**Track Record Period**”). The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the consolidated (for the respective year)/unaudited (for the respective six-month period) financial statements of the Company for the respective year/period in the Track Record Period.

#### **For the year ended 31 December 2021**

For the year ended 31 December 2021, the Remaining Group realised revenue of approximately RMB0.954 billion, representing an increase of approximately 51.9% compared to the same period of 2020. Among such total revenue, revenue of the comprehensive development business was approximately RMB0.932 billion, representing an increase of approximately 55.3% compared to the same period of 2020, primarily due to the increase in revenue carried forward from the Hefei 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 year ended 31 December 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 RMB18.209 billion; current assets were approximately RMB12.212 billion; current liabilities were approximately RMB7.954 billion. The current ratio was approximately 1.54 as at 31 December 2021, representing a decrease of 1.12 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 RMB4.767 billion, with fixed rate loans of approximately RMB0.602 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 26.18% as at 31 December 2021, representing a decrease of approximately 6.2 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 45.7% 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 54.3% amounting to approximately RMB2.591 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 88.9% was denominated in RMB; and approximately 11% was denominated in Hong Kong dollars.

#### **For the year ended 31 December 2022**

The Remaining Group recorded operating revenue of approximately RMB2.842 billion for the year ended 31 December 2022, an increase of approximately 197.8% 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 RMB2.037 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 RMB14.746 billion; current assets were approximately RMB10.555 billion; and current liabilities were approximately RMB8.006 billion. The current ratio was approximately 1.32 as at 31 December 2022, representing a decrease of approximately 0.22 as compared to that as at 31 December 2021, mainly due to short-term loans increased 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 RMB4.949 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 33.56% as at 31 December 2022, representing an increase of approximately 7.38 percentage points as compared with that as at 31 December 2021, which was mainly due to the increase in bank and other loans.

As at 31 December 2022, approximately 45.2% 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 54.8% amounting to approximately RMB2.711 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 97.3% was denominated in RMB; and approximately 2.6% was denominated in Hong Kong dollars.

#### **For the year ended 31 December 2023**

For the year ended 31 December 2023, the Remaining Group recorded a revenue of approximately RMB0.933 billion, representing a decrease of approximately 67.16% as compared to approximately RMB2.842 billion for the same period of 2022. The revenue of the comprehensive development business was approximately RMB0.922 billion, representing a decrease of approximately 66.77% as compared to approximately RMB2.776 billion for the same period of 2022, primarily due to a significant decrease in income carried forward from the Hefei International Town Project as compared to the same period of 2022. No revenue was generated from the finance lease business as the exit of the finance lease business completed during the year ended 31 December 2023 and was in the final stage of liquidation, as compared with the revenue of approximately RMB2.13 million for the same period of 2022.

The total equity of the Remaining Group as at 31 December 2023 was approximately RMB13.516 billion; current assets were approximately RMB9.586 billion; current liabilities were approximately RMB6.965 billion. The current ratio was approximately 1.38 as at 31 December 2023, representing an increase of 0.06 as compared to that as at 31 December 2022, mainly due to a decrease in short-term loans compared to the same period in 2022. The Remaining Group generally financed its operations with internally generated cash flow, credit facilities provided by banks and shareholder's loans during 2023.

As at 31 December 2023, the Remaining Group had outstanding bank and other loans of approximately RMB4.161 billion, without fixed-rate loans. As at 31 December 2023, the interest rates of bank and other loans of the Remaining Group ranged from 3.05% to 6.82% 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 payables and loans divided by total assets) was approximately 79.7% as at 31 December 2023, representing an increase of approximately 46.2 percentage points as compared to approximately 33.6% as at 31 December 2022, which was mainly due to the increase in shareholders' loans of approximately RMB6.24 billion.

As at 31 December 2023, approximately 45.3% of the total amount of outstanding bank and other loans of the Remaining Group amounting to approximately RMB1.885 billion was denominated in Hong Kong Dollars; and approximately 54.7% amounting to approximately RMB2.276 billion was denominated in RMB.

As at 31 December 2023, approximately 0.06% of the total amount of cash and cash equivalents of the Remaining Group was denominated in United States dollars; approximately 85.57% was denominated in RMB; and approximately 14.37% was denominated in Hong Kong dollars.

#### **For the six months ended 30 June 2024**

For the six months ended 30 June 2024, the Remaining Group realized revenue of approximately RMB0.25 billion, representing a increase of approximately 4.1 times as compared to approximately RMB0.05 billion for the same period of 2023, of which, the revenue of the comprehensive development business was approximately RMB0.16 billion, representing a increase of approximately 15 times as compared to approximately RMB0.01 billion for the same period of 2023, primarily due to a significant increase in income carried forward from the Hefei International Town Project as compared to the same period of 2023.

As at 30 June 2024, the total equity of the Remaining Group was approximately RMB14.768 billion; current assets were approximately RMB10.925 billion; current liabilities were approximately RMB6.192 billion. The current ratio was approximately 1.76 as at 30 June 2024, representing a increase of 0.8 as compared to that as at 30 June 2023, mainly due to a decrease in short-term loans compared to the same period last year. The Remaining Group generally financed its operations with internally generated cash flow, credit facilities provided by banks and shareholder's loans in 2024.

As at 30 June 2024, the Remaining Group had outstanding bank and other loans of approximately RMB1,948 million, out of which none are fixed-rate loans. Approximately RMB730 million of such loans would mature within three months from 30 June 2024. As at 30 June 2024, the interest rates of bank and other loans of the Remaining Group ranged from 2.80% to 6.06% per annum. Some of these loans were secured by certain assets of the Remaining Group and corporate guarantees provided by certain related companies of the Company. The Remaining Group had short-term related party loan of approximately RMB1,911 million as of 30 June 2024, with its the interest rates ranged from 4.75% to 9%. The Remaining Group's gearing ratio (being the total borrowings including bills payables and loans divided by total assets) was approximately 66% as at 30 June 2024, representing an increase of approximately 5.1 percentage points as compared to approximately 61.9% as at 30 June 2023, which was mainly due to the increase in shareholder's loans. The Company considers there was no significant linkage between its demand for external loan and seasonality during the Track Record Period.

As at 30 June 2024, approximately 66.7% of the total amount of outstanding bank and other loans of the Remaining Group (approximately RMB1.3 billion) was denominated in Hong Kong dollars; and approximately 33.3% (approximately RMB0.648 billion) was denominated in RMB.

As at 30 June 2024, approximately 0.01% of the total amount of cash and cash equivalents of the Remaining Group was denominated in United States dollars; approximately 86.31% was denominated in RMB; and approximately 13.68% was denominated in Hong Kong dollars.

### **Segment information**

#### ***Comprehensive development business***

During the Track Record Period, the Remaining Group focused its comprehensive development business on cities in the core metropolitan areas of Yangtze River Delta + Guangdong-Hong Kong-Macao Greater Bay Area, with projects in cities including Hefei, Chongqing and Zhongshan. The Remaining Group had land reserved for development with a construction area of over 1,200,000 square meters as of 30 June 2024.

Volatiles persisted in the Track Record Period, with external circumstances such as geo-political tension and inherent uncertainties affecting the real estate industry in general. Profound adjustment has been re-shaping the national real estate market's layout during the Track Record Period. Sales of the top 100 real estate enterprises in Chinese Mainland were unfavourably impacted, dropped by approximately 41% and 17% in 2022 and 2023 on a year-by-year basis, and by approximately 42% for the first half of 2024 when compared to the corresponding period in 2023. Supportive public policies and measures were promulgated which strengthened market confidence. Yet, it is expected that it will still take time for confidence of home buyers and the industry as a whole to recover. Against such background, the total sales of the Remaining Group faced intensified pressure during the Track Record Period. Total sales area (and contracted sales amount) were approximately 305,700 square meters (RMB4.74 billion), 165,300 square meters (RMB2.26 billion), 86,100 square meters (RMB1.30 billion) for the years ended 31 December 2021, 2022 and 2023, and 28,600 square meters (RMB0.40 billion) for the first half of 2024. Revenue generated from the segment was approximately RMB932 million, RMB2,776 million and RMB922 million for the years ended 31 December 2021, 2022 and 2023, and RMB160 million for the first half of 2024.

The Remaining Group's operation of industrial park projects in Huizhou and Suzhou was relatively steady during the Track Record Period. The leasable area of these industrial parks was approximately 158,100 square meters, 160,600 square meters, 163,800 square meters and 154,000 square meters as of 31 December 2021, 2022 and 2023 and as of 30 June 2024, with an occupancy rate of around 91.4%, 96.5%, 96.7% and 98.7%, respectively. Rental income of approximately RMB27.0 million, RMB28.5 million, RMB32.9 million and RMB17.5 million were recorded for the years ended 31 December 2021, 2022 and 2023, and the six months ended 30 June 2024.

#### ***Investment and fund business***

Being the sole overseas listed company within OCT Group — a large-scaled Chinese central State-owned enterprise, the Remaining Group's equity investment and fund business is rooted in areas with comparative advantages such as Guangdong-Hong Kong-Macao Greater Bay Area throughout the Track Record Period. The Remaining Group focused its investment on the "cultural tourism + technology" industrial ecosystem throughout the Track Record Period, utilizing the advantages of industrial capital investment and mergers and acquisitions, enhanced investment management capabilities, and improved the post-investment empowerment effect to promote the rapid

development of the invested companies. As of 31 December 2021, 2022 and 2023, and 30 June 2024, the total size of funds and the size of actively-managed fund under the Remaining Group remained stable at approximately RMB4.37 billion and RMB1.5 billion, respectively. The number of projects invested in were also steadily kept at 47, 45, 50 and 50 as of the respective dates.

### **Funding and Treasury Policies**

The Remaining Group adopted prudent funding and treasury policies.

The Remaining Group's liquidity position remains stable during the Track Record Period. The Remaining Group's transactions and monetary assets were principally denominated in RMB, Hong Kong dollars and the United States dollars during the Track Record Period.

During the Track Record Period, the 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 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 2021, 2022 and 2023, and the six months ended 30 June 2024, the interest expenses of the Remaining Group were approximately RMB66 million, RMB49 million, RMB243 million and RMB37 million, respectively. A large portion of the interest expenses during the Track Record Period was incurred as a result of bank borrowings obtained by the Remaining Group for the development of integrated businesses.

### **Employees and Remuneration Policy**

Basic remunerations of the employees of the Remaining Group are determined primarily with reference to the industry's remuneration benchmark, individual experience, ability and performance of employees. The Remaining Group promotes equal opportunities among its staff. The Group aims to maintain its employees' remuneration package at a competitive level. Periodical reviews are conducted taking into account the prevailing circumstances in the labour market and the economic situation. The Company currently does not maintain any share scheme under Chapter 17 of the Listing Rules, and no employees options were granted, exercised, lapsed or cancelled pursuant to any share scheme under Chapter 17 of the Listing Rules during the Track Record Period. Apart from the basic remuneration and statutory benefits, the Remaining Group also employs additional staff incentive mechanism such as bonuses taking into account the Group's financial and operating results and their individual performance.

Directors' and senior managements' remuneration was determined based on the Company's remuneration policy for Directors and senior management. Pursuant to such policy, a variety of factors such as individual duties and responsibilities within the Group, his/her qualifications and experience, prevailing market conditions and the Company's performance and their individual performance would be taken into account. Executive Directors and senior management are eligible for discretionary bonuses, other benefits, incentives and allowances (if applicable).

The Remaining Group had 225, 205, 194 and 157 full-time staff as of 31 December 2021, 2022 and 2023, and 30 June 2024, respectively. Total staff costs was approximately RMB124 million, RMB107 million, RMB76 million for the year ended 31 December 2021, 2022 and 2023, and RMB26 million for the six months ended 30 June 2024. 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 during the Track Record Period. The Company considers that it has maintained a good relationship with its staff overall during the Track Record Period. In particular, the Group has maintained a long-term working relationship with a majority of its senior management members.

### **Contingent Liabilities**

As part of its ordinary and usual course of business, the Remaining Group enters into agreements with certain banks with respect to mortgage loans provided to buyers of property units sold by the Group in its ordinary course of business. 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 recover 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 can cover the outstanding mortgage loans guaranteed by the Remaining Group. Therefore, no liabilities are recognised in respect of these guarantees.

As at 31 December 2021, 2022 and 2023 and as at 30 June 2024, guarantees given by financial institutions for mortgages facilities granted to buyers of the Remaining Group's properties amounted to approximately RMB498 million, RMB936 million, RMB662 million, RMB491 million respectively.

### **Significant Investments**

There were 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 Track Record Period**

#### *Further Disposal of Listed Securities of Tongcheng-Elong*

City Legend International Limited (“**City Legend**”, a subsidiary of the Remaining Group) disposed of the listed securities of Tongcheng-Elong Holdings Limited (“**Tongcheng-Elong**”) in a

series of transactions on the market in 2021. More information has been included in the announcements of the Company dated 17 February 2021, 19 February 2021, 25 February 2021 and 31 March 2021 and the 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**”) and Shenzhen Huayou Investment Co., Ltd. (“**Huayou**”) (both Gangya and Huayou are indirect wholly-owned subsidiaries of the Company), 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.

*Established Shenzhen Qiaoheng No. 1 Investment Enterprise (Limited Partnership)*

Two indirect wholly-owned subsidiaries of the Company entered into a partnership agreement with certain independent third parties to establish Shenzhen Qiaoheng No. 1 Investment Enterprise (Limited Partnership) in April 2021. The total capital commitment of the Group to the partnership thereunder was approximately RMB720,000,000. The Company’s circular dated 26 May 2021 included more information. The partnership made an 80% equity investment in Huizhou Kaiyue Zhiye Company Limited and provided shareholder’s loans to develop urban renewal projects. As the other shareholder of the project company failed to provide funds as planned, the Group initiated arbitration proceedings on behalf of the partnership. The arbitration court has decided for the project company to repay the loan, and for the partnership to have the priority of repayment over the other shareholder of the Project Company in respect of the debt. Application to enforce the arbitration decision has also been accepted. Effective enforcement of the arbitration decision could be affected by various factors and is subject to uncertainty. The partnership and the Group will continue to actively implement the arbitration decision.

*Acquisition of Land Use Rights in the Second Phase of Hefei 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 International Town and with a total site area of approximately 913.05 mu, at a total consideration of approximately RMB2,805 million. More information is set out in 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. City Legend also entered into a shareholders’ agreement with Semk Holdings and its shareholders with respect of its shareholder’s right in the same month. Semk Holdings completed its initial public offering and commenced listing on the Stock Exchange in January 2022. Therefore, the relevant special shareholders’ rights under the aforesaid shareholders’ agreement have lapsed automatically. More information is set out in 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 OCT Huaxin Equity Investment Management Limited (“**Huaxin**”, an indirect wholly-owned subsidiary of the Company), 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 Huaxin and Gangya to the fund is RMB400,000,000. More information is set out in the circular of the Company dated 24 September 2021.

*Establishment of Foshan Gaoxin Technology Industry Fund*

Huaxin, Huajing, 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 Huaxin and Huajing to the fund was RMB70,000,000. For further details, please refer to the announcement of the Company dated 15 December 2021.

*Proposed disposal of partial interests in Shouchi Enterprise*

With the approval of the Shareholders at the general meeting and the required supervisory approvals having been obtained, OCT Shanghai Land conducted a public tender of the China Beijing Equity Exchange for the disposal of its 51% equity interest in Shanghai Shouchi. Shanghai Shengfenlai Enterprise Consultation Partnership (Limited Partnership) won the bid at the consideration of RMB612,000,000 (inclusive of value-added tax). OCT Shanghai Land has received the guarantee fee of RMB183.6 million. As at the Latest Practicable Date, such disposal has not been completed and is pending the purchaser to complete its payment of the remaining consideration.

*Entering into the ancillary agreement for Cayman Fund*

On 30 December 2022, 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 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 will (or will procure its designated third party to) provide the financial support. More information is set out in the announcement of the Company dated 30 December 2022.

*Disposal of hotel series assets of the Suhewan Project*

With the approval of the Shareholders at the general meeting and the required supervisory approvals having been obtained, OCT Shanghai Land sold the hotel series assets of the Suhewan Project through public tender on the China Beijing Equity Exchange. The successful bidder was Jiangsu Jinfeng Cement Group Co., Ltd. with a final consideration of RMB2.43 billion (inclusive of value-added tax). The parties have entered into a transaction agreement on 25 December 2023. The disposal has completed as of the Latest Practicable Date. More information is set out in the circular of the Company dated 6 November 2023 and the announcement of the Company dated 26 December 2023.

The Remaining Group had no other significant material acquisitions and disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2024.

**6. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP**

It has always been a priority of the Company to enhance shareholders' value, to maintain core competitiveness, minimize undue risks and promote sustainable development. These principles have from time to time proven their significance, guiding the Group through uncertainties and volatilities brought by the external environment in recent years. See also "*Letter from the Board – Information of the Group*" for more information about the Group's comprehensive development business and its equity investment and fund business.

The overall economy outlook of China has shown trend of improvement. China's GDP grew by 5.0% in the first half of 2024, higher than market expectations. Still, uncertainties and volatilities persist. The Group remains cautious of inherent risks that could be brought by external circumstances for the second half of 2024. Strengthening the Group's financial profile and flexibility, managing finance costs and indebtedness level, and promoting business sustainability continue to be prominent factors in short to medium term. To live up to the Group's priority and strategy mentioned above, the Group continues to optimise its business structure, speed up the sales and inventory destocking, focusing its resources on fields with strong growth prospects.

Among others, with respect to the Remaining Group's comprehensive development business, the Remaining Group will closely monitor applicable policies and market circumstances, proactively taking action to seize the opportunities which might be created from potential relaxation of financial, tax and administrative policies. Speeding up the de-stocking of property projects and securing the stable return of funds to enhance the Group's financial positions and competitiveness are also one of the key focal of the Remaining Group going forward.

With respect to the Remaining Group’s equity investment and fund business, the Remaining Group will continue to leverage on OCT’s industrial resource advantage, and to reinforce the post-investment management in promoting the development and growth of invested companies, and exit at appropriate time, constantly iterating the closed-loop management ability of “fundraising, investment, management and exit”.

**UNAUDITED FINANCIAL INFORMATION OF THE TARGET GROUP**

Set out below are the consolidated statements of financial position of Overseas Chinese Town (Shanghai) Land Company Limited and its subsidiary (the “**Target Group**”) as at 31 December 2021, 2022 and 2023 and 30 June 2024 and the related consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and the consolidated cash flow statements for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 (the “**Relevant Periods**”), and explanatory notes (collectively referred to as the “**Financial Information**”). The Financial Information has been prepared by the Directors of the Company on the basis set out in note 2 to the Financial Information and in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Financial Information is prepared by the Directors solely for the purpose of inclusion in this Circular in connection with the Proposed Disposal. The Company’s auditors, KPMG, were engaged to review the Financial Information of the Target Group set out in pages II-2 to II-9 in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750, “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal”, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditors to obtain assurance that the auditors would become aware of all significant matters that might be identified in an audit. Accordingly, the auditors do not express an audit opinion. The auditors have issued an unmodified review report.

**UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the years ended 31 December 2021, 2022, 2023 and six months ended 30 June 2023 and 2024*

*(Expressed in Renminbi)*

	Year ended 31 December			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue</b>	519,810	230,248	329,745	145,350	351,499
Cost of sales	<u>(412,778)</u>	<u>(305,495)</u>	<u>(337,340)</u>	<u>(117,251)</u>	<u>(327,447)</u>
<b>Gross profit</b>	107,032	(75,247)	(7,595)	28,099	24,052
Other income	5,478	3,803	5,666	1,938	8,123
Other net gains/(losses)	1,721	(519)	(38,017)	424	306,414
Distribution costs	<u>(37,742)</u>	<u>(27,896)</u>	<u>(32,257)</u>	<u>(14,351)</u>	<u>(7,575)</u>
Administrative expenses	<u>(88,970)</u>	<u>(118,156)</u>	<u>(77,417)</u>	<u>(28,420)</u>	<u>(12,670)</u>
<b>(Loss)/profit from operations</b>	(12,481)	(218,015)	(149,620)	(12,310)	318,344
Finance costs	<u>(82,744)</u>	<u>(90,615)</u>	<u>(112,297)</u>	<u>(37,439)</u>	<u>(29,928)</u>
<b>(Loss)/profit before taxation</b>	(95,225)	(308,630)	(261,917)	(49,749)	288,416
Income tax	<u>1,773</u>	<u>62,299</u>	<u>40,392</u>	<u>(263)</u>	<u>(219,064)</u>
<b>(Loss)/profit and total comprehensive income for the year/period</b>	<u><u>(93,452)</u></u>	<u><u>(246,331)</u></u>	<u><u>(221,525)</u></u>	<u><u>(50,012)</u></u>	<u><u>69,352</u></u>

## UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 December 2021, 2022, 2023 and 30 June 2024

(Expressed in Renminbi)

	Year ended 31 December			At 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>				
Investment property	2,013,202	–	–	–
Property, plant and equipment	854,241	810,684	12,948	8,712
	2,867,443	810,684	12,948	8,712
Intangible assets	940,457	899,423	16,040	12,033
Deferred tax assets	84,034	148,270	189,702	163,830
	3,891,934	1,858,377	218,690	184,575
<b>Current assets</b>				
Inventories and other contract costs	3,823,480	3,953,321	3,844,484	3,587,915
Trade and other receivables	86,766	60,436	73,309	67,270
Amount due from the Group	18,507	10,779	11,852	11,852
Cash at bank and on hand	309,065	177,462	1,675,367	1,163,684
	4,237,818	4,201,998	5,605,012	4,830,721
Assets of disposal group classified as held for sale	–	1,973,057	3,579,442	1,975,391
	4,237,818	6,175,055	9,184,454	6,806,112

	Year ended 31 December			At 30 June
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Current liabilities</b>				
Trade and other payables	817,390	823,980	2,876,638	784,505
Amount due to the Group	1,240	–	164	–
Contract liabilities	37,026	21,602	418,538	107,952
Lease liabilities	1,196	617	1,273	1,295
Bank and other loans	1,977,735	10,000	94,000	114,797
Current taxation	121,359	118,057	121,340	269,502
	<u>2,955,946</u>	<u>974,256</u>	<u>3,511,953</u>	<u>1,278,051</u>
Liabilities directly associated with assets of disposal group classified as held for sale	<u>–</u>	<u>1,399,868</u>	<u>1,413,075</u>	<u>1,407,821</u>
	<u>2,955,946</u>	<u>2,374,124</u>	<u>4,925,028</u>	<u>2,685,872</u>
Net current assets	<u>1,281,872</u>	<u>3,800,931</u>	<u>4,259,426</u>	<u>4,120,240</u>
<b>Total assets less current liabilities</b>	<u>5,173,806</u>	<u>5,659,308</u>	<u>4,478,116</u>	<u>4,304,815</u>
<b>Non-current liabilities</b>				
Bank and other loans	1,332,765	1,890,215	929,895	862,895
Related party loans	–	175,000	175,000	–
Lease liabilities	617	–	653	–
	<u>1,333,382</u>	<u>2,065,215</u>	<u>1,105,548</u>	<u>862,895</u>
<b>NET ASSETS</b>	<u>3,840,424</u>	<u>3,594,093</u>	<u>3,372,568</u>	<u>3,441,920</u>
<b>CAPITAL AND RESERVES</b>				
Share capital	3,030,000	3,030,000	3,030,000	3,030,000
Reserves	<u>810,424</u>	<u>564,093</u>	<u>342,568</u>	<u>411,920</u>
<b>TOTAL EQUITY</b>	<u>3,840,424</u>	<u>3,594,093</u>	<u>3,372,568</u>	<u>3,441,920</u>

## UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2021, 2022, 2023 and six months ended 30 June 2023 and 2024

(Expressed in Renminbi)

	Share capital RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Accumulated Deficit RMB'000	Total RMB'000
<b>Balance at 1 January 2021</b>	3,030,000	702,000	252,393	(50,517)	3,933,876
<b>Change in equity for 2021:</b>					
Loss for the year	—	—	—	(93,452)	(93,452)
Total comprehensive income	—	—	—	(93,452)	(93,452)
<b>Balance at 31 December 2021</b>	<u>3,030,000</u>	<u>702,000</u>	<u>252,393</u>	<u>(143,969)</u>	<u>3,840,424</u>
<b>Balance at 1 January 2022</b>	3,030,000	702,000	252,393	(143,969)	3,840,424
<b>Change in equity for 2022:</b>					
Loss for the year	—	—	—	(246,331)	(246,331)
Total comprehensive income	—	—	—	(246,331)	(246,331)
<b>Balance at 31 December 2022</b>	<u>3,030,000</u>	<u>702,000</u>	<u>252,393</u>	<u>(390,300)</u>	<u>3,594,093</u>
<b>Balance at 1 January 2023</b>	3,030,000	702,000	252,393	(390,300)	3,594,093
<b>Change in equity for 2023:</b>					
Loss for the year	—	—	—	(221,525)	(221,525)
Total comprehensive income	—	—	—	(221,525)	(221,525)
<b>Balance at 31 December 2023</b>	<u>3,030,000</u>	<u>702,000</u>	<u>252,393</u>	<u>(611,825)</u>	<u>3,372,568</u>

	Share capital <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	PRC statutory reserve <i>RMB'000</i>	Accumulated Deficit <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Balance at 31 December 2022 and 1 January 2023</b>	3,030,000	702,000	252,393	(390,300)	3,594,093
<b>Change in equity for 2023:</b>					
Loss for the period	—	—	—	(50,012)	(50,012)
Total comprehensive income	—	—	—	(50,012)	(50,012)
<b>Balance at 30 June 2023</b>	<u>3,030,000</u>	<u>702,000</u>	<u>252,393</u>	<u>(440,312)</u>	<u>3,544,081</u>
<b>Balance at 31 December 2023 and 1 January 2024</b>	3,030,000	702,000	252,393	(611,825)	3,372,568
<b>Change in equity for 2024:</b>					
Profit for the period	—	—	—	69,352	69,352
Total comprehensive income	—	—	—	69,352	69,352
<b>Balance at 30 June 2024</b>	<u>3,030,000</u>	<u>702,000</u>	<u>252,393</u>	<u>(542,473)</u>	<u>3,441,920</u>

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

For the years ended 31 December 2021, 2022, 2023 and six months ended 30 June 2023 and 2024

(Expressed in Renminbi)

	Year ended 31 December			Six months ended	
	2021	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Operating activities</b>					
Cash (used in)/generated from operations	(70,112)	(179,432)	360,032	93,644	(202,950)
Operating cash (paid to)/received from the Group	–	(566)	(1,073)	–	110
Tax paid	(2,427)	(1,927)	(2,419)	(2,044)	(47,444)
Interest element of lease rentals paid	(22)	(57)	(29)	(10)	(30)
Other interest paid	(134,702)	(168,526)	(126,922)	(59,611)	(39,092)
<b>Net cash (used in)/generated from operating activities</b>	<b>(207,263)</b>	<b>(350,508)</b>	<b>229,589</b>	<b>31,979</b>	<b>(289,406)</b>
<b>Investing activities</b>					
Interest received	4,291	2,190	4,698	1,578	8,470
Interest received from the Group	–	8,597	–	–	–
Proceed from loan to the Group	100,000	–	–	–	–
Payment for purchase of property, plant and equipment and intangible assets	(3,403)	(3,528)	(1,471)	(1,471)	–
Proceeds from disposal of assets held for sale	–	60,000	2,144,709	123,600	–
<b>Net cash generated from investing activities</b>	<b>100,888</b>	<b>67,259</b>	<b>2,147,936</b>	<b>123,707</b>	<b>8,470</b>

	Year ended 31 December			Six months ended	
	2021	2022	2023	30 June	
	2023	2023	2024	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financing activities</b>					
Capital element of lease rentals paid	(604)	(1,196)	(1,259)	(617)	(631)
Proceeds from new loans	300,000	3,767,715	88,680	88,680	–
Repayment of loans	(310,000)	(3,608,000)	(970,000)	(7,500)	(227,000)
<b>Net cash (used in)/generated from financing activities</b>	(10,604)	158,519	(882,579)	80,563	(227,631)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(116,979)	(124,730)	1,494,946	236,249	(508,567)
<b>Cash and cash equivalents at beginning of the year/period</b>	426,044	309,065	177,462	177,462	1,675,367
<b>Cash and cash equivalents included in assets and liabilities of a disposal group classified as held for sale</b>	–	(6,873)	2,959	1,851	(3,116)
<b>Cash and cash equivalents at the end of the year/period</b>	<u>309,065</u>	<u>177,462</u>	<u>1,675,367</u>	<u>415,562</u>	<u>1,163,684</u>

## NOTES TO THE UNAUDITED FINANCIAL INFORMATION OF THE TARGET GROUP

**1 General information**

Overseas Chinese Town (Shanghai) Land Company Limited (the “**Target Company**”), an indirect 50.5% owned subsidiary of Overseas Chinese Town (Asia) Holdings Limited (the “**Company**”), was incorporated with limited liability in the People’s Republic of China (“**PRC**”) on 1 March 2010, the Target Company and its subsidiary hereinafter are collectively referred to as “the Target Group”. The Company was incorporated in the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Company and its subsidiaries hereinafter are collectively referred to as “the Group”. The Target Group is principally engaged in residential development, leasing of commercial and apartments, management of related parking lots and provision of services including property management.

**2 Basis of preparation of the Financial Information**

The financial information of the Target Group comprising the consolidated statements of financial position of the Target Group as at 31 December 2021, 2022, 2023 and 30 June 2024 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated cash flow statements for the years ended 31 December 2021, 2022, 2023 and six months ended 30 June 2023 and 2024 (the “**Relevant Periods**”), and explanatory notes (the “**Financial Information**”) has been prepared in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the proposed disposal of the 50.5% equity interests in the Target Company (the “**Proposed Disposal**”).

The Financial Information has been prepared in accordance with the same accounting policies as those adopted by the Group in preparation of the financial statements of the Group for those respective years. The financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised), *Presentation of Financial Statements*, or an interim financial report as defined in Hong Kong Accounting Standard 34, *Interim Financial Reporting*, issued by the HKICPA and should be read in connection with the relevant published annual reports or interim reports of the Company for the Relevant Periods.

As at 30 June 2024, the Target Group had net current assets of RMB4,120,240,000 and therefore the Directors of the Target Group are of the opinion that it is appropriate for the Financial Information to be prepared on a going concern basis.

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## APPENDIX III    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

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

*The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the independent reporting accountants, KPMG, Certified Public Accountants, Hong Kong.*



#### **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 statement of financial position as at 30 June 2024 and the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and pro forma consolidated cash flow statement for the year ended 31 December 2023 and related notes as set out in Part B of Appendix III to the circular dated 3 September 2024 (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 B 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 50.5% equity interests in Overseas Chinese Town (Shanghai) Land Company Limited (the “Target Company”) (the “Proposed Disposal”) on the Group’s financial position as at 30 June 2024 and the Group’s financial performance and cash flows for the year ended 31 December 2023 as if the Proposed Disposal had taken place at 30 June 2024 and 1 January 2023, respectively. As part of this process, information about the Group’s financial position as at 30 June 2024 has been extracted by the Directors from the published interim results announcement of the Group for the six months ended 30 June 2024. Information about the Group’s financial performance and cash flows for the year ended 31 December 2023 has been extracted by the Directors from the consolidated financial statements of the Group for the year ended 31 December 2023, 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.

Our 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 2024 and 1 January 2023 would have been as presented.

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## APPENDIX III    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

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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  
3 September 2024

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

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### B.      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 statement of financial position as at 30 June 2024 and the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income, and the unaudited pro forma consolidated cash flow statement for the year ended 31 December 2023 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 50.5% equity interests in Overseas Chinese Town (Shanghai) Land Company Limited (the “**Target Company**”) (the “**Proposed Disposal**”) as described in the section headed “Letter from the Board” in this circular.

The Unaudited Pro Forma Financial Information presented below is prepared to illustrate (i) the consolidated financial position of the Remaining Group as at 30 June 2024 as if the Proposed Disposal had been completed on 30 June 2024; and (ii) the consolidated statement of profit or loss of the Remaining Group, the consolidated statement of profit or loss and other comprehensive income of the Remaining Group, the consolidated cash flow statement of the Remaining Group for the year ended 31 December 2023 as if the Proposed Disposal had been completed on 1 January 2023.

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 2023, which has been derived from the Company’s published annual report for the year ended 31 December 2023 and the consolidated financial information of the Group as at 30 June 2024, which has been derived from the Company’s published interim results announcement for the period ended, 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, cash flows and financial position of the Remaining Group had the Proposed Disposal been completed as at the specified dates or any other dates.

**APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GROUP**

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 2023 or the published interim results announcement of the Company as at 30 June 2024 and other financial information included elsewhere in this circular.

**2.      Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group at 30 June 2024**

*(Expressed in Renminbi)*

	<b>The Group as at 30 June 2024</b>	<b>Pro forma adjustments</b>			<b>The Remaining Group as at 30 June 2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>Note ((b) (i)</i>	<i>Note ((b) (ii)</i>	<i>Note ((b) (iii)</i>	<i>Note (c)</i>
<b>Non-current assets</b>					
Investment property	399,155				399,155
Property, plant and equipment	504,864	(8,712)			496,152
Interests in leasehold land held for own use	<u>232,280</u>				<u>232,280</u>
	1,136,299				1,127,587
Intangible assets	12,033	(12,033)			–
Interests in associates	1,875,989				1,875,989
Interests in joint ventures	509,191				509,191
Other financial assets	330,535				330,535
Deferred tax assets	<u>154,676</u>	(163,830)		9,209	<u>55</u>
	<u>4,018,723</u>				<u>3,843,357</u>
<b>Current assets</b>					
Inventories and other contract costs	12,195,856	(3,587,915)	(320,843)	107,438	8,394,536
Trade and other receivables	243,396	(67,270)			176,126
Cash at bank and on hand	1,463,148	(1,163,684)			2,054,379
Amount due from the Remaining Group	–	(11,852)		11,852	–
Assets of disposal group classified as held for sale	<u>1,946,929</u>	(1,975,391)		28,462	<u>–</u>
	<u>15,849,329</u>				<u>10,924,505</u>

**APPENDIX III    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GROUP**

	<b>The Group as at 30 June 2024</b>	<b>Pro forma adjustments</b>			<b>The Remaining Group as at 30 June 2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>Note ((b) (i))</i>	<i>Note ((b) (ii))</i>	<i>Note ((b) (iii))</i>	<i>Note (c)</i>
<b>Current liabilities</b>					
Trade and other payables	2,710,881	(784,505)			1,926,376
Amount due to the Target Group	–			11,852	11,852
Contract liabilities	719,388	(107,952)			611,436
Lease liabilities	3,095	(1,295)			1,800
Bank and other loans	1,831,354	(114,797)			1,716,557
Loans from related parties and non-controlling interests	1,911,000				1,911,000
Current taxation	282,435	(269,502)			12,933
Liabilities directly associated with assets of disposal group classified as held for sale	1,407,821	(1,407,821)			–
	<u>8,865,974</u>				<u>6,191,954</u>
Net current assets	<u>6,983,355</u>				<u>4,732,551</u>
<b>Total assets less current liabilities</b>	<u>11,002,078</u>				<u>8,575,908</u>
<b>Non-current liabilities</b>					
Bank and other loans	1,093,852	(862,895)			230,957
Related party loans	6,704,085				6,704,085
Lease liabilities	2,412				2,412
Deferred tax liabilities	127,615		(80,068)		47,547
	<u>7,927,964</u>				<u>6,985,001</u>
<b>NET ASSETS</b>	<u>3,074,114</u>				<u>1,590,907</u>
<b>CAPITAL AND RESERVES</b>					
Share capital	67,337				67,337
Reserves	(564,778)			267,898	(296,880)
<b>Total deficits attributable to shareholders of the Target Group</b>	(497,441)			267,898	(229,543)
<b>Non-controlling interests</b>	<u>3,571,555</u>			(1,751,105)	<u>1,820,450</u>
<b>TOTAL EQUITY</b>	<u>3,074,114</u>				<u>1,590,907</u>

**APPENDIX III    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GROUP**

**3.    Unaudited Pro Forma Consolidated Statement of Profit or Loss of the Remaining Group for the year ended 31 December 2023**  
(Expressed in Renminbi)

	<b>The Group for the year ended 31 December 2023</b>	<b>Pro forma adjustments</b>				<b>The Remaining Group for the year ended 31 December 2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>Note (d)</i>	<i>Note ((e)(i))</i>	<i>Note ((e)(ii))</i>	<i>Note (f)</i>	
<b>Revenue</b>	1,262,753	(329,745)				933,008
Cost of sales	<u>(1,123,587)</u>	337,340	151,162	(39,651)		<u>(674,736)</u>
<b>Gross profit</b>	139,166					258,272
Other income	27,573	(5,666)				21,907
Other net losses	(10,553)	38,017			(137,258)	(109,794)
Distribution costs	(80,710)	32,257				(48,453)
Administrative expenses	<u>(200,518)</u>	77,417				<u>(123,101)</u>
<b>Loss from operations</b>	(125,042)					(1,169)
Finance costs	(355,051)	112,297				(242,754)
Share of profits less losses of associates	(73,995)					(73,995)
Share of profits less losses of joint ventures	<u>(39,592)</u>					<u>(39,592)</u>
<b>Loss before taxation</b>	(593,680)					(357,510)
Income tax	<u>(8,778)</u>	(40,392)	(37,790)	9,209		<u>(77,751)</u>
<b>Loss for the year</b>	<u><u>(602,458)</u></u>					<u><u>(435,261)</u></u>
<b>Attributable to:</b>						
Equity holders of the Company	(464,528)	111,870	57,253	(15,373)	(137,258)	(448,036)
Non-controlling interests	<u>(137,930)</u>	109,655	56,119	(15,069)		<u>12,775</u>
<b>Loss for the year</b>	<u><u>(602,458)</u></u>	221,525	113,372	(30,442)	(137,258)	<u><u>(435,261)</u></u>

**APPENDIX III    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GROUP**

**4. Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Remaining Group for the year ended 31 December 2023**  
(Expressed in Renminbi)

	The Group for the year ended 31 December 2023 <i>RMB'000</i>	Pro forma adjustments			The Remaining Group for the year ended 31 December 2023 <i>RMB'000</i>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>Note (d)</i>	<i>Note ((e)(i))</i>	<i>Note ((e)(ii))</i>	<i>Note (f)</i>
<b>Loss for the year</b>	(602,458)	221,525	113,372	(30,442)	(137,258)
	-----				-----
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences	(61,095)				(61,095)
Share of other comprehensive income of associates	(982)				(982)
	-----				-----
<b>Other comprehensive income for the year</b>	(62,077)				(62,077)
	-----				-----
<b>Total comprehensive income for the year</b>	(664,535)				(497,338)
	=====				=====
<b>Attributable to:</b>					
Equity holders of the					
Company	(526,605)	111,870	57,253	(15,373)	(137,258)
Non-controlling interests	(137,930)	109,655	56,119	(15,069)	12,775
	-----				-----
<b>Total comprehensive income for the year</b>	(664,535)				(497,338)
	=====				=====

**APPENDIX III    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GROUP**

**5.    Unaudited Pro Forma Consolidated Cash Flow Statement of the Remaining Group for  
the year end 31 December 2023**  
(Expressed in Renminbi)

	The Group for the year ended 31 December 2023 <i>RMB'000</i>	Pro forma adjustments			The Remaining Group for the year ended 31 December 2023 <i>RMB'000</i>
		<i>RMB'000</i> <i>Note (d)</i>	<i>RMB'000</i> <i>Note ((e)(ii))</i>	<i>RMB'000</i> <i>Note (g)</i>	
<b>Operating activities</b>					
Cash used in operations	(328,779)	(360,032)	1,073		(687,738)
Other interest paid	(312,760)	126,922			(185,838)
Interest element of lease rentals paid	(243)	29			(214)
Taxes paid	(192,214)	2,419			(189,795)
	<u>          </u>				<u>          </u>
<b>Net cash used in operating activities</b>	<u>    (833,996)    </u>				<u>    (1,063,585)    </u>
<b>Investing activities</b>					
Proceeds from disposal of assets held for sale	2,144,709	(2,144,709)			–
Net cash flow from disposals of subsidiaries	–			1,876,917	1,876,917
Return of investment from a joint venture	103,086				103,086
Return of investment from an associate	91,979				91,979
Dividends received from associates and joint ventures	90,950				90,950
Interest received	29,537	(4,698)			24,839
Proceeds from disposals of property, plant and equipment and investment properties	11,219				11,219
Proceeds from disposal of other financial assets	5,527				5,527
Repayment of loans to an associate	4,416				4,416
Payment for purchase of property, plant and equipment and intangible assets	(97,715)	1,471			(96,244)
Repayment to the advance from an associate	(4,950)				(4,950)
	<u>          </u>				<u>          </u>
<b>Net cash generated from investing activities</b>	<u>    2,378,758    </u>				<u>    2,107,739    </u>

**APPENDIX III    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GROUP**

	<b>The Group for the year ended 31 December 2023</b>	<b>Pro forma adjustments</b>			<b>The Remaining Group for the year ended 31 December 2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>Note (d)</i>	<i>Note ((e)(ii))</i>	<i>Note (g)</i>	
<b>Financing activities</b>					
Proceeds from new loans	9,083,276	(88,680)			8,994,596
Redemption of perpetual capital securities	(5,627,736)				(5,627,736)
Repayment of loans	(4,200,852)	970,000			(3,230,852)
Distribution to the holders of perpetual capital securities	(251,105)				(251,105)
Capital element of lease rentals paid	(9,973)	1,259			(8,714)
	(1,006,390)				(123,811)
<b>Net cash used in financing activities</b>	<b>(1,006,390)</b>				<b>(123,811)</b>
<b>Net increase in cash and cash equivalents</b>	<b>538,372</b>				<b>920,343</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>1,915,139</b>				<b>1,915,139</b>
<b>Cash and cash equivalents included in assets and liabilities of a disposal group classified as held for sale</b>	<b>2,959</b>	<b>(2,959)</b>			<b>–</b>
<b>Effect of foreign exchange rate changes</b>	<b>865</b>				<b>865</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,457,335</b>				<b>2,836,347</b>

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

- (a) The Group's financial information is based on the consolidated financial information of the Group for year ended 31 December 2023, which has been derived from the Company's published annual report for the year then ended and the consolidated financial information of the Group as at 30 June 2024, which has been derived from the Company's published interim results announcement for the period then ended.

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**APPENDIX III    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GROUP**

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- (b) The adjustment represents:
- (i) the exclusion of assets and liabilities of the Target Company and its subsidiary (collectively referred to as the “**the Target Group**”) as if the Proposed Disposal had taken place on 30 June 2024 for the unaudited pro forma consolidated statement of financial position. For the purpose of the unaudited pro forma financial information, the balances are extracted from the unaudited financial information of the Target Group as at 30 June 2024 as set out in Appendix II to this circular.
  - (ii) reversing the impact of fair value adjustments on properties when the Remaining Group first acquired control of the Target Group in 2012. The fair value adjustments represent the difference between the fair value of inventories and the book value of such inventories as at the date of acquisition. The fair value adjustments would be realized when such inventories are sold. The fair value adjustment and related deferred tax impact as at 30 June 2024 is RMB 320,843,000 and RMB80,068,000 respectively.
  - (iii) the reinstatement of intra-group balances between the Remaining Group and the Target Group including capitalized interest expenses on the Remaining Group and the payment of employee benefits on behalf of the Remaining Group, which were eliminated at the Group level when preparing the consolidated financial statements of the Group as at 30 June 2024.
- (c) The adjustment representing the other financial impacts of on the Proposed Disposal as if it had taken place on 30 June 2024 is as follows:

	<i>RMB'000</i>
Consideration for the Proposed Disposal	2,055,399
Less: Net assets of the Target Group as at 30 June 2024 attributable to equity holders of the Company <sup>(i)</sup>	(1,786,481)
Less: Estimated professional costs directly attributable to the Disposal	<u>(1,020)</u>
Estimated pre-tax gain on the Proposed Disposal	267,898
Less: Estimated tax effects in relation to the gain on the Proposed Disposal calculated at the applicable tax rates	<u>—</u>
Net effect on the profit for the year and the equity attributable to equity holders of the Company	<u><u>267,898</u></u>

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**APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GROUP**

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- (i) Net assets of the Target Group as at 30 June 2024 attributable to the equity holders of the Company is calculated as follows:

	<i>RMB'000</i>
Net assets of the Target Group as at 30 June 2024 as set out in Appendix II	3,441,920
Less: Intra-group transaction ( <i>Note (b)(iii)</i> )	(145,109)
Add: Fair value adjustments on properties ( <i>Note (b)(ii)</i> )	<u>240,775</u>
Adjusted net assets of the Target Group as at 30 June 2024	3,537,586
Less: de-recognition of non-controlling interests in the Target Group (49.5% of the adjusted net asset of the Target Group as at 30 June 2024)	<u>(1,751,105)</u>
Net assets of the Target Group attributable to the equity holders of the Company	<u><u>1,786,481</u></u>

- (d) The adjustment represents the exclusion of results and cash flows of the Target Group for the year ended 31 December 2023 as if the Proposed Disposal had been completed on 1 January 2023 for the unaudited pro forma consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated cash flow statement. The amounts are derived from the unaudited financial information of the Target Group for the year ended 31 December 2023 as set out in Appendix II to this circular.

- (e) The adjustment represents:

- (i) reversing the impact of fair value adjustments on properties when the Remaining Group first acquired control of the Target Group in 2012. The fair value adjustments represent the difference between the fair value of inventories and the book value of such inventories as at the date of acquisition. The fair value adjustments would be realized when such inventories are sold. The fair value adjustment and related tax impact as at 30 June 2024 is RMB151,162,000 and RMB37,790,000 respectively.
- (ii) the reinstatement of intra-group transactions between the Remaining Group and the Target Group including capitalized interest expenses on the Remaining Group, which were eliminated at the Group level when preparing the consolidated financial statements of the Group for the year ended 31 December 2023.

**APPENDIX III    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GROUP**

- (f) The adjustments represent the estimated net gain on the Proposed Disposal as if it had taken place on 1 January 2023 which is as follows:

	<i>RMB'000</i>
Consideration for the Proposed Disposal	2,055,399
Less: Net assets of the Target Group as at 1 January 2023 attributable to equity holders of the Company <sup>(i)</sup>	(1,917,121)
Less: Estimated professional costs directly attributable to the Disposal	<u>(1,020)</u>
Estimated pre-tax gain on the Proposed Disposal	137,258
Less: Estimated tax effects in relation to the gain on the Proposed Disposal calculated at the applicable tax rates	<u>–</u>
Net effect on the profit for the year and the equity attributable to equity holders of the Company	<u><u>137,258</u></u>

- (i) The assets of the Target Group as at 1 January 2023 attributable to the equity holders of the Company is calculated as follows:

	<i>RMB'000</i>
Net assets of the Target Group as at 1 January 2023 as set out in Appendix II	3,594,093
Less: Intra-group transaction	(190,838)
Add: Fair value adjustments on properties ( <i>Note</i> )	<u>393,024</u>
Adjusted net assets of the Target Group as at 1 January 2023	3,796,279
Less: de-recognition of non-controlling interests in the Target Group (49.5% of the adjusted net asset of the Target Group as at 1 January 2023)	<u>(1,879,158)</u>
Net assets of the Target Group attributable to the equity holders of the Company	<u><u>1,917,121</u></u>

*Note:* Reversing the impact of fair value adjustments on properties when the Remaining Group first acquired control of the Target Group in 2012. The fair value adjustments represent the difference between the fair value of inventories and the book value of such inventories as at the date of acquisition. The fair value adjustments would be realized when such inventories are sold, and the unrealized amount of inventories and deferred tax effect is RMB523,842,000 and RMB130,818,000 respectively on 1 January 2023.

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**APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE REMAINING GROUP**

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- (g) The adjustments represent the net cash flow as if the Proposed Disposal had taken place on 1 January 2023:

	<i>RMB'000</i>
Estimated consideration for the Proposed Disposal <i>(see note (c)(i))</i>	2,055,399
Less: Cash and cash equivalents held by the Target Group as at 1 January 2023	(177,462)
Less: Estimated professional costs directly attributable to the Disposal	<u>(1,020)</u>
 Net proceeds from the Proposed Disposal, net of cash disposed of	 <u><u>1,876,917</u></u>

- (h) The adjustments in respect of the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated cash flow statement above are not expected to have a continuing effect on the Remaining Group.
- (i) The consideration, estimated gain on the Proposed Disposal, net cash inflows from the Proposed Disposal and the net amounts due to the Remaining Group of the Target Group as illustrated above are subject to change. The final consideration, actual carrying amount of the Target Group, the respective net amounts due to the Remaining Group of the Target Group, cash and cash equivalents held by the Target Group and thus the gain on Proposed Disposal and net proceeds from the Proposed Disposal at the date of Completion will likely be different from those stated in the pro forma financial information.
- (j) No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 30 June 2024 for the unaudited pro forma consolidated statement of financial position and 31 December 2023 for the unaudited pro forma consolidated statement of profit and loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated cash flow statement.

*The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services (China) Limited, an independent property valuer, in connection with its opinion of market value of the Property held by the Target Group as at 30 June 2024.*



The Directors  
Overseas Chinese Town (Asia) Holdings Limited  
Suite 2103, 21/F  
Prudential Tower  
The Gateway  
Harbour City  
Kowloon  
Hong Kong

Savills Valuation and  
Professional Services (China) Limited  
Room 1208, 12/F  
1111 King's Road  
Taikoo Shing, Hong Kong

T : (852) 2801 6100  
F : (852) 2530 0756

3 September 2024

savills.com

Dear Sirs,

RE: Portion of OCT Suhe Creek (華橋城蘇河灣), Shanxi North Road and Tiantong Road, Jing'an District, Shanghai, PRC (the "**Property**")

## INSTRUCTIONS

In accordance with the instructions from Overseas Chinese Town (Asia) Holdings Limited (the "**Company**") for us to value the Property held by the OCT (Shanghai) Land and its subsidiary (the "**Target Group**"), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of market value of the Property as at 30 June 2024 (the "**valuation date**") for incorporation in a circular.

## BASIS OF VALUATION

Our valuation is our opinion of the market value of the Property concerned which we would define as intended to mean "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".

Moreover, market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation has been undertaken in accordance with the latest edition of the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors ("**HKIS**"), which incorporates the International Valuation Standards ("**IVS**"), and, where applicable, the relevant HKIS or jurisdictional supplement. We have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## IDENTIFICATION AND STATUS OF THE VALUER

The subject valuation exercise is handled by our Ms. Jennie C.W. Chang, who is a Senior Associate Director of Savills Valuation and Professional Services (China) Limited (“SVPSCL”), a Member of the HKIS (General Practice Division) and a Member of the Royal Institution of Chartered Surveyors (“RICS”) with over 16 years’ experience in valuation of properties in the PRC and has sufficient knowledge of the relevant market, the skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation services in respect of the Property, we had not been involved in valuation of the Property in the past 12 months.

We are independent of the Company, its subsidiaries and the Target Group. We are not aware of any instances which would give rise to potential conflict of interest from us in the subject exercise. We confirm that we are in the position to provide objective and unbiased valuation for the Property.

## VALUATION METHODOLOGY

In undertaking our valuation of completed portion of the Property, as there are sufficient sale comparable in the market of similar properties compared with the Property, we have adopted the direct comparison method by making reference to sale of comparable properties as available in the market assuming sale with the benefit of vacant possession.

In valuing portion of the Property which is held by the Target Group under development, we have valued such portion on the basis that it will be developed and completed in accordance with the latest development proposals provided to us by the Target Group. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the market and also taken into account the costs that will be expended to complete the development to reflect the quality of the completed development. The “market value as if completed” represents our opinion of the aggregate selling prices of the Property assuming that it would be completed as at the valuation date.

## TITLE INVESTIGATION

In respect of the Property in the PRC, we have been provided with copies of the title documents relating to the Property. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied on the information and advice given by the Target Group and the legal opinion issued by Allbright Law Offices (上海市錦天城(深圳)律師事務所) (the “**Company’s PRC legal adviser**”) regarding the title to the Property.

## SOURCE OF INFORMATION

In the course of our valuation, we have relied to a considerable extent on the information given by the Target Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, tenancy details, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the

information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Target Group, which is material to our valuation. We have also sought confirmation from the Target Group that no material facts have been omitted from the information supplied.

#### VALUATION ASSUMPTIONS

In valuing the Property in the PRC, unless otherwise stated, we have relied on the legal opinion issued by the Company's PRC legal adviser and prepared our valuation on the basis that transferable land use rights in respect of the Property for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. Therefore, unless otherwise stated, we have also prepared our valuation on the basis that the owner of the Property has good legal title and has free and uninterrupted rights to occupy, use, transfer, lease or assign the Property for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property or for any expenses 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.

#### SITE INSPECTION

We have inspected exterior and where possible, the interior of the Property. Site inspection of the Property was carried out by our Mr. Tony Li (Senior Manager) on 7 July 2024. Mr. Tony Li is a Member of RICS with over 12 years' experience in valuation of properties in the PRC. During the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

#### CURRENCY

Unless otherwise stated, all money amounts stated are in Renminbi ("RMB").

We enclose herewith our valuation report.

Yours faithfully,

For and on behalf of

**Savills Valuation and Professional Services (China) Limited**

**Jennie C.W. Chang**

*MRICS MHKIS RPS(GP)*

Senior Associate Director

*Note:* Ms. Jennie C.W. Chang is a professional surveyor who has over 16 years' experience in valuation of properties in the PRC.

Encl.

## VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2024
Portion of OCT Suhe Creek (華僑城蘇河灣) located at Shanxi North Road and Tiantong Road, Jing'an District, Shanghai, PRC	<p>OCT Suhe Creek (the “<b>Development</b>”) is a large-scale commercial development erected on three parcels of land (Lot 1, 41 and 42) with a total site area of approximately 70,909.56 sq.m..</p> <p>The Development is situated along Tiantong Road and Qufu Road between Shanxi North Road and Xizang North Road in Jing'an District of Shanghai.</p> <p>Developments in the vicinity are dominated by various residential and commercial buildings. The locality is well served by public facilities and transportation network, surrounded by commercial landmarks such as Shanghai Suhe Creek MixC World, Jing'an Joy City and Shanghai New World Daimaru Department Store.</p> <p>According to the information provided by the Group, the Property comprises completed portion and under development portion of the Development. The total gross floor area is approximately 203,239.94 sq.m..</p>	<p><b>Completed Portion</b></p> <p>As at the valuation date, portion of the completed portion of the Property with a total gross floor area of approximately 10,462.09 sq.m. was subject to various tenancies with the latest one due to expire on 9 December 2033 at a total monthly rental of approximately RMB1,827,353 inclusive of VAT, whilst the remaining portion with a total gross floor area of approximately 31,205.03 sq.m. was vacant.</p> <p><b>Under Development Portion</b></p> <p>As at the valuation date, it was under construction.</p>	RMB6,946,000,000 (Renminbi Six Billion Nine Hundred and Forty Six Million)
	<b>Completed Portion</b>		
	As advised by the Company, the completed portion of the Property comprises Lots 1, 41 and portion of Lot 42 of the Development and was completed between 2016 and 2021. The uses and approximate gross floor area of the Property are as follows:		
		<b>Approximate Gross Floor Area (sq.m.)</b>	
	Use		
	Commercial (T1, 41AB, 41D, 42B, 42D, Clubhouse)	19,771.98	
	Office	25,229.58	
	Car Parks (1,056 Lots)	68,652.60	
	<b>Total</b>	<b>113,654.16</b>	

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2024
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**Under Development Portion**

As advised by the Company that upon completion, the under development portion will comprise portion of Lot 42 of the Development. The uses and approximate gross floor area of under development portion of the Property are as follows:

Use	Approximate Gross Floor Area (sq.m.)
Commercial (42C and underground)	54,074.42
Ancillary Facilities	6,652.04
Car Parks (496 Lots)	28,859.32
<b>Total</b>	<b><u>89,585.78</u></b>

As advised, the construction of the aforesaid portion is scheduled to be completed in March 2026.

The land use rights of the Property have been granted for terms 40 years for commercial use, 50 years for office, culture and entertainment use and 70 years for residential use since 1 March 2011.

*Notes:*

- Pursuant to the State-owned Land Use Rights Grant Contract – Hu Jing Gui Tu (2018) Chu Rang He Tong Bu Zi Di No. 9 (3.0) dated 30 October 2018, the land use rights of a parcel of land with a site area of approximately 35,560.50 sq.m. have been granted to Overseas Chinese Town (Shanghai) Land Company Limited (“OCT Shanghai Land”), an indirect 50.5% owned subsidiary of the Company, for terms of 40 years for commercial use, 50 years for office, culture and entertainment uses and 70 years for residential use.

As advised by the Target Group, the completed portion of the Property comprised portion of the site area as stated in the aforesaid Contract.

- Pursuant to the State-owned Land Use Rights Grant Contract – Hu Zha Gui Tu (2010) Chu Rang He Ton Di No. 36 (1.0) dated 27 December 2010, the land use rights of two parcel of land with a total site area of approximately 35,419.10 sq.m. have been granted to OCT Shanghai Land for terms of 40 years for commercial use, 50 years for office, culture and entertainment uses. The salient development conditions are extracted as follows:

Permissible Gross Floor Area	: 149,172.00 sq.m.
Buildings Height	: 80 meters
Site Coverage	: Lot 41: <55% Lot 42: <60%
Greenery Ratio	: Lot 41: >15% Lot 42: >15%

As advised by the Target Group, the under development portion of the Property comprised portion of the site area as stated in the aforesaid Contracts.

3. Pursuant to Shanghai Certificate of Real Estate Ownership – Hu Fang Di Zha Zi (2013) No. 017267 dated 26 September 2013 and Hu Fang Di Zha Zi (2013) No. 019446 dated 11 November 2013, the land use rights of the Property with a site area of approximately 35,419.10 sq.m. have been granted to OCT Shanghai Land for two concurrent terms expiring on 28 February 2051 for commercial use and expiring on 28 February 2061 for culture and entertainment use.

As advised by the Group, the Property comprises portion of the site area as stated in the abovementioned Certificate.

4. Pursuant to the Construction Land Planning Permit – Hu Gui Di (2011) EA31000020110976 dated 30 June 2011, OCT Shanghai Land was permitted to use a parcel of land with a site area of approximately 35,419.10 sq.m. for development.

As advised by the Target Group, the Property comprises portion of the site area as stated in the abovementioned Permit.

5. Pursuant to the Construction Works Planning Permit – Hu Gui Jian (2019) FA310000201908192 dated 20 December 2019 and Hu Gui Jian (2014) FA31000020145438 dated 22 October 2014 issued by Shanghai Planning and Natural Resources Bureau, the approved total construction scale for the Property is approximately 90,474.00 sq.m..

As advised by the Group, the Property comprises portion of the construction scale as stated in the abovementioned Permit.

6. Pursuant to the Construction Works Commencement Permit – No. 1101ZB0009D09 dated 25 December 2019 and No. 1101ZB0009D05 dated 31 October 2014, the construction works of building 42C and basement of Lot 42 with a total construction scale of approximately 90,474.00 sq.m. were approved for commencement.

As advised by the Target Group, the under development portion of the Property comprises portion of the construction scale as stated in the abovementioned Permit.

7. Pursuant to the Construction Project Completion Acceptance Filing Certificate – No. 2018ZZ0028 dated 15 March 2018 and the Notice of Comprehensive Completion Acceptance of Construction Projects – No. 2020JA0167 dated 13 October 2020, the construction projects of building 41D and basement of Lot 41 with a total construction scale of approximately 26,908.33 sq.m. were accepted to complete.

As advised by the Target Group, the completed portion of Property comprises portion of the aforesaid Certificates.

8. Pursuant to Five Real Estate Title Certificates, the buildings ownerships of the Property with a total gross floor area of approximately 174,911.78 sq.m. are vested in OCT Shanghai Land and Shanghai Shouchi Corporation Management Co., Ltd. (上海首馳企業管理有限公司) (“**Shanghai Shouchi**”), an indirect subsidiary of the Company, for terms 40 years for commercial use, 50 years for office use and 70 years for car park use commencing on 1 March 2011. Detail of the said Certificates are listed as follows:

No.	Certificate No.	Owner	Land Use	Site Area (sq.m.)	Gross Floor Area (sq.m.)
1	Hu (2018) Jing Zi Bu Dong Chan Quan Di No. 012286	OCT Shanghai Land	Commercial/Office/ Culture and Entertainment/ Residential	35,490.46	47,088.56
2	Hu (2024) Jing Zi Bu Dong Chan Quan Di No. 002760	OCT Shanghai Land			3,334.44
3	Hu (2019) Jing Zi Bu Dong Chan Quan Di No. 015125	Shanghai Shouchi			24,937.36
4	Hu (2023) Jing Zi Bu Dong Chan Quan Di No. 501820	OCT Shanghai Land			46,325.98
5	Hu Fang Di Zha Zi (2014) Di No. 004059	OCT Shanghai Land	Commercial/Office/ Culture and Entertainment	14,995.70	43,213.49
6	Hu (2021) Jing Zi Bu Dong Chan Quan Di No. 026219	OCT Shanghai Land	Commercial/Office/ Culture and Entertainment	20,423.00	7,959.76
7	Hu (2021) Jing Zi Bu Dong Chan Quan Di No. 021243	OCT Shanghai Land	Commercial/Office/ Culture and Entertainment		5,386.63
<b>Total:</b>				<b>70,909.16</b>	<b>174,911.78</b>

As advised by the Target Group, the completed portion of Property comprises portion of the aforesaid Real Estate Certificates.

9. The breakdown of market value of the Property as at 30 June 2024 by use is as follows:

	<b>Market value in existing state as at 30 June 2024</b>
<b>Completed portion</b>	
Commercial	RMB837,000,000
Office	RMB3,152,000,000
Clubhouse	RMB114,000,000
Car Parks (1,056 Lots)	RMB822,000,000
Market value of completed portion of the Property	RMB4,925,000,000
<b>Under development portion</b>	
Market value of under development portion of the Property	RMB2,021,000,000
<b>Grand Total:</b>	<b><u>RMB6,946,000,000</u></b>

10. The market value of the under development portion of the Property as if completed as at 30 June 2024 is RMB3,500,000,000.

11. As advised by the Company, the total construction cost to be expended of the under development portion of the Property as at the valuation date was approximately RMB963,000,000 and estimated the outstanding construction cost for completion of the aforesaid portion will be approximately RMB442,000,000. We have taken into account the aforesaid amount in our valuation as instructed by the Company.

12. As advised by the Company, portion of the Property with a total gross floor area of approximately 6,052.17 sq.m. has been contracted for sale under various sales and purchase agreements at a total consideration of approximately RMB93,893,545 (inclusive of VAT) as at the valuation date. We have taken into account the aforesaid amount in our valuation.

13. We have been provided with a legal opinion on the title to the Property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

- i. OCT Shanghai Land has legally obtained the State-owned Land Use Rights Certificates for the aboveground and underground in Lot 1, and the State-owned Land Use Rights Certificate for the aboveground in Lots 41 and 42;
- ii. Portion of the Property with a total gross floor area of approximately 24,937.36 sq.m. is subject to mortgage;
- iii. In accordance with the current laws and regulations, OCT Shanghai Land, as the owner of the land use rights for the aboveground portion in the Lots 41 and 42, can legally apply for the land use rights for the underground portion of the relevant land parcels, and there are no legal obstacles to obtain the land use rights of the underground portion. For the construction projects on the land above and below the Lots 41 and 42, OCT Shanghai Land can legally transfer the respective portion after completing the respective procedures for the underground land use rights, passes the completion examination, and completes the real estate registration according to law;
- iv. Regarding the underground car park in Lots 41 and 42, since it obtained the Construction Works Planning Permit before 30 September 2018 (inclusive), according to the current "Regulations on the Transfer of Underground Construction Land Use Rights in Shanghai" (Hu Gui Hua Zi Yuan Gui [2023] No. 5), the land use rights premium for the underground car park can be exempted during the effective period of this regulation;
- v. OCT Shanghai Land has obtained the necessary approvals and permits from the relevant government departments regarding design, planning, construction, etc.;
- vi. The interests including State-Owned Land Use Rights, Real Estate ownerships, and Property under development are legally held by OCT Shanghai Land and its subsidiaries. Except for the portion with restricted rights already disclosed (refer to Notes 12 and 13(ii)), OCT Shanghai Land can legally dispose of the Property;
- vii. In respect of Building 41D and the underground portion in Lot 41, the construction work has been completed and examined, but the Real Estate Title Certificate has not yet been obtained. OCT Shanghai Land should apply for real estate registration in a timely manner. After the completion of the real estate transaction, OCT Shanghai Land can transfer the aforesaid portion of the Property;

- viii. In respect of Building 42C and underground portion in Lot 42, the construction work commencement permit has been obtained, but the respective construction work has not yet been completed. OCT Shanghai Land can develop the aforesaid portion of the Property in accordance with approved permits. This respective portion may face the risk of being required by the relevant government authorities to pay liquidated damages as OCT Shanghai Land had not completed the construction work per the completion deadline stipulated in the Land Use Rights-Grant contract. According to the confirmation of OCT Shanghai Land, as of the date of issuance of this legal opinion, the government authorities have not made any verbal or written request for the payment of liquidated damages. If the government authorities agree or do not claim it subsequently, OCT Shanghai Land may not need to pay the liquidated damages for the delay in completion; and
- ix. In respect of the civil defense car park:
- a. OCT Shanghai Land has completed the real estate registration for the civil defense car parking spaces in Lot 1, and has legally obtained the Real Estate Title Certificates, OCT Shanghai Land has the right to occupy, use, dispose of, and receive earning of such portion;
  - b. OCT Shanghai Land has completed the construction work of the civil defense car parking spaces in Lot 41 and such construction work has been examined, and has the ownership and use rights of these car parking spaces. According to the current regulations in Shanghai, OCT Shanghai Land can apply for Real Estate Title Certificate according to law, and transfer or dispose of the respective car park after the registration is completed; and
  - c. OCT Shanghai Land has not yet completed the construction work of the civil defense car park in Lot 42. Upon completion, OCT Shanghai Land can apply for Real Estate Title Certificate according to the laws and regulations in effect at that time, and has the right to occupy, use, dispose of, and receive earning the civil defense car park after the real estate registration is completed according to law.
14. In undertaking our valuation of the completed portion of the Property and the under development portion of the Property as if completed, we have made reference to various market comparables of similar developments which have characteristics comparable to the property. Comparable properties are selected based on the following criteria: (i) comparable properties are located in Shanghai; (ii) comparable properties were transacted within the past 12 months; and (iii) the type of comparable properties is similar to the Property (commercial/office/car park). The unit rates of the commercial market comparables are in a range from RMB89,000 to 136,537 per sq.m. (GFA) (1/F), the unit rates of the office market comparables are in a range from RMB124,725 to 140,689 per sq.m. (GFA) and the unit rates of the car parking spaces market comparables are in a range from RMB800,000 to 810,000 per lot for car parking spaces. Due adjustments to the unit rents of these comparables have been made to reflect factors including but not limited to time, location, size, floor level, building age and building quality in arriving at the key assumptions.

We consider that the relevant comparable have met our selection criteria are included and they are set out in the following tables with adopted adjustments which are exhaustive, fair and representative.

#### List of Commercial Sales Comparable

	Comparable 1	Comparable 2	Comparable 3
Development	Cofco Tianyue Yihao	Suhewan Center Runfu	Zhongfu City
Location	No. 32, Qufu Road, Jinan District	No. 7, Lane 228, Fujian North Road	No. 653, Hankou Road
City	Shanghai	Shanghai	Shanghai
Usage	Commercial	Commercial	Commercial
GFA (sq.m.)	36.62	21.57	83.36
Unit Price (RMB/sq.m.)	136,537	106,630	89,000
Adjustments:			
Time		0.00% – 0.00%	
Location		-15.00% – 15.00%	
Size		-0.50% – 0.12%	
Age		-0.00% – 0.00%	
Quality		0.00% – 0.00%	

## Adjustment factors:

**Time:** In accordance with time index available to us, no significant fluctuation from the dates of comparables transaction to the valuation date, no adjustment is made.

**Location:** Upward adjustment is applied for comparable with inferior location, and vice versa.

Comparable 1 is located at a superior location, downward adjustment is applied. Comparable 2 is located at similar location, no adjustment is applied. Comparable 3 is located at inferior location, upward adjustment is applied.

**Size:** Upward adjustment is applied for comparable with larger size, and vice versa.

Comparable 1 and 2 have a smaller size than the typical commercial unit of the Property, upward adjustments are applied. Comparable 3 has a larger size than the typical commercial unit of the Property, downward adjustment is applied.

**Age:** All comparable are of similar age and condition with the Property, no adjustment is made.

**Quality:** All comparable have similar quality with the Property, no adjustment is made.

**List of Office Sales Comparable**

	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>
Development	Baoli International Center	The 21st Century Center Building	Suhewan Oct Plaza
Location	Room 504, No. 5, Lane 868, Puming Road, Pudong New Area	Room 4702, No. 210, Century Avenue, Pudong New Area	Room 2309, No. 10, Lane 108, Shanxi North Road, Jinan District
City	Shanghai	Shanghai	Shanghai
Usage	Office	Office	Office
GFA (sq.m.)	281.92	236.52	199.02
Unit Price (RMB/sq.m.)	126,706	124,725	140,689
Adjustments:			
Time		-5.00% – -4.00%	
Location		0.00% – 0.00%	
Age		0.00% – 0.00%	
Floor		-14.50% – 6.50%	
Size		0.00% – 0.00%	
Quality		0.00% – 0.00%	

## Adjustment factors:

**Time:** In accordance with the time index available to us, downward adjustment is applied to all comparable.

**Location:** All comparable are location at similar location with the Property, no adjustment is made.

**Age:** All comparable are of similar age and condition with the Property, no adjustment is made.

**Floor:** Upward adjustment is applied for comparable located at lower floor, and vice versa.

Comparable 1 is located at lower floor than the typical floor of the Property, upward adjustment is applied. Comparables 2 and 3 are located at higher floor than the typical floor of the Property, downward adjustment is applied.

**Size:** All comparable have similar size with the Property, no adjustment is made.

**Quality:** All comparable have similar quality with the Property, no adjustment is made.

**List of Car Parking Space Sale Comparable**

	<b>Comparable 1</b>	<b>Comparable 2</b>	<b>Comparable 3</b>
Development	Hongkong New World Garden	Laoximen New Garden	The Bund Jiuli Garden
Location	Lane 500, First Zhongshan South Road	No. 7, Lane 688, Xizang South Road	Lane 88, Maojiayuan Road
City	Shanghai	Shanghai	Shanghai
Usage	Car Parking Space	Car Parking Space	Car Parking Space
Unit Price (RMB/lot)	810,000	800,000	800,000
Adjustments:			
Time		0.00% – 0.00%	
Location		0.00% – 0.00%	

## Adjustment factors:

**Time:** We have collected three car park comparable all transacted within six months prior to the Valuation Date. As the car park sale market is relatively stable in the past six month according to our research finding. Therefore, no adjustment is made.

**Location:** All comparable are location at similar location with the Property, no adjustment is made.

In our valuation, we have adopted an average unit rate of approximately RMB108,000 per sq.m. for commercial units (1/F), an average unit rate of approximately RMB122,000 per sq.m. for office units, and an average unit rate of approximately RMB800,000 per lot for car parks, which are consistent with the relevant market comparables.

15. In accordance with the legal opinion, except for the portion of the Property with restricted rights as mentioned in Note 13 (vi), OCT Shanghai Land can legally dispose of the Property. As such, we have assigned market value to Building 41D and the underground portion of the Property.
16. In the course of our valuation, we have ascribed no commercial value to the ancillary facilities of the Property as it comprises plant and machinery room for ancillary purpose.
17. For the purpose of this report, the Property is classified into the following groups according to the purpose for which it is held, and the market values of each group as at the valuation date is set out as follows:

<b>Group</b>	<b>Market value in existing state as at 30 June 2024</b>
Group I: Portion of the property held by the Target Group for sale in the PRC	RMB4,925,000,000
Group II: Portion of the property held under-development by the Target Group in the PRC	RMB2,021,000,000
<b>Grand Total:</b>	<b>RMB6,946,000,000</b>

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTEREST IN SECURITIES

### Directors and chief executive

As at the Latest Practicable Date, the following were interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any 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 Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code, which have been entered in the register maintained by the Company pursuant to section 352 of the SFO:

Name	Capacity/Nature	Number of Shares interested <i>(long position)</i>	% of issued Shares <i>(approximate)</i>
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 other 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) of a Director or chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Party XV of the SFO, or pursuant to the Model Code, or recorded in the register required to be kept by the Company under section 352 of the SFO.

**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 issued Shares (approximate)
<i>Substantial shareholders</i>			
Pacific Climax	Beneficial owner (note 1)	530,894,000	70.94%
Overseas Chinese Town (HK) Company Limited (“OCT (HK)”) (HK) OCT Ltd.	Interest of a controlled corporation (note 2)	530,894,000	70.94%
	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:

So far as the Company is aware of, as of the Latest Practicable Date:

- (1) Pacific Climax held 530,894,000 Shares (long position). Mr. Wang Jianwen held directorship in Pacific Climax.
- (2) OCT (HK) was 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 was the chairperson of the board of directors of OCT (HK); Mr. Wang Jianwen was a director and general manager of OCT(HK); and Mr. Yang Guobin was a director of OCT (HK).
- (3) OCT Ltd. is the beneficial owner of all the issued share capital of OCT (HK), which is in turn the beneficial owner of all the issued share capital of Pacific Climax. OCT Ltd. is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT (HK) and Pacific Climax pursuant to the SFO. The shares of OCT Ltd. are listed on the Shenzhen Stock Exchange. It is a subsidiary of OCT Group. Ms. Liu Yu held the position of vice general accountant in OCT Ltd.
- (4) OCT Group was the holding company of OCT Ltd. OCT Group, together with its wholly-owned subsidiary, Shenzhen OCT Capital Investment Management Company Limited, held 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 held by Pacific Climax for the purpose of the SFO. Ms. Liu Yu held the position of the finance operation general manager in OCT Group.

Save as disclosed above, the Company has not been notified of any other interests required to be recorded in the register kept under section 336 of the SFO or of any director or proposed director (if any) being a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, in each case, as of 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. DIRECTORS' COMPETING INTERESTS

Each Director has confirmed that he/she and (so far as they are aware of having made reasonable enquiries) his/her respective close associates do not have any interest in a business (apart from the Group's business) which competes or is likely to compete, directly or indirectly, with the business of the Group as would be required to be disclosed under Rule 8.10 of the Listing Rules as if he/she was a controlling shareholder of the Company.

### 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 2023 (being the date to which the latest published audited financial statements of the Company were made up); and (ii) none of the Directors was materially interested in any subsisting contract or arrangement entered into by any member of the Group and which was significant in relation to the businesses of the Group.

### 6. 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) 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;
- (2) a real assets transaction agreement entered into between OCT Shanghai Land and Jiangsu Jinfeng Cement Group Co., Ltd. (江蘇金峰水泥集團有限公司) dated 25 December 2023 with respect to the disposal of the main hotel block and other structures, hotel facilities and ancillary rooms in B1/F-B2/F of T1 building and 88 underground car parks in the Suhewan Project at a consideration of RMB2.43 billion; and
- (3) the Equity Transfer Agreement.

## 7. LITIGATION

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

## 8. EXPERTS

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

<b>Name</b>	<b>Qualifications</b>
Rainbow Capital (HK) Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified public accountants
Savills Valuation and Professional Services (China) Limited	Property valuer

Each of them has confirmed that as of the Latest Practicable Date (i) it did not have any shareholding in any member of the Group or any 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) it did not have any interests, direct or indirect, in any assets 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 which had been since 31 December 2023 (being the date to which the latest published audited financial statements of the Company were made up).

Each expert has given and has not withdrawn its written consent to the issue of this circular with its statement and reference to its name in the form and context in which they are included.

## 9. 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 Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

- (3) 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 EGM Notice and the proxy form shall prevail over the Chinese text in case of inconsistency.
- (4) Certain figures set out in this circular have been subject to rounding.
- (5) 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.

#### 10. 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](http://www.hkexnews.hk)) for a period of not less than 14 days from the date of this circular (inclusive):

- (1) the Equity Transfer Agreement;
- (2) the letter from the Independent Board Committee;
- (3) the letter from the IFA;
- (4) 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;
- (5) the Property Valuation Report, the text of which is set out in Appendix IV to this circular;  
and
- (6) the written consents referred to in the section 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 19 September 2024 (Thursday) 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 equity transfer agreement (the “**Equity Transfer Agreement**”, a copy of which has been produced to the EGM marked “A” and initialed by the Chairman of the Meeting for the purpose of identification) dated 29 July 2024 entered into between GREAT TEC INVESTMENT LIMITED (the “**Seller**”), Shanghai Highpower OCT Investment Co., Ltd. (上海天祥華僑城投資有限公司) and Overseas Chinese Town (Shanghai) Land Company Limited (the “**Target Company**”) in relation to the disposal by the Seller of its equity interest in the Target Company and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and
- (b) any one director of the Company be and are hereby authorised 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 Equity Transfer Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 3 September 2024

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## NOTICE OF EGM

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*Notes:*

1. The EGM will be a physical meeting. References to time and dates in this notice are to Hong Kong time and dates.
2. Voting at the EGM shall be taken by poll, except where the chairman of the meeting, in good faith, decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands.
3. A proxy form for use at the EGM is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.oct-asia.com](http://www.oct-asia.com)).

An eligible shareholder is entitled to appoint one or more proxies to attend, speak and vote in its stead at the EGM subject to the provisions in the Company's articles of association and relevant rules and regulations. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent it and vote on its behalf at the EGM, provided that the appointment shall specify the number of shares in respect of which each such proxy is so appointed. 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.

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 that power or authority shall be deposited 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 adjourned meeting (as the case may be).

Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending, speaking and voting in person at the EGM, and in such event, the instrument appointing a proxy shall 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 personally 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 personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed on 19 September 2024 (Thursday) (being the record date for the EGM). During the closure, no transfer of 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 17 September 2024 (Tuesday).
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](mailto: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.
8. More information about the Equity Transfer Agreement is set out in the circular of the Company dated 3 September 2024.