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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, a 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 accompanying form of proxy to the purchaser or the transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03366)

MAJOR TRANSACTION
ACQUISITION OF 50% EQUITY INTEREST IN
BAOXIN QUANSHENG

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:—

“Acquisition”	the acquisition of 50% equity interest in Baoxin Quansheng by OCT Chuang Ying from Baoxin Investment;
“Auction”	the public auction held by Chengdu Trading & Service Center at which the Land was offered for sale by Chengdu Land Bureau;
“Baoxin Investment”	成都保鑫投資有限公司 (Chengdu Baoxin Investment Company Limited*), a company established in the PRC;
“Baoxin Quansheng”	成都市保鑫泉盛房地產開發有限公司 (Chengdu Baoxin Quansheng Real Estate Development Company Limited*), a company established in the PRC which is directly wholly owned by Baoxin Investment immediately before the completion of the Acquisition;
“Board”	the board of Directors of the Company;
“Chengdu Land Bureau”	成都市國土資源局 (Chengdu Land Resources Bureau*);
“Chengdu OCT”	成都天府華僑城實業發展有限公司 (Chengdu Tianfu OCT Industry Development Company Limited*), a sino-foreign equity joint venture established under the laws of the PRC and a non-wholly owned subsidiary of the Company;
“Chengdu Trading & Service Center”	成都市公共資源交易服務中心 (Chengdu Public Resources Trading and Service Center*);
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Company”	Overseas Chinese Town (Asia) Holdings Limited, 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 (stock code: 03366);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Cooperation Agreement”	the cooperation agreement dated 7 March 2016 entered into between OCT Chuang Ying and Baoxin Investment in respect of, amongst others, the Acquisition;
“Director(s)”	the director(s) of the Company;

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“Equity Transfer Agreement”	the equity transfer agreement dated 7 March 2016 entered into between OCT Chuang Ying and Baoxin Investment in respect of the Acquisition;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	parties independent of and not connected with the Company and its connected persons;
“Land”	a piece of land located at Division 4, 6 and 11, Tuqiao Village, Jinquan Road, Jinniu District, Chengdu, the PRC* (中國成都市金牛區金泉街道土橋村4、6、11組) with a total site area of approximately 58,308 square meters;
“Latest Practicable Date”	3 May 2016, being the latest practicable date prior to the printing of this circular for ascertaining information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“OCT Chuang Ying”	成都華僑城創盈企業管理有限公司 (Chengdu OCT Chuang Ying Enterprise Management Company Limited*), a company established in the PRC and a wholly-owned subsidiary of Chengdu OCT;
“Pacific Climax”	Pacific Climax Limited, a company incorporated in the British Virgin Islands with limited liability, which is a controlling shareholder of the Company;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular;
“RMB”	Renminbi, the lawful currency of the PRC;
“Savills”	Savills Valuation and Professional Services Limited, an independent property valuer;
“Share(s)”	share(s) of HK\$0.1 each in the share capital of the Company;
“Shareholders”	holders of Share(s) of the Company;

DEFINITIONS

“sq.m.”	square metre(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

In this circular, the English names of the PRC entities or enterprises are translations of their Chinese names. In the event of any inconsistency, the Chinese names shall prevail.

For the purpose of this circular and solely for the purpose of illustration, the conversion of RMB into HK\$ is based on the exchange rate of RMB0.84 = HK\$1.00. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or HK\$ has been or could have been or may be converted at such or another rate or at all.

** For identification purpose only*

LETTER FROM THE BOARD



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. Wang Xiaowen (*Chairman*)
Ms. Xie Mei (*Chief Executive Officer*)
Mr. Lin Kaihua

Non-executive Director:

Mr. Zhou Ping

Independent Non-executive Directors:

Mr. Lu Gong
Ms. Wong Wai Ling
Professor Lam Sing Kwong Simon

Registered Office:

Clifton House
75 Fort Street
PO Box 1350 GT
George Town
Grand Cayman
Cayman Islands

*Head Office and Principal Place of
Business:*

Suites 3203-3204, Tower 6
The Gateway, Harbour City
Canton Road
Tsim Sha Tsui
Kowloon
Hong Kong

5 May 2016

To the Shareholders,

Dear Sir or Madam,

**MAJOR TRANSACTION
ACQUISITION OF 50% EQUITY INTEREST IN
BAOXIN QUANSHENG**

INTRODUCTION

References are made to the announcement of the Company dated 7 March 2016.

The purpose of this circular is to provide Shareholders with (i) further details of the Cooperation Agreement and the transactions contemplated thereunder; and (ii) such other information as required by the Listing Rules.

LETTER FROM THE BOARD

On 7 March 2016 (after trading hours), OCT Chuang Ying, a wholly-owned subsidiary of Chengdu OCT (which is a non-wholly owned subsidiary of the Company), entered into the Cooperation Agreement with Baoxin Investment, pursuant to which OCT Chuang Ying agreed to acquire and Baoxin Investment agreed to sell 50% equity interest in Baoxin Quansheng at a consideration of RMB25,000,000 (equivalent to approximately HK\$29,761,905). OCT Chuang Ying and Baoxin Investment have also entered into the Equity Transfer Agreement for the acquisition of 50% equity interest in Baoxin Quansheng by OCT Chuang Ying from Baoxin Investment on the same date.

Following completion of the Acquisition, Baoxin Quansheng will cease to be a wholly-owned subsidiary of Baoxin Investment and will be owned as to 50% and 50% by each of OCT Chuang Ying and Baoxin Investment. Baoxin Quansheng will not become a subsidiary of the Company and the financial results of Baoxin Quansheng will not be consolidated into the Group.

PRINCIPAL TERMS OF THE COOPERATION AGREEMENT

The principal terms of the Cooperation Agreement are as follows:

Date

7 March 2016

Parties

- (1) OCT Chuang Ying, a wholly-owned subsidiary of Chengdu OCT (which is a non-wholly owned subsidiary of the Company), as the purchaser; and
- (2) Baoxin Investment, as the vendor.

To the best information, knowledge and belief of the Directors, after having made all reasonable enquiries, Baoxin Investment and its ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

The acquisition of the 50% equity interest in Baoxin Quansheng by OCT Chuang Ying from Baoxin Investment.

Baoxin Quansheng was newly established in the PRC in February 2016 with registered capital of RMB50,000,000.

As Baoxin Quansheng is in the early stage of development, the profit before and after tax attributable to Baoxin Quansheng for the two financial years preceding to the signing of the Cooperation Agreement are not available and a net loss of approximately RMB1,658,000 was recorded for the period from 16 February 2016 (date of incorporation) to 31 March 2016. As of 31 March 2016, the audited net assets value of Baoxin Quansheng was approximately RMB48,342,000.

LETTER FROM THE BOARD

Consideration and Shareholder's Loan

RMB25,000,000 (equivalent to approximately HK\$29,761,905).

Pursuant to the Cooperation Agreement, OCT Chuang Ying and Baoxin Investment shall enter into the Equity Transfer Agreement within three business days from the date of the Cooperation Agreement and the consideration in the amount of RMB25,000,000 shall be paid by OCT Chuang Ying to Baoxin Investment within three business days from the date of the Equity Transfer Agreement. OCT Chuang Ying and Baoxin Investment have entered into the Equity Transfer Agreement on 7 March 2016. OCT Chuang Ying and Baoxin Investment shall complete the relevant industrial and commercial registration procedures of the Acquisition within ten business days from the date of payment of the said consideration. Such registration procedures have been completed on 17 March 2016. The Acquisition has also been completed on 17 March 2016.

Should OCT Chuang Ying fail to pay the aforesaid consideration in accordance with the terms of the Cooperation Agreement, Baoxin Investment shall have the right to terminate the Cooperation Agreement and the Equity Transfer Agreement and OCT Chuang Ying shall be liable for a penalty in the amount of RMB50,000,000.

On condition that OCT Chuang Ying has fulfilled its obligations under the Cooperation Agreement, if Baoxin Investment fails to cooperate with OCT Chuang Ying in handling the registration procedures for the Acquisition resulting in inability of OCT Chuang Ying in obtaining 50% equity interest in Baoxin Quansheng, OCT Chuang Ying shall have the right to terminate the Cooperation Agreement and the Equity Transfer Agreement and Baoxin Investment shall refund all amounts paid to it by OCT Chuang Ying and be liable for a penalty in the amount of RMB50,000,000.

As at 15 February 2016, the immediate parent company of Baoxin Investment had paid a total of RMB165,961,566.5 (equivalent to approximately HK\$197,573,282) (the "**Contributed Amount**") on behalf of Baoxin Quansheng or through Baoxin Quansheng for the development of the Land which comprise (1) the land transfer fee of the Land (RMB160,000,000); (2) the transaction fee of the Auction (RMB4,028,650); and (3) land index fee* (用地指標款) (RMB1,932,916.5). The Contributed Amount was paid by the immediate parent company of Baoxin Investment and was accounted for as "Other payables-related parties" in the books of Baoxin Quansheng. OCT Chuang Ying shall provide a sum equal to 50% of the Contributed Amount minus RMB25,000,000 to Baoxin Quansheng as shareholder's loan, being RMB57,980,783.25 (equivalent to approximately HK\$69,024,742) (the "**OCT Commitment**"), within three business days upon completion of the relevant industrial and commercial registration procedures of the Acquisition and obtaining the new business licence. Such amount received by Baoxin Quansheng will be used for repaying part of the Contributed Amount provided by Baoxin Investment. OCT Chuang Ying has paid the OCT Commitment to Baoxin Quansheng on 21 March 2016 in accordance with the Cooperation Agreement.

If OCT Chuang Ying fails to provide the OCT Commitment in accordance with the terms of the Cooperation Agreement for less than five business days, any outstanding amount will be subject to a penalty of 0.02% per day payable to Baoxin Investment. If the OCT Commitment is overdue for five business days or more, Baoxin Investment shall have the right to terminate the Cooperation Agreement and OCT Chuang Ying shall be liable for a penalty in the amount of RMB50,000,000 and shall return the 50% equity interest

* For identification purpose only

LETTER FROM THE BOARD

in Baoxin Quansheng to Baoxin Investment at a consideration of RMB25,000,000. The amount of penalty was determined after arm's length negotiations between OCT Chuang Ying and Baoxin Investment by reference to, among others, the projected total revenue of development project under Baoxin Quansheng. It represents approximately 25% of the projected total revenue of development project under Baoxin Quansheng.

The consideration of the Acquisition and the OCT Commitment were determined after arm's length negotiations between OCT Chuang Ying and Baoxin Investment by reference to, among others, registered capital of Baoxin Quansheng and the final bid price of the Land being RMB629,730,000. The Board considered that each of the consideration of the Acquisition in the amount of RMB25,000,000 and the OCT Commitment in the amount of RMB57,980,783.25 was fair and reasonable after taking into account the market price of surrounding land and the development potential of the Land.

The Group satisfied the consideration of the Acquisition in the amount of RMB25,000,000 by internal resources and intends to satisfy the OCT Commitment by shareholder's loan and bank loan(s).

Source of capital

Should Baoxin Quansheng require working capital and such amount cannot be fully covered by bank loans and proceeds from sale, OCT Chuang Ying and Baoxin Investment shall provide shareholders' loan to Baoxin Quansheng in proportion to their respective equity interests in Baoxin Quansheng to cover the deficient amount. OCT Chuang Ying and Baoxin Investment shall also provide corporate guarantees in proportion to their respective equity interests required for the bank loan(s) to be obtained by Baoxin Quansheng. The total amount of shareholders' loans and corporate guarantees to be provided by OCT Chuang Ying and Baoxin Investment shall not exceed RMB1,950,000,000. Such maximum amount was determined with reference to the expected total costs of the development of the Land. The projected maximum amount of shareholders' loans and corporate guarantees is higher than such expected costs to allow for changes to the cost needs due to fluctuations of market conditions.

Baoxin Quansheng shall pay interest to OCT Chuang Ying and Baoxin Investment for their respective shareholders' loans in accordance with the benchmark rate for loan of the same period promulgated by the People's Bank of China plus 10%.

The Group intends to satisfy the shareholder's loan to be made by OCT Chuang Ying to Baoxin Quansheng by shareholder's loan and bank loan(s).

Board composition of Baoxin Quansheng

The board of Baoxin Quansheng shall comprise three directors, of which two directors will be appointed by Baoxin Investment and one director will be appointed by OCT Chuang Ying. The chairman of the board of directors of Baoxin Quansheng will be appointed by Baoxin Investment. However, all resolutions made by the board of directors shall be unanimously agreed by all the directors.

LETTER FROM THE BOARD

Profit and loss sharing

The profit and loss of Baoxin Quansheng will be shared by OCT Chuang Ying and Baoxin Investment proportional to their respective capital injection and shareholders' loan in Baoxin Quansheng.

Other Terms

When the property to be developed on the Land has been completed and delivered and over 94% of the saleable areas have been sold, OCT Chuang Ying and Baoxin Investment shall liquidate Baoxin Quansheng, the detailed terms of which will be subject to further negotiation between OCT Chuang Ying and Baoxin Investment.

Each of OCT Chuang Ying and Baoxin Investment shall not dispose of or pledge their respective equity interests in Baoxin Quansheng to any other party(ies) without the consent from the other party.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENT

Baoxin Investment has succeeded in the bid of the land use rights of the Land offered for sale by Chengdu Land Bureau at the Auction dated 3 February 2016 at the final bid price of RMB629,730,000 and has established a wholly-owned subsidiary, Baoxin Quansheng to hold the Land. Baoxin Quansheng expects that the total costs of the development of the Land would be approximately RMB1,789,000,000, which comprise the expected land and transaction fees (RMB655,000,000), engineering and management costs (RMB814,000,000), various tax expenses (RMB162,000,000), and management, sales and financial expenses (RMB158,000,000), subject to changes due to, amongst others, the actual needs of Baoxin Quansheng, the relevant tax policies in the PRC, market conditions and labour and raw material prices which may vary from time to time. The Group intends to finance such costs by the funds injected or to be injected into Baoxin Quansheng from Baoxin Investment and OCT Chuang Ying through shareholders' loans as well as bank loan(s).

Due to rapid economic growth in Chengdu, its property market is active and has room for growth. The Land is located in Jinniu District, a major development zone in Chengdu. Given the superior geographical location with good ancillary facilities of the Land, it is expected the Acquisition will bring satisfied return and enhance the overall profit level of the Company. Furthermore, the beneficial owner of Baoxin Investment is a leading company in the industry and has successful experience in property development. The Company believed that the cooperation between both parties could ensure the success of the Land's development.

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Acquisition and the transactions contemplated thereunder (including the Consideration) are fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP

The principal business activity of the Company is investment holding. The Group is principally engaged in the comprehensive development business and the manufacture and sale of cartons and paper products.

LETTER FROM THE BOARD

OCT Chuang Ying is a wholly-owned subsidiary of Chengdu OCT, which is a non-wholly owned subsidiary of the Company and is indirectly owned as to approximately 51% by the Company, as to approximately 24.8% by 深圳華僑城房地產有限公司 (Overseas Chinese Town Real Estate Company Limited*) (“**OCT Real Estate**”) (a wholly-owned subsidiary of 深圳華僑城股份有限公司 (Shenzhen Overseas Chinese Town Company Limited*) (“**OCT Ltd.**”)) and as to approximately 24.2% by OCT Ltd. As at the Latest Practicable Date, Pacific Climax is a controlling shareholder of the Company, holding approximately 66.66% of the issued share capital of the Company. Pacific Climax is wholly-owned by Overseas Chinese Town (HK) Company Limited, which is, in turn, wholly-owned by OCT Ltd.

INFORMATION OF BAOXIN INVESTMENT

Baoxin Investment is indirectly wholly-owned by 保利房地產(集團)股份有限公司 (Baoli Real Estate (Group) Company Limited*) which has had abundant experience in real estate development in the PRC. Baoxin Investment is principally engaged in project investment, real estate development, land consolidation, construction of city infrastructure, sale of property, leasing of self-owned buildings, construction of roads and earthwork, property management, hotel management and import and export of technology etc..

Immediately before the completion of the Acquisition, Baoxin Investment directly wholly-owns Baoxin Quansheng whose assets mainly consist of the Land located in Jinniu District with a total site area of approximately 58,308 sq.m.. According to the relevant laws, regulations and planning guidelines, the total gross floor area shall be not more than 174,925 sq.m. and the Land is designated for commercial and Type 2 residential purposes (商業用地兼容二類住宅用地). The Land will mainly be used for the development of high-rise residential property, ground-floor shops, commercial duplexes, apartment buildings and underground car parking space. It is anticipated that construction will commence in May 2016 and be completed by the end of 2018.

VALUATION OF THE LAND

In compliance with the Listing Rules, the Company has engaged Savills, an independent property valuer, to value the Land. Details of the valuation report are set out in Appendix V of this circular. Disclosure of the reconciliation of the net carrying amount and the valuation as required under Rule 5.07 of the Listing Rules is set out below:

	<i>RMB'000</i>
The value of the Land as at 29 February 2016 as set out in Appendix V of this circular	630,000
Revaluation deficit	24,773
The net carrying value of the Land as at 31 March 2016	654,773

FINANCIAL EFFECT OF THE ACQUISITION

Upon completion of the Acquisition, Baoxin Quansheng will become a joint venture of the Company and its results will be equity accounted in the consolidated financial statements of the Company. Based on the unaudited pro forma financial information of the Group as set out in Appendix IV of this circular, as at

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31 December 2015, (i) the unaudited pro forma total assets of the Group would be approximately RMB22.08 billion; (ii) the unaudited pro forma total liabilities of the Group would be approximately RMB15.31 billion; (iii) the unaudited pro forma adjusted net asset value of the Group would be approximately RMB6.77 billion; and (iv) the unaudited pro forma adjusted gearing ratio of the Group would be approximately 48.90%. There would be no financial effect of the Acquisition on the earnings of the Group as at the completion date of the Acquisition.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the year ended 31 December 2015, the Group realized revenue of approximately RMB6,436 million, representing an increase of approximately 69.5% over the same period in 2014. For the year ended 31 December 2015, profit attributable to the Shareholders was approximately RMB273 million, representing a decrease of approximately 16.3% over the same period in 2014. Excluding the effect of earnings from disposal of a subsidiary in 2014, the profit attributable to the shareholders increased significantly over the corresponding period of 2014. For the year ended 31 December 2015, gross profit margin was approximately 31.4%, representing a decrease of approximately 1.4 percentage points over the same period in 2014. For the year ended 31 December 2015, total assets and total equity amounted to approximately RMB22,080 million and approximately RMB6,773 million, representing an increase of approximately 1.0% and approximately 6.1% over the same period in 2014 respectively.

Looking forward, the Group will continue to adhere to industry-leading development concept and clear market orientation, fully utilize its advantages, and make active efforts in seeking land resources and project merger and acquisition opportunities which are in line with the Group's strategic positioning in regions with location advantage and growth potential. In the meantime, the Group will enrich its portfolio of quality project reserve, with a view to strengthening the potential for future development of the Company.

Shanghai Suhewan, as a riverside city comprehensive project featuring a fusion of cultural heritage, art, fashion, commercial and residential properties as well as urban recreational facilities, will be transformed into a brand new landmark in Shanghai. As the residential and land markets in Shanghai remains buoyant, the Shanghai Suhewan Project presented the supreme quality of products to the market, established the most leading valued brand in the luxury residential market of Shanghai, and also effectively enhanced the overall value of the neighboring district and gradually makes Suhewan District a luxury homes district in the city centre of Shanghai. Chengdu OCT will continue to sell high-rise residential properties, low-density residential properties, multi-storey residential properties and high-end office buildings, and boost the development of business properties. The OCT Chang'an Metropolis Project enjoys superior location and convenient transportation as well as strong business atmosphere, and the Group has obtained the building ownership certificates of Building 2# and car parking spaces of this project. CSI Company owns a parcel of land located in Luomashi business district, a core business district in Chengdu, Sichuan province, which will be developed into a commercial complex project namely "the Vitality Centre" and become a landmark building in the core area of the centre of Chengdu. The Chongqing OCT Real Estate Project enjoys a supreme location and rich landscape resources and is expected to develop middle-to-high-end high-rise and multi-storey residential properties.

In terms of paper packaging business, the new factory of Suzhou Huali will be put into operation in 2016. These developments will further enhance its productivity, resulting in effective improvement in the market sale and presence of the Group in the Yangtze River Delta regions. The Group will continue to

LETTER FROM THE BOARD

expand markets, adjust sales strategies, further optimize customer structure, and expand market sales, while making greater efforts in the reform of equipment and logistics automation, with a view to enhancing operational efficiency. In addition, the Group will also speed up the innovation of its packaging business, with a focus on the innovation of products, technologies and management. Efforts will also be made to the expansion of the scope of its operations, as well as to the enhancement of research & development and design capabilities in packing and integrated services.

The Group has full confidence in the development prospect in the future, and will strive to bring satisfactory return to its shareholders supported by its parent company, Overseas Chinese Town Enterprise Company (華僑城集團公司) and by leveraging the brands, resources and experience advantages of its parent company in the composite project development area and through innovation development and win-win cooperation.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios calculated pursuant to the Listing Rules in respect of the Cooperation Agreement is/are more than 25% but less than 100%, the Cooperation Agreement and the transactions contemplated thereunder constitute a major transaction of the Company for the purpose of the Listing Rules and are subject to the announcement requirement and the approval of the Shareholders under Chapter 14 of the Listing Rules.

As no Shareholder has material interest in the Cooperation Agreement and the transactions contemplated thereunder, none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the Cooperation Agreement and the transactions contemplated thereunder. The Company has obtained a written approval from Pacific Climax, which held 434,894,000 Shares as at the date of this circular (representing approximately 66.66% of the issued share capital of the Company) for the approval of the Cooperation Agreement and the transactions contemplated thereunder. As such, no extraordinary general meeting will be convened by the Company to approve the Cooperation Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

By order of the Board
Overseas Chinese Town (Asia) Holdings Limited
WANG Xiaowen
Chairman

1. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The Company is required to set out in this circular the financial information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 December 2013 has been set out in pages 61 to 142 of the annual report 2013 of the Company which was posted on 19 March 2014 on the Stock Exchange's website (<http://www.hkexnews.hk>).

The audited consolidated financial statements of the Group for the year ended 31 December 2014 has been set out in pages 59 to 136 of the annual report 2014 of the Company which was posted on 26 March 2015 on the Stock Exchange's website (<http://www.hkexnews.hk>).

The audited consolidated financial statements of the Group for the year ended 31 December 2015 has been set out in pages 59 to 138 of the annual report 2015 of the Company which was posted on 7 April 2016 on the Stock Exchange's website (<http://www.hkexnews.hk>).

2. INDEBTEDNESS STATEMENT

At the close of business on 11 March 2016, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had total borrowings amounted to RMB11,643 million comprising, loans from related parties of the Company of approximately RMB7,470 million, and bank and other loans of approximately RMB4,173 million (the "**Bank and Other Loans**"). The Bank and Other Loans were secured by charge on two bank accounts of a subsidiary of the Company, pledge of certain investment properties of a subsidiary of the Company, pledge of certain inventories classified as properties held for future development and under development for sale, floating charge on certain inventories classified as completed properties held for sale and guarantee provided by the Company, certain subsidiaries and intermediate parents of the Company. Other than the Bank and Other Loans, loans from related parties of the Company are unsecured.

As at the close of business on 11 March 2016, the contingent liability of the Company was the corporate guarantee for the Bank and Other Loans as described above to the extent of approximately RMB241 million.

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 11 March 2016, the Group did not have any other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase lease commitments, liabilities under acceptance or acceptance credit, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the financial resources available to the Group including the internally generated funds and the present available bank facilities, and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its requirements for at least the next 12 months from the date of this circular.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, RSM Hong Kong, Certified Public Accountants, Hong Kong.



29th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

5 May 2016

The Directors
Overseas Chinese Town (Asia) Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the “**Financial Information**”) of 成都市保鑫泉盛房地產開發有限公司 (Chengdu Baoxin Quansheng Real Estate Development Company Limited*) (“**Baoxin Quansheng**”) for the period from 16 February 2016 (date of incorporation) to 31 March 2016 (the “**Relevant Period**”) for inclusion in the circular dated 5 May 2016 issued by Overseas Chinese Town (Asia) Holdings Limited (the “**Company**”) in connection with the acquisition of the 50% equity interest in Baoxin Quansheng (the “**Circular**”).

Baoxin Quansheng was incorporated on 16 February 2016 in the People’s Republic of China with limited liability and engaged in property development.

Baoxin Quansheng will adopt 31 December as the financial year end date.

No audited financial statements of Baoxin Quansheng have been prepared for the Relevant Period as Baoxin Quansheng was incorporated on 16 February 2016.

For the purpose of this report, the directors of Baoxin Quansheng have prepared the financial statements of Baoxin Quansheng for the Relevant Period in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) (the “**Underlying Financial Statements**”).

We have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

The Financial Information has been prepared from the Underlying Financial Statements in accordance with HKFRSs. No adjustments were considered necessary for the purpose of preparing our report for inclusion in the Circular.

* The English translation name is for identification purpose only. The official name of the entity is in Chinese.

The directors of Baoxin Quansheng are responsible for the preparation of the Underlying Financial Statements. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, for the purpose of this report and on the basis of preparation set out in Note 2 to the Financial Information, the Financial Information gives a true and fair view of the state of affairs of Baoxin Quansheng as at 31 March 2016 and of Baoxin Quansheng's results and cash flows for the Relevant Period.

FINANCIAL INFORMATION

A. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Note</i>	Period from 16 February 2016 (date of incorporation) to 31 March 2016 RMB'000
Revenue	7	—
Administrative expenses		<u>—</u>
Loss from operations		—
Finance costs	9	<u>(1,658)</u>
Loss before tax		(1,658)
Income tax expense	10	<u>—</u>
Loss for the period and total comprehensive income for the period attributable to owners of Baoxin Quansheng	11	<u><u>(1,658)</u></u>

APPENDIX II ACCOUNTANT'S REPORT OF BAOXIN QUANSHENG

B. STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	As at 31 March 2016 RMB'000
Current assets		
Inventories	<i>12</i>	654,773
Cash and cash equivalents	<i>13</i>	<u>149</u>
		<u>654,922</u>
Current liabilities		
Other payables	<i>14</i>	<u>606,580</u>
NET ASSETS		<u><u>48,342</u></u>
Capital and reserves		
Equity capital	<i>15</i>	50,000
Reserves		<u>(1,658)</u>
EQUITY		<u><u>48,342</u></u>

APPENDIX II ACCOUNTANT'S REPORT OF BAOXIN QUANSHENG

C. STATEMENT OF CHANGES IN EQUITY

	Equity capital <i>RMB'000</i>	Accumulated loss <i>RMB'000</i>	Total Equity <i>RMB'000</i>
Capital injection by owners	50,000	–	50,000
Total comprehensive income for the period	<u>–</u>	<u>(1,658)</u>	<u>(1,658)</u>
At 31 March 2016	<u>50,000</u>	<u>(1,658)</u>	<u>48,342</u>

D. STATEMENT OF CASH FLOWS

	Period from 16 February 2016 (date of incorporation) to 31 March 2016 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before tax	<u>(1,658)</u>
Adjustments for:	
Finance costs	<u>1,658</u>
Operating profit before working capital changes	–
Increase in inventories	(654,773)
Increase in other payables	<u>333,996</u>
Net cash used in operating activities	<u>(320,777)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Capital injection	50,000
Inception of borrowings from an immediate parent of a joint venturer and from joint venturers	608,807
Repayment of borrowings from an immediate parent of a joint venturer and from joint venturers	<u>(337,881)</u>
Net cash generated from financing activities	<u>320,926</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	149
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>–</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>149</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS	
Bank and cash balances	<u><u>149</u></u>

E. NOTES TO THE FINANCIAL INFORMATION**1. GENERAL INFORMATION**

Baoxin Quansheng was incorporated in the PRC as a limited liability company. The address of its registered office is 成都市金牛區金泉街道兩河路555號.

Baoxin Quansheng is engaged in property development.

2. BASIS OF PREPARATION

The Financial Information has been prepared in accordance with all applicable HKFRSs issued by the HKICPA. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The Financial Information also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND REQUIREMENTS**(a) Application of new and revised HKFRSs**

In the Relevant Period, Baoxin Quansheng has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 16 February 2016.

(b) New and revised HKFRSs in issue but not yet effective

Baoxin Quansheng has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial period beginning 16 February 2016. The directors of Baoxin Quansheng anticipate that the new and revised HKFRSs will be adopted in the Financial Information when they become effective. Baoxin Quansheng is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

List of New and revised HKFRSs in issue but not yet effective

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost convention.

The preparation of Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires the management of Baoxin Quansheng to exercise its judgement in the process of applying Baoxin Quansheng's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 5 to the Financial Information.

The significant accounting policies applied in the preparation of the Financial Information are set out below.

4.1 Foreign currency translation

Functional and presentation currency

Items included in the Financial Information are measured using the currency of the primary economic environment in which Baoxin Quansheng operates (the “**functional currency**”). The Financial Information are presented in Renminbi, which is Baoxin Quansheng's functional and presentation currency.

4.2 Properties held for future development for sale

Properties held for future development for sale are stated at the lower of cost and net realisable value. Costs include acquisition costs, prepaid land lease payments, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

On completion, the properties are reclassified to properties held for sale at the then carrying amount.

4.3 Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when Baoxin Quansheng becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; Baoxin Quansheng transfers substantially all the risks and rewards of ownership of the assets; or Baoxin Quansheng neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

4.4 Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs except in the case of financial assets at fair value through profit or loss.

Baoxin Quansheng classifies its financial assets in the following category: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank balances and cash are classified in this category.

4.5 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand.

4.6 Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of Baoxin Quansheng after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(a) Other payables

Other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(b) Equity instruments

Equity instruments issued by Baoxin Quansheng are recorded at the proceeds received, net of direct issue costs.

4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.8 Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Baoxin Quansheng's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which Baoxin Quansheng expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Baoxin Quansheng intends to settle its current tax assets and liabilities on a net basis.

4.9 Impairment of financial assets

At the end of each reporting period, Baoxin Quansheng assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For the financial assets of Baoxin Quansheng, the carrying amount is directly reduced by the impairment loss.

4.10 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when Baoxin Quansheng has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

4.11 Events after the reporting period

Events after the reporting period that provide additional information about Baoxin Quansheng's position at the end of the reporting period are adjusting events and are reflected in the Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Financial Information when material.

5. CRITICAL JUDGEMENT AND KEY ESTIMATES

Critical judgement in applying accounting policies

In the process of applying the accounting policies, the directors of Baoxin Quansheng have made the following judgement that has the most significant effect on the amounts recognised in the Financial Information (apart from those involving estimations, which are dealt with below).

Legal titles of a parcel of land

As stated in note 12 to the Financial Information, the land use right certificate of a parcel of land has not yet been obtained by Baoxin Quansheng as at 31 March 2016. Despite the fact that Baoxin Quansheng has not yet obtained the land use right certificate, the directors of Baoxin Quansheng determined to recognise the carrying amount of the parcel of land as inventories on the grounds that Baoxin Quansheng is in the process of obtaining the land use right certificate and they expect obtaining such certificate in future should have no major difficulties and Baoxin Quansheng is in substance controlling that parcel of land.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Provision for properties held for future development for sale

As explained in note 4.2 to the Financial Information, Baoxin Quansheng's properties held for future development for sale are stated at the lower of cost and net realisable value. Based on Baoxin Quansheng's recent experience and the nature of the subject properties, Baoxin Quansheng makes estimates of the selling prices, the costs of completion in case for properties held for future development for sale, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in provision for properties held for future development for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

The carrying amount of properties held for future development for sale as at 31 March 2016 was approximately RMB654,773,000.

6. FINANCIAL RISK MANAGEMENT

Baoxin Quansheng's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. Baoxin Quansheng's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Baoxin Quansheng's financial performance.

6.1 Foreign currency risk

Baoxin Quansheng has minimal exposure to foreign currency risk as all of its business transactions, assets and liabilities are principally denominated in Renminbi. Baoxin Quansheng currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. Baoxin Quansheng monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

6.2 Credit risk

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

6.3 Liquidity risk

Baoxin Quansheng's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of Baoxin Quansheng's financial liabilities is as follows:

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
At 31 March 2016				
Other payables	<u>620,736</u>	<u>-</u>	<u>-</u>	<u>-</u>

6.4 Interest rate risk

Baoxin Quansheng's exposure to interest-rate risk arises from its bank deposits and amount due to immediate parent of a joint venturer and amount due to joint venturers of RMB57,532,000 and RMB213,394,000 respectively (note 14). These balances bear interests at variable rates varied with the then prevailing market condition.

APPENDIX II ACCOUNTANT'S REPORT OF BAOXIN QUANSHENG

6.5 Categories of financial instruments at 31 March 2016

As at
31 March 2016
RMB'000

Financial assets:

Loans and receivables (including cash and cash equivalents) 149

Financial liabilities:

Financial liabilities at amortised cost 606,580

6.6 Fair value

The carrying amounts of Baoxin Quansheng's financial assets and financial liabilities as reflected in the statement of financial position approximate their respective fair values.

7. REVENUE

Baoxin Quansheng has no revenue during the Relevant Period.

8. SEGMENT INFORMATION

Baoxin Quansheng has a sole reportable segment which is property development.

Baoxin Quansheng's reportable segment is strategic business unit that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

No segment information has been disclosed as Baoxin Quansheng has not yet commenced the business during the Relevant Period and all the assets of Baoxin Quansheng are situated in the PRC.

9. FINANCE COSTS

Period from
16 February 2016
(date of
incorporation) to
31 March 2016
RMB'000

Interest on:

Amount due to immediate parent of a joint venturer 223

Amount due to joint venturers 1,435

1,658

10. INCOME TAX EXPENSE

(a) No provision for Hong Kong Profits Tax is required since Baoxin Quansheng has no assessable profit subject to Hong Kong Profits Tax for the Relevant Period.

Pursuant to the income tax rules and regulations of the PRC, taxation of Baoxin Quansheng is charged at the current rate of taxation ruling at 25%. No provision of taxation in the PRC is required since Baoxin Quansheng has no assessable profit subject to taxation in the PRC for the Relevant Period.

- (b) The reconciliation between the income tax expense and the product of loss before tax multiplied by the PRC Enterprise Income Tax rate is as follows:

	Period from 16 February 2016 (date of incorporation) to 31 March 2016 RMB'000
Loss before tax	(1,658)
Tax at the PRC Enterprise Income Tax rate of 25%	(414)
Tax effect of unused tax losses not recognised	414
Income tax expense	—

11. LOSS FOR THE PERIOD

	Period from 16 February 2016 (date of incorporation) to 31 March 2016 RMB'000
Directors' remuneration	
– As director	—
– For management	—
Staff costs	—

12. INVENTORIES

- (a) Inventories in the statement of financial position comprise:

	As at 31 March 2016 RMB'000
Properties held for future development for sale	654,773

- (b) At 31 March 2016, the inventories included a parcel of land held for future development of approximately RMB654,773,000 for which Baoxin Quansheng is in the process of obtaining the relevant land use right certificate.

APPENDIX II ACCOUNTANT'S REPORT OF BAOXIN QUANSHENG

13. CASH AND CASH EQUIVALENTS

The cash and cash equivalents of Baoxin Quansheng comprise the cash at banks and in hand. As at 31 March 2016, the bank and cash balances of Baoxin Quansheng are denominated in Renminbi. Conversion of Renminbi into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

14. OTHER PAYABLES

	As at 31 March 2016 RMB'000
Amount due to immediate parent of a joint venturer (<i>note a</i>)	57,755
Amounts due to joint venturers (<i>note a</i>)	214,829
Amounts due to third parties (<i>note b</i>)	333,996
	<hr/>
	606,580
	<hr/> <hr/>

Notes:

- a. Immediate parent of a joint venturer represented 保利(成都)實業有限公司 (Baoli (Chengdu) Industrial Company Limited*), being the immediate parent of 成都保鑫投資有限公司(Chengdu Baoxin Investment Company Limited*) (“**Baoxin Investment**”), which is a joint venturer of Baoxin Quansheng as at 31 March 2016.

Joint venturers of Baoxin Quansheng represented Baoxin Investment and 成都華僑城創盈企業管理有限公司 (Chengdu OCT Chuang Ying Enterprise Management Company Limited*) (“**OCT Chuang Ying**”), a subsidiary of the Company. Each of the joint venturers held 50% equity interests of Baoxin Quansheng as at 31 March 2016.

Included in the amount due to immediate parent of a joint venturer and amounts due to joint venturers are borrowings to Baoxin Quansheng with principal amounts of RMB57,532,000 and RMB213,394,000 respectively and are unsecured, interest-bearing at 10% mark-up on the bank borrowing rate of the corresponding borrowing period and have no fixed terms of repayment. The remaining balances represented the accrued interest as at the end of the reporting period and are unsecured, interest-free and have no fixed terms of repayment.

- b. Included in amounts due to third parties of RMB314,865,000 represented balance payment for the acquisition of a parcel of land in Chengdu. According to the sales and purchase agreement and the supplementary agreement of the above-mentioned land entered by Baoxin Quansheng, this amount would be paid on 22 May 2016 and 22 August 2016 of RMB125,946,000 and RMB188,919,000 respectively.

15. EQUITY CAPITAL

	As at 31 March 2016 RMB'000
Registered capital	50,000
	<hr/> <hr/>

* The English translation name is for identification purpose only. The official name of the entity is in Chinese.

The registered capital has been injected by the owners of Baoxin Quansheng during the Relevant Period as the initial working capital.

Baoxin Quansheng's objectives when managing capital are to safeguard Baoxin Quansheng's ability to continue as a going concern and to maximise the return to the equity holder through the optimisation of the debt and equity balance.

Baoxin Quansheng sets the amount of capital in proportion to risk. Baoxin Quansheng manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, Baoxin Quansheng may adjust the payment of dividends, increased the registered capital, raise new debts, redeem existing debts or sell assets to reduce debts.

Baoxin Quansheng is not subject to any externally imposed capital requirements.

16. RELATED PARTY TRANSACTIONS

	Period from 16 February 2016 (date of incorporation) to 31 March 2016 <i>RMB'000</i>
Interest expenses to immediate parent of a joint venturer	223
Interest expenses to joint venturers	1,435
	<hr/>
	1,658
	<hr/> <hr/>

17. CONTINGENT LIABILITIES

As at 31 March 2016, Baoxin Quansheng did not have any significant contingent liabilities.

18. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by Baoxin Quansheng in respect of any period subsequent to 31 March 2016.

Yours faithfully,
RSM Hong Kong
Certified Public Accountants
Hong Kong

FINANCIAL HIGHLIGHTS

Baoxin Quansheng was newly established in the PRC in 2016, a net loss of approximately RMB1,658,000 was recorded for the period from 16 February 2016 (date of incorporation) to 31 March 2016. As at 31 March 2016, the audited net asset of Baoxin Quansheng was approximately RMB48,342,000.

The Directors confirm that the accounting policies applied in the accountant's report of Baoxin Quansheng are consistent with those adopted by the Group in all material respects. Set out below are selected financial information derived from the audited accountant's report of Baoxin Quansheng for the period from 16 February 2016 (date of incorporation) to 31 March 2016, the full text of which is set out in Appendix II to this circular:

	Period from 16 February 2016 (date of incorporation) to 31 March 2016 RMB'000
Revenue	–
Loss from operations	–
Finance costs	(1,658)
Loss before tax	(1,658)
Loss for the period and total comprehensive income for the period attributable to owners of Baoxin Quansheng	<u>(1,658)</u>

	As at 31 March 2016 RMB'000
Current assets	
Inventories	654,773
Cash and cash equivalents	<u>149</u>
	<u>654,922</u>
Current liabilities	
Other payables	<u>606,580</u>
NET ASSETS	<u><u>48,342</u></u>
Capital and reserves	
Equity capital	50,000
Reserves	<u>(1,658)</u>
EQUITY	<u><u>48,342</u></u>
Current ratio (based on current assets over current liabilities)	<u><u>1.08</u></u>
Gearing ratio (based on total liabilities over total assets)	<u><u>0.92</u></u>

SEGMENT INFORMATION

As Baoxin Quansheng is still in its early stage of development, therefore the revenue was not classified by business segments for the time being.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

Baoxin Quansheng did not have any significant investment, material acquisition and disposal for the period from 16 February 2016 (date of incorporation) to 31 March 2016.

PROSPECTS AND FUTURE PLANS

Baoxin Quansheng owns a piece of land located at Division 4, 6 and 11, Tuqiao Village, Jinquan Road, Jinniu District, Chengdu, the PRC* (中國成都市金牛區金泉街道土橋村4、6、11組). As at the date of this circular, the Land has not been developed yet and is planned to be developed as high-rise residential property, ground-floor shops, commercial duplexes, apartment buildings and underground car parking space. For details of the Land, please see the section headed “INFORMATION OF BAOXIN INVESTMENT” in the “LETTER FROM THE BOARD” of this circular.

LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

Baoxin Quansheng generally finances its operations with interest-bearing bank loan(s) and shareholder’s loan.

Please refer to the table as set out on page III-2 of this circular for the information of the nature of major assets and liabilities, gearing ratio (based on total liabilities over total assets) and liquidity of Baoxin Quansheng as at 31 March 2016.

CHARGE ON ASSETS

Baoxin Quansheng did not pledge any assets as at 31 March 2016.

TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE

For the period from 16 February 2016 (date of incorporation) to 31 March 2016, there were no formal treasury policies for Baoxin Quansheng. The transactions and monetary assets of Baoxin Quansheng are principally denominated in RMB. Baoxin Quansheng has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates for the period from 16 February 2016 (date of incorporation) to 31 March 2016. Baoxin Quansheng did not employ any material financial instrument for hedging purposes.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2016, Baoxin Quansheng had a total of approximately 20 full-time staff members. The basic remuneration of the employees is determined with reference to the industry’s remuneration benchmark, the individual experience and performance of employees. It is the policy of Baoxin Quansheng to maintain salaries of employees at a competitive level and to review salaries regularly, with close reference to the relevant conditions of the labour market and economic situation. Directors’ remuneration of Baoxin Quansheng is determined based on a variety of factors such as market conditions and respective responsibilities assumed by Directors. Apart from the basic remuneration and statutory benefits required by laws, Baoxin Quansheng also provides discretionary bonuses based upon its business results and the individual performance of the staff.

* For identification purpose only

For the period from 16 February 2016 (date of incorporation) to 31 March 2016 and as of the Latest Practicable Date, Baoxin Quansheng had not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor had it experienced any difficulty in the recruitment and retention of experienced staff.

CONTINGENT LIABILITIES

Baoxin Quansheng did not have any contingent liabilities as at 31 March 2016. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as of the Latest Practicable Date, Baoxin Quansheng was not involved in any litigation or arbitration of material importance and no litigation or arbitration of material importance was known to the Directors to be pending or threatened against Baoxin Quansheng.

A. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

The accompanying unaudited pro forma statement of assets and liabilities of the Group (the “**Statement**”) has been prepared to illustrate the effect of the acquisition of 50% equity interests in 成都市保鑫泉盛房地產開發有限公司 (Chengdu Baoxin Quansheng Real Estate Development Company Limited*) (“**Baoxin Quansheng**”) (the “**Acquisition**”), assuming the transaction had been completed as at 31 December 2015, might have affected the financial position of the Group.

The Statement is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2015 as extracted from the annual report of the Group for the year ended 31 December 2015 after making certain pro forma adjustments resulting from the Acquisition.

The Statement is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Statement, it may not give a true picture of the actual financial position of the Group that would have been attained had the Acquisition actually occurred on 31 December 2015. Furthermore, the Statement does not purport to predict the Group’s future financial position.

The Statement should be read in conjunction with the financial information of the Group as set out in Appendix I of the Circular, the financial information of Baoxin Quansheng as set out in Appendix II of the Circular and other financial information included elsewhere in the Circular.

	The Group as at 31 December 2015	Pro forma adjustment	<i>Notes</i>	Adjusted balance
	<i>RMB’000</i>	<i>RMB’000</i>		<i>RMB’000</i>
Non-current assets				
Fixed assets				
– Investment property	770,615			770,615
– Other property, plant and equipment	1,232,849			1,232,849
– Interests in leasehold land held for own use	<u>637,396</u>			<u>637,396</u>
	2,640,860			2,640,860
Intangible assets	2,125			2,125
Goodwill	103,740			103,740
Investments in associates	394,588			394,588
Investment in a joint venture	–	25,000	(2)	25,000
Other financial assets	4,320			4,320
Deferred tax assets	160,947			160,947
Other long-term deposits	<u>1,107,843</u>			<u>1,107,843</u>
	<u>4,414,423</u>			<u>4,439,423</u>

* The English translation name is for identification purpose only. The official name of the entity is in Chinese.

	The Group as at 31 December 2015	Pro forma adjustment	<i>Notes</i>	Adjusted balance
	<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i>
Current assets				
Inventories	13,183,088			13,183,088
Trade and other receivables	1,107,857	57,981	(3)	1,165,838
Cash and cash equivalents	3,374,156	(25,000)	(1)	3,291,175
	<u>17,665,101</u>	<u>(57,981)</u>	<u>(3)</u>	<u>17,640,101</u>
Current liabilities				
Trade and other payables	2,912,157			2,912,157
Receipts in advance	605,260			605,260
Bank loans	1,313,139			1,313,139
Related party loans	1,373,752			1,373,752
Current tax liabilities	766,481			766,481
	<u>6,970,789</u>			<u>6,970,789</u>
Net current assets	<u>10,694,312</u>			<u>10,669,312</u>
Total assets less current liabilities	<u>15,108,735</u>			<u>15,108,735</u>
Non-current liabilities				
Bank and other loans	2,817,516			2,817,516
Related party loans	5,283,346			5,283,346
Deferred tax liabilities	234,948			234,948
	<u>8,335,810</u>			<u>8,335,810</u>
Net assets	<u><u>6,772,925</u></u>			<u><u>6,772,925</u></u>

Notes:

- To record the consideration of RMB25,000,000 paid by the Group for the Acquisition pursuant to the cooperation agreement dated 7 March 2016 entered into between the Group and 成都保鑫投資有限公司 (Chengdu Baoxin Investment Company Limited) in respect of, amongst others, the Acquisition (the "Cooperation Agreement").
- Under the Cooperation Agreement, the parties have joint control over Baoxin Quansheng and rights to the net assets and as such the investment cost is recorded as investment in a joint venture. Baoxin Quansheng does not meet the definition of a business as set out in HKFRS 3 (Revised) "Business Combinations" as at the acquisition date and on acquisition no goodwill is included in the carrying amount of the investment in joint venture. The cost of investment is allocated to the Group's share of the net assets of Baoxin Quansheng as at the date of acquisition.
- To record the shareholder loan of RMB57,980,783 paid by the Group to Baoxin Quansheng pursuant to the Cooperation Agreement.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, RSM Hong Kong, Certified Public Accountants, Hong Kong.



RSM Hong Kong
中瑞岳華(香港)會計師事務所
Certified Public Accountants

29th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

5 May 2016

The Board of Directors
Overseas Chinese Town (Asia) Holdings Limited

Dear Sirs,

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 (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma statement of assets and liabilities as at 31 December 2015 (the “**Statement**”) as set out on pages IV-1 to IV-3 of the circular issued by the Company. The applicable criteria on the basis of which the directors have compiled the Statement are described on page IV-1.

The Statement has been compiled by the directors to illustrate the impact of the acquisition of the 50% equity interests in 成都市保鑫泉盛房地產開發有限公司 (Chengdu Baoxin Quansheng Real Estate Development Company Limited) on the Group’s financial position as at 31 December 2015 as if the transaction had been taken place at 31 December 2015. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s audited consolidated financial statements as included in the annual report for the year ended 31 December 2015.

Directors’ Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the Statement in accordance with paragraph 29 of Chapter 4 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 (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Statement 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 Statement 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 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 accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Statement in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of the Statement included in an investment circular is solely to illustrate the impact of a significant event or transaction on 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 event or transaction at 31 December 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Statement 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 Statement 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 Statement reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Statement has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Statement.

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 Statement 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 Statement as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
RSM Hong Kong
Certified Public Accountants
Hong Kong

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their opinion of market value of the Property to be acquired by the Baoxin Quansheng as at 29 February 2016.



The Directors
Overseas Chinese Town (Asia) Holdings Limited
Suite 3203-4, Tower 6
The Gateway, Harbour City
Canton Road
Tsimshatsui
Kowloon
Hong Kong

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

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

EA Licence: C-023750
savills.com

5 May 2016

Dear Sirs,

Re: A parcel of land (known as Land No. JN05 (252/211) : 2016-014) located at Divisions 4, 6 and 11 of Tuqiao Village, Jinquan Road, Jinniu District, Chengdu, Sichuan Province, The People's Republic of China (the "Property")

INSTRUCTIONS

In accordance with the instructions from Overseas Chinese Town (Asia) Holdings Limited (the "**Company**") for us to value the Property situated in the People's Republic of China ("**PRC**") to be acquired by Chengdu Baoxin Quansheng Real Estate Development Company Limited (成都市保鑫泉盛房地產開發有限公司) ("**Baoxin Quansheng**"), 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 29 February 2016 (the "**valuation date**") for circular purpose.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value 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 on an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

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.

In valuing the Property, we have 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 and The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

VALUATION METHODOLOGY

The Property is to be held by Baoxin Quansheng for future development upon completion of acquisition. We have valued the Property by direct comparison approach by making reference to comparable market transactions as available on the market assuming sale with the benefit of vacant possession.

TITLE INVESTIGATION

We have been provided with copies of extracts of the title documents relating to the Property. However, we have not searched the original documents to ascertain the existence of any amendments, which may not appear on the copies handed to us. We have relied to a very considerable extent on information given by the Company and the legal opinion issued by the Company's PRC legal adviser, Tahota Law Firm (泰和泰律師事務所), regarding the title to the Property.

VALUATION CONSIDERATION AND ASSUMPTIONS

In valuing the Property in the PRC, unless otherwise stated, we have assumed that transferable land use rights in respect of the Property for its specific terms at nominal land use fee have been granted and that all requisite land premium payable has been fully settled. We have also assumed that the owner of the Property has an enforceable title to the Property and has free and uninterrupted rights to occupy, use, transfer, lease or mortgage the Property for the whole of the unexpired terms as granted.

We have relied to a very considerable extent on information given by the Company and have accepted advice given to us by the Company on such matters as planning approvals or statutory notices, easements, tenure, ownership, particulars of occupancy, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been made. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We have also been advised by the Company that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor 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 the Property. Site inspection of the Property was undertaken by our Ms. Julia Qin, who is a China Registered Land Valuer, and Mr. Lucas Lu (Assistant Valuer) on 14 March 2016. 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 defects. No tests were carried out on any of the services.

REMARKS

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

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Anthony C K Lau
MRICS MHKIS RPS(GP)
Director

Note: Mr. Anthony C K Lau is an estate surveyor and has over 23 years’ post-qualification experience in the valuation of properties in the PRC and Hong Kong.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 29 February 2016
<p>A parcel of land (known as Land No. JN05 (252/211) : 2016-014) located at Divisions 4,6 and 11, Tuqiao Village, Jinqian Road, Jinniu District, Chengdu, Sichuan Province, PRC</p>	<p>The Property comprises a parcel of land with a site area of approximately 58,308.64 sq.m. (627,634 sq. ft.).</p> <p>The Property is located in Jinniu District of Chengdu. The area is dominated by multi-storey and high-rise residential developments. It is located at about 10-minutes' walk to the subway station Line 2 (Jinke Road Station) and at about 30-minutes' drive to city centre of Chengdu.</p> <p>The land use rights have been granted for two concurrent terms due to expire on 21 March 2056 and 21 March 2086 for commercial and residential uses respectively.</p>	<p>As at the valuation date, the Property was a vacant site.</p>	<p>RMB630,000,000</p>

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract – No. 510100-2015-B-005 (Jin) dated 22 February 2016 (“**Land Grant Contract**”), the land use rights of a parcel of land with a site area of approximately 58,308.64 sq.m. have been granted to Chengdu Baoxin Quansheng Real Estate Development Co., Ltd. (成都市保鑫泉盛房地產開發有限公司) (“**Baoxin Quansheng**”) for terms of 40 years and 70 years for commercial and residential uses respectively at a land grant fee of RMB629,730,000. The said contract contains, inter-alia, the salient conditions as follows:

Land No.	:	JN05 (252/211): 2016-014
Site area	:	58,308.64 sq.m.
Usage	:	Commercial and Residential (Group 2)
Land use term	:	Commercial: due to expire on 21 March 2056 Residential: due to expire on 21 March 2086
Land grant fee	:	RMB629,730,000
Permissible gross floor area	:	Not more than 174,925 sq.m.
Building density	:	Not more than 40%

According to the said contract, the construction works are required to commence on or before 22 March 2017 and to be completed within 28 months after obtaining the Construction Works Commencement Permit.

2. Pursuant to the supplementary agreement to the Land Grant Contract dated 22 February 2016, the payment schedules of the land grant fee are summarized below:
 - (i) RMB314,865,000 to be payable on or before 22 March 2016;
 - (ii) RMB125,946,000 to be payable on or before 22 May 2016; and
 - (iii) RMB188,919,000 to be payable on or before 22 August 2016.
3. As advised by the Company, portion of the land grant fee amounting RMB314,865,000 was paid on 22 March 2016.
4. We have been provided with a legal opinion on the title to the Property issued by the Company's PRC legal adviser, which contains, inter-alia, the following information:
 - (i) Baoxin Quansheng has signed the State-owned Land Use Rights Grant Contract, paid the administration fees and complied with the obligations as stated in the land sale conditions and notification; and
 - (ii) there are no substantial legal impediments for Baoxin Quansheng to obtain the Land Use Rights Certificate if Baoxin Quansheng continue to follow the payment schedules as stated in the Land Grant Contract to settle the land grant fee and the corresponding taxes and Chengdu Land Resources Bureau hand over the Property to Baoxin Quansheng. After obtaining the Land Use Rights Certificate, Baoxin Quansheng is entitled to occupy, transfer, mortgage, lease and develop the Property.

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 INTERESTS

(i) Directors' and chief executives' interests and short positions in securities of the Company and its associated corporations

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

Long Positions in Underlying Shares of the Company

Name of Director	Number of underlying shares held	Capacity	Nature of interest	Approximate % of issued share capital of the Company
Zhou Ping (“Mr. Zhou”) <i>(Note)</i>	160,000	Beneficial owner	Personal	0.025%

Note: Ms. Li Ning, the spouse of Mr. Zhou, held share options to subscribe for 160,000 Shares, Mr. Zhou is deemed, or taken to be, interested in the share options to subscribe for 160,000 Shares held by Ms. Li Ning.

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

(ii) **Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO**

As at the Latest Practicable Date, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company 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 of Substantial Shareholder	Capacity/Nature	Number of Shares held	Approximate % of issued share capital of the Company
Pacific Climax (<i>Note 1</i>)	Beneficial owner	434,894,000 (long position)	66.66%
Overseas Chinese Town (HK) Company Limited (“OCT (HK)”)	Beneficial owner	96,000,000 (long position)	14.72%
	Interest of a controlled corporation (<i>Note 2</i>)	434,894,000 (long position)	66.66%
Shenzhen Overseas Chinese Town Company Limited (“OCT Ltd.”)	Interest of a controlled corporation (<i>Note 3</i>)	530,894,000 (long position)	81.38%
Overseas Chinese Town Enterprises Company (“OCT Group”)	Interest of a controlled corporation (<i>Note 4</i>)	530,894,000 (long position)	81.38%
New China Life Insurance Company Ltd. (“NC Life Insurance”)	Beneficial owner (<i>Note 5</i>)	40,000,000 (long position)	6.13%
China Re Asset Management Co., Ltd (“CRAMC”)	Beneficial owner (<i>Note 5</i>)	40,000,000 (long position)	6.13%

Name of Substantial Shareholder	Capacity/Nature	Number of Shares held	Approximate % of issued share capital of the Company
Others			
UBS Group AG	Person having a security interest in shares (<i>Note 6</i>)	3,200,000 (long position)	0.49%
	Interest of a controlled corporation (<i>Note 6</i>)	49,274,000 (long position)	7.55%
		278,000 (short position)	0.04%
UBS AG	Person having a security interest in shares (<i>Note 6</i>)	3,200,000 (long position)	0.49%
	Interest of a controlled corporation (<i>Note 6</i>)	48,996,000 (long position)	7.51%
	Beneficial owner (<i>Note 6</i>)	278,000 (long position)	0.04%
		278,000 (short position)	0.04%

Notes:

- (1) Ms. Xie Mei and Mr. Lin Kaihua, both being executive Directors, and Mr. Zhou Ping, being a non-executive Director, are also directors of Pacific Climax.
- (2) OCT (HK) is the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT (HK) is deemed, or taken to be interested in all the Shares beneficially held by Pacific Climax for the purpose of the SFO. Ms. Wang Xiaowen and Ms. Xie Mei, both being executive Directors, and Mr. Zhou Ping, being a non-executive Director, are also directors of OCT (HK).
- (3) OCT Ltd. is the beneficial owner of all the issued share capital in OCT (HK), which is in turn the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT Ltd. is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT (HK) and Pacific Climax for the purpose of the SFO. OCT Ltd. is a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange. OCT Ltd. is a subsidiary of OCT Group.
- (4) OCT Group is the beneficial owner of 53.47% of the issued shares in OCT Ltd., which is the beneficial owner of all the issued shares in OCT (HK) and in turn, the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT Group is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT Ltd., OCT (HK) and Pacific Climax for the purpose of the SFO.
- (5) On 24 July 2013, the Company allotted and issued 40,000,000 and 40,000,000 new non-voting convertible preference shares of HK\$0.10 each in the capital of the Company (the “**Convertible Preference Shares**”) to NC Life Insurance and CRAMC respectively according to the preference shares subscription agreements entered into by the Company with each of NC Life Insurance and CRAMC on

6 June 2013. In addition, on 6 June 2013, OCT (HK) entered into a put option deed with each of NC Life Insurance and CRAMC, pursuant to which, OCT (HK) grants to each of NC Life Insurance and CRAMC to require OCT (HK) to purchase from NC Life Insurance or CRAMC (as the case may be) (and any subsequent transferee of the Convertible Preference Shares) all (but not some only) of the outstanding Convertible Preference Shares legally and beneficially owned by NC Life Insurance or CRAMC (as the case may be) (and any subsequent transferee of the Convertible Preference Shares) from time to time during the 180 days commencing from the third anniversary of the date on which the Convertible Preference Shares would be allotted and issued by the Company to NC Life Insurance or CRAMC (as the case may be).

- (6) The interests of UBS AG consist of the interests (long position) in 39,088,000 shares, 5,756,000 shares, 4,152,000 shares and 278,000 shares (total: 49,274,000 shares) held by UBS Fund Services (Luxembourg) SA, UBS Global Asset Management (Hong Kong) Ltd, UBS Global Asset Management (Singapore) Ltd and UBS AG. UBS Fund services (Luxembourg) SA, UBS Global Asset Management (Hong Kong) Ltd and UBS Global Asset Management (Singapore) Ltd are wholly-owned by UBS AG while UBS AG is directly owned as to 98.02% by UBS Group AG, and the interests (short position) in 278,000 shares held by UBS AG. UBS Group AG is also interested in 3,200,000 shares (long position) in the capacity as a person having a security interest in the shares. Therefore, UBS Group AG is deemed, or taken to be interested in the total of 52,474,000 shares (long position) and 278,000 shares (short position) for the purpose of the SFO.

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

3. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective close associates has any interest in any business which competes or is likely to compete with the businesses of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, each of the Directors has entered into a service contract with the Company. Contents of such contracts are the same in all material respects. Save for the service contracts of Mr. Lu Gong which will expire on the date of the annual general meeting of the Company to be held in 2016, all other service contracts with the Directors will expire on the date of the annual general meeting of the Company to be held in 2017 or 2018. As at the Latest Practicable Date, there was no existing or proposed service contract, excluding contract expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation) between any of the Directors and any member of the Group.

5. INTEREST IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2015 (being the date to which the latest published audited accounts of the Company were made up), 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.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the businesses of the Group.

6. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, the Group was not engaged in any litigation or claims of material importance, and so far as the Directors are aware, no litigation or claims of material importance is pending or threatened against the Group.

7. MATERIAL CONTRACTS

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

- (a) the formal agreement entered into between Chengdu OCT and 成都市鑫金工發投資有限公司 (Chengdu Shi Xinjin Gongfa Investment Company Limited*) dated 17 June 2014 in relation to the land resumption project in Chengdu Jinniu District, the PRC pursuant to which Chengdu OCT provided RMB300,000,000 to the land resumption fund;
- (b) the asset acquisition agreement dated 9 October 2015 entered into between 長安控股(集團)有限責任公司 (Chang'an Holdings (Group) Company Limited*) and 華昌國際有限公司 (City Legend International Limited*) in relation to acquisitions of the properties located at Chang'an Metropolis Centre, Xi'an, the PRC by 華昌國際有限公司 (City Legend International Limited*) from 長安控股(集團)有限責任公司 (Chang'an Holdings (Group) Company Limited*) at a consideration of RMB537,146,862;
- (c) the asset acquisition agreement dated 9 October 2015 entered into between 華昌國際有限公司 (City Legend International Limited*), 陝西長安建設投資開發有限責任公司 (Shaanxi Chang'an Construction & Investment Development Co., Limited*), 長安控股(集團)有限責任公司 (Chang'an Holdings (Group) Company Limited*) and 西安豐盛資產管理有限公司 (Xi'an Fengsheng Assets Management Limited*) in relation to the acquisitions of the properties located at Chang'an Metropolis Centre, Xi'an, the PRC by 華昌國際有限公司 (City Legend International Limited*) from 陝西長安建設投資開發有限責任公司 (Shaanxi Chang'an Construction & Investment Development Co., Limited*) with 長安控股(集團)有限責任公司 (Chang'an Holdings (Group) Company Limited*) and 西安豐盛資產管理有限公司 (Xi'an Fengsheng Assets Management Limited*) as guarantors at a consideration of RMB1,053,217,106;
- (d) the equity interest transfer and subscription agreement dated 25 December 2015 entered into between OCT Chuang Ying, 成都文化旅遊發展集團有限責任公司 (Chengdu Culture & Tourism Development Group Limited Liability Company*) and 成都體育產業有限責任公司 (Chengdu Sports Industry Co., Ltd.*) in relation to the acquisition of the 15% equity interests held in 成都體育產業有限責任公司 (Chengdu Sports Industry Co., Ltd.*) by 成都文化旅遊

* For identification purpose only

發展集團有限責任公司 (Chengdu Culture & Tourism Development Group Limited Liability Company*) at a consideration of RMB797,842,500 and capital injection of RMB651,300,000 into 成都體育產業有限責任公司 (Chengdu Sports Industry Co., Ltd.*) by the Company;

- (e) the Cooperation Agreement, details of which are set out in this circular; and
- (f) the Equity Transfer Agreement, details of which are set out in this circular.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015 (being the date to which the latest published audited accounts of the Company were made up).

9. EXPERTS AND CONSENTS

- (a) The following is the qualification of the experts which have given their opinions which are contained in this circular:

Name	Qualification
RSM Hong Kong	Certified Public Accountants
Savills Valuation and Professional Services Limited	Independent property valuer
Tahota Law Firm (泰和泰律師事務所)	PRC legal counsel

- (b) As at the Latest Practicable Date, none of RSM Hong Kong, Savills or Tahota Law Firm had 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.
- (c) Each of RSM Hong Kong, Savills and Tahota Law Firm has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, opinion, report and references to its name in the form and context in which they are included.
- (d) The letter, opinion and report given by each of RSM Hong Kong, Savills and Tahota Law Firm is given as of the date of this circular for incorporation in this circular.

As at the Latest Practicable Date, each of RSM Hong Kong, Savills and Tahota Law Firm is not beneficially interested in the share capital of any member of the Group nor had any interest, direct or indirect, in any assets which have been, since 31 December 2015 (being the date to which the latest published audited accounts of the Company were made up), 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.

* For identification purpose only

10. GENERAL

- (a) The company secretary and the qualified accountant of the Company is Mr. Fong Fuk Wai, who is a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (b) The Company's registered office is at Clifton House, 75 Fort Street, PO Box 1350 GT, George Town, Grand Cayman, Cayman Islands. The head office and principal place of business is at Suites 3203-3204, Tower 6, The Gateway, Harbour City, Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Ltd. at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the following documents are available for inspection during normal business hours except on Saturday, Sunday and public holidays at the office of the Company in Hong Kong at Suites 3203-3204, Tower 6, The Gateway, Harbour City, Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong from the date of this circular up to and including 18 May 2016:

- (a) the memorandum and articles of association of the Company;
- (b) the letter from the Board, the text of which is set out on pages 9 to 11 of this circular;
- (c) the annual reports of the Company for the three years ended 31 December 2015;
- (d) the accountants' report of Baoxin Quansheng, the text of which is set out in Appendix II of this circular;
- (e) the report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix IV of this circular;
- (f) the valuation report of the Land, the text of which is set out in Appendix V of this circular;
- (g) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (h) the written consents referred to in the paragraph headed "Experts and Consents" in this appendix;
- (i) the circular issued by the Company dated 25 November 2015;
- (j) the circular issued by the Company dated 22 January 2016; and
- (k) this circular.