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

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Overseas Chinese Town (Asia) Holdings Limited

華僑城（亞洲）控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03366)

**MAJOR TRANSACTION
LIMITED PARTNERSHIP AGREEMENT**

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DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in the PRC are open for business
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Overseas Chinese Town (Asia) Holdings Limited (華僑城(亞洲)控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries as at the Latest Practicable Date
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected to the Company and any of its connected persons (as defined in the Listing Rules) or their respective associates (as defined in the Listing Rules)
“Latest Practicable Date”	20 December 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Limited Partnership Agreement”	the partnership agreement dated 7 November 2019 entered into among Yuzhou Fund Management, Shenzhen OCT Huaxin, Shenzhen Huajing and Xiamen Zhongmao in relation to the formation of the Partnership

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partners”	Yuzhou Fund Management, Shenzhen OCT Huaxin, Shenzhen Huajing and Xiamen Zhongmao
“Partnership”	廈門華僑城潤禹投資合夥企業(有限合夥) (Xiamen OCT Runyu Investment Partnership (Limited Partnership)), (the final name of which is subject to the approval of the administrative department for industry and commerce), a limited partnership to be established in the PRC
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“related party(ies)”	a person or entity who has control, joint control, or significant influence over the relevant entity, or the other person or entity who is controlled, jointly controlled, or significantly influenced by the same person or entity
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shenzhen Huajing”	深圳市華京投資有限公司 (Shenzhen Huajing Investment Limited), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Shenzhen OCT Huaxin”	深圳市華僑城華鑫股權投資管理有限公司 (Shenzhen OCT Huaxin Equity Investment Management Limited), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Xiamen Zhongmao”	廈門中茂益通商貿有限公司 (Xiamen Zhongmao Yitong Commerce Co., Ltd.), a company established in the PRC
“Yuzhou Fund Management”	深圳前海禹舟基金管理有限公司 (Shenzhen Qianhai Yuzhou Fund Management Co., Ltd.), a company established in the PRC
“%”	percent

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.



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

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 03366)

Executive Directors:

Mr. He Haibin (*Chairman*)
Ms. Xie Mei (*Chief Executive Officer*)
Mr. Lin Kaihua

Non-executive Director:

Mr. Zhang Jing

Independent Non-executive Directors:

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

Registered Office:

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

*Head office and principal place of
business in Hong Kong:*

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

24 December 2019

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
LIMITED PARTNERSHIP AGREEMENT

INTRODUCTION

References are made to the announcement of the Company dated 7 November 2019 in relation to the establishment of the Partnership for the purpose of investment pursuant to the Limited Partnership Agreement.

The purpose of this circular is, among other things, (i) to provide you with further details of the Limited Partnership Agreement and the transaction contemplated thereunder; and (ii) the financial information of the Group.

LETTER FROM THE BOARD

LIMITED PARTNERSHIP AGREEMENT

Principal terms of the Limited Partnership Agreement are set out as follows:

Date

7 November 2019

Parties

- (1) Yuzhou Fund Management, as general partner, executive partner and fund manager;
- (2) Shenzhen OCT Huaxin, as general partner;
- (3) Shenzhen Huajing, as limited partner; and
- (4) Xiamen Zhongmao, as limited partner.

To the best information, knowledge and belief of the Directors, after having made all reasonable enquiries, Yuzhou Fund Management and Xiamen Zhongmao and their respective ultimate beneficial owners are Independent Third Parties.

Name of the Partnership

廈門華僑城潤禹投資合夥企業(有限合夥) (Xiamen OCT Runyu Investment Partnership (Limited Partnership)) (the final name of which is subject to the approval of the administrative department for industry and commerce).

Term of the Partnership

The term of the Partnership will be five (5) years from the date of registration of the Partnership, of which the first three (3) years will be the investment period and the last two (2) years will be the exit period.

Purpose of the Partnership

The purpose of the Partnership is to make equity investment of project companies and liquidity investment with a view to obtaining good investment returns for all the Partners.

The Partnership will invest mainly in non-publicly traded enterprise equity interests of non-listed companies, in particular, the equity of urbanization project companies in the Guangdong-Hong Kong-Macao Greater Bay Area (the “**Greater Bay Area**”), the Yangtze River Delta Economic Zone and other regions to obtain dividend income and equity appreciation income of the project companies. The idle funds of the Partnership can be used for investment in financial products with both security and liquidity, such as bank deposits, money market funds and bank guaranteed products.

It is expected that there will be three or more investment projects. One of the projects, which is under discussion, is a real estate development project in Guangdong Province primarily concerning high-quality residence and cultural and arts centres. Other projects are property-related, however the specific projects have not yet been confirmed.

LETTER FROM THE BOARD

Capital Contribution

The total capital contribution subscribed by all Partners to the Partnership is RMB1.5 billion. The amount and proportion of the capital contribution subscribed by each of the Partners are set out below:

Partners	Total subscribed capital contribution (RMB'000)	Proportion of the capital contribution
Yuzhou Fund Management	1,000	0.07%
Shenzhen OCT Huaxin	1,000	0.07%
Shenzhen Huajing	1,168,000	77.87%
Xiamen Zhongmao	330,000	22.00%
Total	1,500,000	100.00%

All the Partners shall pay up their respective capital contribution in cash within two years upon signing of the Limited Partnership Agreement. The actual amount of capital contribution will be subject to the capital actually paid up by the Partners.

The first paid-up capital will be RMB30,000,000 in total. Each Partner shall pay up their first contribution in proportion to their respective subscribed capital contribution in the Partnership within 30 working days from the date of signing of the Limited Partnership Agreement. The remaining capital contribution may be settled by the Partners in installments and in such manner and amount as agreed by all the Partners during the fund raising period. The executive partner will issue payment notice to the Partners requesting the Partners to make subsequent capital contributions after an investment resolution is made by the investment committee.

The total amount of capital contribution to be made by each of the Partners to the Partnership was determined after arm's length negotiations between the Partners, with reference to the projected capital requirements of the Partnership, including the possible investment into three or more investment projects. It is estimated that the total investment amount will be RMB1.5 billion. As such, the Partners determined that the total amount of capital contribution of the Partnership is RMB1.5 billion. The Group intends to finance its capital contribution by its internal resources and/or external financing.

Management of the Partnership

Yuzhou Fund Management, as executive partner, fund manager and general partner, is responsible for, among other things, filing registration of the Partnership, management of investment and other businesses of the Partnership, management and/or maintenance of the assets of the Partnership, appointment and removal of professional advisers as jointly decided by the general partners, and inquiry into the qualification of the transferee in case of transfer of the equity interest by any limited partner.

LETTER FROM THE BOARD

Shenzhen OCT Huaxin, as a general partner, has the right to convene, preside over and participate in the Partners' meeting and exercise its corresponding voting rights pursuant to the Limited Partnership Agreement, formulate the basic management system and specific rules and regulations of the Partnership, and take legal actions against the Partner(s) who fails to perform (fully or partly) the obligations of capital contribution on that Partner.

The general partners shall assume unlimited joint liabilities for the Partnership's debt.

The limited partners shall not participate in management or exercise of any control in the investment of the Partnership or conducting any activity in the Partnership's name.

An investment committee of the Partnership will be set up to decide the investment, management and withdrawal of the Partnership and to apply the idle funds in value-added investment other than safe and liquid financial products such as bank deposit, currency market fund and banks' principal guarantee products. The investment committee consists of five members, two of whom shall be nominated by Yuzhou Fund Management and three of whom shall be nominated by Shenzhen OCT Huaxin. All the resolutions of the investment committee shall be passed with unanimous consent by all the members of the investment committee.

Partners' meeting

The Partners' meeting will be responsible for approving matters in relation to, among other things, change of business scope, principal place of business, fund manager, custodian, the rate of the management fee, the name of the fund, registered address, the organisation structure and matters related to profit distribution, change or extend the term of the Partnership, disposal of immovable asset, intellectual property and other property rights, provision of guarantee and compensation to third party in the name of the Partnership, determining the investment scope and strategy, appointment of management staff other than the Partners, approving the transfer of interest held by the executive partner, removal of the executive partner, and dissolution and winding-up of the Partnership.

The above matters (except for dissolution and winding-up of the Partnership) shall be resolved upon the consent of all the partners of the Partnership.

Management Fees

During the term of the Partnership, the executive partner shall be entitled to an annual management fee calculated at 0.2% of the paid-up capital of the Partnership.

The above rate of the management fee is determined after arm's length negotiation between the Partners and the fund manager with reference to common market rate of the fund management fee (0% to 2% per annum) and after taking into account of the scale of the Partnership and type of investment to be made by Partnership.

In addition to management fees, the Partnership shall also bear the costs for intended investment projects such as fees relating to auditing, valuation and due diligence.

LETTER FROM THE BOARD

Profit distribution and loss sharing

Profit distribution

The executive partner shall complete the distribution plan as approved at the partners' meeting within 30 days from the occurrence of the following event(s):

- (1) if, at the end of the investment period of the Partnership, the balance of the paid-up capital contribution which has not been applied for investment is more than RMB500,000, the portion that exceeds RMB500,000 shall be distributed to the Partners; or
- (2) if the Partnership receives any cash income from any investment.

The Partnership shall distribute all the investment income and other income after deducting the management fees and tax payable by the Partnership in the following order and manner:

- (1) to Shenzhen Huajing of the sum of the actual capital contribution paid by Shenzhen Huajing and the investment proceeds equal to an annualized rate of return of 11% on the actual capital contribution paid by Shenzhen Huajing;
- (2) if any balance left, to the Partners other than Shenzhen Huajing ("Other Partners") of an amount equal to the actual capital contribution of the respective Partners;
- (3) if any balance left, to Other Partners of the sum of the actual capital contribution paid by Other Partners and the investment proceeds equal to an annualized rate of return of 11% on the actual capital contribution paid by each of the Other Partners;
- (4) if any balance left, to Shenzhen Huajing.

The annualized rate of return of 11% is arrived at after arm's length negotiation between the Partners on the basis of the threshold rate of return, being 6%-12%, commonly adopted in other limited partnership funds with similar size and investment portfolios in the PRC, which is based on annual reports on the PRC private equity and venture capital firms issued by a leading Chinese service provider of this sector and the experience of the investment team of the Group.

Loss sharing

The Partners shall bear the losses up to their respective capital contributions subscribed by each Partner. If the total capital contributions are insufficient to cover the losses, the amount of losses that exceeds the total capital contributions shall be borne by the general partners in

LETTER FROM THE BOARD

proportion to their respective capital contributions. For the avoidance of doubts, the limited partners shall have no right to demand the executive partner, general partners, fund manager or other related parties to refund the capital contributed by the limited partners.

Transfer of interest in the Partnership

Subject to the terms and conditions of the Limited Partnership Agreement, a limited partner may transfer its equity interest (in whole or in part) either to the existing executive partner (or its related party) or any of the existing limited partners or to the party as approved by the executive partner. If the intended transferee is the related party of the retiring Partner, the retiring Partner may transfer the equity interest to that intended transferee on conditions that the retiring Partner has notified other Partners in advance and other Partners have waived their pre-emptive right.

During the subsistence of the Partnership, the general partners shall not withdraw from or transfer its interest in the Partnership or change into limited partners before obtaining unanimous consent from all the Partners and bear any loss incurred therefrom.

INFORMATION ON THE GROUP

The principal business activity of the Company is investment holding. The Group is principally engaged in the comprehensive development business (including the development and operation of tourism theme park, developed and sold residential properties, construction contract, development and management of properties, and property investment) and investment in the new urbanization industrial ecosphere business.

Shenzhen Huajing is an indirect wholly-owned subsidiary of the Company, which is established under the laws of the PRC with limited liability. It is principally engaged in investment and enterprise management consulting.

Shenzhen OCT Huaxin is an indirect wholly-owned subsidiary of the Company, which is established under the laws of the PRC with limited liability. It is principally engaged in equity investment, fund management, investment management and entrusted asset management.

INFORMATION ON YUZHOU FUND MANAGEMENT AND XIAMEN ZHONGMAO

Yuzhou Fund Management is a company established under the laws of the PRC with limited liability and is wholly owned by 上海港澤貿易有限公司 (Shanghai Gangze Trading Co., Ltd.), which, based on the National Enterprise Credit Information Publicity System of the PRC, is owned by 林碧娥 (Lin Bi'e) and 張紀明 (Zhang Jiming) who, to the best of the knowledge of the Directors, are Independent Third Parties. Yuzhou Fund Management was registered as a private equity fund manager in the Asset Management Association of China and has extensive experience in investment management in immovable property funds where the immovable properties were mainly located in Yangtze Delta and the Greater Bay Area and equity funds.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Yuzhou Fund Management is in compliance with all material PRC licensing requirements necessary for its operations, including the management of the Partnership.

Xiamen Zhongmao is a company established under the laws of the PRC with limited liability and is wholly owned by 廈門瀟洲商貿有限公司 (Xiamen Luzou Trading Co., Ltd.), which, based on the National Enterprise Credit Information Publicity System of the PRC, is owned by 黃淑女 (Huang Shunu) and 林一紅 (Lin Yihong) who, to the best of the knowledge of the Directors, are Independent Third Parties. It is principally engaged in wholesale of hardware, mechanical equipment and electronic products, and investments in primary industries, secondary industries and tertiary industries (except as otherwise regulated by laws and regulations).

REASONS FOR AND BENEFIT OF ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT

Given the solid experience and qualification of Yuzhou Fund Management in capital investments and acquisitions in the PRC, the Directors believe that the Partnership will enable the Group to obtain resources of high-quality urbanization projects and further expand its investment in the new urbanization industrial ecosphere business in Yangtze Delta and Greater Bay Area. The Company has adopted "comprehensive development business (i.e. development and sale of residential properties, property development and management, property investment and operation of hotels, and development and operation of tourism theme park) and investment in urbanization industrial ecosphere business (i.e. equity investment focusing on the sectors such as cultural, tourism, education, consumption, health and urbanization, by way of direct investment and establishment of industrial funds)" as its development model. For details, please refer to pages I-3 and I-4 of this circular. The investment of the Partnership in the equity of urbanization project companies in the Greater Bay Area, the Yangtze River Delta Economic Zone and other regions is in line with the Company's strategy of investment in urbanization industrial ecosphere business.

Having considered the above, the Directors are of the view that the terms of the Limited Partnership Agreement are on normal commercial terms that are fair and reasonable, and the Limited Partnership Agreement is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE FORMATION OF THE PARTNERSHIP ON THE GROUP

After establishment of the Partnership, since the resolutions of the Partners' meeting (except for the dissolution and liquidation of the Partnership) must be unanimously agreed by all Partners, and the resolutions of the investment committee must be unanimously approved

LETTER FROM THE BOARD

by all members. Given the arrangement, Yuzhou Fund Management and the Group are viewed as having joint control over the Partnership, and treat the Partnership as a joint venture under the equity accounting method under HKAS 28, rather than consolidate into the Group's accounts.

Assuming that the transactions contemplated under the Limited Partnership Agreement has been fully in effect, the financial effect on the Group is as follows:

- (1) the increase in the investment in the interests in joint ventures by approximately RMB1,169,000,000;
- (2) the expected decrease in net cash of the Group by approximately RMB1,169,000,000;
- (3) no material effect on the earnings of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated pursuant to Chapter 14 of the Listing Rules in respect of the transaction contemplated under the Limited Partnership Agreement exceeds 25% but less than 100%, the transaction contemplated under the Limited Partnership Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

As no Shareholder has material interest in the Limited Partnership Agreement and the transaction 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 Limited Partnership Agreement and the transaction contemplated thereunder. The Company has obtained a written approval from Pacific Climax, which, as at the Latest Practicable Date, held 530,894,000 Shares (representing approximately 70.94% of the issued share capital of the Company) for the approval of the Limited Partnership Agreement and the transaction contemplated thereunder in lieu of a resolution to be passed at a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. As such, no extraordinary general meeting will be convened by the Company to approve the Limited Partnership Agreement and the transaction contemplated thereunder.

LETTER FROM THE BOARD

RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the Transactions are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Although a general meeting will not be convened by the Company to approve the Transactions, if such a general meeting were to be convened by the Company, the Board would recommend the Shareholders to vote in favour of the resolutions to approve the Transactions.

ADDITIONAL INFORMATION

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

By order of the Board
Overseas Chinese Town (Asia) Holdings Limited
He Haibin
Chairman

1. FINANCIAL INFORMATION 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, as a comparative table and the latest published 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 2016 has been set out in pages 77 to 172 of the 2016 annual report of the Company which was posted on 26 April 2017 on the Stock Exchange's website (<http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0426/LTN20170426481.pdf>).

The audited consolidated financial statements of the Group for the year ended 31 December 2017 has been set out in pages 77 to 178 of the 2017 annual report of the Company which was posted on 13 April 2018 on the Stock Exchange's website (<http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0413/LTN20180413403.pdf>).

The audited consolidated financial statements of the Group for the year ended 31 December 2018 has been set out in pages 97 to 230 of the 2018 annual report of the Company which was posted on 26 April 2019 on the Stock Exchange's website (<http://www.hkexnews.hk/listedco/listconews/SEHK/2019/0426/LTN201904261057.pdf>).

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2019 has been set out in pages 29 to 76 of the 2019 interim report of the Company which was posted on 10 September 2019 on the Stock Exchange's website (<http://www.hkexnews.hk/listedco/listconews/sehk/2019/0829/ltn201908291194.pdf>).

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 October 2019, being the date of this indebtedness statement prior to the printing of this circular, the Group had a total borrowings of approximately RMB8,494.58 million, comprising secured and guaranteed bank and related party loans of approximately RMB3,434.02 million, unsecured and unguaranteed bank and related party loans of approximately RMB5,060.56 million.

As at 31 October 2019, the Group's secured and guaranteed bank loans were secured by: (i) pledged deposits with total carrying values of approximately RMB761.76 million and (ii) investment properties with total carrying value of approximately RMB1,993.94 million, and guarantees provided by Shenzhen Overseas Chinese Town Co., Ltd. and Overseas Chinese Town (HK) Co., Ltd., which are intermediate parents of the Company.

As at 31 October 2019, the Group had outstanding obligations under lease with carrying amount of approximately RMB83.05 million.

As at 31 October 2019, save for the guarantees of approximately RMB727.26 million given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties, the Group had no other material contingent liabilities.

As at 31 October 2019, Overseas Chinese Town (Shanghai) Land Company Limited, a non-wholly owned subsidiary of the Company, participate in a real estate investment trust (the "REITS") programme. The funds raised under the REITS programme totals RMB2.15 billion, consist of preferential asset-backed securities which amounts to RMB1.935 billion from investors other than the Group, and secondary asset-backed securities which amounts to RMB0.215 billion from the Group. The entire funds raised (after deducting the relevant fees and expenses) from the two kinds of securities remained in the Group in the form of loans from the investors to the Group as long-term liabilities.

Foreign currency amounts have been, for the purposes of this indebtedness statement, translated into Renminbi at the approximate rates of exchange applicable at the close of business on 31 October 2019.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 31 October 2019, the Group did not have any other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, lease liabilities under finance lease and operating 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 taking into account the impact of the Transactions, the Group will have sufficient working capital for its requirements for at least the next 12 months from the date of this circular.

4. CONTINGENT LIABILITIES

Save as disclosed in this circular, the Group has no other material contingent liabilities. The Group is not involved in any current material legal proceedings, nor is the Group aware of such material legal proceedings. The Group would record any loss contingencies when, based on information then available, it is probable that a loss had been incurred and the amount of the loss can be reasonably estimated. The Group confirms that there has not been any material change in the level of its contingent liabilities since 31 December 2018 up to the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the year ended 31 December 2018, the Group realised revenue from the continuing operations of approximately RMB1,585 million, representing a year-on-year decrease of approximately 61.4%. For the year ended 31 December 2018, profit attributable to equity holders of the Company was approximately RMB798.70 million, representing a year-on-year decrease of approximately 27.8%. For the year ended 31 December 2018, the Group's gross profit margin from the continuing operations was approximately 35.2%, representing a decrease of 2.5 percentage points over the same period of 2017. As at 31 December 2018, total assets and total equity of the Group amounted to approximately RMB25.08 billion and approximately RMB12.91 billion, representing a year-on-year increase of approximately 5.6% and decrease of approximately 3.1% respectively.

Overseas Chinese Town Group Company Limited (“**OCT Group**”), the controlling shareholder of the Group, participates in the national modern urbanisation construction with the innovative development mode of “culture + tourism + urbanisation”, and of “tourism + internet + finance”, through its five development focus, namely “cultural industry sector, tourism industry sector, new urbanisation, electronic industry sector and relevant business investment”.

As the Group is the only foreign listed company of its controlling shareholder, OCT Group, the Group's development mode is based on the idea of “comprehensive development + investment in the urbanisation industrial ecosphere”. The Group will steadily develop the comprehensive development business by fully leveraging the Group's brand and financial strengths, and by securing high-quality prime cities projects and OCT urbanisation projects. The Group will also actively leverage the domestic and overseas capital markets along with financial products to step up its project development effort and seek new investment opportunities through domestic and overseas investments, mergers and acquisitions, industrial funds, financial leasing and others methods. At the same time, the Group will actively rely on financial instruments and capital markets to revitalise its existing assets, improve liquidity and enhance efficiency in the use of funds.

Comprehensive Development Business

Under the premise of maintaining the stable operation of the real estate market, it is expected that the overall control policies will remain to be continuity- and stability-oriented, with the philosophy of “houses are for inhabitation, not for speculation” and “leasing and purchasing” remains unchanged. However, the differentiation of different urban policies under the philosophy of “implementation of policies according to local conditions” will be deepened. At the same time, the five mega city clusters will be China's most promising regions with the most development potential in the future, especially the Beijing Tianjin-Hebei Area, Yangtze River Delta Area and Guangdong-Hong Kong-Macau Greater Bay Area, which are likely to develop into world-class city clusters with global influence.

In the forthcoming year, the various comprehensive development projects of the Group are as follows: the construction for Hefei Chaohu Bantang Hot Spring Town project is scheduled to realise project pre-sale in the first half of 2020. The construction for Zhongshan Yuhong project has commenced since May 2019 and is scheduled to commence sale to the public in the second half of 2020. The remaining parts of the boutique business premises of Shanghai Suhewan project will remain available for purchase. The Chengdu OCT Project will launch island villa products which are scarce in downtown Chengdu, and will continue its sale of high-end apartments and boutique business premises. As to the Chongqing OCT Land Project, the Group will step up its selling efforts for high-rise and multi-storey residential products. The construction for OCT (Changshu) Project is expected to be completed by the end of 2019 and is scheduled to be leased to the public in 2020. With combined location advantages and integrated surrounding resources, the Group will continue to proactively research innovative development modes for existing industrial lands, in order to explore and push forward timely planning, development and construction of idle lands.

The Group will also continue to adhere to advanced development philosophy and clear market orientation, and pay attention to development opportunities in the Yangtze Delta and Guangdong-Hong Kong-Macao Greater Bay Area, thereby steadily developing its comprehensive development business. We will stay on the outlook for diversified investment opportunities, strengthen strategic synergy and business cooperation with invested enterprises, and explore business synergy and resource complements. Through various ways such as mergers and acquisitions, cooperation and equity investment, we will acquire high quality lands at low cost to increase resource reserve for the projects.

Investment in the Urbanisation Industrial Ecosphere Business

In the future, aiming at key areas including culture, travel, education, consumption, healthcare and urbanisation, the investment business of the Group will continuously select high-quality projects that meet our strategic orientation with due care, and strive for new equity investment opportunities, so as to build the urbanisation industrial ecosphere and the industrial cooperation alliance while continuously enriching and expanding the urbanisation industrial ecosphere. In the future, the Group's fund management companies will be based in Guangdong-Hong Kong-Macao Greater Bay Area, radiating outwards throughout China with its main focus on industries having strong synergy with urbanisation industrial ecosphere so as to reserve high quality resources for the Company.

Finance Lease Business

The Group will continuously engage in the finance lease business in sectors such as theme parks and the manufacturing industry with a primary focus on customer base such as large to mid-scale state-owned enterprises and high quality listed companies, improve its risk management and push forward the development of the business in order to achieve stable operating income.

The Board is very confident about the future development prospects of the Group. With the support of OCT Group, the Group will continue to forge ahead with innovative development and endeavour to generate ideal investment returns for Shareholders.

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. DIRECTORS' INTERESTS

Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

Save as disclosed below, as at the Latest Practicable Date, no interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) were held by 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**”):

Name of Director(s)	Capacity/Nature	Number of Shares held	Approximate % of issued share capital of the Company
Lam Sing Kwong Simon	Beneficial owner	1,000,000	0.13%

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 Limited	Beneficial owner (<i>note 1</i>)	530,894,000 (long position)	70.94%
Overseas Chinese Town (HK) Company Limited (“ OCT (HK) ”)	Interest of a controlled corporation (<i>note 2</i>)	530,894,000 (long position)	70.94%

Name of Substantial Shareholder	Capacity/Nature	Number of Shares held	Approximate % of issued share capital of the Company
Shenzhen Overseas Chinese Town Company Limited (深圳華僑城股份有限公司) (“OCT Ltd.”)	Interest of a controlled corporation (<i>note 3</i>)	530,894,000 (long position)	70.94%
Overseas Chinese Town Company Limited (華僑城集團有限公司) (“OCT Group”)	Interest of a controlled corporation (<i>note 4</i>)	530,894,000 (long position)	70.94%

Notes:

- (1) The interests held by Pacific Climax consist of interests (long position) in 530,894,000 Shares. Ms. Xie Mei and Mr. Lin Kaihua, both being executive Directors, and Mr. Zhang Jing, 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. Mr. He Haibin and Ms. Xie Mei, both being executive Directors, and Mr. Zhang Jing, being a non-executive Director, are also directors of OCT (HK).
- (3) OCT Ltd. is the beneficial owner of all the issued share capital of OCT (HK), which is in turn the beneficial owner of all the issued share capital of Pacific Climax. Therefore, OCT Ltd. is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT (HK) and Pacific Climax pursuant to the SFO. OCT Ltd. is a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange. OCT Ltd. is a subsidiary of OCT Group.
- (4) OCT Group is the beneficial owner of 46.99% of the issued shares of OCT Ltd., which is the beneficial owner of all the issued shares of OCT (HK) and in turn, the beneficial owner of all the issued share capital of Pacific Climax. Therefore, OCT Group is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT Ltd., OCT (HK) and Pacific Climax for the purpose of the SFO.

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

3. 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, none of the Directors has a service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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 2018 (being the date to which the latest published 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, 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. 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 2018 (being the date to which the latest published accounts of the Company were made up).

7. MATERIAL CONTRACTS

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

- (a) the equity transfer agreements (together with the supplemental agreement thereto) entered into between City Legend International Limited (“**City Legend**”) and Suzhou Wancheng Shengda Travel Development Co., Ltd. (蘇州萬程晟達旅遊發展有限公司) on 10 May 2018 in relation to the acquisition of 5.11% equity interest in Tongcheng-Elong Holdings Limited by City Legend at a consideration of approximately RMB1.18 billion;
- (b) the cornerstone investment agreement entered into among City Legend, Tianli Education International Holdings Limited (“**Tianli Education**”) and China International Capital Corporation Limited on 26 June 2018 in relation to subscription of 4.82% of the issued share capital of Tianli Education at a subscription price of approximately HK\$266 million;
- (c) the cornerstone investment agreement entered into among City Legend, E-House (China) Enterprise Holdings Limited and China International Capital Corporation Hong Kong Securities Limited on 5 July 2018 in relation to the subscription of 73,371,900 shares in E-House (China) Enterprise Holdings Limited at a subscription price of approximately HK\$1,055 million;

- (d) the subscription agreement entered into between City Legend and Yuzhou Properties Company Limited (“**Yuzhou Properties**”) on 31 August 2018 in relation to the subscription of 460,489,606 new shares in Yuzhou Properties at an aggregate subscription price of HK\$1,823,538,839.76;
- (e) the acquisition agreement and leaseback agreement both dated 11 September 2018 entered into between OCT Financial Leasing Co., Ltd. a wholly-owned subsidiary of the Company, and Yibin Grace Co., Ltd. pursuant to which OCT Financial Leasing Co., Ltd. agreed to acquire certain equipment from Yibin Grace Co., Ltd at a consideration of RMB300 million and leaseback such equipment to Yibin Grace Co., Ltd;
- (f) the equity transfer agreement dated 24 December 2018 entered into among Chengdu Tianfu OCT Industry Development Company Limited (成都天府華僑城實業發展有限公司, “**Chengdu OCT**”), a non-wholly owned subsidiary of the Company, Zhongbao Investment Overseas Chinese Town (Shenzhen) Tourism Cultural City Renewal Equity Investment Fund Partnership (Limited Partnership) (中保投華僑城(深圳)旅遊文化城市更新股權投資基金合夥企業(有限合夥), “**Zhongbao Investment Fund**”) and Chengdu Tianfu OCT Lakeside Business Management Co. Ltd.* (成都天府華僑城湖濱商業管理有限公司, “**OCT Lakeside**”) in relation to the disposal of 51% equity interest in OCT Lakeside by Chengdu OCT to Zhongbao Investment Fund at a consideration of approximately RMB60.53 million;
- (g) the equity transfer agreement dated 27 December 2018 entered into among Wantex Investment Limited (榮添投資有限公司), an indirect wholly-owned subsidiary of the Company, Shenzhen Quande Investment Company Limited (深圳市全德投資有限公司) and Shenzhen Zhijie Investment Company Limited (深圳智捷投資有限公司) in relation to the disposal of 100% equity interest in Zhongshan Huali Packaging Co., Ltd.* (中山華力包裝有限公司) at a total consideration of approximately RMB150.29 million;
- (h) the cooperation agreement entered into on 26 March 2019 among Zhuhai Yiyun Real Estate Limited* (珠海依雲房地產有限公司) (“**Zhuhai Yiyun**”), Xiamen Yuzhou Grand Future Real Estate Development Company Limited* (廈門禹洲鴻圖地產開發有限公司) (“**Xiamen Yuzhou**”), Shenzhen Huajing and Zhongshan Yuhong Real Estate Development Limited (中山禹鴻房地產開發有限公司) (“**Zhongshan Yuhong**”) in relation to the acquisition of 21% of equity interest and debt interest in Zhongshan Yuhong at a total consideration of approximately RMB340,380,433;
- (i) the equity transfer agreement dated 26 March 2019 entered into between Xiamen Yuzhou and Shenzhen Huajing in respect of the acquisition of 21% of equity interest in Zhongshan Yuhong at a total consideration of RMB1,263,447;

- (j) the debt transfer agreement dated 26 March 2019 entered into between Xiamen Yuzhou and Shenzhen Huajing in respect of the acquisition of 21% of debt interest in Zhongshan Yuhong at a total consideration of approximately RMB339,116,986;
- (k) the finance lease and factoring framework agreement entered into between OCT Financial Leasing Co., Ltd. (華僑城融資租賃有限公司) (“**OCT Financial Leasing**”), a direct wholly-owned subsidiary of the Company and Shenzhen Overseas Chinese Town Company Limited (深圳華僑城股份有限公司) on 7 May 2019 in relation to provision of finance lease and factoring services from OCT Financial Leasing to OCT Ltd. at an annual cap of RMB2,500,000,000 for one year from the date of independent shareholders’ approval;
- (l) the finance lease and factoring framework agreement entered into between OCT Financial Leasing and OCT Group on 7 May 2019 in relation to provision of finance lease and factoring services from OCT Financial Leasing to OCT Group at an annual cap of RMB1,000,000,000 for one year from the date of independent shareholders’ approval;
- (m) the cooperation agreement dated 3 June 2019 entered into between Shenzhen OCT Gangya Holdings Development Co., Ltd. (深圳華僑城港亞控股發展有限公司, “**OCT Gangya**”) and Hefei Guojia Industry Capital Management Co., Ltd. (合肥國嘉產業資本管理有限公司, “**Hefei Guojia**”), pursuant to which the parties agreed to establish a joint venture company (the “**Project Company**”) for the development of parcels of land in Hefei and the total capital commitment to be made to the Project Company shall not exceed RMB2,352,941,176, of which RMB1,200,000,000 and RMB1,152,941,176 is attributable to OCT Gangya and Hefei Guojia, respectively, in proportion to their respective shareholdings in the Project Company;
- (n) the lease agreement dated 5 July 2019 entered into between Overseas Chinese Town (Shanghai) Land Company Limited (華僑城(上海)置地有限公司, “**OCT Shanghai Land**”) and Shanghai Huahe Real Estate Development Co., Ltd. (上海華合房地產開發有限公司, “**Shanghai Huahe**”) in relation to the lease of the certain properties by OCT Shanghai Land to Shanghai Huahe for a term of 36 months from 1 August 2019 to 31 July 2022 at a monthly rent of RMB769,145;
- (o) the maximum amount guarantee agreement dated 11 July 2019 entered into between the Company and Shenzhen branch of Nanyang Commercial Bank (China) Limited (南洋商業銀行(中國)有限公司深圳分行, the “**Bank**”), pursuant to which the Company agreed to guarantee up to 49% of the loan (being RMB392,000,000) under a loan agreement between Chongqing OCT Real Estate Limited (重慶華僑城置地有限公司) and the Bank; and
- (p) the Limited Partnership Agreement.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any member of the Group.

9. 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 59/F., Bank of China Tower, 1 Garden Road, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text.

10. 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 59/F., Bank of China Tower, 1 Garden Road, Hong Kong from the date of this circular up to and including 7 January 2020:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 December 2016, 2017 and 2018 and the interim report of the Company for the six months ended 30 June 2019;
- (c) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;
- (d) a copy of each circular issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules which has been issued since 31 December 2018 (being the date to which the latest published accounts of the Company were made up); and
- (e) this circular.