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## **Overseas Chinese Town (Asia) Holdings Limited**

**華僑城（亞洲）控股有限公司**

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

**(Stock Code: 03366)**

### **VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF 51% OF THE ISSUED SHARE CAPITAL OF CAPITAL CONVERGE HOLDINGS LIMITED AND RESUMPTION OF TRADING**

#### **THE DISPOSAL**

The Board announces that on 9 November 2017 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Purchaser and the Target Company, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares at the Consideration in the sum equals the USD equivalent of RMB1,395,249,891.13 in accordance with the terms and conditions of the Sale and Purchase Agreement.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the relevant applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal exceed(s) 75%, the Disposal constitutes a very substantial disposal for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, (i) details of the Sale and Purchase Agreement; (ii) the financial information of the Group and the Target Group; (iii) the unaudited pro-forma financial information of the Remaining Group; and (iv) the notice convening the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 4 December 2017.

**Closing of the Disposal is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the paragraph headed "Sale and Purchase Agreement – Conditions precedent" in this announcement, including the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder by the Shareholders at the EGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

Trading in the Shares and debt securities of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 10 November 2017 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares and debts securities of the Company on the Stock Exchange with effect from 9:00 a.m. on 14 November 2017.

## **THE DISPOSAL**

On 9 November 2017 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Purchaser and the Target Company, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares at the Consideration in the sum equals to the USD equivalent of RMB1,395,249,891.13 in accordance with the terms and conditions of the Sale and Purchase Agreement. The Disposal constitutes a very substantial disposal (as such term defined under Chapter 14 of the Listing Rules) for the Company. Further information on the implications of the Disposal under the Listing Rules is set forth in the section headed “Implications under the Listing Rules” below.

## **SALE AND PURCHASE AGREEMENT**

The Sale and Purchase Agreement contains all of the terms and conditions for the Disposal which are negotiated on an arm’s length basis between the Company and the Purchaser. A summary of the principal terms and conditions is set forth below:

Date	9 November 2017
Parties	(1) the Company (as vendor);  (2) New China Fund (on behalf of New China Fund SP 1) (as purchaser); and  (3) the Target Company.
Consideration and the sale and purchase of Sale Shares	The Consideration of the Disposal to be paid by the Purchaser to the Vendor is the USD equivalent of RMB1,395,249,891.13 which was determined after arm’s length negotiations between the Company and the Purchaser with reference to the preliminary valuation of the properties under the Chongqing OCT Land project of approximately RMB2,830,000,000 as at 31 August 2017 conducted by Savills Valuation and Professional Services Limited, an independent professional valuer, using direct comparison approach, as well as the assets and liabilities of the Chongqing Company. Subject to the terms and conditions of the Sale and Purchase Agreement, the Consideration shall be paid and the sale and purchase of the Sale Shares shall be carried out in the following manner:

At the Closing, 51 Sale Shares, representing 51% of the issued and outstanding shares of the Target Company will be sold to the Purchaser at the Consideration in the sum equals to the USD equivalent of RMB1,395,249,891.13. Such amount shall be paid in the United States dollars at the USD/RMB central parity rate released by the People's Bank of China or its authorised institution on one Business Day prior to the payment date.

PRC tax filing and payment

The parties agree that the Company will make all required filings, reports or notices to the applicable governmental authorities in the PRC with respect to all capital gains taxes owed by the Company in the PRC arising from the sale of the Sale Shares to the Purchaser hereunder and any determination required in connection therewith.

Conditions precedent

Closing of the Disposal is conditional upon fulfillment of, among other things, the following conditions:

1. the Company having complied fully with its obligations under the Sale and Purchase Agreement that require performing prior to the Closing;
2. the warranties given by the Company under the Sale and Purchase Agreement being true and accurate in all material respects;
3. the Company having obtained all necessary approvals as required under the Listing Rules, including the approval of the Shareholders on the transactions contemplated under the Sale and Purchase Agreement;
4. all consents, approvals, authorisations, orders, registrations, filings or qualifications of or with any third party or governmental authorities required shall have been duly obtained or made, as applicable, and shall be in full force and effect;
5. there shall not have occurred and be continuing any material breach or violation of the Sale and Purchase Agreement on the part of the Company or the Target Company;
6. at the Closing, each of the Target Group (except the Chongqing Company) has obtained its internal approval over the amendments of its articles of associations as mutually agreed by the parties (if appropriate);
7. at the Closing, each of the board of directors of the Target Group (except the Chongqing Company) shall consist of five members, in which three of them shall be appointed by the Purchaser; and
8. there has not been any material adverse change on the part of any of the Target Group.

## Covenants

The Purchaser and the Company agree to use all their best efforts, including by voting at shareholders' meetings, to procure that the articles of association of each of the Target Group be amended to reflect the following:

1. before the Closing, the Chongqing Company has obtained its internal approval over the amendments of its articles of association as mutually agreed by the parties (if appropriate);
2. the board of directors of the Chongqing Company shall be composed of, and remain at five directors, of whom three directors shall be appointed by the Purchaser and two directors shall be appointed by the Company;
3. such directors may serve consecutive terms upon re-appointment by the party that initially appointed such directors; and
4. the term of office of directors shall be three years, with each party entitled to appoint and elect a director may remove such director by notice to such director, the other shareholders and the Target Group; any vacancy occurring on the board of directors by reason of the death, disqualification, inability to act, resignation or removal of any director may be filled only by the party who appointed such director so as to maintain the ratio of directors specified in item 2 above.

The Purchaser and the Company agree that the board of directors of each of the members of the Target Group shall have among others the following authorities:

1. determine the increase of capital, reduction of capital, separation, merger, suspension, dissolution, liquidation, profit distribution, equity structure adjustment or form change of the relevant member of Target Group;
2. amend the articles of association of the relevant member of Target Group;
3. determine the Target Group's overall budget, the annual financial budget and the overall business plans (including designing plan, start and closing plan, cost budgeting plan and sales plan, as well as material adjustments over the management plans);
4. approve any transaction or series of transaction between the relevant members of Target Group and the related parties, except for shareholders' borrowings agreed in writing by the shareholder(s) of the relevant member of the Target Group; and
5. approve the transfer of the relevant member of the Target Group's equity of the project company by the shareholder(s) thereof.

Closing The Closing of the sale and purchase of the Sale Shares shall be consummated by exchange of the Closing documents and wire transfer of funds on or prior to the Closing Date.

Immediately after Closing, the Company will hold 49% of the issued share capital of the Target Company and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group. Upon Closing, the Target Company will be accounted for under equity method as an associate of the Group in the Group's consolidated financial statements. Moreover, each member of the Target Group will no longer be a subsidiary of the Company.

## **INFORMATION ON THE PURCHASER**

The Purchaser, New China Fund (on behalf of New China Fund SP 1) is a segregated portfolio company which was incorporated in the Cayman Islands. New China Fund SP 1 is an investment portfolio under New China Fund, with all its shares held by independent third parties and with a view to generate positive returns through investment in real estate industry. China Urbanization Capital Limited (華邦資本有限公司) is the manager of New China Fund, which is principally engaged in private equity investments in sectors such as technology, education, strategic emerging industries and real estate. China Urbanization Capital Limited is wholly-owned by China Urbanization Investment Limited (華邦投資有限公司), which is in turn owned as to 35% by the Company and the remaining 65% by independent third parties. The controlling shareholder of the Company does not have any direct interest in each of New China Fund, China Urbanization Capital Limited (華邦資本有限公司) and China Urbanization Investment Limited (華邦投資有限公司). To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Purchaser is not a connected person (as defined in the Listing Rules) of the Company as at the date of this announcement.

## **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.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Directors consider that the Disposal gives a good opportunity for the Group to realise a considerable gain which will be beneficial to the financial structure of the Group. The Disposal will also enable the Group to free up capital for its operations and explore potential new investment opportunities that may arise in the future.

The transfer of the Sale Shares (which amount to 51% of the total issued share capital of the Target Company) is the result of mutual negotiations between the parties. As confirmed by the Directors, as at the date of this announcement, the Group has no current intention, arrangement, understanding or negotiation to dispose of further interests in the Target Company. The Company may however consider disposing of the remaining interests in the Target Company if the terms are favourable and/or circumstances are appropriate.

Upon Closing, there will be no change in relation to the Group's principal businesses.

In light of the reasons above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **INFORMATION OF THE TARGET GROUP**

The Target Company is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company before the Disposal. It is principally engaged in investment holding.

Honour Ray is an investment holding company which is directly wholly-owned by the Target Company. It directly owns the entire issued share capital in Chongqing Company, which is principally engaged in the real estate development and management of the properties under the Chongqing OCT Land project. The Chongqing OCT Land project comprises two land parcels with total site area of approximately 179,605 square metres. The project is developed in two phases and is expected to be developed into a residential zone with a total plot ratio gross floor area of approximately 448,878 square metres. Phase 1 of the Chongqing OCT Land project is under construction and will be completed by September 2018. As at the date of this announcement, the residential properties under Phase 1 have been pre-sold. The contracted sales area and amount of properties are approximately 167,134 square metres and approximately RMB1.86 billion respectively, which are expected to be settled by the end of 2018. The plan in relation to Phase 2 of the Chongqing OCT Land project has not been approved and is currently vacant.

The Target Group currently does not have any business other than the business engaged by Chongqing Company.

## **FINANCIAL INFORMATION OF THE TARGET GROUP AND FINANCIAL EFFECTS OF THE DISPOSAL ON THE COMPANY**

As at 31 August 2017, the Target Group had unaudited combined total assets and net liabilities of approximately RMB2,428,035,000 and RMB68,672,000, respectively. Selected unaudited combined financial information of the Target Group is set out below:

	<b>Year ended 31 December</b>	
	<b>2015</b>	<b>2016</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	–	–
Net profit before taxation	33,509	30,919
Net profit after taxation	31,814	31,136

The major component of the net profit of the Target Group amounted to approximately RMB31.8 million and approximately RMB31.1 million for the years ended 31 December 2015 and 2016 respectively being the net exchange gain arose from the borrowings in foreign currency from the Company for financing the Target Group.

Based on the unaudited net asset value of the Target Group as at 31 August 2017, it is estimated that the Group will record a net gain of approximately RMB687 million from the Disposal. Any actual gain or loss from the Disposal will depend on the carrying value of the net assets of the Target Group upon Closing.

## USE OF PROCEEDS

The net proceeds from the Disposal after deducting related transaction costs and expenses are estimated to be approximately RMB1,394 million. The Group intends to apply the net proceeds from the Disposal for general working capital and future investment of the Group.

## IMPLICATIONS UNDER THE LISTING RULES

As one or more of the relevant applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal exceed(s) 75%, the Disposal constitutes a very substantial disposal for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder. No Shareholder shall be considered as having a material interest and required to abstain from voting at the EGM.

A circular containing, amongst other things, (i) details of the Sale and Purchase Agreement; (ii) the financial information of the Group and the Target Group; (iii) the unaudited proforma financial information of the Remaining Group; and (iv) the notice convening the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 4 December 2017.

**Closing of the Disposal is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the paragraph headed "Sale and Purchase Agreement – Conditions precedent" in this announcement, including the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder by the Shareholders at the EGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.**

## RESUMPTION OF TRADING

Trading in the Shares and debt securities of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 10 November 2017 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares and debts securities of the Company on the Stock Exchange with effect from 9:00 a.m. on 14 November 2017.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which commercial banks in Hong Kong open for business
“Chongqing Company”	Chongqing OCT Real Estate Limited (重慶華僑城置地有限公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of Honour Ray

“Closing”	the closing of the Disposal, subject to the condition and in accordance with the terms set out in the Sale and Purchase Agreement
“Closing Date”	the 2nd Business Day after all conditions precedent for the Closing have been satisfied or waived by the Purchaser or any other date agreed in writing by the Purchaser and the Company in writing
“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
“Consideration”	consideration for the Sale Shares payable by the Purchaser to the Company pursuant to the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company in accordance with the terms and conditions of the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among others, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Honour Ray”	Honour Ray Co., Ltd (豪力有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company
“Independent Third Party(ies)”	means any person(s) or company(ies) and their respective ultimate beneficial owner(s) who are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New China Fund”	New China OCT Fund SPC, a segregated portfolio company incorporated in the Cayman Islands with limited liability
“New China Fund SP 1”	New China OCT Fund SPC 1 Segregated Portfolio, an investment portfolio under New China Fund



“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Remaining Group”	the Group excluding the Target Group after the Closing
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 9 November 2017 and entered into between the Company and the Purchaser in relation to the Disposal
“Sale Shares”	the 51 shares of the Target Company to be sold by the Company to the Purchaser pursuant to the terms and conditions under the Sale and Purchase Agreement, representing 51% of the total issued share capital of the Target Company
“Share(s)”	share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Capital Converge Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company before the Disposal
“Target Group”	the Target Company, Honour Ray and Chongqing Company
“USD”	the United States dollar(s), the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 13 November 2017

*As at the date of this announcement, the Board comprises seven Directors, namely: Mr. He Haibin, Ms. Xie Mei and Mr. Lin Kaihua as executive Directors; Mr. Zhang Jing as non-executive Director; Mr. Lu Gong, Ms. Wong Wai Ling, and Professor Lam Sing Kwong Simon as independent non-executive Directors.*