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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)

CONNECTED TRANSACTION
ESTABLISHMENT OF LIMITED PARTNERSHIP



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

A letter from the Independent Board Committee is set out on page 14 of this circular.

A letter from China Everbright containing its advice to the Independent Board Committee and the Independent Shareholders on the LP Agreement and the transactions contemplated thereunder is set out on pages 15 to 29 of this circular.

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DEFINITIONS

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

“Board”	the board of Directors of the Company;
“Capital Fortune Investment”	Shenzhen Capital Fortune Investment Company Limited* (深圳市遠致富海投資管理有限公司), a limited liability company incorporated in the PRC;
“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;
“Director(s)”	the director(s) of the Company;
“Fujing Technology”	Fujian Fujing Technology Holdings Co., Ltd.* (福建福晶科技股份有限公司), a limited liability company incorporated in the PRC;
“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;
“Huayou Investment”	Shenzhen Huayou Investment Co., Ltd.* (深圳市華友投資有限公司), an indirectly wholly-owned subsidiary of the Company;
“Hubei Zhenya”	Hubei Zhenya Zhiyuan Industrial Co., Ltd* (湖北振亞致遠實業有限公司), a limited liability company incorporated in the PRC;
“Independent Board Committee”	a committee of the Board comprising all independent non-executive Directors of the Company;
“Independent Financial Adviser” or “China Everbright”	China Everbright Capital Limited, a licensed corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities;
“Independent Shareholders”	Shareholders who are not prohibited from voting under the Listing Rules to approve the LP Agreement and the transactions contemplated thereunder;

DEFINITIONS

“Independent Third Party(ies)”	parties independent of and not connected with the Company and its connected persons;
“Investment Committee”	a committee established under the Limited Partnership as per detailed in the section headed “The LP Agreement – Voting Rights” of this circular;
“Jiahe Investment”	Shenzhen Jiahe Investment Management Enterprise (LLP)* (深圳佳合投資管理企業(有限合夥)), a limited partnership established in the PRC;
“Latest Practicable Date”	24 October 2016, being the latest practicable date prior to the printing of this circular for ascertaining information contained in this circular;
“Limited Partnership ”	Shenzhen Capital Fortune Investment New Industries Investment Enterprise (LLP)* (深圳遠致富海新興產業投資企業(有限合夥)), a limited partnership to be established pursuant to the LP Agreement;
“LP Agreement”	the Limited Partnership agreement entered into among Huayou Investment, Tongbao and the Other Partners on 30 September 2016 in relation to the establishment of the Limited Partnership;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Ms. Chen”	Chen Meixia* (陳美霞), resident of the PRC;
“Mr. Deng”	Deng Shiwei* (鄧詩維), resident of the PRC;
“Mr. Lin”	Mr. Lin Kaihua, an executive Director of the Company;
“Ms. Zeng”	Zeng Danni* (曾丹妮), resident of the PRC;
“Ms. Xie”	Ms. Xie Mei, an executive Director of the Company;
“Other Partners”	Capital Fortune Investment, Jiahe Investment, Yuanzhi Investment, Pingshan Company, Fujing Technology, China Merchants Wealth, Mr. Deng, Hubei Zhenya, Zhejiang Beirui, Ms. Zeng, Shenzhen Huayin and Ms. Chen;
“Pacific Climax”	Pacific Climax Limited, a company incorporated in the British Virgin Islands with limited liability, which is a controlling shareholder of the Company;
“percentage ratio(s)”	has the meaning ascribed to in the Listing Rules;

DEFINITIONS

“Pingshan Company”	Shenzhen Pingshan New District City Construction Investment Co., Ltd.* (深圳市坪山新區城市建設投資有限公司), a limited liability company incorporated in the PRC;
“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;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Share(s)”	Share(s) of the Company;
“Shareholders”	holders of the Share(s);
“Shenzhen Huayin”	Shenzhen Huayin No.2 Equity Investment Limited Partnership (LLP) (深圳市華銀二號股權投資合夥企業(有限合夥)), a limited partnership established in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tongbao”	Shenzhen Tongbao Haina Investment Enterprise (LLP)* (深圳通寶海納投資企業(有限合夥)), a limited partnership established in the PRC and owned as to 50% and 50% by each of Ms. Xie Mei and Mr. Lin Kaihua, respectively;
“Yuanzhi Investment”	Shenzhen Yuanzhi Investment Co., Ltd.* (深圳市遠致投資有限公司), a limited liability company incorporated in the PRC;
“China Merchants Wealth”	China Merchants Wealth Asset Management Co., Ltd.* (招商財富資產管理有限公司), a limited liability company incorporated in the PRC;
“Zhejiang Beirui”	Zhejiang Beirui Industrial Investment Co., Ltd.* (浙江貝瑞實業投資有限公司), a limited liability company incorporated in the PRC; 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 HK1.00 = RMB0.86. 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. Yao Jun (*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

27 October 2016

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION
ESTABLISHMENT OF LIMITED PARTNERSHIP

INTRODUCTION

Reference is made to the announcements of the Company dated 28 April 2016 and 30 September 2016.

On 30 September 2016 (after trading hours), Huayou Investment, an indirectly wholly-owned subsidiary of the Company, entered into the LP Agreement in relation to the establishment of the Limited Partnership with an aggregate capital of RMB1 billion (approximately HK\$1.16 billion).

LETTER FROM THE BOARD

Upon establishment of the Limited Partnership, the Company, which shall contribute RMB143 million (approximately HK\$166.28 million) pursuant to the LP Agreement, will own as to 14.3% in the interest in the Limited Partnership and the financial results of the Limited Partnership will not be consolidated into the Group.

The purpose of this circular is to provide Shareholders with (i) further details of the LP Agreement and the transactions contemplated thereunder; (ii) the opinion from the Independent Board Committee; (iii) the advice of China Everbright; and (iv) such other information as required by the Listing Rules.

THE LP AGREEMENT

The principal terms of the LP Agreement are as follows:

Date

30 September 2016

Parties

General and Executive Partner

- (1) Capital Fortune Investment;

General Partner

- (2) Jiahe Investment;

Limited Partners

- (3) Huayou Investment, an indirect wholly-owned subsidiary;
- (4) Tongbao;
- (5) Yuanzhi Investment;
- (6) Pingshan Company;
- (7) Fujing Technology;
- (8) China Merchants Wealth;
- (9) Mr. Deng;
- (10) Hubei Zhenya;
- (11) Zhejiang Beirui;

LETTER FROM THE BOARD

- (12) Ms. Zeng;
- (13) Shenzhen Huayin; and
- (14) Ms. Chen.

To the best information, knowledge and belief of the Directors, after having made all reasonable enquiries, apart from Tongbao which its relation with the Company is detailed in the section headed “Listing Rules Implications” herein, each of the Other Partners and their respective ultimate beneficial owner(s) are Independent Third Parties.

Capital Contribution

The total investment amount of the Limited Partnership is expected to be RMB1 billion, which should be contributed by all the partners in full by cash before the payment date as stipulated in the payment notice to be issued by the general and executive partner. The contribution to be made by each of the partners are as follows:

Partners	Contribution in the Limited Partnership (RMB)	Percentage of contribution in the Limited Partnership
(1) Capital Fortune Investment	17,000,000	1.7%
(2) Jiahe Investment	3,000,000	0.3%
(3) Huayou Investment	143,000,000	14.3%
(4) Tongbao	2,000,000	0.2%
(5) Yuanzhi Investment	100,000,000	10.0%
(6) Pingshan Company	140,000,000	14.0%
(7) Fujing Technology	20,000,000	2.0%
(8) China Merchants Wealth	500,000,000	50.0%
(9) Mr. Deng	10,000,000	1.0%
(10) Hubei Zhenya	15,000,000	1.5%
(11) Zhejiang Beirui	17,000,000	1.7%
(12) Ms. Zeng	8,000,000	0.8%
(13) Shenzhen Huayin	10,000,000	1.0%
(14) Ms. Chen	15,000,000	1.5%
Total	1,000,000,000	100%

Upon establishment of the Limited Partnership, the Company will own as to 14.3% in the interest in the Limited Partnership and the financial results of the Limited Partnership will not be consolidated into the Group. The Limited Partnership will be accounted for as a financial instrument investment of the Company upon establishment.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the general and executive partner has issued the payment notice to the other partners requesting payment of their respective contribution shall be made before 18 October 2016. The general and executive partner shall register the Limited Partnership with the relevant PRC commerce and industry department upon receipt of contribution from all partners, and the establishment of the Limited Partnership shall be completed after completion of the registration.

Source of contribution

The Group intends to satisfy the contribution of RMB143,000,000 to be made by Huayou Investment by its internal resources.

Term of the Limited Partnership

The Limited Partnership shall commence from the granting date of its business license, and expire on the 5th anniversary of the date when all partners to the LP Agreement have fully paid their capital contribution.

The general and executive partner may base on the operation needs of the Limited Partnership and determine to extend the term of the Limited Partnership by one year.

Purpose and business scope of the Limited Partnership

The purpose of the Limited Partnership is to engage in equity investment, equity investment management and other equity investment related activities in order to promote the developments of emerging industries and maximize the interests of all partners.

The business scope of the Limited Partnership covers investments in emerging industries such as new energy vehicles, medical and health, mobile internet, energy conservation and environmental protection; and the project types shall include but not limited to the area industrial restructuring saving project, transfer of pre-listed state-owned shares projects, pre-new OTC board (新三板) project, and other projects as stipulated under the “Interim Measures on Venture Investment Fund Management of Pingshan New District” (《坪山新區創業投資引導基金管理暫行辦法》).

In determining the projects to be invested, the Limited Partnership will select enterprises in emerging industries with good growth and development prospects and supported by the strategic development policies under the Planning Outline of the 13th Five-Year Plan for National Economic and Social Development 《中華人民共和國國民經濟和社會發展第十三個五年規劃綱要》 and the Planning Outline of the 12th Five-Year Plan for National Economic and Social Development 《中華人民共和國國民經濟和社會發展第十二個五年規劃綱要》 issued by the State Council of the People’s Republic of China in March 2016 and March 2011, respectively. Such emerging industries include new energy vehicles; medical and health; mobile internet; and energy conservation and environmental protection.

LETTER FROM THE BOARD

Rights and Responsibilities of the Partners

Pursuant to the LP Agreement, the partners have, among others, the following rights and responsibilities:

	Rights	Responsibilities
General Partner	<ul style="list-style-type: none">(i) Manage the operation and execute the business of the Limited Partnership;(ii) Convene, chair, participate or appoint proxy to participate in the partners' meeting and exercise their respective voting rights in accordance with the relevant laws and regulations; and(iii) receive the remuneration for executing the business of the Limited Partnership and enjoy the right of distribution under the Limited Partnership; and benefits of the partnership distribution rights	<ul style="list-style-type: none">(i) Maintain the assets and property of the Limited Partnership;(ii) report the Limited Partnership's operation, financial condition and the status of business execution to the limited partners on a regular basis; and(iii) Observe the confidentiality obligations in relation to the investment combination and other matters of the Limited Partnership
General and Executive Partner	Same as general partner	<ul style="list-style-type: none">(i) Responsible for daily operations of the Limited Partnership, such as investment, management and withdrawal from investment;(ii) Manage, maintain and dispose assets of the Limited Partnership, including but not limited to investment assets, non-investment assets, intellectual property, moveable assets and property;(iii) Approve transfer of interest in the Limited Partnership by the limited partners; and(iv) Determining the distribution time and amount of cash income after the Limited Partnership has withdrawn from a project
Limited Partners	<ul style="list-style-type: none">(i) Participate in the decision making on the joining or withdrawal of general partner;(ii) Participate in the partners' meeting and exercise their respective voting rights; and(iii) Receive information in relation to the Limited Partnership, including those related to their own interest and financial information and accounts of the Limited Partnership	<ul style="list-style-type: none">(i) Observe the confidentiality obligation in relation to the matters of the Limited Partnership; and(ii) Shall not engage in any activities that may have an adverse impact on the interest of the Limited Partnership

Voting Rights

The Limited Partnership will set up the Investment Committee which is responsible for making decisions in relation to the investment, management or withdrawal of investment projects, and the use of idle funds of the Limited Partnership in other investment activities such as deposit with the banks or acquisition of treasury bonds, etc.

LETTER FROM THE BOARD

The Investment Committee shall comprise of 7 members, among which 4 members will be appointed by Capital Fortune Investment, whilst the other 3 members will be appointed by each of Huayou Investment, Yuanzhi Investment and Pingshan Company. Each member of the Investment Committee has one vote and at least 5 votes is required for the passing of any decision made by the Investment Committee.

Apart from the investment decisions which are required to be determined by the Investment Committee, other general matters of the Limited Partnership shall be resolved by the partners' meeting.

The percentage of voting rights exercisable by each partner is determined by the percentage of their respective contribution in the Limited Partnership.

Profit and loss sharing

Any profit of the Limited Partnership shall be shared among the partners as follows:

- (i) if the annual average investment turnover rate of the Limited Partnership is lower than or equal to 8%, the profit shall be shared among the partners in proportion to their actual contribution to the Limited Partnership;
- (ii) if the annual average investment turnover rate of the Limited Partnership is higher than 8% but lower than or equal to 10%, the profit shall be shared among the partners in proportion to their actual contribution to the Limited Partnership until each partner has received the amount equivalent to its actual contribution in the Limited Partnership and the amount receivable by such partner calculated at the annual average investment turnover rate of 8%, any remaining profit shall be distributed equally among the general executive partner and the general partner;
- (iii) if the annual average investment turnover rate of the Limited Partnership is higher than 10%, the profit shall be shared among the partners as follows:
 - (a) Firstly, the profit shall be distributed in proportion to the actual contribution to the Limited Partnership by each partner until all of them have received the amount equivalent to their respective actual contribution in the Limited Partnership;
 - (b) Secondly, the profit shall be distributed until each partner has received the amount receivable by such partner calculated at the annual average investment turnover rate of 8%;
 - (c) Lastly, the remaining profit shall be distributed among each partner according to the following formula:

Actual contribution proportion of such partner x (distributable profit – actual contribution of Limited Partnership) x 80% – the profit already received by such partner under (a) and (b) above.

Any remaining profit shall be distributed equally among the general executive partner and the general partner.

LETTER FROM THE BOARD

Annual average investment turnover rate means the weighted annual profit rate in relation to the total profit generated by the Limited Partnership comparing to the actual contribution made by all the partners.

Any loss incurred by the Limited Partnership shall be bore by the partners in proportion to their respectively contribution in the Limited Partnership. The liability of each limited partners is capped by their respective contribution in the Limited Partnership while the liability of each general partners is unlimited.

Pre-emptive rights on interest transfers

Transfer of interest in the Limited Partnership by limited partner is subject to approval by the general executive partner. Should the general executive partner approved a proposed transfer, all other limited partners shall have pre-emptive right to purchase the interests offered to be transferred on the same proposed terms.

REASONS FOR AND BENEFIT OF ENTERING INTO THE LP AGREEMENT

Having considered that (i) the investment areas of the Limited Partnership cover highly attractive emerging industries in the PRC with excellent growth opportunities in the future; and (ii) Capital Fortune Investment has rich experience and resources in the said emerging industries; the Company is of the opinion that the proposed investment in the Limited Partnership will bring further strategic investment opportunities to the Group and provide an effective platform for the Group to strengthen the exploration in the emerging industries.

The Directors are of the view that the terms of the LP Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and the Transfer is in the interest of the Company and the Shareholders as a whole.

Despite Tongbao is owned as to 50% and 50% by each of Ms. Xie and Mr. Lin, respectively, the Board is of the view that (i) the interest of Ms. Xie and Mr. Lin in the LP Agreement is not material having considered the contribution of Tongbao, and (ii) apart from Ms. Xie and Mr. Lin, none of the other Directors has any interest in the LP Agreement and the transaction contemplated thereunder. Nevertheless, in order to avoid any potential conflict of interest, Ms. Xie and Mr. Lin have voluntarily abstained from voting on the relevant Board resolutions for approving the LP Agreement and the transactions contemplated thereunder. Save as the aforesaid, none of the Directors abstain from voting on the relevant Board resolutions.

As at the Latest Practicable Date, each of Ms. Xie and Mr. Lin does not hold any shareholding interest in the Company.

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

Huayou Investment is a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company. It principally engages in enterprise management consultation, investment in property projects, manufacture and sale of cardboard, carton boxes and other packaging boxes.

INFORMATION OF TONGBAO AND THE OTHER PARTNERS

Tongbao is a limited partnership established in the PRC and is owned as to 50% and 50% by Ms. Xie and Mr. Lin respectively. It principally engages in equity investment.

Capital Fortune Investment is a company incorporated in the PRC. It principally engages in entrusted management of equity investment funds; entrusted asset management; equity investment and investment and financial advisory services.

Jiahe Investment is a limited partnership established in the PRC. It principally engages in investment and investment advisory services, management consultation and investment management.

Yuanzhi Investment is a company incorporated in the PRC. It principally engages in investment in industrial projects, management of investment and other related asset.

Pingshan Company is a company incorporated in the PRC. It principally engages in property development, infrastructure construction; entrusted asset management and industry establishment.

Fujing Technology is a company incorporated in the PRC. It principally engages in manufacturing, providing technical advisory and technical services in relation to optical crystal, crystal materials and laser devices.

China Merchants Wealth is a company incorporated in the PRC. It principally engages in asset management services for specific clients, and other business permitted by China Securities Regulatory Commission.

Mr. Deng is a PRC resident. He is a merchant.

Hubei Zhenya is a company incorporated in the PRC. It principally engages in sale of vehicles and vehicle components.

Zhejiang Beirui is a company incorporated in the PRC. It principally engages in industry investment and related services.

Ms. Zeng is a PRC resident. She is a merchant.

Shenzhen Huayin is a limited partnership established in the PRC. It principally engages in equity investment.

Ms. Chen is a PRC resident. She is a merchant.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions as contemplated under the LP Agreement exceed(s) 5% but less than 25%, the transactions contemplated under the LP Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Tongbao is owned by two Directors, Ms. Xie and Mr. Lin, as to 50% and 50% respectively. As such, Tongbao is an associate of each of Ms. Xie and Mr. Lin and is a connected person of the Company. Accordingly, the LP Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the transactions as contemplated under the LP Agreement exceed(s) 5%, the LP Agreement is subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

As no Shareholder has material interest in the LP 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 LP 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 Latest Practicable Date (representing approximately 66.66% of the issued share capital of the Company) for the approval of the LP Agreement and the transactions contemplated thereunder. In addition, the Company has applied to the Stock Exchange for a waiver under Rule 14A.37 of the Listing Rules and the Stock Exchange has granted the waiver on 4 October 2016. Accordingly, no extraordinary general meeting will be convened by the Company to approve the LP Agreement and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising Mr. Lu Gong, Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon, being all independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the LP Agreement and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any material interest in the LP Agreement and the transactions contemplated thereunder. The letter from the Independent Board Committee is set out on page 14 of this circular.

The Company has also appointed China Everbright as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the LP Agreement and the transactions contemplated thereunder. The letter from China Everbright is set out on pages 15 to 29 of this circular.

RECOMMENDATIONS

Your attention is drawn to the letters from the Independent Board Committee and from China Everbright, respectively, which set out their opinions in respect of the LP Agreement and the transactions contemplated thereunder and the principal factors considered by them in arriving at their opinions.

LETTER FROM THE BOARD

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

ADDITIONAL INFORMATION

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

By order of the Board
Overseas Chinese Town (Asia) Holdings Limited
Yao Jun
Chairman



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)

27 October 2016

To the Independent Shareholders,

Dear Sir or Madam,

**CONNECTED TRANSACTION
ESTABLISHMENT OF LIMITED PARTNERSHIP**

We refer to the circular dated 27 October 2016 (the “**Circular**”) issued by the Company of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the LP Agreement and the transactions contemplated thereunder and to advise you as to whether, in our opinion, the terms of the LP Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. China Everbright has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the LP Agreement and the transactions contemplated thereunder.

We also wish to draw your attention to (i) the letter from the Board; (ii) the letter from China Everbright; and (iii) the additional information set out in the appendix to the Circular.

Having considered the terms of the LP Agreement and the transactions contemplated thereunder, and having taken into account the opinion of China Everbright and, in particular, the factors, reasons and recommendations as set out in the letter from China Everbright on pages 15 to 29 of the Circular, we consider that the terms of the LP Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable, and that the LP Agreement and the transactions contemplated thereunder are in the best interests of the Company and the Shareholders as a whole.

Yours faithfully,

For and on behalf of

the Independent Board Committee

Lu Gong

Wong Wai Ling

Lam Sing Kwong Simon

Independent non-executive Directors

LETTER FROM CHINA EVERBRIGHT

The following is the full text of a letter of advice from China Everbright Capital Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



27 October 2016

*To the Independent Board Committee and the Independent Shareholders of
Overseas Chinese Town (Asia) Holdings Limited (the “Company”)*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION ESTABLISHMENT OF LIMITED PARTNERSHIP

I. INTRODUCTION

We refer to our engagement as the independent financial adviser to the independent board committee of the Company (“**Independent Board Committee**”) and the independent shareholders of the Company (“**Independent Shareholders**”) in relation to the possible establishment of the limited partnership, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in this circular (the “**Circular**”) dated 27 October 2016 issued by the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the Company’s announcement dated 30 September 2016 (the “**Announcement**”), pursuant to which, it was announced that Shenzhen Huayou Investment Co., Ltd. (“**Huayou Investment**”), an indirect wholly-owned subsidiary of the Company, Shenzhen Tongbao Haina Investment Enterprise (“**Tongbao**”) and twelve other independent third parties entered into the Limited Partnership Agreement on 30 September 2016 (the “**LP Agreement**”) in relation to the establishment of the limited partnership (the “**Limited Partnership**”) with an aggregate capital of RMB1 billion.

As stated in the Letter from the Board, Tongbao is owned by Ms. Xie and Mr. Lin, two executive directors of the Company, as to 50% and 50% respectively. As such, Tongbao is an associate of each of Ms. Xie and Mr. Lin and is a connected person of the Company. Accordingly, the LP Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules (the “**Connected Transaction**”). As one or more of the applicable percentage ratios in respect of the transactions as contemplated under the LP Agreement exceeds 5%, the LP Agreement is subject to reporting, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all independent non-executive Directors, has been established to consider whether the Connected Transaction is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and shareholders as a whole, and to make

LETTER FROM CHINA EVERBRIGHT

recommendations to the Independent Shareholders in respect thereof. We, China Everbright Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Apart from normal professional fees for our services to the Company in connection with the engagement described above, no arrangement exists whereby we will receive any fees and benefits from the Company, Tongbao, the Connected Persons or any of their respective associates. As at the Latest Practicable Date, there were no relationships or interests between (a) China Everbright and (b) each of the Company, the connected Persons, Mr. Lin and their associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Hong Kong Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Connected Transaction as detailed in the Circular.

II. BASIS OF OUR OPINION

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, when they were made and are true at the date of the Circular.

We consider we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation.

III. PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT

In formulating our view on the Connected Transaction, we have taken into consideration the principal factors and reasons as set out below. In reaching our conclusion, we have considered the results of the analysis in light of each other and ultimately reached our opinion based on the results of all analysis taken as a whole.

(A) Background of and reasons of the Connected Transaction

Information on the Group

The Group is principally engaged in comprehensive development business and the sale of cardboard, carton boxes and other packaging boxes.

Huayou Investment is a company incorporated in the PRC and an indirectly wholly-owned subsidiary of the Company. It principally engages in enterprise management consultation, investment in property projects, manufacture and sale of cardboard, carton boxes and other packaging boxes.

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We set out below a summary of the financials of the Group's (i) audited results for the two years ended 31 December 2014 and 2015 extracted from the 2015 Annual Report; and (ii) unaudited results for the six months ended 30 June 2015 and 2016 extracted from the 2016 Interim Report of the Company, which were prepared in accordance with HKFRS:

<i>RMB' million</i>	For the year ended		For the six months ended	
	31 December	31 December	30 June	30 June
	2014	2015	2015	2016
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	3,797	6,436	1,996	2,137
– Comprehensive development business	2,948	5,596	1,584	1,770
– Paper packaging business	848	840	412	367
Gross profit	1,246	2,021	581	530
Share of profit/(loss) from associates	(13)	188	75	272
Share of profit/(loss) from joint ventures	–	–	(0.5)	–
Profit for the year/period attributable to the owners of the Company	326	273	105	211

According to the 2015 Annual Report, the increase in revenue was mainly a result of the Group's comprehensive development business complex, which includes development and sale of properties, development and operation of tourism theme park and management of properties. The increase was primarily due to the significant increase in revenue from OCT Shanghai Land in which waterfront multi-storey residential properties, which are highly scarce in the market, luxury high-rise residential tower with excellent views and low-density residential properties, apartment-style offices and some boutique business premises were sold. According to the 2016 Interim Report, the OCT Shanghai Land project has won several awards in China. Profit attributable to the owners of the Company decreased from RMB326 million for the year ended 31 December 2014 to RMB273 million for the year ended 31 December 2015 because the Group recorded a significant one-off gain on disposal of a subsidiary of RMB335.8 million during the year ended 31 December 2014. The profit attributable to the owners of the Company increased significantly from RMB105 million for the six months ended 30 June 2015 to RMB211 million for the six months ended 30 June 2016.

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Set out below is the extract of (i) the consolidated statement of financial position of the Group as at 31 December 2014 and 2015 extracted from the 2015 Annual Report, and (ii) that as at 30 June 2015 and 2016 extracted from the 2016 Interim Report, which were prepared in accordance with the HKFRS:

	31 December 2014	31 December 2015	30 June 2016
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	(Audited)	(Audited)	(Unaudited)
Net assets	6,384	6,773	6,898
Cash and cash equivalents	3,764	3,374	3,163
Investment in associates	156	395	1,440
Investment in joint ventures	–	–	24

The Group's net assets demonstrated an increasing trend from 2014 onwards. The Group has maintained sufficient cash as at each reporting date end at above RMB 3 billion. As extracted from the 2015 Annual Report, the Group's gearing ratio was decreasing at approximately 48.9% as at 31 December 2015, representing a decrease of 4.1 percentage point as compared to 53% as at 31 December 2014. The gearing ratio remained at similar level at 48.8% as at 30 June 2016.

The Group has a track record in investing in associates located first or second tier city in the PRC, such as Beijing, Chengdu and Xian. These associates are principally engaged in industries relevant to the Group's principal business such as property development, property management and tourism. As at 30 June 2016, the Group's investment in associates increased significantly to RMB1,440 million from RMB395 million as at 31 December 2015 after the acquisition of equity interest in an associate in Chengdu, which owns properties in one of the top three core business districts in Chengdu and is principally engaged in the sports venues operation and management, operations and sales of sports products, management and development of sports competition and performance, investment and development of sports tourism. The Group generated considerable profits from these investments in associates during the year ended 31 December 2015 and the six months ended 30 June 2016. In 2014, the loss generated was due to the fact that residential properties in the associate located in Beijing was not yet completed and delivered.

In 2016, the Group also invested RMB24 million in a joint venture, which is engaged in property development in Jinniu District, a major development zone in Chengdu. Since the joint venture is still in the early stage of development, the Group shared insignificant losses of RMB0.5 million from this joint venture.

Accordingly, we noted that the Company does possess prior experience in investing in joint ventures or associates.

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Information on the Limited Partnership

As stated in the Letter from the Board, the Limited Partnership was established to engage in equity investment, equity investment management and other equity investment related activities in order to promote the developments of emerging industries and maximize the interests of all partners. It primarily focuses on strategic emerging industries such as new energy vehicles, medical and health, mobile internet, energy conservation and environmental protection; and the project types shall include but not limited to the area industrial restructuring saving project, transfer of pre-listed state-owned share projects, pre-new OTC board project, and other projects as stipulated under the “Interim Measures on Venture Investment Fund Management of Pingshan New District” (the “**Interim Measures**”).

In determining the projects to be invested, the Limited Partnership will select enterprises in emerging industries with good growth and development prospects and supported by the strategic development policies under the Planning Outline of the 13th Five-Year Plan for National Economic and Social Development <<中華人民共和國國民經濟和社會發展第十三個五年規劃綱要>> (the “**13th Five-year Plan**”) and the Planning Outline of the 12th Five-Year Plan for National Economic and Social Development <<中華人民共和國國民經濟和社會發展第十二個五年規劃綱要>> (the “**12th Five-year Plan**”) issued by the State Council of the People’s Republic of China (the “**State Council**”) in March 2016 and 2011, respectively. Such emerging industries include new energy vehicles; medical and health; mobile internet; and energy conservation and environmental protection. The Limited Partnership targets to make equity investment and equity-linked debt investment in unlisted companies only, and the idle funds will be deposited with the banks, used to buy treasury bonds or used in other investment activities as approved by the Investment Committee and in compliance with the Interim Measures.

We noted from the LP Agreement that there are one executive and general partner; one general partner and twelve limited partners with different risks and return profiles and contribution amounts, details of which are discussed in the section headed “Capital Contribution” in this letter below. Pursuant to the LP Agreement, the total investment amount is RMB1 billion, among which the Group contributed RMB143 million, representing 14.3% of the contribution in the Limited Partnership, and Tongbao contributed to RMB2 million, representing merely 0.2% of the contribution in the Limited Partnership. Both the Group and Tongbao are limited partners with a passive role in the Limited Partnership. Operation of the Limited Partnership and the management of its asset will be the responsibility of the one executive and general partner.

Information on the general and executive partner

Shenzhen Capital Fortune Investment Limited (“**Capital Fortune**”) is a company incorporated in the PRC in 2013. It principally engages in entrusted management of equity investment funds, entrusted asset management; equity investment and investment and financial advisory services. Capital Fortune is owned primarily by (i) Shenzhen Yuanzhi Investment Co., Ltd. (“**Yuanzhi Investment**”), which is a professional platform set up in accordance with the State-owned Assets Supervision and Administration Commission of the People’s

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Government of Shenzhen Municipality, and also a limited partner to the Limited Partnership; (ii) Oriental Fortune Capital Investment Co., Ltd; and (iii) a wholly-owned subsidiary of China Cinda Asset Management Co., Ltd, a listed company on the Hong Kong Stock Exchange.

Capital Fortune is led by highly experienced management. A director, Mr. Chen Wei, and the CEO, Mr. Cheng Hou Bo, were named by Forbes China as the top 50 venture capitalist. The management team and the investment committee have on average over ten years of experience in relevant industries. Capital Fortune currently manages funds of over RMB5 billion.

Information on Tongbao

Tongbao is a limited partner to the Limited Partnership with shareholding of 0.2%. It is owned as to 50% and 50% by Ms. Xie and Mr. Lin, respectively. It is incorporated in the PRC in June 2016 and is principally engaged in equity investment.

Information on other representative limited partners

China Merchants Wealth Asset Management Co., Ltd. (“**China Merchants Wealth**”) is a company incorporated in the PRC. It principally engages in asset management services for specific clients, and other business permitted by China Securities Regulatory Commission. China Merchants Wealth is a wholly-owned subsidiary of China Merchants Bank Co., Ltd., a listed Company on the Hong Kong Stock Exchange and is owned by a state-owned corporation, China Merchant Group. China Merchants Wealth is the largest partner in the Limited Partnership in terms of contribution, which invested a total of RMB500 million, representing 50% contribution in the Limited Partnership.

Shenzhen Pingshan New District City Construction Investment Co., Ltd. (“**Pingshan Company**”). Pingshan Company is a state-owned corporation incorporated in the PRC in 2009. It principally engages in property development, infrastructure construction; entrusted asset management and industry establishment in Pingshan New District. Pingshan Company is the manager of the guiding fund under the Interim Measures. It invested RMB140 million, representing 14% contribution in the Limited Partnership.

Yuanzhi Investment is a professional platform set up in accordance with the State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipality in the PRC. It principally engages in investment in industrial projects, management of investment and other related asset. It invested RMB100 million, representing 10% contribution in the Limited Partnership.

Reasons for and benefits of entering into the LP Agreement

As stated in the Letter from the Board, the Company is of the view that the proposed investment in the Limited Partnership will bring further strategic investment opportunities to the Group and provide an effective platform for the Group to strengthen the exploration in the strategic emerging industries after considering (i) the investment areas of the Limited

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Partnership cover highly attractive strategic emerging industries in the PRC with excellent growth opportunities in the future; and (ii) the executive partner, Capital Fortune, has rich experience and resources in the said strategic emerging industries.

In addition to the above, we have also considered the following benefits of the LP Agreement and the Connected Transaction:

- As stated in the Letter from the Board, in determining the projects to be invested, the Limited Partnership will select enterprises in emerging industries with good growth and development prospects. We have reviewed the 12th Five-year Plan and the 13th Five-year Plan, noting that the investment focus of the Limited Partnership is largely within the scope of “strategic emerging industries” in the 13th Five-year Plan. We also noted that the 12th Five-year Plan listed seven “strategic emerging industries” for nationwide attention and the 13th Five-year Plan broadens the scope further to include energy saving & clean-energy vehicles, power equipment, biomedical & high performance medical devices, new materials, next generation information technology, advanced rail transportation equipment, advanced computer numerical controlled machine tools and robots, agricultural machinery, aerospace equipment and marine engineering equipment & high-tech ship. As stated in the 13th Five-year Plan, the cumulative value of these “strategic emerging industries” is expected to account for 15% of total GDP by 2020.

To achieve such goal, the 13th Five-year Plan sets out that the PRC government will introduce guiding industry policies and promote competition among the industries with an aim to improve the environment for the development of these strategic emerging industries. For example, the PRC government would set up national strategic industry development funds to guide venture capitals in the investment in strategic emerging industries with a particular focus on supporting start-up enterprises among these industries. The Interim Measures, which was launched in September 2015 by the PRC Government, is one example of the government support. We have reviewed the Interim Measures, noting that it was launched with an aim to promote the long-term development of small and medium enterprises in the Pingshan new district in Shenzhen by regulating the establishment and operation of new venture capital fund and by providing guidance on investment in new energy, biotechnology, new materials, new generation of information technology, intelligence equipment, robots, health and medical and other strategic emerging industries in Pingshan new district.

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- We have further conducted research on the support on the industries of the investment focus of the Limited Partnership, noting that they were supported by numerous government policies based upon 12th Five-year Plan and the 13th Five-year Plan. We set forth below a table of the investment focus and the relevant support from the PRC government:

Investment focus of the Limited Partnership	Relevant support from the PRC government
1. new energy vehicles	It is considered as one of the strategic emerging industries. In the 13th Five-year Plan, the PRC government strongly promotes the use of new energy vehicles and encourage public transport buses and taxis to use new energy vehicles. Actual example of support includes consumers enjoy government subsidy in purchasing electric vehicles.
2. medical and health	It is considered as one of the strategic emerging industries. In the 13th Five-year Plan, it is stipulated that the PRC government would accelerate large-scale application of biotechnology such as genomics and the development of new-generation biotechnology products. Actual example of support includes the State Council issued the Notice on Strengthening the Construction of the National Science and Technology Innovation Centre <<北京加強全國科技創新中心建設總體方案的通知>> to construct a number of world-class research infrastructure and to strengthen the training of basic research talents.

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Investment focus of the Limited Partnership	Relevant support from the PRC government
3. mobile internet	It is considered as one of the strategic emerging industries. According to the 13th Five-year Plan, the PRC government would foster the integrated circuit system, mobile intelligent terminal, the fifth generation mobile communication and intelligent hardware etc. Actual example of support includes the PRC government implemented the preliminary 5G mobile communication system research project, which invested RMB300 million on researching key technologies such as 5G network system architecture, wireless networking, wireless transmission, new antenna, new spectrum development and utilization and etc.
4. energy conservation and environmental protection	It is one of the strategic emerging industries. The 13th Five-year Plan promoted the development of new generation of photovoltaic, high-power high-efficiency wind power, hydrogen energy and fuel cell, smart grid and new energy storage device and etc. Actual example of support includes government subsidy for eligible projects for renewable energy and environmental protection.

Although there is no fixed rate of returns guaranteed in the LP Agreement, given the high level of support from the Chinese government demonstrated above and the guidance on the investment in strategic emerging industries, the future prospect of the strategic emerging industries, being the investment focus on the Limited Partnership, is optimistic and the returns from the proposed investment is expected to be positive;

- Based on our discussion with the Management, we understand that, other than the returns on investment, they are of the view that the participation in the Limited Partnership alongside with other partners also represents a springboard to future potential business cooperation or investment opportunities not only with the small and medium enterprises in Pingshan new district but also parties involved in the Limited Partnership. The proposed investment provided the Company with an effective platform to explore both business cooperation or investment opportunities in relevant (property development or paper packaging business) and/or new industries with good growth potentials. As shown in the section headed “Information of the Group” above, the Group has a track record of making direct investments in associates. Therefore, if the Group identifies any

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appropriate opportunities with attractive growth potential through this platform, the Group may consider direct investments or other forms of business cooperation;

- Capital Fortune has extensive experiences in the investment in the strategic emerging industries. Since its incorporation in 2013, Capital Fortune has invested RMB2.5 billion in eight projects and projects invested now have a market value in aggregate of RMB10 billion;
- The Management of the Company represented that the investment risk will not materially affect the Group's financial performance and financial position. As stated in the LP Agreement, the liability of each limited partners is capped by their respective contribution in the Limited Partnership. We have further compared the respective contribution against the financial information set out in the Group's 2015 Annual Report and 2016 Interim Report. The maximum loss of the investment for the Group would be RMB143 million, representing merely 4.2% and 4.5% of the Group's cash and cash equivalent as at 31 December 2015 and 30 June 2016, respectively, and 2.1% of the Group's net asset as at both 31 December 2015 and 30 June 2016;
- Tongbao's investment is insignificant at RMB2 million and the shareholding of the Limited Partnership is merely 0.2%. Therefore, Tongbao only plays a passive role as an investor in the operation and management of the Limited Partnership;
- The Group possessed prior experience in investing in associates and joint ventures, which generated considerable income for the Group; and
- Arising from the brand name and the state-owned background, the investment of China Merchants Wealth, Pingshan Company and Yuanzhi Investment will serve as a strong backing to the Limited Partnership's and the Group's businesses and investments, thus forming an integral role in the successful establishment of the Limited Partnership.

Having considered the above, we consider the reasons for the proposed investments are justifiable and the entering into the LP Agreement and the transactions contemplated thereunder is entered into on normal commercial terms and is in the interests of the Group and its shareholders as a whole.

(B) Principal Terms of the LP Agreement

On 30 September 2016, the Group and Tongbao and twelve other companies entered into the LP Agreement in relation to the establishment of the Limited Partnership, comprising a capital amount of RMB143 million to be contributed by the Group in its capacity as a Limited Partner, RMB2 million to be contributed by Tongbao in the capacity as a Limited Partner and RMB855 million from the twelve other companies.

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There will be two categories of partners under the Limited Partnership, an two general partners (one of which is simultaneously the executive partner) and twelve limited partners.

(i) Capital Contribution

Under the terms of the LP Agreement, the Limited Partnership will be established with the Capital amounts agreed to be contributed, and at such times by each of the partners as follow:

Categories of partners	Name of partner	Contribution amount in the Limited Partnership (RMB' million)	Shareholding in the Limited Partnership (%)
Executive and			
General Partner:	Capital Fortune	17	1.7
General Partner:	Jiahe Investment	3	0.3
Limited Partners:	China Merchants Wealth	500	50.0
	Huayou Investment, an indirect wholly-owned subsidiary of the Group	143	14.3
	Pingshan Company	140	14.0
	Yuanzhi Investment	100	10.0
	Fujing Technology	20	2.0
	Zhejiang Beirui Industrial Investment Co., Ltd.	17	1.7
	Hubei Zhenya Zhiyuan Industrial Co., Ltd.	15	1.5
	Ms. Chen Meixia	15	1.5
	Mr. Deng Shiwei	10	1.0
	Shenzhen Huayin No.2 Equity Investment Limited Partnership (LLP)	10	1.0
	Ms. Zeng Danni	8	0.8
	Tongbao	2	0.2
		<hr/>	<hr/>
	Total	<u>1,000</u>	<u>100.0</u>

Save for Tongbao, also a limited partner, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, all other executive and general partner, general partner and limited partners and their ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

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We have reviewed the LP Agreement, noting that the total investment amount of the Limited Partnership should be contributed by all categories of partners in full by cash before the payment date as stipulated in the payment notice issued by the general and executive partner. Having considered (i) the payment notice is issued by the general and executive partner, which is an independent third party; and (ii) the same term of capital contribution is applied to Huayou Investment and Tongbao and the twelve other independent partners, we are of the view that the term of capital contribution available to the Group is no less favorable than that available to Tongbao and the twelve other partners, which are all independent third parties. Therefore, it is fair and reasonable so far as the Independent Shareholders are concerned.

(ii) Pre-empty rights on interest transfer

We have reviewed the LP Agreement, noting that transfer of interest in the Limited Partnership by limited partners is subject to approval by the general executive partner, Capital Fortune. Should the general executive partner approved a proposed transfer, all other limited partners shall have pre-emptive right to purchase the interests offered to be transferred on the same proposed terms. Having considered that (i) both Huayou Investment and Tongbao are limited partners; (ii) the transfer of interests of either Huayou Investment and Tongbao will require the approval of the general executive partner, which is an independent third party; and (iii) the same term is applied to all other twelve independent limited partners, we are of the view that the pre-empty rights on interest transfer available to the Group is no less favorable than that available to Tongbao and the ten other limited partners, which are independent third parties, therefore, it is fair and reasonable so far as the Independent Shareholders are concerned.

(iii) Rights and responsibilities of the Partners

We have reviewed the LP Agreement, noting that the rights and responsibilities vary with the categories of partners, i.e. all limited partners have the same rights and responsibilities. Therefore, the rights and responsibilities of Huayou Investment, Tongbao and the ten other independent limited partners are the same. We are of the view that the rights and responsibilities of the Group are no less favorable than that of Tongbao and the other ten independent limited partners. Thus, the rights and responsibilities are fair and reasonable so far as the Independent Shareholders are concerned.

(iv) Voting rights

We have reviewed the LP Agreement, noting that The Limited Partnership will set up the Investment Committee which is responsible for making decisions in relation to the investment, management or withdrawal of investment projects, and the use of idle funds of the Limited Partnership in other investment activities such as deposit with the banks or acquisition of treasury bonds, etc.

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The Investment Committee shall comprise 7 members, among which 4 members will be appointed by Capital Fortune, whilst the other 3 members will be appointed by each of Huayou Investment, Yuanzhi Investment and Pingshan Company. Each member of the Investment Committee has one vote and at least 5 votes are required for the passing of any decision made by the Investment Committee.

We are of the view that the voting rights available to the Group is no less favorable than that available to Tongbao and other independent third parties after considering the following factors:

- Four members will be appointed by the executive and general partner, Capital Fortune, which is an independent third party;
- The other three members will be appointed by Huayou Investment, Yunazhi Investment and Pingshan Company, which have all contributed to at least RMB100 million capital amount to the Limited Partnership;
- Among all partners, Tongbao contributed the least capital amount of merely RMB2 million and, therefore, it has no rights to appoint any members on the Investment committee; and
- Yuanzhi Investment and Pingshan Company are independent third parties.

Therefore, the voting rights are fair and reasonable so far as the Independent Shareholders are concerned.

(v) ***Profit and loss sharing***

We have reviewed the LP agreement, noting that any profit of the Limited Partnership shall be shared among the partners as follows:

- (i) if the annual average investment turnover rate of the Limited Partnership is lower than or equal to 8%, the profit shall be shared among the partners in proportion to their actual contribution to the Limited Partnership;
- (ii) if the annual average investment turnover rate of the Limited Partnership is higher than 8% but lower than or equal to 10%, the profit shall be shared among the partners in proportion to their actual contribution to the Limited Partnership until each partner has received the amount equivalent to its actual contribution in the Limited Partnership and the amount receivable by such partner calculated at the annual average investment turnover rate of 8%, any remaining profit shall be distributed equally among the general executive partner and the general partner;

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(iii) if the annual average investment turnover rate of the Limited Partnership is higher than 10%, the profit shall be shared among the partners as follows:

- (a) Firstly, the profit shall be distributed in proportion to the actual contribution to the Limited Partnership by each partner until all of them have received the amount equivalent to their respective actual contribution in the Limited Partnership;
- (b) Secondly, the profit shall be distributed until each partner has received the amount receivable by such partner calculated at the annual average investment turnover rate of 8%;
- (c) Lastly, the profit shall be distributed among each partner according to the following formula:

Actual contribution proportion of such partner x (distributable profit - actual contribution of Limited Partnership) x 80% - the profit already received by such partner under (a) and (b) above.

Any remaining profit shall be distributed equally among the general executive partner and the general partner.

Annual average investment turnover rate means the weighted annual profit rate in relation to the total profit generated by the Limited Partnership comparing to the actual contribution made by all the partners.

Any loss incurred by the Limited Partnership shall be bore by the partners in proportion to their respectively contribution in the Limited Partnership. The liability of each limited partners is capped by their respective contribution in the Limited Partnership while the liability of each general partners is unlimited.

Based on the above, the calculation of profit or loss sharing is the same to all the twelve limited partners (including Huayou Investment, Tongbao and the ten other independent limited partners) while the general executive partner and the general partner may be entitled to additional profits and may be subject to additional loss other than its original capital contribution. Having considered that the same term is applied to Huayou Investment, Tongbao and other independent limited partners, we are of the view that the term of calculation of profit or loss available to the Group is no less favorable than that available to Tongbao and other independent third parties and is, therefore, fair and reasonable so far as the Independent Shareholders are concerned.

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IV. RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the LP Agreement and the connected transaction contemplated thereunder are on normal commercial term and are in the interests of the Company and the Shareholders as a whole; and the terms of the LP Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Yours faithfully,
For and on behalf of
China Everbright Capital Limited
Alvin Kam
Managing Director

Mr. Alvin Kam is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of China Everbright Capital Limited to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance. Mr. Alvin Kam has over thirteen years of experience in corporate finance industry.

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, 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").

(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 Limited (<i>Note 1</i>)	Beneficial owner	450,894,000 (long position)	69.12%
Overseas Chinese Town (HK) Company Limited ("OCT (HK)")	Beneficial owner (<i>Note 5</i>)	80,000,000 (long position)	12.26%
	Interest of a controlled corporation (<i>Note 2</i>)	450,894,000 (long position)	69.12%
Shenzhen Overseas Chinese Town Holding 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 (Note 6)	3,200,000 (long position)	0.49%
	Interest of a controlled corporation (Note 6)	49,274,000 (long position)	7.55%
		278,000 (short position)	0.04%
UBS AG	Person having a security interest in shares (Note 6)	3,200,000 (long position)	0.49%
	Interest of a controlled corporation (Note 6)	48,996,000 (long position)	7.51%
	Beneficial owner (Note 6)	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, 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 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. 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).

7. EXPERTS AND CONSENTS

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

Name	Qualification
China Everbright Capital Limited	a licensed corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities;

- (b) As at the Latest Practicable Date, China Everbright did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) China Everbright 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 China Everbright is given as of the date of this circular for incorporation in this circular.

As at the Latest Practicable Date, China Everbright 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.

8. 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.

9. 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 10 November 2016:

- (a) the LP Agreement;
- (b) the letter from the Board, the text of which is set out in pages 4 to 13 of this circular;
- (c) the letter from the Independent Board Committee, the text of which is set out in page 14 of this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out in pages 15 to 29 of this circular;
- (e) the letter of consent from China Everbright referred to in the above paragraph headed "Expert's Qualification and Consent" in this Appendix; and
- (f) this circular.