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vanke 万科
萬科置業(海外)有限公司
Vanke Property (Overseas) Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01036)

**CHANGE IN USE OF NET PROCEEDS FROM RIGHTS ISSUE
AND
UPDATE ON ADVANCES TO AN ENTITY**

Unless otherwise defined in this announcement, all capitalized terms used in this announcement shall have the same meaning ascribed to them in the Company's announcement dated 5 June 2017.

CHANGE IN USE OF NET PROCEEDS FROM RIGHTS ISSUE

Reference is made to the prospectus issued by the Company on 14 July 2015 in relation to, amongst others, a rights issue of the Company (the "**Rights Issue**"), and the announcements of the Company dated 24 December 2015, 13 January 2016, 9 August 2016 and 5 June 2017 in relation to, amongst others, the use of the net proceeds from the Rights Issue.

As disclosed in the Company's announcement dated 5 June 2017, the use of the remaining net proceeds of the Rights Issue of HK\$687.3 million was reallocated as follows:

- (i) approximately HK\$50.0 million was reserved for funding sales and marketing expenses and other expenditure for the TW6 Project, which are not covered by the permitted use of the banking facilities currently granted for the TW6 Project (the "**TW6 Unfunded Expenditure**");
- (ii) approximately HK\$28.1 million was reserved for upgrading the air conditioning system of the Group's investment properties;
- (iii) up to approximately HK\$350.0 million was reserved for the Provision of Mortgages through Gold Value; and
- (iv) the remaining balance of HK\$259.2 million for acquisition of land or property projects.

As at the date hereof, the remaining net proceeds of the Rights Issue had been utilized to the extent of HK\$316.3 million since 24 December 2015. As a result, the remaining net proceeds of the Rights Issue was reduced to HK\$392.9 million (the “**Remaining Net Proceeds**”) as at the date hereof, of which:

- (i) approximately HK\$18.9 million was reserved for funding the TW6 Unfunded Expenditure;
- (ii) approximately HK\$8.3 million was reserved for upgrading the air conditioning system of the Group’s investment properties;
- (iii) approximately HK\$106.5 million was reserved for the Provision of Mortgages through Gold Value; and
- (iv) approximately HK\$259.2 million was reserved for acquisition of land or property projects.

Based on information currently available, there are only a few residential units left for sale in the TW6 Project and the Group would have sufficient cash resources to finance future Provision of Mortgages. The Board has therefore resolved that the entire Remaining Net Proceeds will be reallocated for acquisition of land or property projects. Adding this amount to the net sales proceeds from the TW6 Project received and to be received by the Group, the Group will have more financial resources on hand for acquisition of land or property projects.

The Board (including the independent non-executive Directors) considers that the changes in use of the Remaining Net Proceeds as aforesaid will enable the Company to utilize the financial resources of the Group for development of its principal business activities (including property investment and property development, amongst its other property rental and management activities in Hong Kong) and is therefore fair and reasonable and in the interests of the Company and the Shareholders as a whole.

UPDATE ON ADVANCES TO AN ENTITY

As disclosed in the Company’s announcement dated 5 June 2017, the Company and the JV Partner would provide an advance to Gold Value for its onward lending to the buyers of the Residential Properties on a several basis and in proportion to their respective shareholding interest in Gold Value (the “**Shareholders’ Contributions**”), with the amount to be contributed by the Company not exceeding HK\$ 350.0 million. Gold Value is a company beneficially owned 20% by the Company and 80% by the JV Partner (New World Development Company Limited, a property developer listed in Hong Kong which is a third party independent of the Company and its connected persons), and is formed for the purpose of the Provision of Mortgages. Up to the date hereof, the Company has contributed an aggregate sum of HK\$243.5 million to Gold Value. The Shareholders’ Contributions made by the Company are interest-bearing on an annual basis at 2.1% below the Hong Kong Dollar prime rate quoted by The Hongkong and Shanghai Banking Corporation Limited (the “**Prime Rate**”) from the date of the relevant advance till 31 December 2020 and thereafter at 1.0% below Prime Rate and without collateral. As agreed with the JV Partner, neither the Company nor the JV Partner shall demand for repayment of the Shareholders’ Contributions from Gold Value unless with the consent of the Company and the JV Partner. Any

repayment or part thereof of the Shareholders' Contributions shall be made proportional to the ratio of the shareholders' shareholding in Gold Value at the time when such repayment is made.

As disclosed in the Company's announcement dated 5 June 2017, the Provision of Mortgages to the buyers of the Residential Properties is in line with market practice and enables Ultimate Vantage to maintain its competitiveness of the sales of the Residential Properties on par with projects launched by other developers. The Company would benefit from the sale of the Residential Properties through its 20% beneficial interest in Ultimate Vantage. The Board (including the independent non-executive Directors) considers that the provision of the Shareholders' Contributions to Gold Value in proportion to the Company's beneficial interest in Gold Value and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Shareholders' Contributions made by the Company was more than 5% but less than 25%, it constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Shareholders' Contributions made by the Company amount to advances by the Company to an entity in respect of which the assets ratio as defined under Rule 14.07(1) of the listing Rules exceeds 8%, it is subject to the general disclosure requirements pursuant to Rule 13.13 and 13.15 of the Listing Rules.

By order of the Board
Vanke Property (Overseas) Limited
Que Dong Wu
Executive Director

26 February 2018, Hong Kong

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Zhang Xu, Ms. Que Dong Wu

Non-Executive Director:

Mr. Chan Chi Yu

Independent Non-Executive Directors (in alphabetical order):

Mr. Chan Wai Hei, William, Ms. Law Chi Yin, Cynthia, Mr. Shium Soon Kong