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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**

Reference is made to the prospectus (the “**Prospectus**”) issued by the Company on 14 July 2015 in relation to, amongst others, a rights issue of the Company on the basis of one rights share for every two existing shares of the Company held on 13 July 2015 at the subscription price of HK\$8.04 per rights share (the “**Rights Issue**”) and the announcements of the Company dated 24 December 2015 and 13 January 2016 in relation to, amongst others, the use of the net proceeds from the Rights Issue. Unless otherwise defined, all capitalized terms used in this announcement shall have the same meaning ascribed to them in the Prospectus.

### **USE OF NET PROCEEDS FROM THE RIGHT ISSUE PREVIOUSLY ANNOUNCED**

As disclosed in the announcement of the Company dated 13 January 2016, the Company has decided not to proceed with the Potential Acquisition and would apply the remaining net proceeds of the Rights Issue (being HK\$709.2 million) (the “**Remaining Net Proceeds**”) for financing other property acquisition opportunities available to the Group from time to time.

### **CHANGE IN USE OF PART OF THE REMAINING NET PROCEEDS**

The Group has been actively participating in proposed acquisition of land or property projects in Hong Kong. The most recent one being the submission of a bid for the grant of Sha Tin Town Lot No. 609. As at the date of this announcement, the Group has yet to outbid its competitors in acquiring any land or property project and, as a result, the Remaining Net Proceeds have been idle in the bank accounts of the Group.

The Group remains committed in acquiring land or property projects in Hong Kong but, given the intensity of competition, there can be no assurance as to when the Group will be successful in acquiring any land or property projects in Hong Kong which will fully utilise the Remaining Net Proceeds as intended.

Based on information currently available, the Board expects that there would be an aggregate funding requirement of approximately HK\$100 million in respect of contributions for the TW6 Project and capital expenditure to be incurred in upgrading the air conditioning system in the Group’s investment properties in the next twelve months from the date of this

announcement. The Group has not arranged any banking facilities since the full repayment of the then outstanding bank loan by applying HK\$323 million of the total net proceeds from the Rights Issue (as described in the announcement of the Company dated 24 December 2015) on 28 December 2015. The Group's available bank balances and cash, excluding the Remaining Net Proceeds, amounted to approximately HK\$15 million as at 30 June 2016, which fell short of the funding requirement of approximately HK\$100 million.

The Group has considered various means to address the funding shortfall, including issuing new shares of the Company and raising debt financing out of the Group's investment properties. Comparing the cost of financing to the income being produced by placing the Remaining Net Proceeds as bank deposits, the Board (including the independent non-executive Directors) considers that it would be more cost effective to reallocate part of the Remaining Net Proceeds for meeting its current business requirements instead of raising new financing which would either dilute or reduce the earnings attributable to the Shareholders.

The Board has therefore resolved to reallocate the use of the Remaining Net Proceeds as follows:

- (i) approximately HK\$65.0 million 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;
- (ii) approximately HK\$35.0 million for upgrading the air conditioning system of the Group's investment properties; and
- (iii) the remaining balance of approximately HK\$609.2 million for acquisition of land or property projects.

The Board (including the independent non-executive Directors) considers that the change in use of part of the Remaining Net Proceeds as aforesaid will facilitate a more efficient allocation of the financial resources of the Group and is therefore fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

9 August 2016, 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*