

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**MAJOR TRANSACTION**  
**GRANT OF THE JV PARTNER'S DEFAULT CALL RIGHT**

On 22 April 2014, the Company, Wkdeveloper, VPHK, the JV Partner, the JV Partner Subsidiary and the Developer entered into the Shareholders' Agreement, whereby the Company and the JV Partner agree if an Event of Default occurs, the non-Defaulting Party shall have the right to acquire all the interest in the Developer represented by the Defaulting Party and its Affiliates. Such right is reciprocal, and no consideration is payable by the Company or the JV Partner for the grant by the other party of its respective above-mentioned right.

In the event that the Company, Wkdeveloper or VPHK (provided that VPHK is still a party thereto) commits an Event of Default, as the discretion to acquire the interest in the Developer belongs solely to the JV Partner, the JV Partner's Default Call Right is classified as if it had been fully exercised at the time of the grant (i.e. upon entering into the Shareholders' Agreement) under Rule 14.74(1). Although the actual exercise price is not determinable at the time of grant, pursuant to Rule 14.76(1) of the Listing Rules, the JV Partner's Default Call Right (grant and exercise) is being treated as a major transaction (disposal) of the Company subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, (i) the JV Partner and its Affiliates are Independent Third Parties, (ii) no Shareholder has a material interest in the Shareholders' Agreement, and (iii) no Shareholder would be required to abstain from voting were the Company to convene a general meeting for the approval of the grant of the JV Partner's Default Call Right. As at the date of this announcement, Wkland Investments, the controlling Shareholder which holds 194,763,966 Shares, representing 75% of the issued share capital of the Company, has given a written certificate to the Company to approve the grant of the JV Partner's Default Call Right and other transactions contemplated under the Shareholders' Agreement. Therefore, the Company proposes, under Rule 14.44, to make use of a written Shareholder's approval in lieu of holding a general meeting.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 16 May 2013 and the circular of the Company dated 4 June 2013, under which the Company disclosed that it intended to acquire 20% effective interest in the development of the TW6 Project. The transaction was approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 21 June 2013 and completion of which took place upon the fulfillment of all conditions precedent on 14 August 2013 at a final consideration of HK\$727,900,000. Since then, the TW6 Project is beneficially owned 20% by the Company and 80% by the JV Partner.

## **THE SHAREHOLDERS' AGREEMENT**

### **General**

On 22 April 2014, the Company, Wkdeveloper, VPHK, the JV Partner, the JV Partner Subsidiary and the Developer entered into the Shareholders' Agreement to regulate the relationship of the shareholders of the Developer inter se and the management of the affairs of the Developer. No consideration is received or payable by any party for entering into the Shareholders' Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the JV Partner and the JV Partner Subsidiary are Independent Third Parties. VPHK is the controlling Shareholder, whose role in the Shareholders' Agreement is to act as guarantor (jointly and severally with the Company) of the obligations of Wkdeveloper and VPHK does not receive any benefits from the Company in return. Moreover, VPHK shall cease to be a party to the Shareholders' Agreement so long as the consolidated net asset value of the Company reaches and maintains at HK\$1.5 billion or above. The Directors consider that VPHK does not have any material interest in the Shareholders' Agreement and the transactions contemplated thereunder.

### **Default Call Rights**

Under the Shareholders' Agreement, the Company and the JV Partner agree if an Event of Default (as defined below) occurs, the non-Defaulting Party shall have the right to acquire all the interest in the Developer represented by the Defaulting Party and its Affiliates. Such right is reciprocal, and no consideration is payable by the Company or the JV Partner for the grant by the other party of its respective above-mentioned right.

An "Event of Default" occurs if a party to the Shareholders' Agreement (other than the Developer) commits one of the following:

- (i) it commits a material breach of the Shareholders' Agreement and either: (i) the breach is not capable of being remedied (including but not limited to failure to provide such shareholder's loan as determined by the board of the Developer from time to time, or failure to provide any guarantees, undertakings or other securities to any third party or parties in connection with any credit or banking facilities to the Developer, on a several basis in accordance with its shareholding interest in the Developer) or (ii) the

Defaulting Party does not remedy that breach to the reasonable satisfaction of the other parties thereto within thirty (30) days after any other party thereto sending it written notice requiring it to remedy that breach;

- (ii) it or any of its Affiliate (excluding the Developer) commits any acts or omissions which directly leads to, a material breach by the Developer of the development documentation in relation to TW6 Project and the counterparty thereto is entitled to exercise, and has exercised, its rights against the Developer under such documentation by reason of such material breach by the Developer;
- (iii) it is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or takes any step with a view to a general or partial reconstruction, readjustment or rescheduling of any material part of its debts or proposes or enters into any composition or other arrangement for the benefit of its creditors generally or any class of its creditors;
- (iv) any corporate action, legal proceedings or other procedure or step is taken (or any analogous procedure or step is taken in any jurisdiction) that shall remain unvacated and unstayed for a period of ninety (90) days in relation to:
  - (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise);
  - (b) a composition, assignment or arrangement with any creditor;
  - (c) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any of its assets; or
  - (d) enforcement of any security over any of its material assets;
- (v) any person attaches, arrests or seizes, or distress, execution, sequestration or other similar process is levied or enforced upon or sued out against, the whole or any material part of the assets, undertakings, rights or revenues of such Defaulting Party; or
- (vi) there is a “Change in Control” of the Defaulting Party within the meaning set out below:
  - (i) in the case of the JV Partner Subsidiary, it is no longer wholly and beneficially owned by the JV Partner or its Affiliates;
  - (ii) in the case of Wkdeveloper, it is no longer wholly and beneficially owned by the Company or its Affiliates; or
  - (iii) in the case of the Company or the JV Partner (as the case may be), not less than 30% (or such other amount as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) of its issued share capital has been acquired by a person other than its existing controlling shareholder as at the date hereof.

## **Consideration**

The consideration to acquire the Defaulting Party's interest in the Developer shall be determined after arm's length negotiation between the parties, but which shall be equivalent to a discount as stipulated in the Shareholders' Agreement to the fair market value of such interest in the Developer. If the parties fail to reach an agreement on such fair market value within ten (10) Business Days after a transfer notice has been delivered, then such fair market value shall be determined by an independent expert. Such consideration shall be settled in cash upon completion of such transfer.

In the event that the Company, Wkdeveloper or VPHK (provided that VPHK is still a party thereto) defaults, the JV Partner will be entitled to exercise the JV Partner's Default Call Right at its sole discretion and, upon exercise of the JV Partner's Default Call Right, Wkdeveloper will be forced to dispose of its 20% effective interest in the Developer. The Company will no longer have any interest in the Developer and the Developer will cease to be an associate of the Company from an accounting perspective.

The transfer of shares upon exercise of the relevant default call right will be subject to the terms of the relevant development documentation of the TW6 Project.

The actual impact on the total assets, the total liabilities and the total earnings of the Group upon the disposal of the Company's 20% effective interest in the Developer, will depend on when the JV Partner's Default Call Right is exercised, the total amount of capital and shareholder's loans contributed by the Company into the TW6 Project, and the fair market value of the TW6 Project at that time. It is expected that a loss will be incurred by the Company, but the estimated deficit under the book value of the 20% effective interest in the TW6 Project cannot be determined at this stage. In such unlikely event, the proceeds received from disposal of the 20% effective interest in the TW6 Project are expected to be partly utilised for repayment of bank borrowings and partly for general working capital of the Group.

## **INFORMATION OF THE GROUP, THE DEVELOPER AND THE TW6 PROJECT**

The principal activities of the Group are property investment and management and property development. As at the date of this announcement, the principal assets of the Group are various units and car parking spaces in Regent Centre, Kwai Chung, New Territories, Hong Kong which are investment properties for generating rental income and 20% effective interest in the Developer, which is an associated company engaged in the development of the TW6 Project.

The TW6 Project involves the non-industrial development of a land lot (known as Tsuen Wan Town Lot No. 402) located near the West Rail Tsuen Wan West Station, Tsuen Wan, New Territories, Hong Kong. Upon completion of such development, residential building(s) with a total gross floor area of no less than 37,627 square metres and no more than 62,711 square metres will have been constructed. Subject to the aforesaid, the total number of residential units available shall not be less than 894, of which not less than 520 residential units shall each be in the size of not exceeding 50 square meters in saleable area.

According to the audited financial statements of the Developer for the period commencing from the date of its incorporation and ended 30 June 2013, the total assets of the Developer were approximately HK\$3,586 million, its total liabilities, including shareholders' loans due to the JV Partner Subsidiary, Wkdeveloper and their Affiliates, were approximately HK\$3,586 million as at 30 June 2013.

Set out below is financial information of the Developer based on its audited financial statements for the period commencing from the date of its incorporation and ended 30 June 2013:

<b>For the period commencing from the date of its incorporation and ended 30 June 2013</b>	<b>Developer (incorporated on 9 November 2012) (HK\$)</b>
Loss before taxation	(43,450)
Loss after taxation	(43,450)

#### **REASONS FOR AND BENEFITS OF THE GRANT OF THE JV PARTNER'S DEFAULT CALL RIGHT**

The grant of the default call right is a reciprocal arrangement, under which the Company could exercise its Company's Default Call Right if the JV Partner or its Affiliates commits an Event of Default or the JV Partner could exercise its JV Partner's Default Call Right if the Company or its Affiliates commits an Event of Default. It is a common arrangement in this kind of joint venture transaction, and is intended to protect the rights and interests of each party by providing a method to buy out the Defaulting Party in case the latter has committed some acts which could materially and adversely affect the operations of the Developer.

Based on the factors mentioned above, the Board is of the view that the terms of JV Partner's Default Call Right are fair and reasonable and are on normal commercial terms and are in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in such transaction, and therefore no Directors were required to abstain from approving the grant of JV Partner's Default Call Right.

#### **LISTING RULES IMPLICATIONS**

In the event that the Company, Wkdeveloper or VPHK (provided that VPHK is still a party thereto) defaults, as the discretion to acquire the interest in the Developer belongs solely to the JV Partner, the JV Partner's Default Call Right is classified as if it had been fully exercised at the time of the grant (i.e. entering into the Shareholders' Agreement) under Rule 14.74(1). Although the actual exercise price is not determinable at the time of grant, pursuant to Rule 14.76(1) of the Listing Rules, the JV Partner's Default Call Right (grant and exercise) is being treated as a major transaction (disposal) of the Company subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In the event that the JV Partner or the JV Partner Subsidiary defaults, as the discretion to acquire the interest in the Developer belongs solely to the Company and no consideration is paid for the grant thereof, the grant of the Company's Default Call Right is not regarded as a "notifiable transaction" under Rule 14.75(1). However, exercise of the Company's Default Call Right could be subject to the relevant provisions of Chapter 14 of the Listing Rules at that time, based upon relevant percentage ratios determined at that time.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the grant of the JV Partner's Default Call Right may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting to obtain such Shareholders' approval; and (b) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% in nominal value of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve such transaction.

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, (i) the JV Partner and its Affiliates are Independent Third Parties, (ii) no Shareholder has a material interest in the Shareholders' Agreement, and (iii) no Shareholder would be required to abstain from voting were the Company to convene a general meeting for the approval of the grant of the JV Partner's Default Call Right. As at the date of this announcement, Wkland Investments, the controlling Shareholder which holds 194,763,966 Shares representing 75% of the issued share capital of the Company, has given a written certificate to the Company to approve the grant of the JV Partner's Default Call Right and other transactions contemplated under the Shareholders' Agreement, and confirms that neither it nor its associates have any material interest in any of the above transactions. Therefore, the Company proposes, under Rule 14.44 of the Listing Rules, to make use of a written Shareholder's approval in lieu of holding a general meeting.

A circular containing, among other things, further details on the grant of the JV Partner's Default Call Right, will be despatched to the Shareholders as soon as possible but not later than 15 May 2014.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

"Affiliates" in relation to any person (other than an individual), any company or other business entity (i) that is controlled by such person, (ii) that controls such person or (iii) is under common control with such person. For purposes of this announcement, "control" means direct or indirect ownership of more than fifty per cent. (50%) of the voting securities or interests in another person, or the ability to direct the management or policies of such person, whether by contract or otherwise;

"Board" board of Directors;

“Business Day”	a day (other than a Saturday or a Sunday) on which banks are generally open for business in Hong Kong;
“China Vanke”	China Vanke Co., Ltd., a joint stock company incorporated in the PRC and the issued shares of which are listed on the Shenzhen Stock Exchange. China Vanke is the ultimate holding company of the Company;
“Company”	Vanke Property (Overseas) Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 01036);
“Company’s Default Call Right”	the right to acquire the interest in the Developer held by the JV Partner or its Affiliate (which is a shareholder of the Developer), which the Company is entitled to exercise after the JV Partner or its Affiliate (as the case may be) committing an Event of Default;
“Defaulting Party”	the party to the Shareholders’ Agreement who commits an Event of Default;
“Developer”	Ultimate Vantage Limited, a private limited liability company incorporated in Hong Kong whose issued share capital is legally owned as to 20% by Wkdeveloper and 80% by the JV Partner Subsidiary, which has been granted the rights to develop the TW6 Project by the legal owner of the relevant land lot and its associates;
“Director(s)”	director(s) of the Company;
“Event of Default”	has the meaning ascribed to it under the section headed “The Shareholders’ Agreement — Default Call Rights”;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Group”	the Company and its subsidiaries from time to time;
“Independent Third Party(ies)”	a third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules);
“JV Partner”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 00017);

“JV Partner Subsidiary”	Ultimate Sail Limited, which is a company wholly-owned by the JV Partner and legally holding 80% equity interest in the Developer;
“JV Partner’s Default Call Right”	the right to acquire the interest in the Developer held by the Company or its Affiliate (which is a shareholder of the Developer), which the JV Partner is entitled to exercise after the Company or its Affiliate (as the case may be) committing an Event of Default;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China and for the purpose of this announcement, exclude Hong Kong, Macau Special Administrative Region and Taiwan;
“Share(s)”	ordinary shares of HK\$0.01 each in the issued share capital of the Company;
“Shareholders”	holders of the Shares;
“Shareholders’ Agreement”	the shareholders’ agreement in relation to the Developer dated 22 April 2014 and entered into among the Company, Wkdeveloper, VPHK, the JV Partner, the JV Partner Subsidiary and the Developer;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“TW6 Project”	the West Rail Tsuen Wan West Station TW6 Property Development of a land lot (known as Tsuen Wan Town Lot No. 402), and the business and operations in connection with such project;
“VPHK”	Vanke Property (Hong Kong) Company Limited, which is legally holding 100% equity interest in Wkland Limited which in turn is holding 100% equity interest in Wkland Investments. VPHK is indirectly wholly-owned by China Vanke;
“Wkdeveloper”	Wkdeveloper Limited, which is indirectly wholly-owned by the Company and legally holding 20% equity interest in the Developer;

“Wkland Investments” Wkland Investments Company Limited, an indirect wholly-owned subsidiary of China Vanke, which is legally holding 194,763,966 Shares, representing 75% of the issued share capital of the Company; and

“%” per cent.

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

22 April 2014, 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 Directors:*

*Mr. Wang Wen Jin, Mr. Chan Chi Yu*

*Independent Non-Executive Directors (in alphabetical order):*

*Mr. Chan Wai Hei, William, Mr. Chung Wai Sum, Patrick, Mr. Shium Soon Kong*