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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
PROVISION OF FINANCIAL ASSISTANCE TO
THE JOINT VENTURE COMPANY**

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DEFINITIONS

In this circular and the appendices to it, unless the context otherwise requires, the following expressions have the following meanings:

“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 the purpose of this circular, “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(s)”	a day(s) (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 H shares and A shares of which are listed on the main board of the Stock Exchange (stock code: 02202) and the Shenzhen Stock Exchange (stock code: 000002). China Vanke is the ultimate holding company of the Company;
“China Vanke Group”	China Vanke and its subsidiaries from time to time;
“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);
“Corporate Guarantee”	the unconditional and irrevocable several guarantee provided by the Company in favour of the security trustee in respect of the Joint Venture Company’s obligations under the Loan Facilities;
“Director(s)”	director(s) of the Company;
“Facility Agreement”	an agreement in relation to the granting of the Loan Facilities;
“Group”	the Company and its subsidiaries from time to time;
“HIBOR”	Hong Kong Interbank Offer Rate;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“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 Group”	the JV Partner and its subsidiaries from time to time;
“JV Partner Subsidiary”	Ultimate Sail Limited, which is a company wholly-owned by the JV Partner and legally holding 80% equity interest in the Joint Venture Company;
“Joint Venture Company”	Ultimate Vantage Limited, whose issued share capital is legally and beneficially 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 forming the subject matter of the TW6 Project;
“Latest Practicable Date”	17 July 2014, the latest practicable date for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Facilities”	the committed term loan facilities granted by a syndicate of financial institutions to the Joint Venture Company of up to HK\$4,800 million;
“PRC”	the People’s Republic of China and, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) 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 Joint Venture Company dated 22 April 2014 and entered into among the Company, Wkdeveloper, VPHK, the JV Partner, the JV Partner Subsidiary and the Joint Venture Company;

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it under the Listing Rules;
“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 indirect wholly-owned by China Vanke;
“Wkdeveloper”	Wkdeveloper Limited, which is indirect wholly-owned by the Company and legally holding 20% equity interest in the Joint Venture Company;
“Wkland Investments”	Wkland Investments Company Limited, which is legally holding 194,763,966 Shares, representing 75% of the issued share capital of the Company; and
“%”	per cent.

LETTER FROM THE BOARD



**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)

Executive Directors:

Mr. Zhang Xu
Ms. Que Dong Wu

Non-Executive Directors:

Mr. Wang Wen Jin
Mr. Chan Chi Yu

Independent Non-Executive Directors:

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

Registered Office:

P.O. Box 309,
Ugland House,
Grand Cayman,
KY1-1104,
Cayman Islands

Place of Business in Hong Kong:

55th Floor, Bank of China Tower,
1 Garden Road,
Central, Hong Kong

Hong Kong, 22 July 2014

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
PROVISION OF FINANCIAL ASSISTANCE TO
THE JOINT VENTURE COMPANY**

We refer to the announcement of the Company dated 30 June 2014 in which it was disclosed that the Company was required to provide the Corporate Guarantee in relation to the Loan Facilities sought by the Joint Venture Company for the purposes of (a) refinancing up to approximately 50% of the premium paid by the Joint Venture Company in respect of the TW6 Project, (b) partially financing or refinancing the construction costs relating to the residential portion of the TW6 Project and (c) partially financing or refinancing the construction costs relating to the government accommodation portion of the TW6 Project.

The purpose of this circular is to provide you with, among other things, further information on the provision of the Corporate Guarantee and certain other information in accordance with the requirements of the Listing Rules.

BACKGROUND

Reference is made to the announcements of the Company dated 16 May 2013 and 22 April 2014 and the circulars of the Company dated 4 June 2013 and 15 May 2014, under which the Company disclosed that (i) the Company through its indirect wholly-owned subsidiary acquired 20% of the Joint Venture Company which, in turn, has been granted the

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rights to develop the TW6 Project and that (ii) the Company, Wkdeveloper, VPHK, the JV Partner, the JV Partner Subsidiary and the Joint Venture Company entered into the Shareholders' Agreement to regulate the relationship of the shareholders of the Joint Venture Company inter se and the management of the affairs of the Joint Venture Company.

PROVISION OF THE CORPORATE GUARANTEE

As at the Latest Practicable Date, the Joint Venture Company is owned as to 20% by Wkdeveloper, an indirect wholly-owned subsidiary of the Company and 80% by the JV Partner Subsidiary, a direct wholly-owned subsidiary of the JV Partner.

In relation to the Loan Facilities, the Company and the JV Partner are required to provide corporate guarantees, on a several basis and in proportion to their respective shareholding interests in the Joint Venture Company, in respect of the Joint Venture Company's obligations under the Loan Facilities. The Company will, accordingly, be guaranteeing, among others, repayment of the principal portion of the Loan Facilities up to HK\$960 million.

The construction costs, including other costs and professional fees, to complete the development of the TW6 Project are to be financed by the construction loan facilities granted under the Loan Facilities. In case there is any construction cost overrun in the TW6 Project, which the Joint Venture Company does not currently expect so, the overrun portion would have to be funded by the Group and the JV Partner in proportion to their respective shareholding interests in the Joint Venture Company in full prior to drawdown of the construction loan facilities.

It is expected that there will be a cash inflow of approximately HK\$343 million to the Group arising from refinancing the premium previously paid by the Joint Venture Company in respect of the TW6 Project. The cash inflow will be applied partly for repayment of the interest-bearing advance of HK\$150 million from VPHK, which was granted by VPHK in connection with the Group acquiring the 20% interest in the TW6 Project, and partly for repayment of the Group's bank borrowings.

To the extent that the Loan Facilities are insufficient to meet the financing requirements of the Joint Venture Company, the Group and the Joint Venture Partner will be required under the Shareholders' Agreement to provide shareholder's loans to the Joint Venture Company severally and in proportion to their respective shareholding interests in the Joint Venture Company. Details of advances by the Group to the Joint Venture Company as well as financial assistance and guarantees to the Joint Venture Company will be announced from time to time in accordance with the Listing Rules' requirements. It is expected that the funding for the Group's investment in the Joint Venture Company, including the provision of shareholder's loans, will be satisfied by internal resources of the Group, including cash and bank balances and banking facilities available to the Group.

In addition to the Corporate Guarantee, the Group has provided shareholder's loans in the aggregate amount of HK\$747 million as at the Latest Practicable Date to fund for the business of the Joint Venture Company, including payment of the premium and construction costs relating to the development of the TW6 Project.

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SUMMARY OF THE PRINCIPAL TERMS OF THE FACILITY AGREEMENT

Date : 30 June 2014

Parties : The Joint Venture Company as borrower

A syndicate of financial institutions, namely, The Hongkong and Shanghai Banking Corporation Ltd., Bank of Communications Co. Ltd. Hong Kong Branch, DBS Bank Ltd., Hang Seng Bank Limited, Shanghai Pudong Development Bank Co., Ltd. Hong Kong Branch, Bank of China (Hong Kong) Ltd., and BNP Paribas Hong Kong Branch, as the mandated lead arrangers and/or lenders

Hang Seng Bank Limited as the agent and the security trustee for the finance parties under the Facility Agreement

Facility Amount : Committed facilities up to an aggregate principal amount of HK\$4,800 million

Final Maturity Date : The earlier of 60 months from the date of the Facility Agreement and 6 months after the issuance of the certificate of compliance in respect of the TW6 Project

Interest rate : HIBOR plus 1.6% per annum

The Directors are of the view that the terms of the Facility Agreement, including but without limitations, the interest rate and the financial covenants therein are on normal commercial terms and have been negotiated on an arm's length basis.

Repayment

Unless the Loan Facilities have been extended, refinanced or prepaid, the Joint Venture Company shall repay the aggregate outstanding amount drawn down under the Loan Facilities in accordance with the terms of the Facility Agreement on or before the Final Maturity Date from the proceeds generated from development, sales and/or pre-sales of the TW6 Project.

Security

The security for the Loan Facilities includes, inter alia, (i) a first floating charge (by way of debenture) over all assets and undertakings of the Joint Venture Company, (ii) a share mortgage over all the issued share capital, present and future, of the Joint Venture Company, (iii) a subordination and assignment of all existing and future shareholders' loans and inter-company loans advanced to the Joint Venture Company, (iv) a security deed incorporating, inter alia, a charge over accounts and an assignment of the Joint Venture Company's rights and entitlement under the development agreement in respect of the TW6 Project, (v) assignments of insurance and construction contracts of the TW6 Project and (vii) a joint and several

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completion undertaking from the Company and the JV Partner to complete the construction of the TW6 Project so as to obtain the occupation permit and the certificate of compliance in relation to the TW6 Project on or before 31 March 2018 and 31 August 2018, respectively.

Other conditions

Other than the usual financial covenants and the loan-to-value covenant, each of the Company and the JV Partner undertakes that it shall remain listed on the Stock Exchange.

INFORMATION OF THE GROUP, THE JOINT VENTURE COMPANY, THE JV PARTNER GROUP AND THE TW6 PROJECT

The principal activities of the Group are property investment and management and property development. As at the Latest Practicable Date, 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 Joint Venture Company, which is an associated company of the Group engaged in the development of the TW6 Project.

As at the Latest Practicable Date, the Joint Venture Company is owned as to 20% by Wkdeveloper, an indirect wholly-owned subsidiary of the Company, and 80% by the JV Partner Subsidiary, a direct wholly-owned subsidiary of the JV Partner.

The JV Partner Group is principally engaged in property, infrastructure, hotel operation, department store operation, services, as well as telecommunications and technology businesses.

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 metres in saleable area.

The TW6 Project is still work-in-progress and is at the stage of foundation. It is expected that the project would generate sufficient income to repay the Loan Facilities by its maturity date.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the JV Partner and its Affiliates, the mandated lead arrangers and/or lenders, the agent and the security trustee in the Facility Agreement and their respective ultimate beneficial owners are Independent Third Parties.

According to the audited financial statements of the Joint Venture Company for the period commencing from the date of its incorporation and ended 30 June 2013, the total assets of the Joint Venture Company 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. The amounts of shareholders' loans from

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Wkdeveloper and the JV Partner Subsidiary or its Affiliate were made in proportion to their respective shareholdings held in the Joint Venture Company and the loans made available by each of them to the Joint Venture Company were on the same terms.

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

For the period commencing from the date of its incorporation and ended 30 June 2013	The Joint Venture Company (incorporated on 9 November 2012) HK\$
Loss before taxation	43,450
Loss after taxation	43,450

The balance sheet of the Joint Venture Company as at 31 December 2013 and the Group's attributable interest therein are set out below.

	Balance sheet of the Joint Venture Company HK\$ million	Group's attributable Interest HK\$ million
Non-current assets	3,751	750
Current assets	—	—
Loans due to shareholders — current portion	(1,717)	(343)
Other current liabilities	(71)	(14)
Loans due to shareholders — non-current portion	(1,946)	(384)
Other non-current liabilities	—	—
Net assets	17	3

REASONS FOR AND BENEFITS OF THE PROVISION OF THE CORPORATE GUARANTEE

The Company providing the Corporate Guarantee is a condition precedent to the Joint Venture Company's ability to draw upon the Loan Facilities. Without the Loan Facilities, the TW6 Project would have to be funded by the shareholders of the Joint Venture Company on a several basis in accordance with their respective shareholding interests in the Joint Venture Company.

LETTER FROM THE BOARD

The Directors consider the entering into of the provision of the Corporate Guarantee contemplated under the Facility Agreement and other ancillary documents in relation thereto, terms of which were determined after arm's length negotiations between the parties, and the transactions contemplated under the Facility Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF PROVISION OF THE CORPORATE GUARANTEE

Based on current facts and circumstances, the Directors consider it is highly unlikely that the Corporate Guarantee will be enforced, resulting in an outflow of economic benefits to the Group. As a result, the amount of HK\$960 million guaranteed by the Company under the Corporate Guarantee will be disclosed as a contingent liability in the financial statements of the Group in accordance with the Group's accounting policy.

Other than this, the Directors do not expect that the provision of the Corporate Guarantee will have any adverse financial impact to the earnings, assets and liabilities of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the provision of the Corporate Guarantee exceed(s) 25% and all of the applicable percentage ratios are less than 100%, the provision of the Corporate Guarantee constitutes a financial assistance of and a major transaction for the Company and is subject to the notification, announcement, circular 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, no Shareholders or any of their respective associates have any material interests in the provision of the Corporate Guarantee. As such, no Shareholders would be required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the provision of the Corporate Guarantee in respect of the TW6 Project.

Wkland Investments, the controlling Shareholder which holds 194,763,966 Shares, representing 75% of the issued share capital of the Company as at the Latest Practicable Date, has given a written certificate to the Company to approve the provision of the Corporate Guarantee and the transactions contemplated in other security documents to which the Company is a party, and confirms that neither it nor its associates have any material interest in any of the above transactions.

The written Shareholders' approval of Wkland Investments is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. No extraordinary general meeting of the Company will therefore be required to be convened to approve this transaction and the purpose of this circular is to provide you with, among other things, certain information pertaining to the transaction and the Company as required under the Listing Rules.

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The Corporate Guarantee also constitutes financial assistance for the benefit of an affiliated company, namely the Joint Venture Company, for the purposes of Rule 13.16 of the Listing Rules.

Yours faithfully,
By order of the Board
Vanke Property (Overseas) Limited
Zhang Xu
Executive Director

1. INDEBTEDNESS STATEMENT

Indebtedness

At the close of business on 31 May 2014, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this circular, the Group had total bank borrowings (excluding other borrowing costs capitalised) of HK\$521,500,000 and an interest-bearing advance from VPHK of HK\$150,000,000. The bank borrowings are secured by the Group's investment properties and repayable in full by December 2015. The advance from VPHK is unsecured and repayable within three Business Days from the date on which not less than HK\$150,000,000 in aggregate of the shareholder's loan advanced from Wkdeveloper to the Joint Venture Company having been repaid to and actually received by Wkdeveloper.

The Group had no significant contingent liabilities as at 31 May 2014. The Company was contingently liable for a guarantee of HK\$591,500,000 executed in favour of a bank for banking facilities granted to a wholly-owned subsidiary of the Company as at 31 May 2014.

General

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities, at the close of business on 31 May 2014, the Group did not have any outstanding debt securities and loan capital issued and outstanding or agreed or to be issued, bank overdrafts, loans or other similar indebtedness (whether guaranteed, unguaranteed, secured or unsecured), mortgages, charges or debentures, guarantees or other material contingent liabilities.

Other than the provision of the Corporate Guarantee, the Directors confirmed that there was no material change in the indebtedness and contingent liabilities of the Group since 31 May 2014 and up to the Latest Practicable Date.

2. WORKING CAPITAL

In the absence of unforeseen circumstances and after taking in account the financial resources available to the Group, the Directors are of the opinion that the Group would have sufficient working capital for its current requirements for at least next twelve months from the date of this circular.

3. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is currently engaged in property investment activity through holding of various units and the carpark podium in Regent Centre, Kwai Chung, New Territories, Hong Kong and property development activity through holding of 20% effective interest in the TW6 Project. Depending on financial resources available, the Group will continue to consider pursuing property development and investment activities, but will only do so in a financially prudent manner. The Board has not identified any property development and/or investment opportunities as at the Latest Practicable Date.

4. 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 2013, the date to which the latest published audited financial statements of the Group have been made up.

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

(a) Director's interests and short positions in equity or debt securities

As at the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the chief executives were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

(i) *Interests in the Company*

Name of Director	Interest held as beneficial owner	Number of ordinary shares held			Total	Percentage of issued share capital
		Interest held by spouse	Interests held by controlled corporations	Other interests		
Chung Wai Sum, Patrick	200,000	—	—	—	200,000	0.08%

Notes:

- The total number of ordinary shares of the Company in issue as at the Latest Practicable Date was 259,685,288.
- All the above interests represent long position.

(ii) *Interests in an associated corporation, China Vanke*

Name of Director	Types of shares	Number of ordinary shares held				Number of underlying shares held under equity derivatives (Note 1)	Total	Percentage of issued share capital (Note 2)
		Interest held as beneficial owner	Interest held by spouse	Interests held by controlled corporations	Other interests			
Zhang Xu	A shares	679,039	—	—	—	450,000	1,129,039	0.01%
Que Dong Wu	A shares	1,275,700	—	—	—	450,000	1,725,700	0.02%
Wang Wen Jin	A shares	2,223,591	—	—	—	1,320,000	3,543,591	0.04%
Chan Chi Yu	A shares	728,000	—	—	—	—	728,000	0.008%
	H shares	—	—	500,203	—	—	500,203	0.04%

Notes:

1. These represented interests in share options granted by China Vanke to its directors and employees as beneficial owners, details of which are set out in the sub-section (iii) headed “Underlying shares in China Vanke”.
2. The total number of ordinary A shares of China Vanke in issue as at the Latest Practicable Date was 9,700,070,951, and the total number of ordinary H shares of China Vanke in issue as at the Latest Practicable Date was 1,314,955,468. The percentage of issued share capital shown above is calculated based on the number of issued shares in the relevant class alone, without taking into account the issued share capital of the other classes.
3. All the above interests represent long position.

(iii) Underlying shares in China Vanke

Name of Director	Exercise period	Exercise price <i>RMB</i>	Number of entitled shares as at the Latest Practicable Date
Zhang Xu	1 May 2013 to 24 April 2015	8.07	225,000
	1 May 2014 to 24 April 2016	8.07	<u>225,000</u>
			<u>450,000</u>
Que Dong Wu	1 May 2013 to 24 April 2015	8.07	225,000
	1 May 2014 to 24 April 2016	8.07	<u>225,000</u>
			<u>450,000</u>
Wang Wen Jin	1 May 2013 to 24 April 2015	8.07	660,000
	1 May 2014 to 24 April 2016	8.07	<u>660,000</u>
			<u>1,320,000</u>

Save as disclosed above, as at the Latest Practicable Date, none of the Directors were interested in the Shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors were taken or deemed to have under such provisions of the SFO) or which are required to be entered into the register maintained by the Company under section 352 of the SFO or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Discloseable interests and short positions of shareholders under the SFO

As at the Latest Practicable Date, so far as is known to any of the Directors, the following person (other than a person who is a Director) had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or which was recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of substantial shareholder	Long position/ short position	Capacity of interest	Total number of shares in which the shareholder is interested	Percentage of shareholding
China Vanke (<i>Note 1</i>)	Long position	Held by controlled corporations	194,763,966	75.0%
CITIC Securities Company Limited (<i>Note 2</i>)	Long position	Held by controlled corporations	23,427,000	9.02%

Notes:

- As recorded in the Company's register to be kept in accordance with section 336 of the SFO (the "Register"), China Vanke was interested in 194,763,966 Shares held under Wkland Investments as at the Latest Practicable Date. Wkland Investments is a direct wholly-owned subsidiary of Wkland Limited. Wkland Limited is a direct wholly-owned subsidiary of VPHK. VPHK is a direct wholly-owned subsidiary of Shanghai Vanke Real Estate Company Limited. Shanghai Vanke Real Estate Company Limited is a direct wholly-owned subsidiary of Shanghai Vanke Investment and Management Company Limited. Shanghai Vanke Investment and Management Company Limited is a direct wholly-owned subsidiary of China Vanke.
- As recorded in the Register, the 23,427,000 Shares are held by CSI Capital Management Limited, which is a direct wholly-owned subsidiary of CITIC Securities International Company Limited, which in turn is a wholly-owned subsidiary of CITIC Securities Company Limited.

As at the Latest Practicable Date, so far as is known to any of the Directors, the Company had not been notified of any other person (other than the Directors) who had an interest or a short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

3. COMPETING INTEREST

The following Directors are also directors and/or officers of China Vanke as set out in the table below.

Name of director	Position held in China Vanke
Mr. Zhang Xu	<i>Executive Vice President and Chief Operating Officer</i>
Ms. Que Dong Wu	<i>Managing Director of the Hong Kong Division</i>
Mr. Wang Wen Jin	<i>Executive director, Executive Vice President and Chief Financial Officer</i>
Mr. Chan Chi Yu	<i>Consultant</i>

China Vanke Group (excluding the Group) is principally engaged in property development and investment in the PRC. Mr. Chan Chi Yu does not participate in the day-to-day business operations of China Vanke and the Group. Mr. Wang Wen Jin does not participate in the day-to-day business operations of the Group. Also, China Vanke's businesses are run by an independent management team and administration which are separate from those of the Group. In this respect, coupled with the diligence of the Company's independent non-executive Directors and the members of its audit committee, the Group is capable of carrying on its businesses at arm's length and independently of any possible competing businesses with China Vanke.

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

4. INTERESTS IN CONTRACT OR ARRANGEMENT

VPHK as an intermediate holding company of the Company provides administrative support to the Group on a cost basis. The amount of fees paid and payable by the Group for such services amounted to HK\$4,390,000 for the year ended 31 December 2013.

On 16 May 2013, the Group entered into an agreement relating to the acquisition of 20% interest in TW6 Project from VPHK. The transaction constituted a major and connected transaction to the Company under the Listing Rules and was approved by the independent shareholders of the Company at an extraordinary general meeting of the Company held on 21 June 2013. Completion of the transaction took place on 14 August 2013 at a final consideration of HK\$727,900,000.

On 22 April 2014, the Company, Wkdeveloper, VPHK, the JV Partner, the JV Partner Subsidiary and the Joint Venture Company entered into the Shareholders' Agreement, pursuant to which each of the Company and the JV Partner granted a default call right to each other, on a reciprocal basis, to acquire its respective shareholding interests in the Joint Venture Company upon the occurrence of an event of default (as defined and more particularly described in the

circular of the Company dated 15 May 2014). As disclosed in the announcement of the Company dated 22 April 2014, the grant of the JV Partner's default call right contemplated under the Shareholders' Agreement constituted a major transaction to the Company under the Listing Rules and was approved by the written shareholder's approval of Wkland Investments, the controlling Shareholder of the Company, in accordance with Rule 14.44 of the Listing Rules.

Each of Mr. Zhang Xu, Ms. Que Dong Wu and Mr. Wang Wen Jin is an executive of and is beneficially interested in the issued shares of China Vanke. Mr. Chan Chi Yu is a consultant of and is beneficially interested in the issued shares of China Vanke. The Company is an indirect 75% owned subsidiary of VPHK, which in turn is an indirect wholly-owned subsidiary of China Vanke.

Save as disclosed above, none of the Directors was materially interested in any contracts or arrangement entered into by any member of the Group which is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.

Save as disclosed above, none of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2013, being the date to which the latest published audited financial statements of the Group 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.

5. LITIGATION

As at the Latest Practicable Date, no litigation or claim which may be of material importance is known to the Directors to be pending or threatened against any member of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered, or is proposing to enter, into any service contract with the Group which is not expiring or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

7. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within the two years immediately preceding the date of this circular and are, or may be, material:

- (a) the sale and purchase agreement dated 16 May 2013 entered into between Mainland Investments Group Limited (a wholly-owned subsidiary of the Company) as purchaser and VPHK as vendor, regarding the transfer of 20% effective interest in the Joint Venture Company to the Group at a final consideration of HK\$727,900,000 (after adjustment);

- (b) a management agreement dated 19 July 2013 between the Company and VPHK regarding the sharing of administrative services on a cost basis for a period of three years commencing from 1 January 2013, which agreement is terminable by either party's one month notice;
- (c) a supplemental deed to the development agreement dated 14 August 2013 entered into between the Company, Wkdeveloper, Mainland Investments Group Limited, the Joint Venture Company, the JV Partner, VPHK and Tsuen Wan West TW6 Property Development Limited ("**TW6 Limited**"), regarding new contractual arrangements for the TW6 Project after the transfer of 20% effective interest in the Joint Venture Company to the Group;
- (d) a deed of guarantee and indemnity dated 14 August 2013 executed by the Company in favour of TW6 Limited, regarding the Company's obligations under the TW6 Project;
- (e) a deed of guarantee and indemnity dated 14 August 2013 executed by the Joint Venture Company, the JV Partner and the Company in favour of MTR Corporation Limited ("**MTRCL**"), regarding, among other things, the Company's obligations under the TW6 Project;
- (f) a deed of undertaking dated 14 August 2013 executed by the Joint Venture Company, the JV Partner and the Company in favour of MTRCL, regarding, among other things, the Company's obligations under the TW6 Project;
- (g) a deed of undertaking dated 14 August 2013 executed by the Joint Venture Company, the JV Partner and the Company in favour of Kowloon-Canton Railway Corporation, regarding, among other things, the Company's obligations under the TW6 Project;
- (h) a deed of undertaking dated 14 August 2013 executed by the Joint Venture Company, the JV Partner and the Company in favour of West Rail Property Development Limited, regarding, among other things, the Company's obligations under the TW6 Project;
- (i) a termination agreement dated 1 November 2013 between Cherrytime Investments Limited and Future Best Developments Limited, regarding the termination of the management agreement in respect of the provision of management and administrative services by the subsidiaries of Wing Tai Properties Limited to the Group;
- (j) a new management agreement dated 1 November 2013 entered into between Access Rich Limited, Chericourt Company Limited, WK Parking Limited, WK Property Financial Limited (all of which being wholly-owned subsidiaries of the Company), Wing Tai Properties Estate Management Limited and Wing Tai Properties Estate Agents Limited, regarding the provision of assets management, leasing and carpark management services to the Group, which agreement is terminable by any party's three months' notice;

- (k) the Shareholders' Agreement; and
- (l) the Corporate Guarantee.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours of the Company at the place of business of the Company at 55th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong for a period of 14 days from the date of this circular:

- (a) the amended and restated memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2012 and 2013, respectively;
- (c) the material contracts referred to in the section headed "Material Contracts" in this Appendix;
- (d) the circular of the Company dated 4 June 2013 regarding the acquisition of 20% interest in the TW6 Project;
- (e) the circular of the Company dated 15 May 2014 regarding the grant of the JV Partner's default call right; and
- (f) this circular.

9. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Luk Chi Chung, Peter, who is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Hong Kong Institute of Chartered Secretaries.
- (b) The registered office of the Company is situated at P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.
- (c) The principal place of business of the Company is situated at 55th Floor, Bank of China Tower, 1 Garden Road, Central, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (e) The English text of this circular shall prevail over their respective Chinese text in case of inconsistency.