



HD HK Bourse: Announcement From Hengli Commercial Properties (Group) Ltd.

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CONNECTED AND MAJOR TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE FOR REAL PROPERTY PROJECTS IN AUSTRALIA AND CONNECTED AND DISCLOSEABLE TRANSACTION INVOLVING FORMATION OF JOINT VENTURE FOR THE **JEWEL** PROJECT AND DISCLOSEABLE TRANSACTION INVOLVING SUBSCRIPTION OF 55% INTEREST IN THE **JEWEL** PROJECT CO AND MAJOR TRANSACTION AS REGARDS THE GRANT OF OPTIONS CONCERNING THE **JEWEL** PROJECT FORMATION OF A JOINT VENTURE FOR REAL PROPERTY PROJECTS IN AUSTRALIA On 11 August 2014, the Company and Wanda HK entered into the Master Australia JV Agreement pursuant to which the Company and Wanda HK will form a joint venture by using Wanda Australia as the holding vehicle, and through the SP Entities, to undertake acquisition and development of Real Property Projects in Australia. Pursuant to the terms of the Master Australia JV Agreement, the total capital commitments to be made by the Company and Wanda HK to all the SP Entities shall not exceed, HK\$7,500 million and HK\$5,000 million, respectively, which were determined after arms length negotiations between the Company and Wanda HK, with reference to, among other things, the current real property market in Australia and expected acquisition and development costs for suitable Real Property Projects. The total capital commitment to be made by the Company and Wanda HK under the Master Australia JV Agreement represent their pro rata equity interest of 60% and 40% respectively in Wanda Australia. The Company will finance its capital commitment by (i) the Companys internal resources; (ii) debt financing; and/or (iii) equity financing. 1 SUBSCRIPTION AND SHAREHOLDERS AGREEMENT IN RELATION TO THE **JEWEL** PROJECT CO The Board is pleased to announce that on 11 August 2014, DWCP, Wanda Australia Commercial, an direct wholly owned subsidiary of Wanda Australia entered into the Subscription and Shareholders Agreement with Li and **Jewel** Project Co pursuant to which (i) Wanda Australia Commercial has conditionally agreed to subscribe for 550,000 new shares in **Jewel** Project Co representing 55% of the enlarged issued shares in **Jewel** Project Co after the Subscription at a subscription price of A\$5,182,167 (equivalent to approximately HK\$37,570,711) subject to adjustment with reference to the balance sheet of **Jewel** Project Co as at 31 July 2014; and (ii) rights and obligations of members of **Jewel** Project Co are regulated. The **Jewel** Project Co will, on completion of the Subscription, be owned by Wanda Australia Commercial and Li as to 55% and 45% respectively. It is intended that the **Jewel** Project Co will develop the **Jewel** Property into a mixed-use development consisting of residential units, commercial space, hotel units and parking spaces. Wanda Australia Commercial shall provide initial capital contribution

by way of a shareholder loan in the sum of A\$88,458,049 (equivalent to approximately HK\$641,320,855) to **Jewel** Project Co, subject to adjustment and shall arrange for the debt financing of the development of the **Jewel** Property.

GRANT OF OPTIONS Under the Subscription and Shareholders Agreement, as an exit mechanism in default scenarios to deal with the shareholders respective interests in **Jewel** Project Co, (i) in consideration of the sum of HK\$1 paid by Li to Wanda Australia Commercial, Wanda Australia Commercial grants to Li an unconditional Put Option and an unconditional and irrevocable Call Option and (ii) in consideration of the sum of HK\$1 paid by Wanda Australia Commercial to Li, Li grants to Wanda Australia Commercial an unconditional Put Option and an unconditional and irrevocable Call Option. The non-defaulting may elect to exercise the relevant Put Option or Call Option and decides whether it is to be transacted at the fair market price as provided by the defaulting party or as determined by the auditors of **Jewel** Project Co. FORMATION OF A JOINT VENTURE IN RELATION TO WANDA AUSTRALIA COMMERCIALS INTEREST IN THE **JEWEL** PROJECT CO On 11 August 2014, the Company and Wanda HK entered into the **Jewel** JV Agreement in relation to Wanda Australia Commercial's interest in the **Jewel** Project Co, pursuant to which such interest will be indirectly held through Wanda Australia. Pursuant to the terms of the **Jewel** JV Agreement, the total capital commitments to be made by the Company and Wanda HK to the **Jewel** Project Co shall not exceed, HK\$1,262 million and HK\$841 million, respectively, 2

11 Aug 2014 18:08 ET HK Bourse: Announcement From Hengli Commercial Properties (Group) Ltd. -2-

which were determined after arms length negotiations between the Company and Wanda HK, with reference to the estimated Wanda Australia Commercial's capital commitment to the **Jewel** Project Co of A\$290 million (equivalent to approximately HK\$2,103 million), inclusive of the subscription price of the 55% interests in **Jewel** Project Co, the initial capital contribution and project funding not covered by bank loans. The total capital commitment to be made by the Company and Wanda HK under the **Jewel** JV Agreement represent their pro rata indirect equity interest of 60% and 40% respectively in Wanda Australia Commercial. The Company will finance its capital commitment by (1) the Company's internal resources; (ii) debt financing; and/or (iii) equity financing. Wanda HK shall be responsible for any additional project funding of **Jewel** Project Co, by provision of loan or arranging of bank borrowing. LISTING RULES IMPLICATIONS Since Wanda HK is a controlling shareholder of the Company, it is therefore a connected person of the Company. The formation of joint ventures pursuant to the Master Australia JV Agreement and the **Jewel** JV Agreement would therefore constitute connected transactions of the Company under the Listing Rules. Since the applicable percentage ratios as defined in Rule 14A.06 of the Listing Rules in respect of the joint ventures under the Master Australia JV Agreement (taking into account the funding requirements of the parties under the Master Australia JV Agreement) exceed 25% and the capital commitment of the Company exceeds HK\$10,000,000, and the applicable percentage ratios as defined in Rule 14A.06 of the Listing Rules in respect of the joint venture under the **Jewel** JV Agreement (taking into account the funding requirements of the parties under the **Jewel** JV Agreement) exceed 5% but less than 25%, they both are subject to reporting and announcement requirements and the approval of Independent Shareholders under Chapter 14A of the Listing Rules. The formation of joint ventures under the Master Australia JV Agreement will constitute major transactions of the Company under Chapter 14 of the Listing Rules whereas the formation of the joint venture under the **Jewel** JV Agreement will constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As to the joint venture under the Subscription and Shareholders Agreement, since the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules exceed 5% but less than 25%, it is also a discloseable transaction of the Company under Chapter 14 of the Listing Rules. In relation to the guarantee for the prompt performance and payment by Wanda

Australia Commercial under the Subscription and Shareholders Agreement provided by DWCP to Li, given it is provided on normal commercial terms where no security over the assets of the Group is granted, pursuant to Rule 14A.90 of the Listing Rules, such financial assistance is exempted from the reporting, announcement and independent shareholders approval requirements under Chapter 14A of the Listing Rules. 3 Pursuant to Rule 14.76(1) of the Listing Rules, the grant of the Options constitutes a possible major transaction of the Company subject to notification, announcement and shareholders approval requirements under Chapter 14 of the Listing Rules. Under Rule 14.44 of the Listing Rules, Shareholders approval for grant of the Options 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) 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 having the right to attend and vote at that general meeting to approve such transactions. The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, Li and the **Jewel** Project Co are independent third parties and not connected with any connected persons of the Company and therefore no Shareholder would be required to abstain from voting on the resolution approving the grant of the Options were the Company to convene a general meeting for that. Therefore, the Company proposes, under Rule 14.44, to make use of a written Shareholders approval in respect of the grant of the Options. As at the date of this announcement, Wanda Overseas, the controlling shareholder of the Company holds 4,697,346,488 Shares, representing approximately 65.04% of the issued share capital of the Company. It is proposed that Wanda Overseas will issue a written certificate to the Company to approve the grant of the Options.

DESPATCH OF CIRCULAR The SGM will be held for the purpose of considering and, if thought fit, approving the Master Australia JV Agreement and the **Jewel** JV Agreement and the transactions contemplated thereunder. Wanda Overseas and its associates are required to abstain from voting on the resolutions at the SGM. As additional time is required to prepare and finalise certain information to be included in the circular, the circular containing, inter alia, (a) further information on the Master Australia JV Agreement and the **Jewel** JV Agreement and the transactions contemplated thereunder, and the grant of the Options; (b) a letter of advice containing the recommendations from the Independent Board Committee to the Independent Shareholders in relation to the Master Australia JV Agreement and the **Jewel** JV Agreement; (c) a letter of advice from the Independent Financial Advisors to the Independent Board Committee and the Independent Shareholders in relation to the Master Australia JV Agreement and the **Jewel** JV Agreement; (d) a valuation report in respect of the **Jewel** Property; and (e) a notice convening the SGM, will be despatched to the Shareholders on or before 31 October 2014. 4

11 Aug 2014 18:08 ET HK Bourse: Announcement From Hengli Commercial Properties (Group) Ltd. -3-

FORMATION OF A JOINT VENTURE FOR REAL PROPERTY PROJECTS IN AUSTRALIA In order to facilitate possible future cooperation between the Company and Wanda HK in acquisitions and development of Real Property Projects in Australia, the Company and Wanda HK on 11 August 2014 entered into the Master Australia JV Agreement pursuant to which the Company and Wanda HK will use Wanda Australia as the holding vehicle for such purpose and, through the SP Entities, which are subsidiaries of Wanda Australia, jointly undertake acquisition and development of Real Property Projects in Australia. Wanda Australia is and will remain owned as to 60% by the Company and 40% by Wanda HK (excluding the interest held through the Company). Further details of the Master Australia JV Agreement are set out below. 1. Scope of business Wanda Australia will be the holding company of all the joint ventures between the Company and Wanda HK for all Real Property Projects in Australia. Accordingly, the Companies and

Wanda HKs interest in each individual Real Property Project will be pro rata to their shareholdings in Wanda Australia. No change of the aforesaid business scope will be allowed except with the unanimous consent of both the Company and Wanda HK.

2. Acquisition and development of Real Property Projects The Company and Wanda HK shall consult in good faith in identifying potential Real Property Projects for acquisition and development and on the terms of the relevant acquisition and development plan. Wanda Australia will set up a new SP Entity to undertake the acquisition and development of each Real Property Project. When a new SP Entity is established, the Company and Wanda HK shall enter into further Project Level JV Agreement with respect to such SP Entity and the relevant Real Property Project on terms similar to the **Jewel** JV Agreement. In particular, the Project Level JV Agreement will set out the capital commitment of the Company and Wanda HK for the relevant Real Property Project and the type of intended development. The Company will comply with the relevant requirements under the Listing Rules in respect of all acquisitions by the SP Entities as and when required.

5 3. Funding It is provided under the Master Australia JV Agreement that the aggregate of all acquisition costs and development costs of the Real Property Projects undertaken by all SP Entities and funded by the Company and Wanda HK shall not exceed HK\$12,500 million and will be contributed by the Company and Wanda HK pro rata to their shareholdings in Wanda Australia. Accordingly, the maximum amount of the capital commitment of the Company under the Master Australia JV Agreement will be HK\$7,500 million and the remaining HK\$5,000 million will be provided by Wanda HK. The capital commitment of parties to the Master Australia JV Agreement may be in the form of equity, loan or otherwise and any guarantee or indemnity. The Company will finance its capital commitment under the Master Australia JV Agreement by (i) the Company's internal resources; (ii) debt financing; and/or (iii) equity financing. The aggregate capital commitment of HK\$12,500 million is determined with reference to, among other things, the current real property market in Australia and the expected acquisition and development costs for suitable Real Property Projects. In the event both the Master Australia JV Agreement and the **Jewel** JV Agreement are approved by the Independent Shareholders, the remaining capital commitment of both the Company and Wanda HK to be contributed under the Master Australia JV Agreement, after taking into account the capital commitment as provided under the **Jewel** JV Agreement, will be HK\$10,397 million.

4. Board composition The Company is entitled to appoint all directors to the board of Wanda Australia and relevant SP Entities. Subject to the Master Australia JV Agreement and the Project Level JV Agreement with respect to each individual SP Entity, the board of directors of Wanda Australia and each SP Entity shall have the power and authority to decide on matters relating to their affairs and business.

5. Conditions precedent The Master Australia JV Agreement shall be conditional upon the Company having obtained the Independent Shareholders approval of the Master Australia JV Agreement on or before 30 November, 2014.

6

11 Aug 2014 18:08 ET HK Bourse: Announcement From Hengli Commercial Properties (Group) Ltd. -4-

6. Reserved matters The following matters shall require the consent of both the Company and Wanda HK: (i) any amendment to the articles of association of Wanda Australia; (ii) any change to the rights attaching to any class of shares in Wanda Australia which are not set out in the articles of association of Wanda Australia; (iii) the consolidation, sub-division, conversion or cancellation of any share capital of Wanda Australia; (iv) the issue or allotment of any share capital of Wanda Australia or the creation of any option or right to subscribe or acquire, or convert any security into, any share capital of Wanda Australia; (v) any reduction of the share capital of Wanda Australia; (vi) the purchase or redemption of any share capital of Wanda Australia; (vii) any application for the listing of any shares or other securities of Wanda Australia on any stock exchange or for permission for dealings in any shares or other securities of Wanda Australia in any securities market; (viii) any resolution to wind up Wanda Australia; (ix) the

filing of a petition for winding up by Wanda Australia or the making of any arrangement with creditors of Wanda Australia generally or any application for the appointment of a receiver in respect of Wanda Australia; (x) the repayment of capital or assets to members of Wanda Australia; and (xi) any material change in the nature or scope of the business. 7. Disposal of shares Neither shareholder of Wanda Australia may dispose of its interest in Wanda Australia without the consent of the other. 7 8. Events of default If an event of default (for example, any disposal of any interest of Wanda Australia in breach of the Master Australia JV Agreement, any material or persistent breach of the provisions of the Master Australia JV Agreement or any change of control or insolvency of the Company or Wanda HK, breach of or failure to perform the obligations under the Project Level JV Agreement by the Company or Wanda HK) occurs, the innocent joint venture partner of Wanda Australia will have the right to buy out the interest of the defaulting joint venture partner in Wanda Australia at a price equal to the fair value of such interest. The Company will comply with the relevant requirements under the Listing Rules if any asset acquisition by Wanda Australia and the provision of shareholders loan constitute notifiable and/or connected transactions for the Company. SUBSCRIPTION AND SHAREHOLDERS AGREEMENT IN RELATION TO

JEWEL PROJECT CO The Board is pleased to announce that on 11 August 2014, DWCP, Wanda Australia Commercial, an direct wholly owned subsidiary of Wanda Australia, entered into the Subscription and Shareholders Agreement with Li and **Jewel** Project Co pursuant to which (i) Wanda Australia Commercial has conditionally agreed to subscribe for 55% of the enlarged issued shares in **Jewel** Project Co and (ii) rights and obligations of members of **Jewel** Project Co are regulated. The **Jewel** Project Co will, on completion of the Subscription, be owned by Wanda Australia Commercial and Li as to 55% and 45% respectively. It is intended that the **Jewel** Project Co will develop the **Jewel** Property into a mixed-use development consisting of residential units, commercial space, hotel units and parking spaces. To the best of the Directors knowledge, information and belief having made all reasonable enquiries, Li and **Jewel** Project Co are third parties independent of the Company and are not connected with the Company or its connected persons. 8

11 Aug 2014 18:08 ET HK Bourse: Announcement From Hengli Commercial Properties (Group) Ltd. -5-

Principal terms of the Subscription and Shareholders Agreement and further details about the

Jewel Property Date of the Subscription : 11 August 2014 and Shareholders Agreement Parties to the Subscription : (i) Li and Shareholders (ii) DWCP Agreement (iii) Wanda Australia Commercial (iv) **Jewel** Project Co Subscription : Wanda Australia Commercial shall subscribe for 550,000 new shares in **Jewel** Project Co, representing 55% of the enlarged issued shares in **Jewel** Project Co after the Subscription Subscription price : A\$5,182,167 (equivalent to approximately HK\$37,570,711), subject to adjustment with reference to the asset value of **Jewel** Project Co as at 31 July 2014 Shareholder loan : Wanda Australia Commercial shall on the settlement date of the Subscription provide an initial capital contribution by way of a shareholder loan in the sum of A\$88,458,049 (equivalent to approximately HK\$641,320,855) to **Jewel** Project Co The above initial capital contribution will be applied as follows: (i) Firstly, repay the Land Mortgagee in full in relation to all amounts due and payable to it by **Jewel** Project Co (the mortgage principal was A\$22,000,000 (equivalent to approximately HK\$159,500,000) (ii) Secondly, repay an affiliate of Li A\$6,273,910 (equivalent to approximately HK\$45,485,848) in relation to all amounts due and payable to it by **Jewel** Project Co 9 (iii) Thirdly, repay Li A\$23,726,090 (equivalent to approximately HK\$172,014,153) as part repayment of their shareholder loan to **Jewel** Project Co (iv) Fourthly, the balance will be working capital and only used for the development of the **Jewel** Property Wanda Australia Commercial's initial capital contribution shall be adjusted by reference to the loan amounts provided by Li and their associated entities provided to

Jewel Project Co as of the settlement date. Within 10 business days after the settlement date of the Subscription, Wanda Australia Commercial shall make an additional shareholder loan to the **Jewel** Project Co calculated by the following formula: $LxF-W$ = the aggregate loans made by Li and their associated entities provided to **Jewel** Project Co as of the settlement date $F= 55\%/45\%$ W = the amount of initial capital contribution which Wanda Australia Commercial has paid. Conditions : Wanda Australia Commercial obtaining Foreign Investment Review Board approval on or before the date that is 60 days plus an extension period of 45 days (in case first application is not approved) from the date of the Subscription and Shareholders Agreement (FIRB Condition) Settlement date : The date which is the later date of either: (i) 70 days after the date of the Subscription and Shareholders Agreement; (ii) 10 business days after the date when the FIRB Condition has been satisfied; or 10

11 Aug 2014 18:09 ET HK Bourse: Announcement From Hengli Commercial Properties (Group) Ltd. -6-

(iii) such other date that is unanimously agreed between Li and Wanda Australia Commercial Board composition : Li shall have the right to appoint 1 director and Wanda Australia Commercial shall have the right to appoint 2 directors to the board of directors of **Jewel** Project Co Reserved matters : **Jewel** Project Co shall not, without the unanimous written consent of all directors, take any of the following acts: (i) declare or pay any dividend; (ii) approval of a shareholder loan; (iii) approval of amounts borrowed by **Jewel** Project Co if the terms are not in accordance with market conditions; (iv) pass any resolution for its winding up (unless it shall have become insolvent); (v) approval of the construction cost budget and approval of the revised construction cost budget submitted by the general manger of **Jewel** Project Co, if any; (vi) approval of the outstanding construction costs if the construction cost occurred is in excess of 105% of the approved construction cost budget; (vii) approval of the residential sales budget and approval of the revised residential sales budget submitted by the general manger of **Jewel** Project Co, if any; 11

(viii) approval of fees and charges terms in hotel management agreement for the hotel built on the land with Wanda Australia Commercial or a Wanda Australia Commercials related company that are inconsistent with fees and charges terms offered by other unrelated hotel management companies that provide a level of service, quality of management and brand recognition as Wanda Australia Commercial or Wanda Australia Commercials related company; (ix) approval of pricing terms in sale contract of the caretaking and letting rights in the **Jewel** Property to Wanda Australia Commercial or Wanda Australia Commercials related company that are less than the fair market value obtainable on the sale of such rights to an unrelated party; (x) approval of the appointment of General Construction Contractor of the Project; (xi) dispose of the hotel component or the whole **Jewel** Property; (xii) issue or allot any new shares in **Jewel** Project Co; (xiii) removal of Lis nominee director from the board of directors of **Jewel** Project Co; and (xiv) call in, accelerate or otherwise demand the repayment of the loan owing to **Jewel** Project Co by Eastern Success Group Pty Ltd. Restriction on transfer : No shareholder shall transfer, assign, dispose of or of shares otherwise part with their shares in **Jewel** Project Co for a period expiring on the date that is 12 months after the date of the Subscription and Shareholders Agreement without the written consent of all other shareholders. 12

11 Aug 2014 18:09 ET HK Bourse: Announcement From Hengli Commercial Properties (Group) Ltd. -7-

If a shareholder wishes to transfer all or any of its shares in **Jewel** Project Co, it must first offer the shares to the remaining shareholders. The Company will comply with the relevant requirements under the Listing Rules if such transaction constitute notifiable and/or connected transactions for the Company. Project funding : Li has provided shareholders loan for the initial funding for the project, such as acquisition of the site. It is intended that the part of the initial capital funding by Wanda Australia Commercial will be applied for the repayment of part of loans due to Li and his affiliates as provided in items (ii) and (iii) in the Shareholder loan section above. After such repayment, Wanda Australia Commercials initial capital funding will be adjusted so that the shareholders loans provided by both parties will be pro-rata to their respective interests in **Jewel** Project Co. The development of **Jewel** Property will then be funded by borrowings by **Jewel** Project Co. Wanda Australia Commercial will be responsible for arranging the borrowings which will either be via bank loan or an additional shareholder loan from Wanda Australia Commercial. The above was agreed between the parties after arms length negotiations and on normal commercial terms. The Directors confirmed that the capital commitment was determined with reference to, amongst other things, (i) the advantageous location of the site in the waterfront along the Gold Coast; (ii) the availability of a development permit and (iii) the preliminary negotiation with banks. 13 Guarantee : DWCP guarantees: (i) the prompt performance by Wanda Australia Commercial of its obligations under the Subscription and Shareholders Agreement; and (ii) prompt payment of all costs, loss and damage recoverable by Li from Wanda Australia Commercial under the Subscription and Shareholders Agreement. As a separate and additional liability, DWCP indemnifies Li against any loss or damage suffered by Li as a result of Wanda Australia Commercial failing to perform or observe any term or condition as required under the Subscription and Shareholders Agreement. **JEWEL PROJECT** The **Jewel** Property of a total site area of approximately of approximately 11,355 square meters is located on Old Burleigh Road facing the beach of the Gold Coast in Queensland, Australia. According to the existing development permit dated 3 September 2012, the site can be developed into a mixed use development comprising three (3) high rise

buildings containing a resort hotel, apartments, cafe, convenience shop, office (recording studio), restaurant, shop, take-away food premises and vehicle hire office. The site has a potential development of total gross floor ratio area of approximately 90,456 square meters and a total gross building area of approximately 147,000 square meters. 14

11 Aug 2014 18:09 ET HK Bourse: Announcement From Hengli Commercial Properties (Group) Ltd. -8-

JEWEL PROJECT CO **Jewel** Project Cos principal business activities are development and management of the **Jewel** Property. According to its management accounts, as at 30 June 2014 (being the latest annual accounts date), the net liabilities value of **Jewel** Project Co was A\$671,059 (equivalent to approximately HK\$4,865,178), With an agreed valuation of the **Jewel** Property at A\$120 million (equivalent to approximately HK\$870,000,000), the net asset value of **Jewel** Project Co was A\$4,239,955 (equivalent to approximately HK\$30,739,674). According to its management accounts, the net loss before and after tax for the financial years 2013 and 2014 of **Jewel** Project Co are as follows:-

Year 2014	Year 2013 Profit Before Taxation
A\$168,442	A\$827,623 (equivalent to
(equivalent to approximately	approximately HK\$1,221,205)
HK\$6,000,267) Profit After Taxation	A\$90,222
A\$134,735 (equivalent to	(equivalent to

approximately HK\$976,829) The Board believes that given the unique location of the **Jewel** Property and its unobstructed waterfront views along the **Surfers Paradise** of Gold Coast, the Company is confident that it can maximize the development value of the **Jewel** Property and generate attractive returns on this investment. The Directors consider that the terms of the Subscription and Shareholders Agreement, including the Subscription price, and the provision of shareholder loan by Wanda Australia Commercial, are fair and reasonable, on normal commercial terms in the ordinary and usual course of business of the Group and in the interests of the Shareholders as a whole. The Company and Wanda HK will undertake the development of the **Jewel** Property by way of a joint venture pursuant to the **Jewel** JV Agreement. The subscription price payable by Wanda Australia Commercial and the initial funding by way of shareholder loan from Wanda Australia Commercial under the Subscription and Shareholders Agreement will be funded out of the capital to be contributed by the Company and Wanda HK under the **Jewel** JV Agreement. Having regard to preliminary discussion with banks and the estimated construction costs, the Company and Wanda HK have considered that the total capital commitment of Wanda Australia Commercial can be reasonably set at A\$290,000,000 (equivalent to HK\$2,103,000,000). In the event the capital commitment falls short of the actual funding requirements, Wanda HK will provide the necessary funding for **Jewel** Project Co. 15 GRANT OF OPTIONS Under the Subscription and Shareholders Agreement, as an exit mechanism in default scenarios, (i) in consideration of the sum of HK\$1 paid by Li to Wanda Australia Commercial, Wanda Australia Commercial grants to Li an unconditional Put Option and an unconditional and irrevocable Call Option; and (ii) in consideration of the sum of HK\$1 paid by Wanda Australia Commercial to Li, Li grants to Wanda Australia Commercial an unconditional Put Option and an unconditional and irrevocable Call Option in respect of their interests in **Jewel** Project Co. The party to the Subscription and Shareholders Agreement not committing an event of default under the Subscription and Shareholders Agreement may exercise an Option against the party committing an event of default. The non-defaulting may elect to exercise the relevant Put Option or Call Option and decides whether it is to be transacted at the fair market price as provided by the defaulting party or as determined by the auditors of **Jewel** Project Co. FORMATION OF A JOINT VENTURE IN RELATION TO WANDA AUSTRALIA COMMERCIALS INTEREST IN THE **JEWEL** PROJECT CO The Company and Wanda HK have on 11 August 2014 entered into the **Jewel** JV Agreement in relation to Wanda Australia Commercial's interest in the **Jewel** Project Co, pursuant to which such interest will be indirectly held through Wanda Australia, further details of which are set out below. 1. Parties to the joint venture (i) The Company; and (ii) Wanda HK. 2. Principal terms of the **Jewel** JV Agreement The principal terms of the **Jewel** JV Agreement are as follows:- (a) Objective The Company and Wanda HK agree to enter into the **Jewel** JV Agreement to regulate their relationship with each other, and in respect

of the affairs and their dealings with the **Jewel** Project Co, and to participate in the development of the **Jewel** Project in the form of a joint venture in accordance with the terms of the **Jewel** JV Agreement. 16

11 Aug 2014 18:09 ET HK Bourse: Announcement From Hengli Commercial Properties (Group) Ltd. -9-

(b) Board composition The Company is entitled to appoint all the directors of the Wanda Australia Commercial and all directors of Wanda Australia Commercial are to be appointed to the board of directors of **Jewel** Project Co subject to the terms of the Subscription and Shareholders Agreement. (c) Capital commitment The total capital commitments (whether equity, loan or otherwise and any guarantee or indemnity) to be provided by the Company and Wanda HK under the **Jewel** JV Agreement shall not exceed HK\$2,103 million, of which HK\$1,262 million will be provided by the Company and HK\$841 million will be provided by Wanda HK. The total capital commitment was determined after arms length negotiations between the Company and Wanda HK, with reference to Wanda Australia Commercials capital commitment to the **Jewel** Project Co of A\$290 million (equivalent to approximately HK\$2,103 million), inclusive of the subscription price of the 55% interests in **Jewel** Project Co, the initial capital contribution and project funding not covered by bank loans. The respective capital commitment of the Company and Wanda HK under the **Jewel** JV Agreement is proportional to their respective interest in Wanda Australia Commercial. Nevertheless, Wanda HK shall be responsible for any additional project funding of **Jewel** Project Co, over A\$290 million by provision of loan or arranging of bank borrowing. The capital commitment of the Company in relation to the formation of the joint venture under the **Jewel** JV Agreement is expected to be funded by (i) the Companys internal resources; (ii) debt financing; and/or (iii) equity financing. (d) Conditions precedent The **Jewel** JV Agreement shall be conditional upon the Company having obtained the Independent Shareholders approval of the **Jewel** JV Agreement on or before the Settlement date of the Subscription and Shareholders Agreement. 17 The Company and Wanda HK have agreed that in the event that the **Jewel** JV Agreement is not approved by the Independent Shareholders at the SGM, the Company shall be entitled to sell, in which case Wanda HK shall be obliged to purchase, the Companys interest in the **Jewel** Property, either by procuring Wanda Australia to transfer to Wanda HK its entire equity interest in the Wanda Australia Commercial or, at the election of the Company, by transferring the Companys direct 60% shareholdings in Wanda Australia, in both cases at the nominal consideration of HK\$1.00, with all the associated costs, expenses and tax payable to be solely borne by Wanda HK.

REASONS FOR AND BENEFITS OF THE JOINT VENTURES The Company is an investment holding company whose subsidiaries are principally engaged in property development, property leasing, property management and investment holding activities. As stated in the composite offer and response document issued jointly by Wanda Overseas and the Company on 2 July 2013, Wanda Overseas may consider diversifying the business of the Group with an objective to broaden the Groups income sources as suitable investment or business opportunities arise. The Board is of the view that DWCP, the controlling shareholder of Wanda HK, is a prominent property developer and has a proven track record of property development. By partnering with Wanda HK, the Company can leverage on the expertise and business networks of Wanda HK and its controlling shareholder. The Board also believes that the reputation and scale of DWCP will place the Group in a favourable position in negotiating with third parties on acquisitions and co-operations. With its beautiful beaches, amazing views and subtropical climate and nightlife, the Gold Coast is one of Australias most beloved vacation holiday spots. Accordingly, there is significant demand for hotel facilities as well as premium apartments and accommodation from local as well as foreign buyers. Such opportunities are in line with the Groups strategy of seeking to diversify its sources of income. Therefore, by establishing a joint venture platform through Wanda Australia, the Board believes that it will provide a more responsive structure for the Group to capture such windows of opportunities as they arise in Australia.

Wanda Australia will also enable the Group to better co-ordinate its resources and with its joint venture partner, Wanda HK, in capitalizing on such suitable opportunities, against the backdrop of an accumulated HK\$12,500 million limit in total acquisition and development costs. 18

11 Aug 2014 18:10 ET HK Bourse: Announcement From Hengli Commercial Properties (Group) Ltd. -10-

If both the **Jewel** JV Agreement and the Master Australia JV Agreement are approved by the Independent Shareholders, the remaining capital commitment of both the Company and Wanda HK to be contributed under the Master Australia JV Agreement for acquisition and development of Real Property Projects in Australia will be HK\$10,397 million. With respect to the **Jewel** Property and the joint venture for its development under the Australia JV Agreement, given the demand of new hotel facilities and new residential development in the **Surfers Paradise**, the Board believes that the **Jewel** Property joint venture provides an excellent investment opportunity. The Directors are also of the view that the formation of the **Jewel** Property joint venture will offer an opportunity for the Group to broaden its income sources by expanding into the Australia market. The Directors consider that the cooperation with Wanda HK is beneficial to the Company and the Shareholders as a whole as the joint venture could leverage the expertise and financial resources of both the Company and Wanda HK in developing the **Jewel** Property. The Board (other than (a) Mr. Ding Benxi, Mr. Qi Jie, Mr. Qu Dejun and Mr. Liu Chaohui, who are materially interested in the joint venture under the **Jewel** JV Agreement and the Master Australia JV Agreement and have abstained from voting at the board meeting held to consider the transactions, and (b) the independent non-executive Directors) considers the **Jewel** JV Agreement and the Master Australia JV Agreement to be on normal commercial terms and is of the view that its terms are fair and reasonable and that the Companys entry into the **Jewel** JV Agreement and the Master Australia JV Agreement is in the interest of the Company and the Shareholders as a whole. The independent non-executive Directors will express their view on whether the formation of the joint venture under the **Jewel** JV Agreement and the Master Australia JV Agreement is on normal commercial terms, whether the terms of the **Jewel** JV Agreement and the Master Australia JV Agreement are fair and reasonable and whether the Companys entry into the **Jewel** JV Agreement and the Master Australia JV Agreement is in the interest of the Company and its Shareholders as a whole after their consideration of the advice of the Independent Financial Advisor. LISTING RULES IMPLICATIONS Since Wanda HK is a controlling shareholder of the Company, it is therefore a connected person of the Company. The formation of joint ventures pursuant to the Master Australia JV Agreement and the **Jewel** JV Agreement would therefore constitute connected transactions of the Company under the Listing Rules. Since the applicable percentage ratios as defined in Rule 14A.06 of the Listing Rules in respect of the joint ventures under the Master Australia JV Agreement (taking into account 19 the funding requirements of the parties under the Master Australia JV Agreement) exceed 25% and the capital commitment of the Company exceeds HK\$10,000,000, and the applicable percentage ratios as defined in Rule 14A.06 of the Listing Rules in respect of the joint venture under the **Jewel** JV Agreement (taking into account the funding requirements of the parties under the **Jewel** JV Agreement) exceed 5% but less than 25%, they both are subject to reporting and announcement requirements and the approval of Independent Shareholders under Chapter 14A of the Listing Rules. The formation of joint ventures under the Master Australia JV Agreement will constitute major transactions of the Company under Chapter 14 of the Listing Rules whereas the formation of the joint venture under the **Jewel** JV Agreement will constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As to the joint venture under the Subscription and Shareholders Agreement, since the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules exceed 5% but less than 25%, it is a discloseable transaction of the Company under Chapter 14 of the Listing Rules. In relation to the guarantee

for the prompt performance and payment by Wanda Australia Commercial under the Subscription and Shareholders Agreement provided by DWCP to Li, given it is provided on normal commercial terms where no security over the assets of the Group is granted, pursuant to Rule 14A.90 of the Listing Rules, such financial assistance is exempted from the reporting, announcement and independent shareholders approval requirements under Chapter 14A of the Listing Rules. Pursuant to Rule 14.76(1) of the Listing Rules, the grant of the Options constitutes a possible major transaction of the Company subject to notification, announcement and shareholders approval requirements under Chapter 14 of the Listing Rules. Under Rule 14.44 of the Listing Rules, Shareholders approval for grant of the Options 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) 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 having the right to attend and vote at that general meeting to approve such transactions. The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, Li are independent third parties and not connected with the Company or its connected persons and therefore no Shareholder

11 Aug 2014 18:10 ET HK Bourse: Announcement From Hengli Commercial Properties (Group) Ltd. -11-

would be required to abstain from voting on the resolution approving the grant of the Options were the Company to convene a general meeting for that. Therefore, the Company proposes, under Rule 14.44, to make use of a written Shareholders approval in respect of the grant of the Options. As at the date of this announcement, Wanda Overseas, the controlling shareholder of the Company holds 4,697,346,488 Shares, representing approximately 65.04% of the issued share capital of the Company. It is proposed that Wanda Overseas will issue a written certificate to the Company to approve the grant of the Options. POTENTIAL PROJECTS In addition to the **Jewel** Property, the Company and Wanda HK are considering other potential property development. Such development projects may or may not proceed and may or may be included under the Master Australia JV Agreement. In considering whether Wanda Australia and its subsidiaries will undertake a project, the Company will take into account constraints such as completion timetable and confidentiality requirements. DESPATCH OF CIRCULAR The SGM will be held for the purpose of considering and, if thought fit, approving the Master Australia JV Agreement and the **Jewel** JV Agreement and the transactions contemplated thereunder. Wanda Overseas and its associates are required to abstain from voting on the resolutions at the SGM. As additional time is required to prepare and finalise certain information to be included in the circular, the circular containing, inter alia, (a) further information on the Master Australia JV Agreement and the **Jewel** JV Agreement and the transactions contemplated thereunder, and the grant of the Options; (b) a letter of advice containing the recommendations from the Independent Board Committee to the Independent Shareholders in relation to the Master Australia JV Agreement and the **Jewel** JV Agreement; (c) a letter of advice from the Independent Financial Advisors to the Independent Board Committee and the Independent Shareholders in relation to the Master Australia JV Agreement and the **Jewel** JV Agreement; (d) a valuation report in respect of the **Jewel** Property; and (e) a notice convening the SGM, will be despatched to the Shareholders on or before 31 October 2014. An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Liu Jipeng and Mr. Xue Yunkui, has been established to advise the Independent Shareholders as to whether the terms of the Master Australia JV Agreement and the **Jewel** JV Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Advisors. None of the

members of the Independent Board Committee has a material interest in the transactions contemplated under the Master Australia JV Agreement and the **Jewel** JV Agreement. An Independent Financial Advisor will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Master Australia JV Agreement and the **Jewel** JV Agreement. INFORMATION ABOUT THE COMPANY The Company is incorporated in Bermuda with limited liability and is listed on the Stock Exchange. It is an investment holding company whose subsidiaries are principally engaged in property development, property leasing, property management and investment holding activities. INFORMATION ABOUT DWCP AND WANDA HK Wanda HK is an investment holding company incorporated in Hong Kong with limited liability and is wholly-owned by DWCP. DWCP is a company established in the PRC engaged in property development, property letting, property management and investment holding activities. As at the date of this announcement, Wanda Overseas, a wholly-owned subsidiary of Wanda HK, holds approximately 65.04% of the issued Share capital of the Company. DEFINITIONS In this announcement, the following terms have the meanings set out below, unless the context requires otherwise:

associate(s) has the meaning ascribed to it under the Listing Rules Board the board of Directors Call Option an option for a party to purchase the other party's shares in **Jewel** Project Co subject to the terms in the Subscription and Shareholders Agreement Company Wanda Commercial Properties (Group) Co., Limited (), a company incorporated in Bermuda with limited liability, and the Shares of which are listed on the main board of the Stock Exchange 22

11 Aug 2014 18:10 ET HK Bourse: Announcement From Hengli Commercial Properties (Group) Ltd. -12-

connected person(s) has the meaning ascribed thereto in the Listing Rules controlling has the meaning ascribed thereto in the Listing Rules Shareholder Directors the directors of the Company DWCP (Dalian Wanda Commercial Properties Co., Ltd.*), a company established in the PRC with limited liability Independent Financial a licensed corporation to carry out Type 6 (advising on Adviser corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and to be appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Master Australia JV Agreement and the **Jewel** JV Agreement Group the Company and its subsidiaries Hong Kong the Hong Kong Special Administrative Region of the PRC Independent Board the independent board committee of the Board Committee comprising all the independent non-executive Directors, namely Mr. Liu Jipeng and Mr. Xue Yunkui, established to advise the Independent Shareholders in respect of the **Jewel** JV Agreement and the Master Australia JV Agreement Independent all Shareholders other than Wanda Overseas and its Shareholders associates **Jewel** JV Agreement the agreement dated 11 August 2014 entered into between the Company and Wanda HK in relation to the development of the **Jewel** Property 23 **Jewel** Project Co Ridong (Gold Coast) Development Pty Ltd CAN 138 279 759, an Australian limited liability company directly owned as to 55% by Wanda Australia Commercial and 45% by Li for holding and development of the **Jewel** Property **Jewel** Property the property located at 38-44 Old Burleigh Road, **Surfers Paradise**, Queensland, Australia Land Mortgagee FCCD (Australia) Nominee Pty Ltd CAN 134 182 657 Li Mr. Riyu Li and Ms. Fengliu Wu Listing Rules the Rules Governing the Listing of Securities on the Stock Exchange Master Australia JV the agreement dated 11 August 2014 entered into Agreement between the Company and Wanda HK in relation to the joint venture through Wanda Australia Options Put Option and Call Option PRC the Peoples Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC Project Level JV

the joint venture agreement to be entered into between Agreement the Company and Wanda HK when a new SP Entity is established on terms similar to the **Jewel** JV Agreement Put Option an option for a party to sell to the other party the first partys shares in **Jewel** Project Co subject to the terms of the Subscription and Shareholders Agreement Real Property the acquisition and development of real properties Projects SGM a special general meeting of the Company to be convened for the purpose of approving the **Jewel** JV Agreement and the Master Australia JV Agreement 24

11 Aug 2014 18:10 ET HK Bourse: Announcement From Hengli Commercial Properties (Group) Ltd. -13-

Share(s) ordinary share(s) of HK\$0.10 each in the share capital of the Company Shareholder(s) holders of the Shares SP Entity any special purpose entity which is formed by Wanda Australia for the purpose of holding, acquiring and developing the Real Property Projects and shall include the **Jewel** Project Co in relation to the **Jewel** Property Stock Exchange The Stock Exchange of Hong Kong Limited Subscription the subscription for 550,000 new shares in **Jewel** Project Co by Wanda Australia Commercial pursuant to the Subscription and Shareholders Agreement Subscription and the subscription and shareholders agreement dated 11 Shareholders August 2014 entered into between Li, DWCP, Wanda Agreement Australia Commercial and **Jewel** Project Co Wanda Australia Wanda Australia Real Estate Investment Co., Limited, a company with limited liability established under the laws of Hong Kong, in which the Company and Wanda HK respectively hold 60% and 40% interest Wanda Australia Wanda Australia Commercial Properties Co., Ltd, a Commercial direct wholly owned subsidiary of Wanda Australia and established in Australia Wanda HK Wanda Commercial Properties (Hong Kong) Co. Limited, a company incorporated in Hong Kong with limited liability, a controlling Shareholder of the Company Wanda Overseas Wanda Commercial Properties Overseas Limited, a company incorporated in the British Virgin Islands with limited liability A\$ Australian dollars, the lawful currency of Australia from time to time 25 HK\$ Hong Kong dollars, the lawful currency of Hong Kong from time to time % per cent.

Source: Hong Kong Exchanges & Clearing
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At least one of these words	
None of these words	
This exact phrase	Jewel
Date	01/01/2014 to 31/12/2015
Source	All Sources
Author	All Authors
Company	All Companies
Subject	All Subjects
Industry	All Industries
Region	All Regions
Language	English
Results Found	229
Timestamp	26 September 2017 22:27