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vanke

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)

**(1) MAJOR AND CONNECTED TRANSACTION;
AND
(2) AMENDMENT OF ANNUAL CAPS & TERMS OF
EXISTING CONTINUING CONNECTED TRANSACTIONS**

THE ACQUISITION

The Board is pleased to announce that on 29 August 2019 (after trading hours), the Purchaser entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loan, representing approximately 99.80% (subject to final determination at Completion and in no event being less than 99%) of the issued share capital of the Target and the shareholder's loan due from the Target Group, for a consideration of HK\$594.8 million (subject to adjustment) by way of cash.

Upon Completion, the Target will become a subsidiary of the Company and the assets, liabilities and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Company.

**AMENDMENT OF ANNUAL CAPS & TERMS OF EXISTING CONTINUING
CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 8 March 2019 and the circular of the Company dated 21 May 2019 in relation to, among others, the Management Services Framework Agreement.

In anticipation of (i) the Company's intention to develop its asset management business and strengthen its property development and investment business in Hong Kong through tapping into the expertise and experience of the HK Management Team; and (ii) the need of management of existing property interests for China Vanke Group in Hong Kong, the VPO Parties, the VPHK Parties and VPO HK have entered into the Supplemental Management Services Framework Agreement to amend and restate the Management Services Framework Agreement to extend the scope of services and revise the annual caps for the continuing connected transactions contemplated under the Management Services Framework Agreement, pursuant to which in addition to the Overseas Management Services, VPHK will retain VPO HK on an exclusive basis for, and the Enlarged Group, through VPO HK (who will enter into employment contracts with HK Management Team by the time of Completion), will provide, the HK Management Services to VPHK (including other subsidiaries of China Vanke which may become interested in any property development and/or investment projects in Hong Kong). The Supplemental Management Services Framework Agreement will be effective immediately upon the Completion Date and remain effective until 31 December 2021.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Further, as the Vendor is a wholly-owned subsidiary of VPHK, a controlling Shareholder indirectly holding 75% of the issued share capital of the Company, the Vendor is a connected person and the Acquisition also constitutes a connected transaction under Chapter 14A of the Listing Rules. Accordingly, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

Given VPHK is the controlling Shareholder and each other VPHK Party is a subsidiary or fellow subsidiary of VPHK, the transactions contemplated under the Supplemental Management Services Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Supplemental Management Services Framework Agreement exceed 5% on an annual basis, the transactions contemplated under the Supplemental Management Services Framework Agreement and the Revised Annual Caps are subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

EGM

The Company will convene an EGM for the Independent Shareholders to consider and, if thought fit, to approve, among other things: (1) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (2) the Supplemental Management Services Framework Agreement, the transactions contemplated thereunder and the Revised Annual Caps.

A circular containing, among others, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) further details of the Supplemental Management Services Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps; (iii) a letter from the Independent Board Committee regarding the Sale and Purchase Agreement, the Supplemental Management Services Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps to the Independent Shareholders; (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) notice of EGM is expected to be despatched to the Shareholders on or before 30 September 2019, as additional time is required for preparing the relevant reports and letters to be included in the circular.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder apart from China Vanke and its associates shall abstain from voting on the resolutions approving the Sale and Purchase Agreement, the Supplemental Management Services Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps. Wkland Investments, being an associate of China Vanke, is interested in 292,145,949 Shares representing 75% of the entire issued share capital of the Company as at the date of this announcement, and will abstain from voting on such resolutions.

WARNING

Completion of the Acquisition and the amendment of annual caps and terms of existing continuing connected transactions are subject to the satisfaction (or, if applicable, waiver) of the conditions precedent thereto and as such, the Acquisition and the amendment of annual caps and terms of existing continuing connected transactions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and any other securities of the Company.

(1) MAJOR AND CONNECTED TRANSACTION — THE ACQUISITION

The Board is pleased to announce that on 29 August 2019 (after trading hours), the Purchaser entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loan, representing approximately 99.80% (subject to final determination at Completion and in no event being less than 99%) of the issued share capital of the Target and the entire shareholder's loan (which is in the principal amount of approximately HK\$325.8 million) due to VPHK Group by the Target Group, for a consideration of HK\$594.8 million (subject to adjustment) by way of cash. As at the date of this announcement, the Target indirectly owns the entire interest in the Property.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date

29 August 2019 (after trading hours)

Parties

- (1) the Purchaser, a wholly-owned subsidiary of the Company, as the purchaser; and
- (2) the Vendor, a wholly-owned subsidiary of VPHK, as the vendor.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares and the Sale Loan, representing approximately 99.80% (subject to final determination at Completion and in no event being less than 99%) of the issued share capital of the Target and the entire shareholder's loan (which is in the principal amount of approximately HK\$325.8 million) due to VPHK Group by the Target Group, upon Completion.

The remaining approximately 0.2% (subject to final determination at Completion and in no event being more than 1%) of the Target will be beneficially or effectively owned by certain employees of the Group and China Vanke Group (including certain key employees of HK Management Team who will become directors of VPO HK) who are responsible for developing and managing the Property as an employee co-investment arrangement as at Completion, and such employees will remain to be beneficially interested in the Target after Completion. As the investment of the directors of VPO HK and other connected persons of the Company (if any) in the Target through such employee co-investment mechanism is less than HK\$3 million, such employee co-investment arrangement will be regarded as a fully exempt connected transaction on the part of the Company.

Consideration

The Consideration payable for the sale and purchase of the Sale Shares and the Sale Loan shall be HK\$594.8 million, subject to adjustment, of which:

- (i) 5% of the Consideration being approximately HK\$29.8 million will be payable by the Purchaser to the Vendor within 5 Business Days of the date of signing of the Sale and Purchase Agreement as refundable deposit;
- (ii) 90% of the Consideration being approximately HK\$535.2 million will be payable by the Purchaser to the Vendor in cash on the Completion Date; and
- (iii) 5% of the Consideration being the remaining approximately HK\$29.8 million (the “**Retention Amount**”) will be payable within 5 Business Days after the date of determination of the consolidated net asset value of the Target as at the Completion Date (the “**Completion NAV**”) on the basis of the value of the Property being fixed at HK\$596.0 million (on a 100%-basis) and a cash-free and debt-free position of the Target Group. The Completion NAV will be determined based on adding all the assets held by the Target Group, and subtracting all the account payables and accrued liabilities (other than the Sale Loan), as at the Completion Date.

If the Completion NAV is higher or lower than HK\$596.0 million, the Consideration (and the Retention Amount) shall be adjusted upward or downward (subject to the maximum of the Retention Amount) accordingly based on the product of (i) the Sale Shares Percentage times (ii) the difference between the Completion NAV and the value of the Property being fixed at HK\$596.0 million, in each case, on a dollar for dollar basis. The Retention Amount (or part thereof) shall then be released to the Vendor or kept by the Purchaser (as the case may be).

The Consideration will be satisfied by borrowings, internal resources of the Company and/or equity financing by issuing Shares or equity-linked securities by the Company.

Basis of determination of the Consideration

The Consideration is determined after arm’s length negotiations between the Purchaser and the Vendor with reference to:

- (1) the preliminary property valuation of the Property of being no less than HK\$596.0 million as at 31 July 2019; and
- (2) the consolidated current net asset value of the Target Group as at 31 July 2019.

The preliminary valuation of the Property is carried out by Knight Frank, an independent surveyor to the Company. The surveyor values the Property by market comparable method. The Company will include the valuation report of the Property in the circular to be despatched to the Shareholders.

Conditions precedent

Completion is subject to the satisfaction or waiver by the Purchaser and the Vendor (as the case may be) of certain conditions precedent, including:

- (a) all necessary corporate authorisations or shareholders' approvals being obtained, including approvals from the Independent Shareholders at the EGM for, among others, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the Supplemental Management Services Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps;
- (b) all necessary approvals, licenses, authorisations, consents, waivers or notifications necessary from third parties (including the financing banks), governmental or regulatory authorities including the Stock Exchange in connection with the transactions contemplated under the Sale and Purchase Agreement required to be obtained having been granted and in effect;
- (c) each of the representations and warranties in the Sale and Purchase Agreement made by the Vendor remaining true and accurate in all material respects as of the date of the Completion Date; and
- (d) the legal and financial due diligence on the Target Group's business, operations and the Property by or on behalf of the Purchaser having been completed to the satisfaction of the Purchaser.

The parties may waive the conditions precedent above in writing at any time on or before the Long Stop Date, except for conditions precedent (a) and (b) above which are not capable of being waived in any event.

If any condition precedent has not been satisfied or waived (as the case may be) by the Long Stop Date, either the Purchaser or the Vendor may terminate the Sale and Purchase Agreement by serving written notice to the other party, and the 5% refundable deposit paid to the Vendor shall be refunded to the Purchaser within 5 Business Days thereof.

Completion

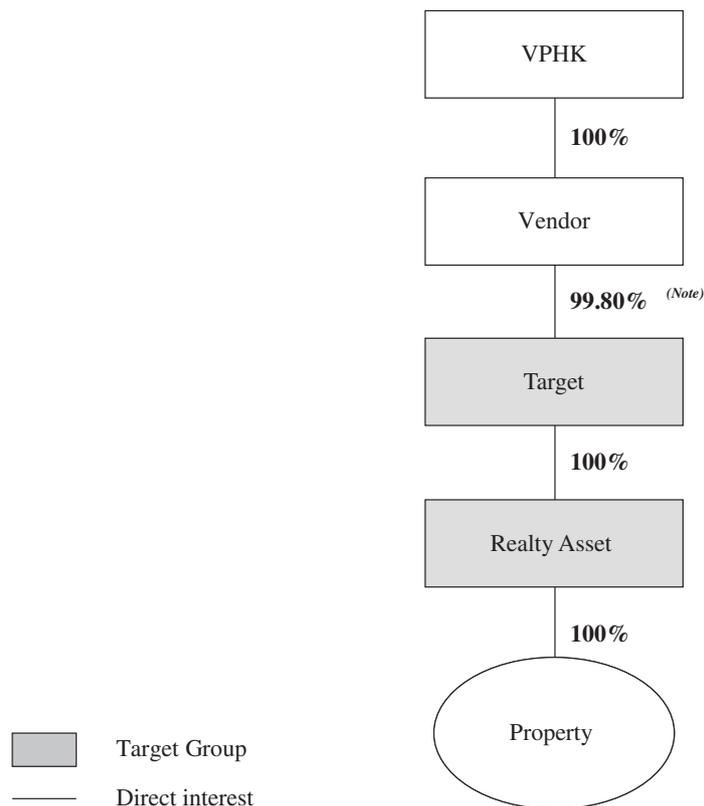
Completion shall take place on the date agreed by the parties which shall be within 30 Business Days of the fulfillment (or waiver, as the case may be) of all the conditions precedent (or any other dates as agreed between the parties in writing).

Upon Completion, the Target will become an approximately 99.80%-owned (subject to final determination at Completion) subsidiary of the Company and the assets, liabilities and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Company.

SHAREHOLDING STRUCTURE

The following diagrams illustrate a simplified corporate and shareholding structure of the Target Group (i) immediately before the Completion; and (ii) immediately after the Completion:

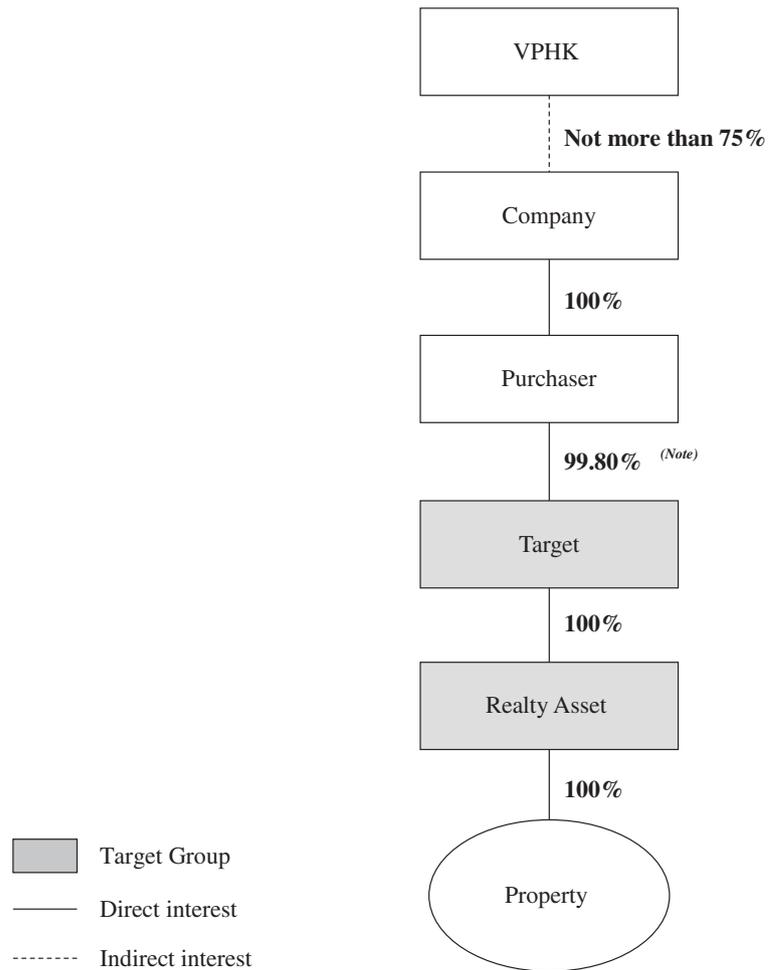
Immediately before the Completion



Note:

This is an approximate percentage subject to final determination at Completion and the remaining approximately 0.2% interest (subject to final determination and in no event being more than 1%) of the Target is beneficially owned by certain employees of the Group and China Vanke Group (including certain key employees of HK Management Team who will become directors of VPO HK) who are responsible for developing and managing the Property as an employee co-investment arrangement.

Immediately after the Completion



Note:

This is an approximate percentage subject to final determination at Completion and the remaining approximately 0.2% (subject to final determination and in no event being more than 1%) interest of the Target will be beneficially or effectively owned by certain employees of the Group and China Vanke Group (including certain key employees of HK Management Team who will become directors of VPO HK) who are responsible for managing or investing the Property as an employee co-investment arrangement.

INFORMATION ON THE PARTIES

Information on the Group

The Company and its subsidiaries are principally engaged in asset management, as well as property development and investment.

Information on VPHK and the Vendor

VPHK is principally engaged in property development and investment.

The Vendor is a wholly-owned subsidiary of VPHK and is an investment holding company.

Information on the Target Group and the Property

The Target is a subsidiary of the Vendor and is an investment holding company which indirectly holds the entire interest in the Property.

Realty Asset is a wholly-owned subsidiary of the Target principally engaged in the business of redevelopment and holding of the Property as investment property. Realty Asset directly holds the entire interest in the Property and the Target Group currently intends to re-develop the Property into a hotel. The original acquisition cost incurred by the VPHK Group for acquiring the entire equity interest in, and the entire shareholder's loan due from, Realty Asset (including transaction fees and stamp duty paid) was approximately HK\$588 million.

Set out below are the summary of the unaudited accounts of the Target for the two years ended 31 March 2019 (being the financial year end date of Realty Asset):

	For the financial year ended	
	31 March 2018	31 March 2019
	<i>HK\$</i>	<i>HK\$</i>
	(unaudited)	(unaudited)
Revenue	—	—
Loss before taxation	2,865	—
Loss after taxation	2,865	—
Net liabilities	20,434	20,434

Set out below are the summary of the audited accounts of Realty Asset for the two years ended 31 March 2018 and 2019 (being the financial year end date of Realty Asset):

	For the financial year ended	
	31 March 2018	31 March 2019
	<i>HK\$</i>	<i>HK\$</i>
	(audited)	(audited)
Revenue	—	—
Profit before taxation	58,693,448	3,284,654
Profit after taxation	58,693,448	3,284,654
Net asset value	212,758,497	216,043,151

The Property consists of the pieces or parcels of ground located in North Point, Hong Kong and registered in the Land Registry as Inland Lot Nos. 6748, 6747, 6746 and 6745 together with the messuages erections and buildings thereon known as No. 62, 64, 66 and 68 Chun Yeung Street, Hong Kong. The pieces of land are subject to government leases which were deemed to have been granted under the provisions of the Government Leases Ordinance (Chapter 40 of the Laws of the Hong Kong) for the renewed term of 75 years from 5 September 1996 upon expiration of the original government leases and collectively have a site area of approximately 403.2 sq. metres for residential and/or commercial uses.

(2) AMENDMENT OF ANNUAL CAPS & TERMS OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 8 March 2019 and the circular of the Company dated 21 May 2019 in relation to, among others, the Management Services Framework Agreement.

In anticipation of (i) the Company's intention to develop its asset management business and strengthen its property development and investment business in Hong Kong through tapping into the expertise and experience of the HK Management Team; and (ii) the need of management of existing property interests for China Vanke Group in Hong Kong, the VPO Parties, the VPHK Parties and VPO HK have entered into the Supplemental Management Services Framework Agreement to amend and restate the Management Services Framework Agreement to extend the scope of services and revise the annual caps for the continuing connected transactions contemplated under the Management Services Framework Agreement, pursuant to which, in addition to the Overseas Management Services, VPHK will retain VPO HK on an exclusive basis for, and the Enlarged Group, through VPO HK (who will enter into employment contracts with HK Management Team by the time of Completion), will provide, the HK Management Services to VPHK (including other subsidiaries of China Vanke which may become interested in any property development and/or investment projects in Hong Kong).

Supplemental Management Services Framework Agreement

The principal terms of the Supplemental Management Services Framework Agreement are set out below:

Date

29 August 2019 (after trading hours)

Parties

- (1) VPO Parties;
- (2) VPHK Parties; and
- (3) VPO HK

Term

The term will commence on the Completion Date and will expire on 31 December 2021.

Services

Subject to the terms and conditions of the Supplemental Management Services Framework Agreement, the parties have agreed to extend the scope of services as contemplated under the Management Services Framework Agreement to include the HK Management Services such that in addition to the existing Overseas Management Services, VPHK will retain VPO HK on an exclusive basis for, and the Enlarged Group, through VPO HK (who will enter into employment contracts with HK Management Team by the time of Completion), will provide, the HK Management Services to VPHK (including other subsidiaries of China Vanke which may become interested in any property development and/or investment projects in Hong Kong). The HK Management Services shall include but not limited to the following services with respect to investment in Hong Kong real estate market:

- (a) Market research and investment sourcing;
- (b) Investment management and project management (including construction, development, sales and marketing management);
- (c) Divestment of the relevant investment;
- (d) Financing and cash flow management;
- (e) Overall financial management;
- (f) Legal and compliance management; and
- (g) Company secretarial services.

Fees and basis of determination

For the HK Management Services, the fees payable by VPHK to VPO HK shall comprise of the management fee calculated at 1.25% per annum of the invested capital of the relevant project(s) in Hong Kong by VPHK and its subsidiaries. The invested capital shall include capital or debt financing provided by VPHK (but exclude capital or debt financing provided by third parties to VPHK for making the investments). On top of the aforementioned 1.25% fee, for project holding companies (which are subsidiaries of VPHK Group) with interests held by third parties (other than VPHK), an additional management fee shall be payable by such project company to VPO HK, which management fee is to be determined based on (i) the third party's interest in the relevant project and (ii) the then prevailing market standard of the management fee charged for the relevant project.

For the HK Management Services, the fee rate charged to VPHK of 1.25% per annum is the total fees charged by the Enlarged Group for all the services which are to be provided to VPHK Group (including the services related to the operations at the project holding company level), and is determined with reference to the rate of management fees charged by real estate fund managers (who are Independent Third Parties) for providing similar services. The additional management fee (if applicable) to be charged against the project company which is subsidiary of VPHK with respect to the third party's interest in such project is determined based on the then prevailing market standard of the management fee charged for the relevant project by third party project manager, and this represents the management fee for a proportionate share of the project management services received by the third party through the project holding company. The parties agree that VPO HK shall provide the HK Management Services to VPHK (and/or other subsidiaries of China Vanke which are interested in property development and/or investment projects in Hong Kong) on normal commercial terms or on terms which are no less favourable to VPO HK than those that VPO HK may transact with Independent Third Parties from time to time. The management fees for each transaction under the Supplemental Management Services Framework Agreement will be paid on a quarterly basis, and shall be free of all taxes, deductions, duties, tariffs and charges.

Save as the said amendment, the fees and basis of determination of the Overseas Management Services shall remain unchanged.

Revised Annual Caps and basis of determination of the Management Services

The Revised Annual Caps for the transactions under the Supplemental Management Services Framework Agreement for the Overseas Management Services and the HK Management Services are revised to, in aggregate, HK\$105 million, HK\$215 million and HK\$215 million for each of the three years ending 31 December 2019, 2020 and 2021, respectively.

In arriving at the above Revised Annual Caps, the Directors have considered, among others, (i) the historical project and sales management cost incurred by VPHK Parties and its subsidiaries for its projects; (ii) the estimated base fee payable by VPHK Parties and its subsidiaries based on the expected committed/invested capital to be incurred by VPHK Parties and its subsidiaries in the United Kingdom, the United States of America

and Hong Kong for the three years ending 31 December 2019, 2020 and 2021; (iii) the estimated amount to be invested by third parties in project holding companies which are subsidiaries of VPHK and covered by HK Management Services; (iv) a buffer for additional capital to be invested for acquisition of new projects by VPHK Parties and its subsidiaries for each of the years 2019, 2020 and 2021 in the United Kingdom, the United States of America and Hong Kong; (v) the development stage of the project(s) to be managed under the Supplemental Management Services Framework Agreement; and (vi) the economic conditions and performance of the property market in the United Kingdom, the United States of America and Hong Kong.

Conditions precedent

Subject to the following conditions precedent, the Supplemental Management Services Framework Agreement will be effective immediately upon the Completion Date:

- (a) the approval of the Independent Shareholders being obtained at the EGM; and
- (b) the employment of the personnel designated by VPO HK who are currently responsible for overseeing and managing the operations of all property projects of the VPHK/China Vanke Group in Hong Kong on substantially the same terms as the existing employment agreements of these personnel, on or before Completion.

The above conditions precedent are non-waivable. If the conditions precedent fail to be satisfied on or before the Long Stop Date, the Supplemental Management Services Framework Agreement shall lapse and neither party shall have a claim against the other, and for the avoidance of doubt, the Management Services Framework Agreement shall continue to be in force in such event and VPO Parties shall continue to provide Overseas Management Services to VPHK Parties subject to the approved annual caps as set out in the circular of the Company dated 21 May 2019.

Exclusive engagement by VPHK

In addition to the exclusive engagement of the VPO Parties by the VPHK Parties in respect of the Overseas Management Services, VPHK will engage VPO HK to provide the HK Management Services in Hong Kong on an exclusive basis unless VPO HK has indicated to VPHK in writing that it has decided not to accept the engagement in respect of any specific project whereupon VPHK or such other subsidiary of China Vanke are entitled to retain any third party for the provision of the HK Management Services in respect of the project concerned.

VPHK undertakes to VPO HK that it shall notify VPO HK as soon as practicable when it/any other subsidiaries of China Vanke become interested in any property development and/or investment projects (other than investments in the funds managed by an Independent Third Party and its subsidiaries) in Hong Kong.

Save as the aforementioned amendment, all other terms of the Management Services Framework Agreement in relation to the Overseas Management Services shall remain unchanged. For details of the terms and conditions of the Management Services Framework Agreement, please refer to the announcement of the Company dated 8 March 2019 and the circular of the Company dated 21 May 2019.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE CONTINUING CONNECTED TRANSACTIONS

As a milestone of its corporate development and a demonstration of the Group's ambition to develop its asset management and strengthen its property development and investment business, the Group completed the acquisitions of equity interests or investment instrument (as the case may be) in certain properties in London, United Kingdom, San Francisco, United States and New York, United States respectively. Further, the Group has enhanced its asset management capabilities in the United Kingdom and the United States by recruiting the former employees of China Vanke Group and is currently providing asset management services in such places to China Vanke Group. These projects and business activities are expected to contribute income to the Group from the second half of 2019. Details of the above transactions and projects are disclosed in the circular of the Company dated 21 May 2019.

To continue the momentum of the Group's expansion of its asset management and property development and investment business, the Board considers that the Acquisition offers a good opportunity for the Group to broaden its portfolio in the property market in Hong Kong, especially that over 99% of the units in the West Rail Tsuen Wan West Station TW6 Property Development Project of the Group (the "**Pavilia Bay**") has been sold out. The Acquisition enables the Group to have new resources for providing long-term growth prospects and investment return to the Shareholders. Upon completion of the development of the Property into a hotel, the Property is expected to generate stable income to the Group.

In conjunction with the Acquisition, the HK Management Team will be employed by the Enlarged Group by the time of Completion. The HK Management Team has been established since 2012, and has accumulated valuable asset management, property development and investment competencies and experience in Hong Kong property market. In particular, key members of the HK Management Team (including project director, finance director and sales and marketing director previously worked at renowned conglomerates in property investment and development firms with rich experience in property development and investment prior to joining China Vanke. With the addition of these personnel, the Enlarged Group could lay a solid foundation to cultivate its asset management and property development and investment capabilities in the Hong Kong property market, and add a new income stream from the asset management arm. It is also expected that this will generate synergy with the existing asset management business of the Group in the United States and the United Kingdom and increase the overall competitive edge of the Enlarged Group in the real estate business sector.

The major pricing policies, principal terms and indicators set out in the Supplemental Management Services Framework Agreement also provide a fair and reasonable basis for the parties to determine the management fee without lengthy negotiations and incurring substantial time and costs for different projects in the future. The continuing connected transactions will be entered into in the ordinary and usual course of business of the Group on normal commercial terms and the Board is of the general view that it is in the interests of the Company and the Shareholders as a whole to enter into the continuing connected transactions. The Supplemental Management Services Framework

Agreement also allows the Enlarged Group to benefit when the VPHK Parties invest in the United Kingdom, the United States of America and Hong Kong, whereas the Enlarged Group will only benefit when VPHK Parties invest in the United Kingdom and the United States under the Management Services Framework Agreement.

For the foregoing reasons, the Directors (excluding the independent non-executive Directors whose views will, after receiving the advice from the Independent Financial Adviser, be set out in the letter from the Independent Board Committee in the circular to be despatched to the Shareholders) are of the view that the terms of the Sale and Purchase Agreement and the Supplemental Management Services Framework Agreement (and the Revised Annual Caps) have been agreed after arm's length negotiations among the parties, are in the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Further, as the Vendor is a wholly-owned subsidiary of VPHK, a controlling Shareholder indirectly holding 75% of the issued share capital of the Company, the Vendor is a connected person and the Acquisition also constitutes a connected transaction under Chapter 14A of the Listing Rules. Accordingly, the Sale and Purchase Agreement and the transactions contemplated thereunder are subject to reporting, announcement and approval of the Independent Shareholders.

Given VPHK is the controlling Shareholder and each other VPHK Party is a subsidiary or fellow subsidiary of VPHK, the transactions contemplated under the Supplemental Management Services Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Supplemental Management Services Framework Agreement exceed 5% on an annual basis, the transactions contemplated under the Supplemental Management Services Framework Agreement and the Revised Annual Caps are subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

Save for the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser, none of the Directors have any material interest in the Acquisition and the amendment of annual caps and terms of the existing continuing connected transactions, nor have they abstained from voting on the Board resolutions approving the Sale and Purchase Agreement, the Supplemental Management Services Framework Agreement, the transactions contemplated thereunder and the Revised Annual Caps.

EGM

The Company will convene an EGM for the Independent Shareholders to consider and, if thought fit, to approve, among other things:

- (1) the Sale and Purchase Agreement and the transactions contemplated thereunder; and
- (2) the Supplemental Management Services Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder apart from China Vanke and its associates shall abstain from voting on the resolutions approving the Sale and Purchase Agreement, the Supplemental Management Services Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps. Wkland Investments, being an associate of China Vanke, is interested in 292,145,949 Shares representing 75% of the entire issued share capital of the Company as at the date of this announcement, and will abstain from voting on such resolutions.

The votes to be taken at the EGM in relation to the above proposed resolutions will be taken by poll.

An Independent Board Committee comprising all the independent non-executive Directors will be established to advise the Independent Shareholders in relation to the Sale and Purchase Agreement, the Supplemental Management Services Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps.

Success New Spring Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) further details of the Supplemental Management Services Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps; (iii) a letter from the Independent Board Committee regarding the Sale and Purchase Agreement, the Supplemental Management Services Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps to the Independent Shareholders; (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) notice of EGM is expected to be despatched to the Shareholders on or before 30 September 2019, as additional time is required for preparing the relevant reports and letters to be included in the circular.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Shares and the Sale Loan pursuant to the terms and conditions of the Sale and Purchase Agreement
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	means a day (excluding a Saturday, a Sunday, a public holiday and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business
“China Vanke Group”	China Vanke and its subsidiaries from time to time, excluding the Enlarged Group
“China Vanke”	China Vanke Co., Ltd.* (萬科企業股份有限公司), a joint stock company established in the PRC with limited liability, the issued H Shares of which are listed on the Stock Exchange (stock code: 2202) and the issued A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 000002)
“Company”	Vanke Property (Overseas) Limited (萬科置業(海外)有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion Date”	the business day to perform Completion which shall be within 30 Business Days immediately following the satisfaction (or waiver) of all the conditions precedent pursuant to the Sale and Purchase Agreement (or any other date as agreed between the parties in writing)
“Completion”	completion of the Acquisition in accordance with the Sale and Purchase Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$594.8 million (subject to adjustment), being the consideration payable by the Purchaser to the Vendor for the Sale Shares and the Sale Loan pursuant to the terms and conditions of the Sale and Purchase Agreement

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company proposed to be convened and held for the Shareholders to consider and, if thought fit, approve, among others, (i) the Acquisition contemplated under the Sale and Purchase Agreement; and (ii) the Supplemental Management Services Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps
“Enlarged Group”	the Group as enlarged by the Target Group and VPO HK upon Completion
“Group”	the Company and its subsidiaries
“HK Management Services”	the services to be provided by the VPO HK to VPHK (including other subsidiaries of China Vanke which may become interested in any property development and/or investment projects) in Hong Kong pursuant to the Supplemental Management Services Framework Agreement
“HK Management Team”	the current employees of VPHK who are responsible for the overseeing and managing the business of property development, investment and management in Hong Kong, and whom will be employed by VPO HK by the time of Completion for provision of HK Management Services to VPHK pursuant to the Supplemental Management Services Framework Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising of Mr. Chan Wai Hei, William, Ms. Law Chi Yin, Cynthia, Mr. Zhang Anzhi, being all the independent non-executive Directors of the Company, established for the purpose of, among other things, advising the Independent Shareholders in respect of the Acquisition contemplated under the Sale and Purchase Agreement and Supplemental Management Services Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps

“Independent Financial Adviser”	Success New Spring Capital Limited (實德新源資本有限公司), a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity, being the appointed independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the Acquisition contemplated under the Sale and Purchase Agreement; and (ii) the Supplemental Management Services Framework Agreement and the transactions contemplated thereunder and the Revised Annual Caps
“Independent Shareholders”	the shareholders of the Company other than China Vanke and its associates
“Independent Third Party(ies)”	a party who is not a connected person of the Company and is independent of the Company and its connected persons
“Knight Frank”	Knight Frank Petty Limited, a firm of qualified valuer engaged by the Company, and an Independent Third Party
“Listing Rules”	The Rules Governing the Listing of Securities on The Hong Kong Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 December 2019 or such other date as the parties may agree in writing
“Management Services”	the Overseas Management Services and the HK Management Services
“Management Services Framework Agreement”	the agreement dated 7 March 2019 entered into between the VPO Parties and the VPHK Parties in relation to the provision of Overseas Management Services from the VPO Parties to the VPHK Parties (including other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects (other than investments in the funds managed by an Independent Third Party and its subsidiaries)) in the United Kingdom and the United States of America
“Overseas Management Services”	the services to be provided by the VPO Parties to the VPHK Parties (including other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects (other than investments in the funds managed by an Independent Third Party and its subsidiaries)) in the United Kingdom and the United States of America pursuant to the Management Services Framework Agreement

“Overseas Management Team”	the employees of the VPO Parties or the Group who are responsible for overseeing and managing the business of property development and investment in the United Kingdom and the United States of America which are employed by the relevant VPO Party(ies) or the Group following the completion of the very substantial acquisition of the Company on 30 June 2019
“PRC”	The People’s Republic of China and for the purposes of the matters referred to in this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Property”	pieces or parcels of ground located in North Point, Hong Kong and registered in the Land Registry as Inland Lot Nos. 6748, 6747, 6746 and 6745 together with the messuages erections and buildings thereon known as No. 62, 64, 66 and 68 Chun Yeung Street, Hong Kong
“Purchaser”	Vanke Hong Kong Investment Company Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company
“Realty Asset”	Realty Asset Limited (顯澤有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target
“Revised Annual Caps”	the proposed new annual caps of HK\$105 million, HK\$215 million and HK\$215 million in relation to the transactions contemplated under the Supplemental Management Services Framework Agreement for each of the three years ending 31 December 2021 respectively
“Sale and Purchase Agreement”	the agreement dated 29 August 2019 entered into between the Purchaser and the Vendor in respect of the Acquisition
“Sale Loan”	such amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to VPHK Group by the Target Group as at Completion, which shall be equal to the product of (i) the entire amount of loan due to VPHK Group and (ii) the Sale Shares Percentage

“Sale Shares”	such number of shares in the share capital of the Target, representing the number of shares in the entire issued share capital of the Target less the number of shares in the issued share capital of the Target which are beneficially or effectively owned by the employees through any co-investment vehicle as at Completion. As at the date of this announcement, the number of Sale Shares are expected to represent approximately 99.80% of the entire issue share capital of the Company and will in no event be less than 99% of the entire issued share capital of the Target
“Sale Shares Percentage”	the number of Sale Shares as a percentage of the total number of shares in the issued share capital of the Target at the time of Completion
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“sq. m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Supplemental Management Services Framework Agreement”	the agreement dated 29 August 2019 entered into between the VPO Parties, the VPHK Parties and VPO HK to amend and restate the Management Services Framework Agreement to extend the scope of services and revise the annual caps for the Management Services
“Target Group”	the Target and its subsidiary
“Target”	V-Win Achieve Limited, a company incorporated in the British Virgin Islands with limited liability and an approximately 99.80%-owned (subject to final determination at Completion and in no event being less than 99%) subsidiary of the Vendor immediately before the Completion
“Vendor”	Wkinv HK Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of VPHK
“VPHK”	Vanke Property (Hong Kong) Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of China Vanke which indirectly holds 75% of the issued share capital of the Company and is a controlling Shareholder

“VPHK Group”	VPHK and its subsidiaries, excluding the Enlarged Group
“VPHK Party(ies)”	<ul style="list-style-type: none"> <li data-bbox="598 225 1449 374">(a) Vanke Holdings USA LLC, a limited liability company incorporated in the State of Delaware and a wholly-owned subsidiary of China Vanke, which is principally engaged in investment holding; <li data-bbox="598 406 863 449">(b) VPHK; and/or <li data-bbox="598 480 1449 629">(c) Chogori Investment (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of China Vanke, which is principally engaged in investment holding
“VPO HK”	<p data-bbox="598 661 1449 917">Vanke Holdings (Hong Kong) Company Limited (萬科控股(香港)有限公司), a company incorporated in Hong Kong with limited liability and is a 80%-owned subsidiary of the Company, with the remaining 20% equity interest to be held by key employees of the HK Management Team, which is principally engaged in provision of asset management services</p>
“VPO Party(ies)”	<ul style="list-style-type: none"> <li data-bbox="598 949 1449 1140">(a) Vanke Overseas Management Holding Company Limited, a company incorporated in British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company, which is principally engaged in provision of asset management services; <li data-bbox="598 1172 1449 1427">(b) Vanke Overseas UK Management Limited, a company incorporated in England and Wales with limited liability and a 80%-owned subsidiary of the Company with the remaining 20% beneficially owned by key members of the Overseas Management Team, which is principally engaged in provision of asset management services; and/or <li data-bbox="598 1459 1449 1689">(c) Vanke US Management LLC, a limited liability company incorporated in the State of Delaware and a 80%-owned subsidiary of the Company with the remaining 20% beneficially owned by key members of the Overseas Management Team, which is principally engaged in provision of asset management services

“Wkland Investments” Wkland Investments Company Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of China Vanke

“%” per cent

* *For identification purpose only*

By order of the board of
Vanke Property (Overseas) Limited
Que Dongwu
Executive Director and Chief Executive Officer

Hong Kong, 29 August 2019

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

Executive Directors:

Mr. Zhang Xu (Chairman), Ms. Que Dongwu (Chief Executive Officer), Mr. Lee Kai-Yan, Ms. Lin Lily

Non-Executive Director:

Mr. Chan Chi Yu

Independent Non-Executive Directors (in alphabetical order):

Mr. Chan Wai Hei, William, Ms. Law Chi Yin, Cynthia, Mr. Zhang Anzhi