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# vanke

萬科海外投資控股有限公司

**VANKE OVERSEAS INVESTMENT HOLDING COMPANY LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01036)**

## **MAJOR AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF ENIGMA COMPANY LIMITED**

### **THE ACQUISITION**

The Board announces that on 22 November 2021 (after trading hours), the Vendor and the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the SPA, pursuant to which the Vendor has conditionally agreed to sell to the Purchaser, and the Purchaser has conditionally agreed to purchase from the Vendor, the Sale Share and the Sale Loan at the Consideration subject to the terms and conditions of the SPA. The Sale Share represents the entire issued share capital of the Target Company, which indirectly holds the Property.

Upon Completion, each member of the Target Group will become a wholly-owned subsidiary of the Company and their financial results will be consolidated into the financial statements of the Company.

### **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.

Furthermore, 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 SPA and the transactions contemplated thereunder 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 the SPA and the transactions contemplated thereunder.

A circular containing, among others, (i) further details of the SPA and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee regarding the SPA and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) notice of EGM, is expected to be despatched to the Shareholders on or before 13 December 2021.

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 SPA and the transactions contemplated thereunder. 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 is subject to the satisfaction (or, if applicable, waiver) of the Conditions and as such, the Acquisition 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.**

## **THE ACQUISITION**

On 22 November 2021 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of VPHK, and the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the SPA, pursuant to which (i) the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Sale Share, representing the entire issued share capital of the Target Company; and (ii) the Vendor has agreed to assign to the Purchaser, and the Purchaser has agreed to take the assignment of the Sale Loan, for the Consideration of approximately HK\$852.9 million subject to the adjustments.

Upon Completion, each member of the Target Group will become a wholly-owned subsidiary of the Company and their financial results will be consolidated into the financial statements of the Company.

## **THE SPA**

Summarised below are the principal terms of the SPA.

### **Date**

22 November 2021

## Parties

- (a) Oceanic Jade Limited, as vendor; and
- (b) Vanke Hong Kong Investment Company Limited, as purchaser

## Assets to be acquired

Pursuant to the SPA, subject to the Conditions, the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Sale Share, representing the entire issued share capital in the Target Company; and the Vendor has agreed to assign to the Purchaser and the Purchaser has agreed to take the assignment of the Sale Loan, which amounted to approximately HK\$826.8 million as at 31 October 2021.

## Consideration

The Consideration for the sale and purchase of the Sale Share and the Sale Loan is approximately HK\$852.9 million, in which the consideration of the Sale Loan shall be the outstanding amount of the Sale Loan as at the date of Completion and the consideration of the Sale Share shall be the Consideration less the consideration of the Sale Loan, subject to adjustment and payable as follows:

- (a) approximately HK\$42.6 million, representing approximately 5% of the Consideration, to be paid in immediately available funds to the Vendor within 5 Business Days from the date of the SPA (the “**Deposit**”), which shall be refundable if the SPA is terminated;
- (b) approximately HK\$767.7 million, representing approximately 90% of the Consideration, to be paid in immediately available funds to the Vendor on Completion; and
- (c) approximately HK\$42.6 million, representing approximately 5% of the Consideration subject to the adjustments (the “**Retention Amount**”) in immediately available funds on the day falling 5 Business Days after the date of determination of the consolidated net asset value of the Company as at the Completion Date (the “**Completion NAV**”).

The Completion NAV will be determined on the basis of the value of the Property being fixed at HK\$635.5 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 payables and accrued liabilities (other than the Sale Loan), as at the Completion Date.

If the Completion NAV is higher or lower than approximately HK\$852.9 million, the Consideration (and the Retention Amount) shall be adjusted upward or downward (both subject to the maximum of the Retention Amount) accordingly based on the difference between the Completion NAV and the Consideration of approximately HK\$852.9 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 financed by the internal resources of 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 valuation of the Property of HK\$635.5 million as at 31 October 2021; and
- (2) the consolidated net asset value of the Target Group as at 31 October 2021.

The preliminary valuation of the Property was carried out by Knight Frank, an independent surveyor to the Company. The surveyor valued the Property by market approach. The Company will include the valuation report of the Property in the circular to be despatched to the Shareholders.

## **Conditions precedent**

Completion is conditional upon the fulfillment of the following Conditions (unless otherwise waived by the Purchaser) on or before the Long Stop Date:

- (1) all necessary corporate authorisations or shareholders' approvals having been obtained and remaining valid, including approval from the Independent Shareholders at the EGM;
- (2) all necessary approvals, licenses, authorisations, consents, waivers or notifications that the Vendor reasonably considers necessary from third parties, governmental or regulatory authorities in connection with the Acquisition required to be obtained having been granted and in effect;
- (3) each of the Warranties made by the Vendor remaining true and accurate in all material respects as of the Completion Date;
- (4) 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;
- (5) there being no material adverse change to (i) the financial position, business operations or prospects of the Target Group; (ii) the Target Group's interest in and rights to the Property; (iii) the title of the relevant Group Company to the Property or the conditions of the Property from the date of the SPA up to Completion Date; and
- (6) the pre-completion undertakings in respect of the Target Company set out under the SPA having been duly complied with by the Vendor.

Except for the Conditions (1) and (2) which are not waivable, the Purchaser may in its absolute discretion waive by notice in writing to the Vendor any or all of the Conditions.

The Vendor undertakes to the Purchaser to procure the Company to use reasonable endeavours to ensure that the Conditions are fulfilled to the satisfaction of the Purchaser as soon as reasonably practicable and in any event by the Long Stop Date (except for Conditions (3), (5) and (6) which shall be fulfilled upon Completion).

Each of the Parties shall notify the other Party upon fulfillment of the Conditions (the Vendor shall notify the Purchaser on fulfillment of the Conditions (2), (3), (5) and (6), and the Purchaser shall notify the Vendor on fulfillment of the Conditions (1), (2) and (4)).

In the event that any of the Conditions have not been fulfilled (or waived) in full at or before 5:00 p.m. on the Long Stop Date (except for Conditions (3), (5) and (6) which shall be fulfilled upon Completion), either Party may terminate the SPA by serving written notice to the other Party, after which:

- (1) the Vendor shall refund the Deposit in full (without interest) to the Purchaser within 15 Business Days; and
- (2) the Purchaser shall not be bound to proceed with the purchase of the Sale Share and the Sale Loan.

### **Completion**

Completion shall take place on the Completion Date. Upon Completion, each member of the Target Group will become an indirect wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the Target Group will be consolidated in the financial statements of the Company.

### **INFORMATION ON THE PARTIES**

#### **Information on the Group**

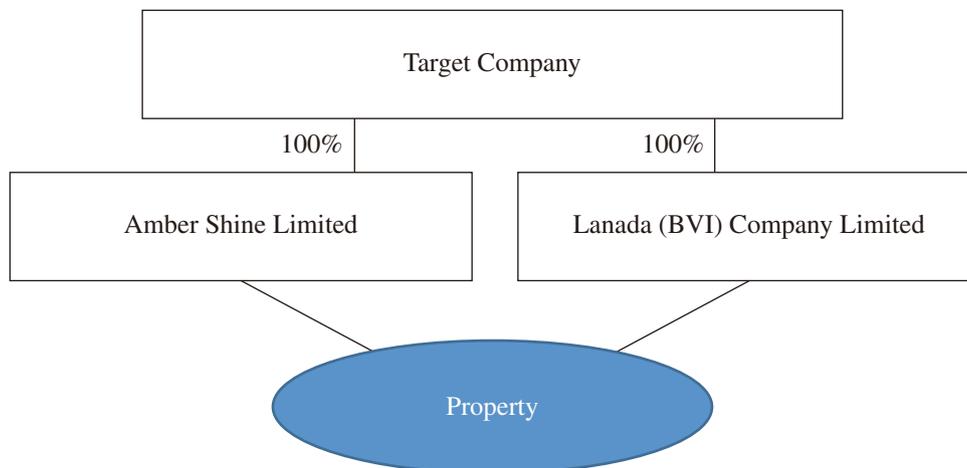
The Company and its subsidiaries are principally engaged in asset management, as well as property development and property investment.

#### **Information on the Vendor and VPHK**

The Vendor is a wholly-owned subsidiary of VPHK and is an investment holding company. VPHK is principally engaged in property development and investment. VPHK is a controlling shareholder of the Company and is indirectly wholly-owned by China Vanke.

#### **Information on the Target Group**

The following is a group structure chart of the Target Group as at the date of this announcement:



The Target Company is a limited company incorporated in the British Virgin Islands on 26 August 2015 and is a direct wholly-owned subsidiary of the Vendor. The principal business of the Target Company is investment holding. Amber Shine Limited and Lanada (BVI) Company Limited, both limited companies incorporated in the British Virgin Islands, are the subsidiaries of the Target Company directly holding approximately 10% and 90% of the entire interest in the Property respectively. The Target Group intended to re-develop the Property into a residential and commercial building.

The original acquisition cost incurred by the Target Group for acquiring the entire interest in it and the entire shareholder's loan due from the Target Group (including the transaction fees and stamp duty paid) was approximately HK\$827.2 million.

### Financial information of the Target Group

Set out below are the summary of the unaudited consolidated accounts of the Target Group for the years ended 31 December 2019 and 2020:

	For the financial year ended	
	31 December 2019 HK\$ (unaudited)	31 December 2020 HK\$ (unaudited)
Revenue	–	–
Profit before taxation	52,542	1,402,871
Profit after taxation	52,542	1,202,047
Net (liabilities)/asset value	<u>(19,927)</u>	<u>1,182,120</u>

### Information of the Property

The Property consists of the pieces or parcels of ground located in Sham Shui Po, Hong Kong comprising (1) Remaining Portion of New Kowloon Inland Lot No. 980, (2) the Remaining Portion of Sub Section 1 of Section A, (3) Remaining Portion of Sub Section 4 of Section A, (4) Remaining Portion of Sub Section 2 of Section A, (5) the Remaining Portion of Sub Section 3 of Section A, (6) the Remaining Portion of Sub Section 5 of Section A and (7) the Remaining Portion of Section A of New Kowloon Inland Lot No. 976, all together with the messuages erections and buildings thereon known as No. 221-233 Yee Kuk Street, Sham Shui Po, Hong Kong. The Property collectively has a site area of approximately 7,420 square feet for residential and/or commercial uses.

The above pieces of land are subject to the government leases which are deemed to have been granted under and by virtue of the Government Leases Ordinance (Chapter 40 of the Laws of Hong Kong) for a further term of 24 years less the last three days thereof commencing from the 1 July 1973 immediately after the expiration of the original term of 75 years created by the old government leases.

Certain employees of the Group through the co-investment scheme of the VPHK Group implemented in 2021 have made investments in the sum of approximately HK\$439,000 in aggregate for the development of the Property and in return receive certain interest income.

## **REASONS FOR THE ACQUISITION**

The Group has been exploring opportunities to increase its scale and profitability with the aim of optimising return for its Shareholders and is positive about the long term prospect of the property market in Hong Kong. The Group intends to develop the Property into a residential-based project. The Board believe that the Acquisition represents an attractive investment opportunity to the Company and would increase the Group's overall competitiveness by broadening the Group's property portfolio and income base which is crucial amid increasing competitions.

It is expected that sales of the residential units built on the Property would contribute income to the Group from the second half of 2024.

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 and conditions of the SPA 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, the controlling Shareholder indirectly holding 75% of the issued share capital of the Company, the Vendor is a connected person and the Acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules. Accordingly, the SPA and the transactions contemplated thereunder 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 the SPA and the transactions contemplated thereunder. 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 has been established to advise the Independent Shareholders in relation to the SPA and the transactions contemplated thereunder.

A circular containing, among others, (i) further details of the SPA and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee regarding the SPA and the transactions contemplated thereunder; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) notice of EGM, is expected to be despatched to the Shareholders on or before 13 December 2021.

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 SPA and the transactions contemplated thereunder. 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 is subject to the satisfaction (or, if applicable, waiver) of the Conditions and as such, the Acquisition 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.**

## 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 Share and the Sale Loan pursuant to the terms and conditions of the SPA
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding a Saturday, Sunday and 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”	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 Overseas Investment Holding Company Limited (萬科海外投資控股有限公司), 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”	completion of the Acquisition in accordance with the SPA
“Completion Date”	the date to be agreed between the Parties on which the Completion takes place and which is within 30 Business Days of the fulfilment (or waiver) of all the Conditions or such other day as the Vendor and the Purchaser may agree but no later than the Long Stop Date

“Completion NAV”	has the meaning given to it under the section headed “THE SPA – Consideration” in this announcement
“Conditions”	conditions precedent to Completion set forth under the SPA
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$852.9 million (subject to the adjustments), being the total consideration payable by the Purchaser to the Vendor for the Sale Share and the Sale Loan pursuant to the terms and conditions of the SPA
“Deposit”	has the meaning given to it under the section headed “THE SPA – Consideration” in this announcement
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company proposed to be convened and held for the Independent Shareholders to consider and, if thought fit, approve, the SPA and the transactions contemplated thereunder
“Enlarged Group”	the Group as enlarged by the Target Group
“Group”	the Company and its subsidiaries
“Group Company”	a company of the Target Group
“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. Choi Fan Wai, 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 SPA and the transactions contemplated thereunder
“Independent Financial Adviser”	Asian Capital Limited (卓亞融資有限公司), a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the appointed independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the SPA and the transactions contemplated thereunder

“Independent Shareholders”	shareholders of the Company other than China Vanke and its associates
“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 Day”	30 March 2022 (or such other date as the Parties may agree in writing)
“Parties”	the parties to the SPA
“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 as described in the paragraph headed “Information of the Property” in this announcement
“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
“Retention Amount”	has the meaning given to it under the section headed “THE SPA – Consideration” in this announcement
“Sale Loan”	such amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to the VPHK Group by the Target Group as at Completion
“Sale Share”	the issued share of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“SPA”	the agreement dated 22 November 2021 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the entire issued share capital of the Target Company and the assignment of the Sale Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules

“Target Company”	Enigma Company Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of VPHK as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries, namely Amber Shine Limited and Lanada (BVI) Company Limited
“Vendor”	Oceanic Jade Limited, a company incorporated in the British Virgin Islands 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
“Warranties”	the representations and warranties set out in the SPA
“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 only

By order of the Board  
**VANKE OVERSEAS INVESTMENT HOLDING  
COMPANY LIMITED**  
**Que Dongwu**  
*Executive Director and Chief Executive Officer*

Hong Kong, 22 November 2021

As at the date of this announcement, the Directors are:

*Executive Directors:*

*Mr. Zhang Xu (Chairman), Ms. Que Dongwu (Chief Executive Officer), Mr. Lee Kai-Yan, Ms. Zhou Yue*

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

*Mr. Choi Fan Wai, Ms. Law Chi Yin, Cynthia, Mr. Zhang Anzhi*