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vanke

CHINA VANKE CO., LTD.*

萬科企業股份有限公司

(A joint stock company incorporated in the People’s Republic of China with limited liability)
(Stock Code: 2202)

PLACING OF NEW H SHARES UNDER GENERAL MANDATE

Overall Coordinator



CITIC SECURITIES

Placing Agents



CITIC SECURITIES



Financial Advisers



招銀國際
CMB INTERNATIONAL



建銀國際
CCB International

The Board is pleased to announce that on 2 March 2023 (before trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agents in relation to the Placing of 300,000,000 new H Shares at the Placing Price of HK\$13.05 per H Share.

The Placing Shares represent approximately 15.74% and 2.58%, respectively, of the total existing issued H Shares and the total existing issued share capital of the Company as at the date of this announcement, and approximately 13.60% and 2.51%, respectively, of the total issued H Shares and the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Agents will, on a best efforts basis, place the Placing Shares to no less than six (6) Placees, who will be professional, institutional or other investors during the Placing Period subject to the terms and conditions set out in the Placing Agreement.

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$3,915 million and the aggregate net proceeds (after deducting all applicable costs and expenses, including commission and legal fees) from the Placing are expected to be approximately HK\$3,903 million. The Company intends to use 60% of the net proceeds from the Placing to repay the outstanding overseas debt financing of the Company and the remaining 40% will be used to replenish working capital of the Company. If there are other requirements on the use and deposit of the proceeds by relevant laws and regulations, normative documents or requirements of regulatory authorities, adjustments will be made accordingly, at the same time, the Company undertakes that the proceeds will not be used for new domestic residential development projects. The Placing Shares will be issued under the General Mandate.

Since completion of the Placing is subject to the satisfactions of certain conditions mentioned herein, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares and other securities of the Company.

PLACING OF NEW H SHARES UNDER GENERAL MANDATE

The Company entered into the Placing Agreement on 2 March 2023 (before trading hours of the Stock Exchange) with the Placing Agents in relation to the Placing of 300,000,000 new H Shares at the Placing Price of HK\$13.05 per H Share, pursuant to which the Placing Agents will, on a best efforts basis, place the Placing Shares to no less than six (6) Placees, who will be professional, institutional or other investors during the Placing Period subject to the terms and conditions set out in the Placing Agreement.

THE PLACING AGREEMENT

Date: 2 March 2023

Issuer:

The Company

Placing Agents:

CLSA Limited
Citigroup Global Markets Limited

Placing

Pursuant to the Placing Agreement, the Placing Agents, each on a several but not joint nor joint and several basis, have agreed to act as the placing agents for the Company to procure (either by themselves or through their respective affiliates or through their respective sub-placing agents) subscribers on a best efforts basis to subscribe for an aggregate of 300,000,000 Placing Shares at the Placing Price during the Placing Period subject to the terms and conditions set out in the Placing Agreement.

The Placees

The Placing Agents will place the Placing Shares to no less than six (6) Placees, who will be professional, institutional or other investors. The choice of Placees for the Placing Shares shall be determined by the relevant Placing Agent after consultation with the Company, subject to the requirements of the Listing Rules and in particular, each Placing Agent shall use its reasonable endeavours, such as based on information available to such Placing Agent, information provided by the Company and/or confirmations from the Placees procured by such Placing Agent, to ensure that each Placee procured by such Placing Agent and the ultimate beneficial owner(s) of the relevant Placing Shares (where applicable) are not (and will not as a result of the Placing become) connected persons of the Company. It is expected that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the completion of the Placing.

Number of Placing Shares

The Placing Shares represent approximately 15.74% and 2.58%, respectively, of the total existing issued H Shares and the total existing issued share capital of the Company as at the date of this announcement, and approximately 13.60% and 2.51%, respectively, of the total issued H Shares and the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The aggregate nominal value of the Placing Shares will be RMB300,000,000 (equivalent to approximately HK\$339,305,103, at the exchange rate of HK\$1 = RMB0.88416, being the exchange rate prevailing on 1 March 2023).

Placing Price

The Placing Price of HK\$13.05 per Placing Share represents:

- (i) a discount of approximately 6.12% to the closing price of HK\$13.90 per H Share as quoted on the Stock Exchange on 1 March 2023, being the date before the date of the Placing Agreement;
- (ii) a discount of approximately 6.65% to the average closing price of HK\$13.98 per H Share as quoted on the Stock Exchange for the last 5 trading days up to and including 1 March 2023; and
- (iii) a discount of approximately 14.59% to the average closing price of HK\$15.28 per H Share as quoted on the Stock Exchange for the last 30 trading days up to and including 1 March 2023.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agents which has taken into account recent market price of the H Shares and the current market conditions. The Directors consider that the Placing Price is fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares

The Placing Shares, when issued pursuant to the Placing Agreement, will be fully paid up and will rank pari passu in all respects with the other H Shares then in issue with clear legal and beneficial title free from all Encumbrances and together with all rights attaching to them as at the date of issue of the Placing Shares, including the rights to receive all dividends declared, made or paid, the record date for which falls on or after the date of issue of the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon the fulfilment (or, in respect of (iii), waiver by the CITIC CLSA and Citi) of the following conditions:

- (i) all necessary approval and consents from relevant authorities of the PRC (including but not limited to the approval from the CSRC) in connection with the Placing having been obtained and remain in full force and effect on the Closing Date;
- (ii) the Listing Committee granting approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange (and such listing and permission not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares); and
- (iii) CITIC CLSA and Citi receiving on the Closing Date a Hong Kong legal opinion, a US legal opinion and a PRC legal opinion as stipulated in the Placing Agreement.

If the conditions are not fulfilled or, where applicable, waived by CITIC CLSA and Citi at or before 8:00 a.m. (Hong Kong time) on the Closing Date, the Placing Agreement shall terminate and neither the Company nor the Placing Agents shall be liable to the other or have any claim against the other for costs, damages, compensation or otherwise arising under the Placing Agreement save and except for any liability for antecedent breaches of any party to the Placing Agreement or as otherwise stipulated in the Placing Agreement.

Termination

If at any time at or prior to 8:00 a.m. (Hong Kong time) on the Closing Date, any of the specific events provided in the Placing Agreement, such as any breach of any of the representations and warranties by the Company as set out in the Placing Agreement, occurs, then and in any such case, CITIC CLSA and Citi may, after consultation with the Company (to the extent that the same is reasonably practicable), terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received at or prior to 8:00 a.m. (Hong Kong time) on the Closing Date.

Lock-up Undertakings by the Company

The Company undertakes that for the period commencing from (and including) the date of the Placing Agreement and up to 90 days from (and including) the Closing Date neither the Company nor any person acting on its behalf will, (a) sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose, allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any shares of the Company or any interests in the shares of the Company or any securities convertible into or exercisable or exchangeable for or substantially similar to any shares of the Company or interest in the shares of the Company except for the Placing Shares; or (b) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (a) above; or (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above unless with the prior written consent of CITIC CLSA.

Completion of the Placing

Completion of the Placing shall take place on the Closing Date subject to the fulfillment with the provisions of the Placing Agreement.

EFFECT OF SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company as at the date of the Placing Agreement and immediately after completion of the Placing on the Closing Date (assuming that there will be no other changes in the issued share capital of the Company from the date of the Placing Agreement to the completion of the Placing on the Closing Date except for the allotment and issue of the Placing Shares pursuant to the Placing Agreement):

	As at the date of the Placing Agreement		As at the Closing Date	
	Number of Shares	Approximate percentage of total issued share capital	Number of Shares	Approximate percentage of total issued share capital
Shenzhen Metro Group Co., Ltd	3,242,810,791	27.88%	3,242,810,791	27.18%
Placees	—	—	300,000,000	2.51%
Other public H Shareholders	1,906,512,938	16.39%	1,906,512,938	15.98%
Other public A Shareholders (Note)	6,481,385,742	55.73%	6,481,385,742	54.33%
Total Issued Shares	<u>11,630,709,471</u>	<u>100.00%</u>	<u>11,930,709,471</u>	<u>100.00%</u>

Note: The number of Shares held by other public A Shareholders includes treasury shares of A Shares which have been repurchased but not yet cancelled.

INDEPENDENCE OF THE PLACING AGENTS

To the best of the knowledge of the Directors, information and belief having made all reasonable enquiries, each of the Placing Agents and their respective ultimate beneficial owners is not a connected person of the Company and is independent of any connected person of the Company.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be issued and allotted by the Company pursuant to the General Mandate, under which the Board is authorized to issue, allot and deal with H Shares which shall not exceed 20% of the H Shares issued by the Company as at the date on which such resolution is passed at the 2022 first extraordinary general meeting of the Company held on 16 December 2022, being 381,302,500 H Shares in total. As at the date of this announcement, the Company has not issued any new H Shares pursuant to the General Mandate. The Placing is not subject to the approval of the Shareholders.

REGULATORY APPROVALS

The Company has obtained all necessary PRC regulatory approvals in respect of the Placing, including the approval from the CSRC.

REASONS FOR AND BENEFITS OF THE PLACING

The Directors believe that the Placing will strengthen the financial position of the Group. The Directors consider that the terms of the Placing Agreement were entered into on normal commercial terms after arm's length negotiations and that the terms therein are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

USE OF PROCEEDS

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$3,915 million and the aggregate net proceeds (after deducting all applicable costs and expenses, including commission and legal fees) from the Placing are expected to be approximately HK\$3,903 million. The Company intends to use 60% of the net proceeds from the Placing to repay the outstanding overseas debt financing of the Company and the remaining 40% will be used to replenish working capital of the Company. If there are other requirements on the use and deposit of the proceeds by relevant laws and regulations, normative documents or requirements of regulatory authorities, adjustments will be made accordingly, at the same time, the Company undertakes that the proceeds will not be used for new domestic residential development projects. The net price (after deducting all applicable costs and expenses, including commission and legal fees) to be raised per H Share upon completion of the Placing will be approximately HK\$13.01.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

APPLICATION FOR LISTING

Application will be made to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

Since completion of the Placing is subject to the satisfactions of certain conditions mentioned herein, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares and other securities of the Company.

DEFINITION

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

“A Shares”	the domestic listed ordinary shares of RMB1.00 each in the share capital of the Company, which are listed on the Shenzhen Stock Exchange (Stock Code: 000002) and traded in RMB
“A Shareholder(s)”	holder(s) of A Shares of the Company
“Board”	the board of Directors of the Company
“Closing Date”	9 March 2023, or such other date as the Company, CITIC CLSA and Citi may agree in writing
“Company”	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 on 30 May 1984, the H Shares of which are listed on the Stock Exchange (stock code: 2202) and the A Shares of which are listed on the Shenzhen Stock Exchange (stock code: 000002)
“Completion”	the completion of the Placing in accordance with the terms and conditions set out in the Placing Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Encumbrance(s)”	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or any other type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having a similar effect to any of the foregoing

“General Mandate”	the general mandate granted by the Shareholders to the Board at the 2022 first extraordinary general meeting of the Company held on 16 December 2022 approved by a special resolution, among others, to authorize the Board to determine, either separately or concurrently, to issue, allot and/or deal with the Shares not exceeding 20% of each of the total number of the A Shares in issue and/or the H Shares in issue as at the date of holding of the 2022 first extraordinary general meeting
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Shares”	the overseas-listed foreign share(s) of the Company with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and subscribed for and traded in HK\$
“H Shareholder(s)”	holder(s) of H Shares of the Company
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and the granting of listing of securities on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placee(s)”	any professional, institutional or other investor procured by or on behalf of any Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the Placing of the Placing Shares pursuant to the terms and conditions set out in the Placing Agreement
“Placing Agents”	CLSA Limited (“CITIC CLSA”), Citigroup Global Markets Limited (“Citi”)
“Placing Agreement”	a conditional placing agreement entered into on 2 March 2023 among the Company and Placing Agents in respect of the Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at completion on the Closing Date (or such later time and date as the Company, CITIC CLSA and Citi may agree in writing), unless terminated earlier pursuant to the Placing Agreement

“Placing Price”	HK\$13.05 per Placing Share (exclusive of any brokerage, Hong Kong stamp duty, Stock Exchange trading fees, SFC transaction levy and Accounting and Financial Reporting Council transaction levy as may be payable)
“Placing Shares”	300,000,000 new H Shares to be allotted and issued by the Company pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, which shall, for the purposes of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary share(s) of the Company, including A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
China Vanke Co., Ltd.*
Zhu Xu
Company Secretary

Shenzhen, the PRC, 2 March 2023

As at the date of this announcement, the Board of Directors comprises Mr. YU Liang, Mr. ZHU Jiusheng and Mr. WANG Haiwu as executive Directors; Mr. XIN Jie, Mr. HU Guobin, Mr. HUANG Liping and Mr. LEI Jiangsong as non-executive Directors; and Mr. KANG Dian, Ms. LIU Shuwei, Mr. NG Kar Ling, Johnny and Mr. ZHANG Yichen as independent non-executive Directors.

* For identification purpose only