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萬科置業(海外)有限公司

Vanke Property (Overseas) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01036)

**(1) VERY SUBSTANTIAL ACQUISITION AND
CONNECTED TRANSACTION; AND
(2) CONTINUING CONNECTED TRANSACTIONS**

THE ACQUISITIONS

The Board is pleased to announce that on 7 March 2019 (after trading hours), the Company (through its subsidiaries) entered into three separate agreements with certain wholly-owned subsidiaries of China Vanke for the proposed acquisitions of equity interests or investment instrument (as the case may be) in certain properties in London, the United Kingdom, and San Francisco and New York in the United States of America, namely, (1) approximately 99.95% effective interest in Ryder Court, 13–17 Bury Street and 12, 14 and 16 Ryder Street, St James's, London, SW1, the United Kingdom; (2) 45% effective interest in the property located at 657 and 663–667 Mission Street, San Francisco, California, the United States of America; and (3) 100% of the holding entity which participates in 49% effective interest in the investment instrument for funding the development of the property located at 25 Park Row, New York, the United States of America, for a total cash consideration equivalent to approximately HK\$1,138.34 million, subject to the terms and conditions as set out in the respective agreements for the Acquisitions.

Save as waived by the relevant subsidiaries (as the case may be) of the Company in their entire discretion, the Acquisitions are inter-conditional and shall be completed simultaneously.

(1) London Property Acquisition

On 7 March 2019 (after trading hours), Vanke UK Investment entered into the London Property Acquisition Agreement with VPHK, pursuant to which Vanke UK Investment has conditionally agreed to acquire and VPHK has conditionally agreed to sell the London Sale Shares, representing approximately 99.95% of the entire issued share capital of the London Target for a consideration of approximately £42.38 million (approximately HK\$437.70 million) by way of cash. The London Target indirectly owns and operates the London Property (which is valued at no less than £115.45 million (equivalent to approximately HK\$1,192.36 million) based on 100% basis).

(2) San Francisco Property Acquisition

On 7 March 2019 (after trading hours), Vanke US Investment entered into the San Francisco Property Acquisition Agreement with VPHK, pursuant to which Vanke US Investment has conditionally agreed to acquire and VPHK has conditionally agreed to sell the SF Sale Share and SF Sale Loan, representing the entire issued share capital of and shareholder's loan due from the SF Target for a total consideration of approximately USD22.22 million (approximately HK\$174.34 million) by way of cash. The SF Target indirectly owns 45% effective interest in the SF Property (whose gross development value is no less than USD167.00 million (equivalent to approximately HK\$1,310.48 million) based on 100% interest).

(3) New York Investment Instrument Acquisition

On 7 March 2019 (after trading hours), Vanke US Investment entered into the New York Investment Instrument Acquisition Agreement with the NY Vendor, pursuant to which Vanke US Investment has conditionally agreed to acquire and the NY Vendor has conditionally agreed to sell the NY Sale Share and NY Sale Loan, representing the entire issued share capital of and shareholder's loan due from the NY Target for a consideration of approximately USD67.07 million (approximately HK\$526.30 million, assuming the Completion occurs on 30 June 2019 and taking into account the estimated accrued return of the NY Target from the date of New York Investment Instrument Acquisition Agreement up to 30 June 2019) by way of cash. The NY Target participates in 49% of the investment instrument (with a total outstanding investment amount of approximately USD63.51 million (approximately HK\$498.35 million) as at the date of this announcement) made in each of the NY Intermediate Companies which indirectly holds the entire interest in the NY Property.

CONTINUING CONNECTED TRANSACTIONS

With the Company's intention to branch out to the business of property asset management through tapping into the expertise and experience of the Overseas Management Team and in light of the existing property interests of China Vanke Group, the VPO Parties and the VPHK Parties have entered into the Management Services Framework Agreement, pursuant to which the VPHK Parties will retain the VPO Parties on an exclusive basis for, and the Enlarged Group, through the VPO Parties (who will enter into employment contracts with Overseas Management Team by the time of Completion), will provide, the Overseas Management Services to the VPHK Parties, subject to terms and conditions of the Management Services Framework Agreement. The 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) by aggregating the London Property Acquisition, the San Francisco Property Acquisition and the New York Investment Instrument Acquisition exceed 100%, the Acquisitions constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Further, as (1) VPHK, an indirect wholly-owned subsidiary of China Vanke, holds 75% of the issued share capital of the Company; and (2) NY Vendor is a fellow subsidiary of VPHK in the China Vanke Group, both VPHK and NY Vendor are connected persons and the Acquisitions also constitute a connected transaction under Chapter 14A of the Listing Rules. Accordingly, the Acquisition Agreements and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders.

Given VPHK, an indirect wholly-owned subsidiary of China Vanke, is the controlling Shareholder and thus a connected person of the Company under Chapter 14A of the Listing Rules, the transactions contemplated under the 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 Management Services Framework Agreement exceed 5% on an annual basis, the transactions contemplated under the Management Services Framework Agreement and the 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: (i) the Acquisition Agreements and the transactions contemplated thereunder; and (ii) the Management Services Framework Agreement and the transactions contemplated thereunder and the Annual Caps.

A circular containing, among others, (i) further details of the Acquisitions contemplated under the Acquisition Agreements; (ii) the Management Services Framework Agreement and the transactions contemplated thereunder and the Annual Caps; (iii) a letter from the Independent Board Committee regarding the Acquisitions and the Management Services Framework Agreement and the 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 15 May 2019.

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 Acquisition Agreements, the Management Services Framework Agreement and the transactions contemplated thereunder and the Annual Caps.

WARNING

Completion of the Acquisitions and the Continuing Connected Transactions are subject to the satisfaction (or, if applicable, waiver) of the conditions precedent thereto and as such, the Acquisitions and the 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 other securities of the Company.

THE ACQUISITIONS

The Board is pleased to announce that on 7 March 2019 (after trading hours), the Company (through its subsidiaries) entered into three separate agreements with certain wholly-owned subsidiaries of China Vanke for the proposed acquisitions of equity interests or investment instrument (as the case may be) in certain properties in London, the United Kingdom, and San Francisco and New York in the United States of America, namely, (1) approximately 99.95% effective interest in Ryder Court, 13–17 Bury Street and 12, 14 and 16 Ryder Street, St James's, London, SW1, the United Kingdom; (2) 45% effective interest in the property located at 657 and 663–667 Mission Street, San Francisco, California, the United States of America; and (3) 100% of the holding entity which participates in 49% effective interest in the investment instrument for funding the development of the property located at 25 Park Row, New York, the United States of America, for a total cash consideration equivalent to approximately HK\$1,138.34 million, subject to the terms and conditions as set out in the respective agreements for the Acquisitions.

Save as waived by the relevant subsidiaries (as the case may be) of the Company in their entire discretion, the Acquisitions are inter-conditional and shall be completed simultaneously.

(1) LONDON PROPERTY ACQUISITION

On 7 March 2019 (after trading hours), Vanke UK Investment entered into the London Property Acquisition Agreement with VPHK, pursuant to which Vanke UK Investment has conditionally agreed to acquire and VPHK has conditionally agreed to sell the London Sale Shares, representing approximately 99.95% of the entire issued share capital of the London Target for a consideration of approximately £42.38 million (approximately HK\$437.70 million) by way of cash. The London Target indirectly owns and operates the London Property (which is valued at no less than £115.45 million (equivalent to approximately HK\$1,192.36 million) based on 100% basis).

THE LONDON PROPERTY ACQUISITION AGREEMENT

The principal terms of the London Property Acquisition Agreement are set out below:

Date : 7 March 2019

Parties : (1) Vanke UK Investment, as the purchaser; and
(2) VPHK, as the vendor.

Assets to be acquired : The London Sale Shares, representing approximately 99.95% of the entire issued share capital of the London Target.

The remaining approximately 0.05% of the London Target is beneficially owned by certain employees of China Vanke (including a non-executive Director) who are investing in the London Target and are responsible for managing the London Target as a co-investment arrangement and will remain to be the case after Completion. As the investment of the non-executive Director, as a connected person of the Company, in the London Target through such employee co-investment mechanism is less than HK\$3 million, such co-investment will be regarded as a fully exempt connected transaction on the part of the Company.

Consideration : Approximately £42.38 million (approximately HK\$437.70 million), subject to adjustment, of which (i) approximately £2.12 million (approximately HK\$21.89 million) will be payable by Vanke UK Investment to VPHK within 5 Business Days of the date of signing of the London Property Acquisition Agreement as refundable deposit; (ii) approximately £38.14 million (approximately HK\$393.92 million) will be payable by Vanke UK Investment to VPHK in cash on the Completion Date; and (iii) with the remaining £2.12 million (approximately HK\$21.89 million) (the “**London Retention Amount**”) will be payable within 5 Business Days after the date of determination of the consolidated net asset value of the London Target as at the Completion Date (the “**London Completion NAV**”) on the basis of the value of the London Property being fixed at £115.45 million and a cash-free and debt-free position of the London Target Group. The London Completion NAV will be determined based on adding all the assets held by the London Target Group, and subtracting all the account payables (other than the Existing London Loan) and accrued liabilities, as at the date of Completion.

If the London Completion NAV is higher or lower than £115.45 million, the consideration shall be adjusted upward or downward (subject to a maximum of approximately £5.86 million (approximately HK\$60.52 million)) by 99.95% of the difference between the London Completion NAV and the value of the London Property being fixed at £115.45 million, in each case, on a GBP for GBP basis and the London Retention Amount (or part thereof) shall be released to VPHK or kept by Vanke UK Investment (as the case may be) accordingly.

Further, Vanke UK Investment will at Completion indirectly assume the existing bank loan (which is in the principal amount of approximately £74.70 million (approximately HK\$771.51 million) as at the date of this announcement) (the “**Existing London Loan**”) granted to the immediate holding company of the London Property.

Basis of determination of the Consideration

: The consideration was determined after arm’s length negotiations between Vanke UK Investment and VPHK with reference to:

- (1) the preliminary property valuation of the London Property of being no less than £115.45 million (equivalent to HK\$1,192.36 million) as at 28 February 2019; and
- (2) the consolidated current net asset value of the London Target Group as at 31 December 2018.

The preliminary valuation of the London Property is carried out by Knight Frank, an independent surveyor to the Company. The surveyor values the London Property by “income approach-term & reversion” method. The Company will include the valuation report of the London Property in the circular to be despatched to the Shareholders.

Conditions precedent

: Completion is subject to the satisfaction or waiver by Vanke UK Investment and VPHK (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 London Property Acquisition Agreement and the transactions contemplated thereunder; and (ii) the Management Services Framework Agreement and the transactions contemplated thereunder and the Annual Caps;
- (b) all necessary approvals, licenses, authorisations, consents, waivers or notifications necessary from third parties (including the landlord of the headlease and the financing banks), governmental or regulatory authorities including the Stock Exchange in connection with the transactions contemplated under the London Property Acquisition Agreement required to be obtained having been granted and in effect;

- (c) each of the representations and warranties in the London Property Acquisition Agreement made by VPHK remaining true and accurate in all material respects as of the date of the Completion Date;
- (d) the legal and financial due diligence on the London Target's business, operations and the London Property by or on behalf of Vanke UK Investment having been completed to the satisfaction of Vanke UK Investment; and
- (e) the San Francisco Property Acquisition Agreement and the New York Investment Instrument Acquisition Agreement having become unconditional in all respects except for any condition requiring that the London Property Acquisition Agreement shall have become unconditional.

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)(i) 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 Vanke UK Investment or VPHK may terminate the London Property Acquisition Agreement by serving written notice to the other party, and the 5% refundable deposit paid to VPHK shall be refunded to Vanke UK Investment within 15 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 London Target will become an approximately 99.95%-owned subsidiary of the Company and the assets, liabilities and the financial results of the London Target Group will be consolidated into the consolidated financial statements of the Company, in particular, Vanke UK Investment will indirectly assume the Existing London Loan.

(2) SAN FRANCISCO PROPERTY ACQUISITION

On 7 March 2019 (after trading hours), Vanke US Investment entered into the San Francisco Property Acquisition Agreement with VPHK, pursuant to which Vanke US Investment has conditionally agreed to acquire and VPHK has conditionally agreed to sell the SF Sale Share and SF Sale Loan, representing the entire issued share capital of and shareholder's loan due from the SF Target for a total consideration of approximately USD22.22 million (approximately HK\$174.34 million) by way of cash. The SF Target indirectly owns 45% effective interest in the SF Property (whose gross development value is no less than USD167.00 million (equivalent to approximately HK\$1,310.48 million) based on 100% interest).

THE SAN FRANCISCO PROPERTY ACQUISITION AGREEMENT

The principal terms of the San Francisco Property Acquisition Agreement are set out below:

- Date** : 7 March 2019
- Parties** : (1) Vanke US Investment, as the purchaser; and
(2) VPHK, as the vendor.
- Assets to be acquired** : The SF Sale Share and SF Sale Loan, representing the entire issued share capital of and shareholder's loan due from the SF Target.

The SF Target indirectly owns 45% effective interest in the SF Property. 49.705% of the effective interest of the SF Property is owned by a wholly-owned subsidiary of China Vanke, 5% of the effective interest is owned by an Independent Third Party and approximately 0.295% of the effective interest of the SF Property is beneficially owned by certain employees of China Vanke (including a non-executive Director) who are responsible for managing or investing the SF Property as a co-investment arrangement and will remain to be so after Completion. As the investment of the non-executive Director, as a connected person of the Company, in the SF Target through such employee co-investment mechanism is less than HK\$3 million in the SF Target through such employee co-investment mechanism, such co-investment will be regarded as a fully exempt connected transaction on the part of the Company.

Consideration : Approximately USD22.22 million (approximately HK\$174.34 million), subject to adjustment, of which (i) USD1.11 million (approximately HK\$8.72 million) will be payable by Vanke US Investment to VPHK within 5 Business Days of the date of signing of the San Francisco Property Acquisition Agreement as refundable deposit; (ii) approximately USD20.00 million (approximately HK\$156.90 million) will be payable by Vanke US Investment to VPHK in cash on the Completion Date; and (iii) with the remaining USD1.11 million (approximately HK\$8.72 million) (the “**SF Retention Amount**”), will be payable within 5 Business Days after the date of determination of the consolidated net asset value of the SF Target as at the Completion Date (the “**SF Completion NAV**”) on the basis of the gross development value of the SF Property being fixed at USD167.00 million (approximately HK\$1,310.48 million) and a cash-free and debt free position of the SF Target Group. The SF Completion NAV will be determined based on adding all the assets held by the SF Target Group, and subtracting all the account payables (other than the Existing SF Loan and the SF Sale Loan) and accrued liabilities, as at the date of Completion.

If the SF Completion NAV is higher or lower than 45% of USD167.00 million, the consideration shall be adjusted upward or downward (subject to a maximum of approximately USD3.76 million (approximately HK\$29.51 million)), in each case, on a dollar for dollar basis and the SF Retention Amount (or part thereof) shall be released to VPHK or kept by Vanke US Investment (as the case may be) accordingly.

Further, Vanke US Investment will at Completion on a proportionate basis indirectly assume the existing bank loan (which is in the principal amount of approximately USD93.11 million (approximately HK\$730.69 million) as at the date of this announcement) (the “**Existing SF Loan**”) granted to the holding companies of the SF Property. Hence, the principal amount of loan to be borne by the Enlarged Group is approximately USD41.90 million (approximately HK\$328.81 million).

Basis of determination of the Consideration

: The consideration was determined after arm's length negotiations between Vanke US Investment and VPHK with reference to:

- (1) the preliminary gross development value of the SF Property of being no less than USD167.00 million (equivalent to approximately HK\$1,310.48) as at 28 February 2019; and
- (2) the preliminary consolidated net asset value of the SF Target Group as at 31 December 2018.

The preliminary gross development valuation of the SF Property is carried out by Knight Frank, an independent surveyor to the Company. The surveyor values the SF Property by "income approach-term & reversion method". The Company will include the valuation report of the SF Property in the circular to be despatched to the Shareholders.

Conditions precedent

: Completion is subject to the satisfaction or waiver by Vanke US Investment and VPHK (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 San Francisco Property Acquisition Agreement and the transactions contemplated thereunder; and (ii) the Management Services Framework Agreement and the transactions contemplated thereunder and the Annual Caps;
- (b) all necessary approvals, licenses, authorisations, consents, waivers or notifications necessary from third parties (including the financing bank), governmental or regulatory authorities including the Stock Exchange in connection with the transactions contemplated under the San Francisco Property Acquisition Agreement required to be obtained having been granted and in effect;
- (c) each of the representations and warranties made by VPHK in the San Francisco Property Acquisition Agreement remaining true and accurate in all material respects as of the date of the Completion Date;

- (d) the legal and financial due diligence on the SF Target's business, operations and the SF Property by or on behalf of Vanke US Investment having been completed to the satisfaction of Vanke US Investment; and
- (e) the London Property Acquisition Agreement and the New York Investment Instrument Acquisition Agreement having become unconditional in all respects except for any condition requiring that the San Francisco Property Acquisition Agreement shall have become unconditional.

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)(i) 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 Vanke US Investment or VPHK may terminate the San Francisco Property Acquisition Agreement by serving written notice to the other party and the 5% refundable deposit paid to VPHK shall be refunded to Vanke US Investment within 15 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 SF Target will become a wholly-owned subsidiary of the Company and the assets, liabilities and the financial results of the SF Target Group (but excluding the results of the underlying owners of the SF Property) will be consolidated into the consolidated financial statements of the Company. In particular, Vanke US Investment will on a proportionate basis indirectly assume the Existing SF Loan.

(3) NEW YORK INVESTMENT INSTRUMENT ACQUISITION

On 7 March 2019 (after trading hours), Vanke US Investment entered into the New York Investment Instrument Acquisition Agreement with the NY Vendor, pursuant to which Vanke US Investment has conditionally agreed to acquire and the NY Vendor has conditionally agreed to sell the NY Sale Share and NY Sale Loan, representing the entire issued share capital of and shareholder's loan due from the NY Target for a consideration of approximately USD67.07 million (approximately HK\$526.30 million, assuming the Completion occurs on 30 June 2019 and taking into account the estimated accrued return from the date of New York Investment Instrument Acquisition Agreement up to 30 June 2019) by way of cash. The NY Target participates in 49% of the investment instrument (with a total outstanding investment amount of approximately USD63.51 million (approximately HK\$498.35 million) as at the date of this announcement) made in each of the Intermediate Companies which indirectly holds the entire interest in the NY Property.

THE NEW YORK INVESTMENT INSTRUMENT ACQUISITION AGREEMENT

The principal terms of the New York Investment Instrument Acquisition Agreement are set out below:

- Date** : 7 March 2019
- Parties** : (1) Vanke US Investment, as the purchaser; and
(2) NY Vendor, as the vendor.
- Assets to be acquired** : The NY Sale Share and NY Sale Loan, representing the entire issued share capital of and shareholder's loan due from the NY Target, which participates in 49% of the investment instrument (with a total outstanding investment amount of USD63.51 million (approximately HK\$498.35 million) as at the date of this announcement and an estimated accrued returns from the date of this announcement to 30 June 2019 (assuming Completion occurs on such date) of USD3.56 million (approximately HK\$27.95 million)) to each of the NY Intermediate Companies which indirectly holds the entire interest in the NY Property.

Approximately 50.17% of the investment instrument made to each of the NY Intermediate Companies is and will continue to be indirectly held by the NY Vendor after completion of the New York Investment Instrument Acquisition. Approximately 0.83% of the effective interest of the investment instrument made to each of the NY Intermediate Companies is indirectly owned by certain employees of China Vanke (including a non-executive Director and an executive Director) who are responsible for initiating and managing the underlying investment instrument as a co-investment arrangement and will remain to be so after Completion. As the investments of the said non-executive Director and executive Director, as connected persons of the Company, in the investment instruments to the NY Intermediate Companies through such employee co-investment mechanism, in aggregate, is less than HK\$3 million, such co-investment will be regarded as a fully exempt connected transaction on the part of the Company. By way of the New York Investment Instrument Acquisition, Vanke US Investment proposes to participate effectively an approximate 49% interest in the investment instrument made for funding the development of the NY Property.

Consideration : USD67.07 million (approximately HK\$526.30 million), subject to adjustment, of which (i) USD3.35 million (approximately HK\$26.29 million) will be payable by Vanke US Investment to the NY Vendor within 5 Business Days of the date of signing of the New York Investment Instrument Acquisition Agreement as refundable deposit; (ii) USD60.37 million (approximately HK\$473.72 million) will be payable by Vanke US Investment to the NY Vendor in cash on the Completion Date; and (iii) with the remaining USD3.35 million (approximately HK\$26.29 million) (the “**NY Retention Amount**”), will be payable within 5 Business Days after the date of determination of the net asset value of the NY Target as at the Completion Date (the “**NY Completion NAV**”) on the basis of a cash-free and debt-free position of the NY Target. The NY Completion NAV will be determined based on adding all the cash held by the NY Target and all the accrued returns from the date of the New York Investment Instrument Acquisition Agreement up to Completion (both dates inclusive), and subtracting all the account payables (other than NY Sale Loan) and accrued liabilities as at the date of Completion, and the difference between the estimated accrued return of USD3.56 million (approximately HK\$27.95 million) up to 30 June 2019 (assuming Completion occurs on such date) and the actual accrued return up to the date of Completion.

If the NY Completion NAV is higher or lower than USD67.07 million, the consideration shall be adjusted upward or downward (subject to a maximum of USD3.35 million (approximately HK\$26.29 million)), in each case, on a dollar for dollar basis and the NY Retention Amount (or part thereof) shall be released to the NY Vendor or kept by Vanke US Investment (as the case may be) accordingly.

Basis of determination of the Consideration

: The consideration was determined after arm's length negotiations between Vanke US Investment and the NY Vendor with reference to (i) the outstanding face value of the investment instrument as at the date of Completion and the date hereof; and (ii) the net asset value of the NY Target. The recoverability of the investment instrument is assessed after taking into account the preliminary gross development value of the NY property of no less than USD382.00 million (approximately of HK\$2,997.63 million) as at 28 February 2019.

A valuation of the NY Property will be carried out by Knight Frank, an independent surveyor to the Company. The surveyor will value the NY Property by market comparable method with reference to comparable market transactions as reported in the market at similar locations. The Company will include the valuation report of the NY Property in the circular to be despatched to the Shareholders.

Conditions precedent

: Completion is subject to the satisfaction or waiver by Vanke US Investment and the NY 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 New York Investment Instrument Acquisition Agreement and the transactions contemplated thereunder; and (ii) the Management Services Framework Agreement and the transactions contemplated thereunder and the Annual Caps;
- (b) all necessary approvals, licenses, authorisations, consents, waivers or notifications necessary from third parties, governmental or regulatory authorities including the Stock Exchange in connection with the transactions contemplated under the New York Investment Instrument Acquisition Agreement required to be obtained having been granted and in effect;

- (c) each of the representations and warranties made by the NY Vendor in the New York Investment Instrument Acquisition Agreement remaining true and accurate in all material respects as of the date of the Completion Date;
- (d) the legal and financial due diligence on the NY Target's business, operations and the NY Property by or on behalf of Vanke US Investment having been completed to the satisfaction of Vanke US Investment; and
- (e) the London Property Acquisition Agreement and the San Francisco Property Acquisition Agreement having become unconditional in all respects except for any condition requiring that the New York Investment Instrument Acquisition Agreement shall have become unconditional.

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)(i) 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 Vanke US Investment or the NY Vendor may terminate the New York Investment Instrument Acquisition Agreement by serving written notice to the other party and the 5% refundable deposit paid to the NY Vendor shall be refunded to Vanke US Investment within 15 Business Days thereof.

Completion

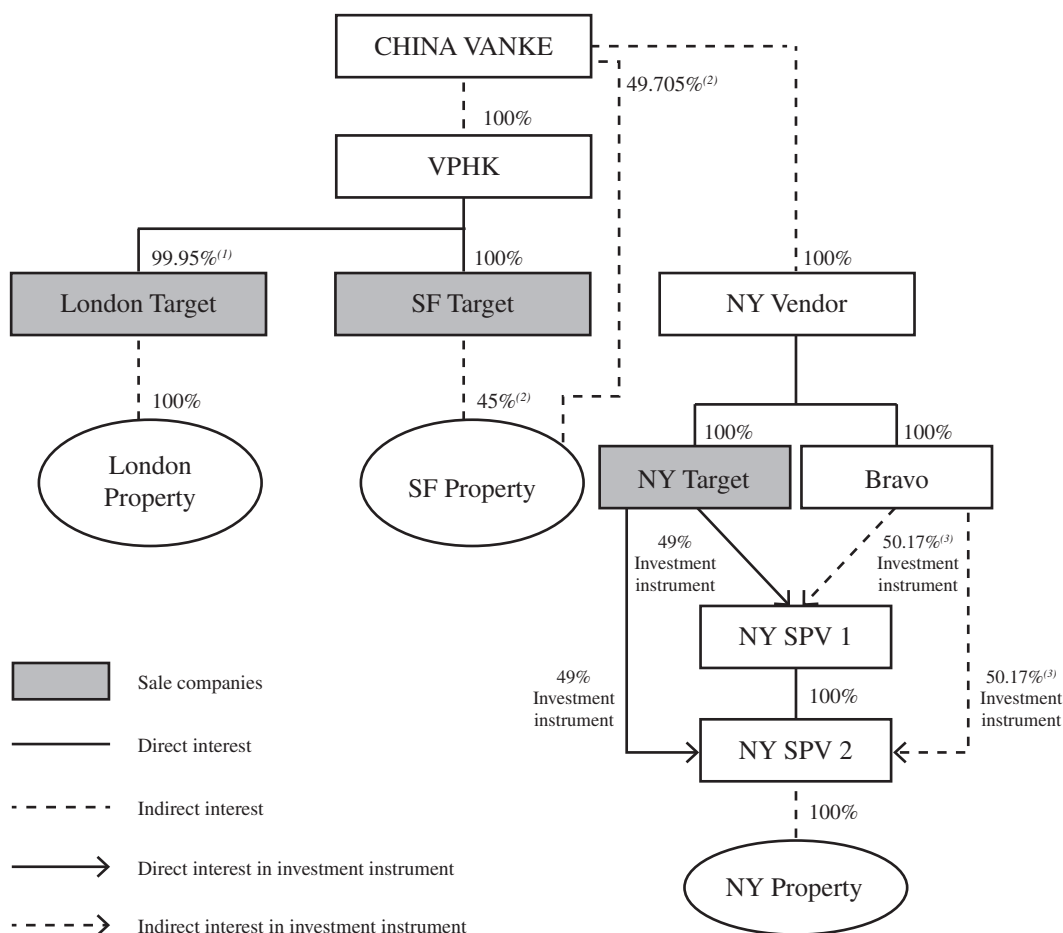
: Completion shall take place on the date agreed by the parties which shall be within 30 Business Days of the fulfillment (or waiver, as the case may be) of all the conditions precedent (or any other dates as agreed between the parties in writing).

Upon completion, the NY Target will become a wholly-owned subsidiary of the Company and the assets, liabilities and the financial results of the NY Target 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 Sale Companies (i) as at the date of this announcement; and (ii) immediately after the Completion:

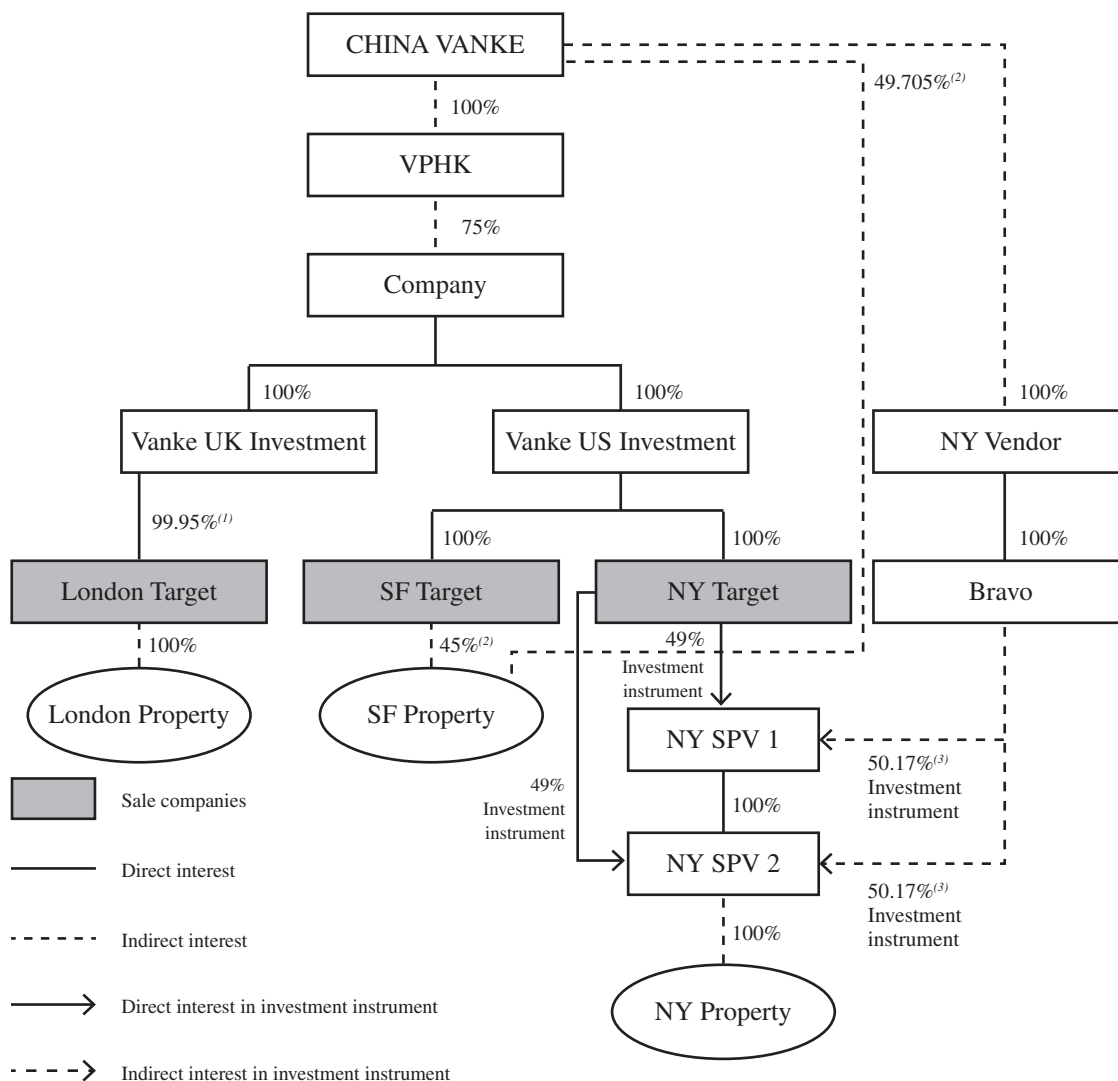
The corporate structure of the Sale Companies as at the date of this announcement



Notes:

- (1) Approximately 0.05% interest of the London Target is beneficially owned by certain employees of China Vanke (including a non-executive director of the Company) who are responsible for managing or investing the London Target as a co-investment arrangement.
- (2) Approximately 49.705% of the effective interest of the SF Property is owned by a wholly-owned subsidiary of China Vanke, 5% of the effective interest is owned by an Independent Third Party and 0.295% of the effective interest of the SF Property is beneficially owned by certain employees of China Vanke (including a non-executive Director of the Company) who are responsible for managing or investing the SF Property as a co-investment arrangement.
- (3) Approximately 0.83% of the effective interest in the investment instrument made to each of the NY Intermediate Companies is owned by certain employees of China Vanke (including a non-executive Director and an executive Director of the Company) who are responsible for initiating and managing the underlying investment instrument as a co-investment arrangement.

Immediately after the Completion



Notes:

- (1) Approximately 0.05% interest of the London Target is beneficially owned by certain employees of China Vanke (including a non-executive director of the Company) who are responsible for managing or investing the London Target as a co-investment arrangement.
- (2) Approximately 49.705% of the effective interest of the SF Property is owned by a wholly-owned subsidiary of China Vanke, 5% of the effective interest is owned by an Independent Third Party and 0.295% of the effective interest of the SF Property is beneficially owned by certain employees of China Vanke (including a non-executive Director of the Company) who are responsible for managing or investing the SF Property as a co-investment arrangement.
- (3) Approximately 0.83% of the effective interest in the investment instrument made to each of the NY Intermediate Companies is owned by certain employees of China Vanke (including a non-executive Director and an executive Director of the Company) who are responsible for initiating and managing the underlying investment instrument as a co-investment arrangement.

INFORMATION ON THE PARTIES

Information on the Group

The Company and its subsidiaries are principally engaged in property development and financing, and property rental and management activities in Hong Kong.

Information on the Vendors

VPHK is an investment holding company which engaged in the principal business of property development. It is one of the investment platforms of the property business of China Vanke.

The NY Vendor is an indirect wholly-owned subsidiary of China Vanke and is an investment holding company.

Information on the Sale Companies and the London Property, SF Property and NY Property

The London Target is an approximately 99.95%-owned subsidiary of VPHK and is an investment holding company which indirectly holds the entire interest in the London Property.

The SF Target is a wholly-owned subsidiary of VPHK and is an investment holding company which indirectly holds 45% of the effective interest in the SF Property. Approximately 49.705% of the effective interest of the SF Property is owned by a wholly-owned subsidiary of China Vanke, 5% of the effective interest is owned by an Independent Third Party and approximately 0.295% of the effective interest of the SF Property is beneficially owned by certain employees of China Vanke (including a non-executive Director) who are responsible for managing or investing the SF Property as a co-investment arrangement and will remain to be so after Completion.

The NY Target is an investment holding company which participates in 49% of the investment instrument in the total principal amount of USD63.51 million (approximately HK\$498.35 million) (as at the date of this announcement) for funding the development of the NY Property. Approximately 50.17% of the investment instrument made to each of the NY Intermediate Companies is and will continue to be indirectly held by the NY Vendor after completion of the New York Investment Instrument Acquisition. Approximately 0.83% of the effective interest of the investment instrument made to each of the NY Intermediate Companies is owned by certain employees of China Vanke (including a non-executive Director and an executive Director) who are responsible for initiating and managing the underlying investment instrument as a co-investment arrangement and will remain to be so after Completion.

Set out below are the highlights of the unaudited management accounts of the Sale Companies for the two years ended 31 December 2018:

	For the financial year ended <i>(Note 4)</i>	
	31 December 2017	31 December 2018
	<i>Approximately</i>	<i>Approximately</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
The London Target Group		
Revenue	48,978	52,968
Profit before taxation	72,485	1,935
Profit/(Loss) after taxation	70,063	(294)
Net asset value	454,197	412,533
The SF Target Group		
Revenue	— <i>(Note 1)</i>	— <i>(Note 1)</i>
Profit/(Loss) before taxation	19,666	(10,916) <i>(Note 2)</i>
Profit/(Loss) after taxation	19,666	(10,916) <i>(Note 2)</i>
Net asset value	108,626	97,710
The NY Target		
Revenue	15,949 <i>(Note 3)</i>	54,954 <i>(Note 3)</i>
Profit before taxation	15,949	54,954
Profit after taxation	15,949	54,954
Net asset value	15,949	70,903

Notes:

1. The SF Target Group did not record any revenue for the two financial years ended 31 December 2018 as the property holding company is not a subsidiary of SF Target, and there is no revenue contributed to SF Target from accounting perspective.
2. The SF Target Group recorded net loss before taxation and after taxation for the financial year ended 31 December 2018 because it incurred operating costs (determined based on equity accounting method) for the SF Property.
3. The revenue of the NY Target represents the returns received from the investment instrument held for the development of the NY Property.
4. The unaudited financial information presented in above table is preliminary and the audited financial information will be disclosed in the accountants' report to be included in the circular to be despatched.

Set out below are the relevant details in connection with the original acquisition of the London Target, the SF Target and the NY Target by the relevant vendors or their associates:

Assets	Date of acquisition by VPHK	Percentage acquired by VPHK (%)	Original acquisition cost incurred by the relevant vendors up to 31 December 2018 (in respect of 100% effective interest)	Original acquisition cost incurred by the relevant vendors up to 31 December 2018 (in respect of the percentage of interest to be disposed to the Company)
London Property	October 2016	100	£112.20 million (approximately HK\$1,158.79 million)	£112.20 million (approximately HK\$1,158.79 million)
SF Property	December 2016	95	USD29.17 million ^(note 1) (approximately HK\$228.90 million)	USD13.82 million ^(note 2) (approximately HK\$108.43 million)
Investment instrument for development of the NY Property	April 2017	100	USD128.35 million (approximately HK\$1,007.21 million)	USD62.89 million (approximately HK\$493.51 million)

Note 1: Remaining equity commitment in addition to the cost incurred as shown in the above table as at 31 December 2018 was USD24.25 million (approximately HK\$190.37 million)

Note 2: Remaining equity commitment in addition to the cost incurred as shown in the above table as at 31 December 2018 was USD11.49 million (approximately HK\$90.14 million)

Particulars of the London Property, the SF Property and the NY Property are as follows:

Project/ Property	Location	Type of Property	Area available for lease (sq. m.) (approximate)	Occupancy Rate as at 31 December 2018 (approximate)
London Property	Ryder Court, 13–17 Bury Street and 12, 14 and 16 Ryder Street, St James’s, SW1, London, the United Kingdom	Office and commercial	7,043.25	100%
SF Property	657 and 663–667 Mission Street, San Francisco, California, the United States of America	Office and commercial	5,219.20	96.70% ^(Note 1)
NY Property	25 Park Row, New York, the United States of America	Residential	N/A ^(Note 2)	N/A ^(Note 2)

Notes:

1. The office portion of the SF Property has been pre-leased to a tenant for a term of 12 years, while the retail portion of the SF Property is not leased out yet.
2. As at the date of this announcement, the NY Property is still under development. According to the information provided by the NY Vendor, it is expected that development of the NY Property will complete in or about December 2019.

The followings are the details of the investment instrument in the principal amount of USD63.51 million (as at the date of this announcement) for funding the development of the NY Property:

Total investment principal amount	:	USD63.51 million (approximately HK\$498.35 million)
Fixed returns	:	14.15% per annum
Maturity Date	:	20 December 2020 (with an option to extend for 12 months, subject to conditions)
Users of amount invested	:	Developers of the NY Property who are independent third parties of the Company
Security	:	Share charge in respect of the entire issued shares of the Users of the amount invested

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group's revenue is mainly derived from the leasing of units and car parking spaces in Regent Centre in Hong Kong. As part of the Group's business policy, the Group will continue to seek opportunities in both Hong Kong and overseas property markets for business diversification and expansion. The properties/projects owned and operated by the Sale Companies are situated at the prime location or central business district of the Target Cities. The Board believes the Acquisitions, in conjunction with the joining of the relevant management personnel who possess the relevant expertise and experience in property markets in the United Kingdom and United States of America by the time of Completion, will allow the Enlarged Group to invest and expand in the United Kingdom and the United States of America and thus can minimise the risk of solely investing in Hong Kong.

The Board further believes the Acquisitions will lay a solid foundation in terms of financial and intellectual capital as well as business know-how and connections by leveraging on the stable income generated from the acquired properties/projects, the experience and proven capability of the Overseas Management Team, the brand name and business connections established by China Vanke in recent years. It is expected that the Acquisitions are beneficial to the development and expansion of the existing businesses of property investment into the new geographical locations and will boost the overall revenue of the Enlarged Group and will strengthen the Enlarged Group's operational cashflow. With the established business relationship of China Vanke and its appropriate assistance, the Enlarged Group will continue to develop its business of property investment, property development and financing, property leasing and asset management businesses so that it will be an important investment platform.

The total cash consideration for the Acquisitions of approximately HK\$1,138.34 million is determined based on the assets and liabilities (including banks loans) of the Sale Companies and the valuation of the Target Properties, which is intended to be funded by bank borrowings, internal resources of the Company and/or equity financing by issuing Shares or equity-linked securities. The payment schedule and consideration adjustment mechanism for each Acquisition is in line with market practice and afford adequate protection to the Company.

For the foregoing reasons, the Directors (excluding all the independent non-executive Directors who will give their opinion based on the recommendation from the Independent Financial Adviser) are of the view that the terms of the Acquisitions pursuant to the Acquisition Agreements have been agreed after arm's length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONTINUING CONNECTED TRANSACTIONS

With the Company's intention to branch out to the business of property asset management through tapping into the expertise and experience of the Overseas Management Team and in light of the existing property interests of China Vanke Group, the VPO Parties and the VPHK Parties have entered into the Management Services Framework Agreement, pursuant to which the VPHK Parties will retain the VPO Parties on an exclusive basis for, and the Enlarged Group, through the VPO Parties (who will enter into employment contracts with Overseas Management Team, as the case may be, by the time of Completion), will provide, the Overseas Management Services to the VPHK Parties, subject to terms and conditions of the Management Services Framework Agreement. The Management Services Framework Agreement will be effective immediately upon the Completion Date and remain effective until 31 December 2021.

Management Services Framework Agreement

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

- Date** : 7 March 2019
- Parties** : (1) VPO UK;
(2) VPO US;
(3) VPO Management Holding (together with VPO UK and VPO US, collectively referred to as the "**VPO Parties**");
(4) VPHK;
(5) NY Vendor; and
(6) Vanke US (together with VPHK and NY Vendor, referred to as the "**VPHK Parties**")
- Term** : The term will commence on the Completion Date and will expire on 31 December 2021.
- Services** : Overseas Management Services including but not limited to:
- (a) Market research and investment sourcing;
 - (b) Investment management and project management (including construction and 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

: The fees payable by the payer to the VPO Parties shall comprise of the management fee calculated as 1.25% per annum of the invested capital of the relevant project(s). The invested capital shall include funding, capital or financing provided by the VPHK Parties (but exclude funding, capital or financing provided by third parties to the VPHK Parties, for making the investments).

The figure of 1.25% per annum 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 parties agree that the VPO Parties shall provide the Overseas Management Services to the VPHK Parties on normal commercial terms or on terms which are no less favourable to the VPO Parties than those that the VPO Parties may transact with Independent Third Parties from time to time.

The management fees for each transaction under the Management Services Framework Agreement will be paid on a quarterly basis, and shall be free of all taxes, deductions, duties, tariffs and charges.

Annual Caps and basis of determination

: The Annual Caps for the transactions under the Management Services Framework Agreement are equivalent to approximately HK\$75 million, HK\$165 million and HK\$185 million for the three years ending 31 December 2021, respectively.

In arriving at the above Annual Caps, the Directors have considered, among others, (i) the historical management cost incurred by VPHK and its subsidiaries for its projects; (ii) the estimated base fee payable by VPHK and its subsidiaries based on the expected committed/invested capital to be incurred by VPHK and its subsidiaries for the three years ending 31 December 2021; (iii) the development stage of the projects to be managed under the Management Services Framework Agreement; and (iv) the economic conditions and performance of the property market in the Target Cities.

Conditions precedent : Subject to the following conditions precedent, the 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 management personnel designated by the VPO Parties who are currently responsible for overseeing and managing the operations of all property projects of the VPHK Parties in the United Kingdom and the United States of America on substantially the same terms as the existing employment agreements of these personnel, on or before Completion.

The parties may waive the condition precedent (b) above, whereas condition precedent (a) above is non-waivable. If the conditions precedent fails to be satisfied or waived on or before 31 December 2019 (or such later date as agreed between the parties), the Management Services Framework Agreement shall lapse and neither party shall have a claim against the others.

Exclusive engagement by the VPHK Parties : The VPHK Parties will engage the VPO Parties to provide the Overseas Management Services in the United States of America and the United Kingdom on an exclusive basis unless the relevant VPO Party has indicated to the relevant VPHK Party in writing that it has decided not to accept the engagement in respect of any specific project whereupon the VPHK Parties or such other subsidiary of China Vanke are entitled to retain any third party for the provision of the Overseas Management Services in respect of the project concerned.

Each of the VPHK Parties undertakes to the VPO Parties that it shall notify the VPO Parties as soon as practicable when 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 the United Kingdom and the United States of America.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Overseas Management Team has been established in the United States of America and United Kingdom since 2013 and 2015, respectively. The Overseas Management Team has accumulated valuable assets management competencies and experience in these countries. They are familiar with the relevant operating environments and have strong capability for assets management. Subject to Completion, the Overseas Management Team will help strengthen the capabilities of the Enlarged Group in its property development, investment and management business in the United Kingdom and United States of America which in turn is expected to improve management efficiency and attract new projects so as to facilitate future expansion of the Enlarged Group to provide assets management services to third parties. As VPHK will be retaining interest in the SF Property, the NY Property through its interest in the investment instrument and other overseas properties, the entering into the Management Services Framework Agreement will allow the Overseas Management Team to continue to manage the Target Properties and future projects and thus minimising disruption to the businesses of the Target Properties, and the sharing of the same asset management team among the Enlarged Group and China Vanke will help achieve synergies as well as securing members of the Enlarged Group a stable stream of income. The major pricing policies, principal terms and indicators set out in the 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 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 transactions contemplated under the Management Services Framework Agreement and the Annual Caps for the Continuing Connected Transactions are 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) by aggregating the London Property Acquisition, the San Francisco Property Acquisition and the New York Investment Instrument Acquisition exceed 100%, the Acquisitions constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Further, as (1) VPHK is a controlling Shareholder indirectly holding 75% of the issued share capital of the Company; and (2) NY Vendor is a fellow subsidiary of VPHK in the China Vanke Group, both VPHK and NY Vendor are connected persons and the Acquisitions also constitute a connected transaction under Chapter 14A of the Listing Rules. Accordingly, the Acquisition Agreements and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders.

Given VPHK, an indirect wholly-owned subsidiary of China Vanke, is the controlling Shareholder and thus a connected person of the Company under Chapter 14A of the Listing Rules, the transactions contemplated under the 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 Management Services Framework Agreement exceed 5% on an annual basis, the transactions contemplated under the Management Services Framework Agreement and the 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 Acquisition Agreements and the transactions contemplated thereunder; and
- (2) the Management Services Framework Agreement and the transactions contemplated thereunder and the 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 Acquisition Agreements, the Management Services Framework Agreement and the transactions contemplated thereunder and the 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 Acquisitions, the Management Services Framework Agreement and the transactions contemplated thereunder and the 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 Acquisitions contemplated under the Acquisition Agreements; (ii) the Management Services Framework Agreement and the transactions contemplated thereunder and the Annual Caps; (iii) a letter from the Independent Board Committee regarding the Acquisitions and the Management Services Framework Agreement and the 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 15 May 2019.

WARNING

Completion of the Acquisitions and the Continuing Connected Transactions are subject to the satisfaction (or, if applicable, waiver) of the conditions precedent thereto and as such, the Acquisitions and the 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 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:

“Acquisitions”	The London Property Acquisition, the San Francisco Property Acquisition and the New York Investment Instrument Acquisition
“Acquisition Agreements”	The London Property Acquisition Agreement, the San Francisco Property Acquisition Agreement and the New York Investment Instrument Acquisition Agreement
“Annual Caps”	the proposed annual caps in relation to the transactions contemplated under the Management Services Framework Agreement for the three years ending 31 December 2021
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bravo”	Bravo J Limited, a company incorporated in the Cayman Islands with limited liability and is an indirect wholly-owned subsidiary of China Vanke
“Business Day(s)”	means a day (excluding a Saturday, 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”	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)
“China Vanke Group”	China Vanke and its subsidiaries from time to time, excluding the Enlarged Group

“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 Stock Exchange
“Completion”	completion of the Acquisitions in accordance with the Acquisition Agreements
“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 Acquisition Agreements (or any other date as agreed between the parties in writing)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Management Services Framework 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 Acquisitions contemplated under the Acquisition Agreements; and (ii) the Management Services Framework Agreement and the transactions contemplated thereunder and the Annual Caps
“Enlarged Group”	the Group as enlarged by the Sale Companies, VPO Management Holding, VPO UK and VPO US upon Completion
“Group”	the Company and its subsidiaries
“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 Acquisitions contemplated under the Acquisition Agreements and Management Services Framework Agreement and the transactions contemplated thereunder and the 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 Acquisitions contemplated under the Acquisition Agreements; and (ii) the Management Services Framework Agreement and the transactions contemplated thereunder and the 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
“Jersey”	the Bailiwick of Jersey, a British Crown Dependency
“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
“London Property Acquisition”	the acquisition of the London Sale Shares pursuant to the terms and conditions of the London Property Acquisition Agreement
“London Property Acquisition Agreement”	the agreement dated 7 March 2019 and entered into between Vanke UK Investment and VPHK in respect of the London Property Acquisition
“London Property”	the property located at Ryder Court, 13–17 Bury Street and 12, 14 and 16 Ryder Street, St James’s, London, SW1, the United Kingdom
“London Sale Shares”	999,479 ordinary shares and 172,419 redeemable preference shares of the London Target, representing approximately 99.95% of the entire issued share capital of the London Target
“London Target”	Lithium TopCo Limited, a company incorporated in the British Virgin Islands with limited liability and a 99.95%-owned subsidiary of VPHK immediately before the Completion
“London Target Group”	London Target and its subsidiaries
“Long Stop Date”	31 December 2019 or such other date as the parties may agree in writing

“Management Services Framework Agreement”	the agreement dated 7 March 2019 entered into between the VPO Parties and 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))
“New York Investment Instrument Acquisition”	the acquisition of the NY Sale Share and the NY Sale Loan pursuant to the terms and conditions of the New York Investment Instrument Acquisition Agreement
“New York Investment Instrument Acquisition Agreement”	the agreement dated 7 March 2019 entered into between Vanke US Investment and the NY Vendor in respect of the New York Investment Instrument Acquisition
“NY Intermediate Companies”	NY SPV 1 and NY SPV 2
“NY Property”	the property located at 25 Park Row, New York, the United States of America
“NY Sale Share”	1 share of the NY Target, representing the entire issued share capital of the NY Target
“NY Sale Loan”	the entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to the NY Vendor by the NY Target as at Completion
“NY SPV 1”	Park Row 23 Equity LLC, a limited liability company incorporated in the State of Delaware
“NY SPV 2”	Park Row 23 Mezz LLC, a limited liability company incorporated in the State of Delaware
“NY Target”	Supreme J Limited, a company incorporated in the Cayman Islands with limited liability
“NY Vendor”	Chogori Investment (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of China Vanke
“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)) pursuant to the Management Services Framework Agreement

“Overseas Management Team”	the employees of the VPO Parties 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 will be employed by the relevant VPO Party(ies) upon Completion
“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
“Sale Companies”	The London Target Group, the SF Target Group and the NY Target
“San Francisco Property Acquisition”	the acquisition of the SF Sale Share and SF Sale Loan pursuant to the terms and conditions of the San Francisco Property Acquisition Agreement
“San Francisco Property Acquisition Agreement”	the agreement dated 7 March 2019 entered into between Vanke US Investment and VPHK in respect of the San Francisco Property Acquisition
“SF Property”	the property located at 657 and 663–667 Mission Street, San Francisco, California, the United States of America
“SF Sale Share”	1 share in the share capital of the SF Target, representing the entire issued share capital of the SF Target
“SF Sale Loan”	the entire amount of the principal, interest (if any) and other sums and indebtedness due, owing or payable to VPHK by the SF Target Group as at Completion
“SF Target”	657–667 Mission Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of VPHK immediately before the Completion
“SF Target Group”	SF Target and its subsidiaries
“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
“Target Cities”	London, San Francisco and New York
“Target Properties”	the London Property, the SF Property and the NY Property

“USD”	United States dollar(s), the lawful currency of the United States of America
“Vanke UK Investment”	Vanke UK Investment Company Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Vanke US”	Vanke Holdings USA LLC, a limited liability company incorporated in the State of Delaware and a wholly-owned subsidiary of China Vanke
“Vanke US Investment”	Vanke US Investment Company Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“VPHK”	Vanke Property (Hong Kong) Company Limited, a company incorporated in Hong Kong and an indirect 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
“VPHK Parties”	Vanke US, VPHK and NY Vendor
“VPO Management Holding”	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
“VPO Parties”	VPO Management Holding, VPO UK and VPO US
“VPO UK”	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 in the United Kingdom
“VPO US”	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 in the United States of America
“Wkland Investments”	Wkland Investments Company Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of China Vanke
“%”	per cent

“£” or “GBP”

British pound sterling, the lawful currency of the United Kingdom

* *For identification purpose only*

In this announcement, conversion of USD into HK\$ is based on the exchange rate of USD1 to HK\$7.8472 and conversion of £ into HK\$ is based on the exchange rate of £1 to HK\$10.3279. The exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts in USD, £ or HK\$ were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 8 March 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)

Non-Executive Directors (in alphabetical order):

Mr. Chan Chi Yu, Mr. Lee Kai-Yan, Ms. Lin Lily

Independent Non-Executive Directors (in alphabetical order):

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