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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)

CONTINUING CONNECTED TRANSACTIONS ENTERING INTO NEW MANAGEMENT SERVICES FRAMEWORK AGREEMENT

ENTERING INTO NEW MANAGEMENT SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated 8 March 2019 and 29 August 2019 and the circulars of the Company dated 21 May 2019 and 30 September 2019 in relation to, among others, the Existing Management Services Framework Agreement.

The Board is pleased to announce that on 7 September 2020 (after trading hours), the VOI Parties and the VPHK Parties have entered into the New Management Services Framework Agreement, pursuant to which the VPHK Parties will engage the VOI Parties on an exclusive basis to provide the Management Services to the VPHK Parties and other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects, subject to terms and conditions of the New Management Services Framework Agreement. Upon the satisfaction of the condition under the New Management Services Framework Agreement, the New Management Services Framework Agreement will become effective and remain effective until 31 December 2022 and will replace and supersede the Existing Management Services Framework Agreement entered into between the same parties.

LISTING RULES IMPLICATIONS

Given VPHK, an indirect wholly-owned subsidiary of China Vanke, is the controlling shareholder and each of the other VPHK Parties is a subsidiary or fellow subsidiary of VPHK and therefore all of them are connected persons of the Company, the transactions contemplated under the New 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 New Management Services Framework Agreement exceed 5% on an annual basis, the transactions contemplated under the New Management Services Framework Agreement and the New 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, the New Management Services Framework Agreement and the transactions contemplated thereunder and the New 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 New Management Services Framework Agreement and the transactions contemplated thereunder and the New 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.

GENERAL

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

Asian 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 New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps; (ii) a letter from the Independent Board Committee regarding the New Management Services Framework Agreement and the New Annual Caps to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of EGM is expected to be despatched to the Shareholders on or before 28 September 2020.

CONTINUING CONNECTED TRANSACTIONS

The Board is pleased to announce that on 7 September 2020 (after trading hours), the VOI Parties and the VPHK Parties have entered into the New Management Services Framework Agreement, pursuant to which the VPHK Parties will engage the VOI Parties on an exclusive basis to provide the Management Services to the VPHK Parties and other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects, subject to terms and conditions of the New Management Services Framework Agreement. Upon the satisfaction of the condition under the New Management Services Framework Agreement, the New Management Services Framework Agreement will become effective and remain effective until 31 December 2022 and will replace and supersede the Existing Management Services Framework Agreement entered into between the same parties.

New Management Services Framework Agreement

The principal terms of the New Management Services Framework Agreement are summarised below:

Date : 7 September 2020

Parties : (1) the VOI Parties
(2) the VPHK Parties

Each of the VPHK Parties is a wholly-owned subsidiary of China Vanke, 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) and 28.69% of the total number of shares of which is held by Shenzhen Metro Group Co., Ltd., a company that is under the direct control of the State-owned Assets Supervision and Administration Committee of the Shenzhen Municipal People's Government.

Term : The term will commence on the Effective Date and will expire on 31 December 2022.

Services : The VPHK Parties shall retain the VOI Parties on an exclusive basis for, and the VOI Parties will provide, the Management Services which shall include but not be limited to the following services with respect to investment in the real estate markets in Hong Kong, the US and the United Kingdom:

- (a) market research and investment sourcing;
- (b) investment management and project management (including construction, development, sales and marketing management);
- (c) divestment of the relevant investment;
- (d) financing and cash flow management;
- (e) overall financial management;
- (f) legal and compliance management; and
- (g) company secretarial services.

Fees and basis of determination

- : The fees payable by the relevant entity or entities of the VPHK Parties to the VOI Parties (or such other subsidiary of the Company which VOI Management Holding may nominate from time to time to receive such fee) 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). On top of the aforementioned 1.25% fee, project holding companies (which are subsidiaries of VPHK Group) with interests held by third parties (other than VPHK or such other subsidiaries of China Vanke), an additional management fee shall be payable to VOI HK, which management fee is to be determined based on (i) the third party's interest in the relevant project and (ii) the then prevailing market standard of the management fee charged for the relevant project.

The rate 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 additional management fee (if applicable) to be charged against the project company which is a subsidiary of VPHK with respect to the third party's interest in such project is determined based on the then prevailing market standard of the management fee charged for the relevant project by a third party project manager, and this represents the management fee for a proportionate share of the project management services received by the third party through the project holding company.

The parties agree that the VOI Parties shall provide the Management Services 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)) on normal commercial terms or on terms which are no less favourable to the VOI Parties than those that the VOI Parties may transact with Independent Third Parties from time to time.

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

New Annual Caps and basis of determination : The New Annual Caps for the Continuing Connected Transactions are set out below:

Period	New Annual Cap
From the Effective Date until 31 December 2020	HK\$48 million
Financial year ending 31 December 2021	HK\$263 million
Financial year ending 31 December 2022	HK\$263 million

In arriving at the New Annual Caps, the Directors have considered, among others, (i) the historical management cost incurred by the VOI Parties for projects of the VPHK Parties or their associates managed by the VOI Parties; (ii) the estimated base fee payable by 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)) based on the expected committed/invested capital to be incurred by them for the three years ending 31 December 2020, 2021 and 2022; (iii) the estimated amount to be invested by third parties in project holding companies which are subsidiaries of VPHK and covered by the Management Services; (iv) the development stage of the projects to be managed under the New Management Services Framework Agreement; (v) the economic conditions and performance of the property markets in the US, the United Kingdom and Hong Kong; and (vi) a buffer for additional capital to be invested for acquisition of new projects by the VPHK Parties and its subsidiaries for each of the years 2020, 2021 and 2022 in the United Kingdom, the US and Hong Kong.

Conditions precedent : The New Management Services Framework Agreement shall become effective upon satisfaction of the condition that the approval of the Independent Shareholders has been obtained at the EGM.

If the condition precedent fails to be satisfied on or before Long Stop Date, the New Management Services Framework Agreement shall terminate and neither party shall have a claim against the others.

Exclusive engagement by the VPHK Parties : The VPHK Parties will engage, and use their respective best endeavours to procure other subsidiaries of China Vanke to engage, the VOI Parties to provide the Management Services in the US, the United Kingdom and Hong Kong on an exclusive basis unless the relevant VOI Parties have indicated to the relevant VPHK Parties or such other subsidiary of China Vanke 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 Management Services in respect of the project concerned.

Each of the VPHK Parties undertakes to the VOI Parties that it shall notify the VOI 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 US, the United Kingdom, and Hong Kong.

TERMINATION OF THE EXISTING MANAGEMENT SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated 8 March 2019 and 29 August 2019 and the circulars of the Company dated 21 May 2019 and 30 September 2019 in relation to, among others, the Existing Management Services Framework Agreement.

According to the New Management Services Framework Agreement, the Existing Management Services Framework Agreement shall be terminated upon satisfaction of the condition precedent under the New Management Services Framework Agreement.

The parties also agree that upon the termination of the Existing Management Services Framework Agreement, all the legal obligations and liabilities of the parties under the Existing Management Services Framework Agreements shall be fully discharged and released and no parties shall have any claim of any nature whatsoever against the other parties arising out of or in connection with the Existing Management Services Framework Agreement save for any antecedent breaches, benefits and/or any rights or obligations which may have accrued under the Existing Management Services Framework Agreement prior to such termination.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Company and its subsidiaries are principally engaged in asset management, as well as property development and property investment. Each of the VPHK Parties is principally engaged in property development and property investment.

The Management Team is well established and has accumulated valuable asset management, property development and investment competencies and experience, as well as familiarity with the relevant operating environments and strong capability for assets management skills, in the property markets in the US, the United Kingdom and Hong Kong.

Since the entering into of the Existing Management Service Framework Agreement, the VOI Parties, have been engaged in several management projects owned by the VPHK Parties or their associates and the VOI Parties and the VPHK Parties have built a solid and effective working relationship and the Management Team has become over time familiar with the management, business, operation of the projects owned by the VPHK Parties or their associates, as well as the standard of the management services required by them. The VOI Parties can leverage this established relationship and experience gained to render management services to the VPHK Parties and their associates in a more efficient and expedient manner, thereby reducing the Group's aggregate operational and administrative costs while improving the profitability and the leading position of the Group in the property development and property investment industry.

Given the historical and future long-term cooperation between the Group and the VPHK Parties and their associates, the transactions contemplated under the New Management Services Framework Agreement will enable the Group to generate stable income with growth prospects and investment return to its Shareholders. The major pricing policies, principal terms and indicators set out in the New 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.

Furthermore, the consortium formed by VPHK and a real estate company CNQC International Holdings Limited (the consortium being an associate of VPHK) has recently been awarded the tender for the Tai Po Land, which has a site area of about 22,608 square metres and is designated for private residential purpose, on a 50-year land grant, by the Hong Kong Government. In anticipation of the additional need of the VPHK Parties for the Management Services to manage the property interests and development in respect of the Tai Po Land, and if VOI HK is to continue to drive its growth by capturing the new business opportunities in respect of the Tai Po Land, the annual caps under the Existing Management Services Framework Agreement, which will be expired on 31 December 2021, would be exceeded before the end of 2020. Therefore, the VOI Parties and the VPHK Parties entered into the New Management Services Framework Agreement with a new term commencing from the Effective Date and ending on 31 December 2022 and the New Annual Caps.

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

LISTING RULES IMPLICATIONS

Given that VPHK is an indirect wholly-owned subsidiary of China Vanke, the controlling shareholder and each of the other VPHK Parties is a subsidiary or fellow subsidiary of VPHK and therefore all of them are connected persons of the Company, the transactions contemplated under the New 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 New Management Services Framework Agreement exceed 5% on an annual basis, the transactions contemplated under the New Management Services Framework Agreement and the New 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 the New Management Services Framework Agreement and the transactions contemplated thereunder and the New 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 New Management Services Framework Agreement and the transactions contemplated thereunder and the New 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.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors will be established to advise the Independent Shareholders in relation to the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps. Asian 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 (i) further details of the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps; (ii) a letter from the Independent Board Committee regarding the New Management Services Framework Agreement and the New Annual Caps to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of EGM, is expected to be despatched to the Shareholders on or before 28 September 2020.

WARNING

The Continuing Connected Transactions are subject to the satisfaction of the condition precedent thereto and as such, 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:

“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“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)
“Chogori”	Chogori Investment (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of China Vanke
“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 Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the New Management Services Framework Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the New Management Services Framework Agreement takes effect pursuant to its terms, being the date that the approval by the Independent Shareholders of the New Management Services Framework Agreement and the transactions contemplated thereunder (including the New Annual Caps) has been obtained

“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 New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps
“Existing Management Service Framework Agreement”	the agreement dated 7 March 2019 (as amended, supplemented and restated by a supplemental agreement entered into by the parties on 29 August 2019) entered into between the VOI Parties and the VPHK Parties in relation to the provision of certain management services by the VOI 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))
“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 advising the Independent Shareholders in respect of the New Management Services Framework Agreement and the transactions contemplated thereunder and the New Annual Caps
“Independent Financial Adviser”	Asian Capital Limited (卓亞融資有限公司), a corporation licensed 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 New Management Services Framework Agreement and the transactions contemplated thereunder and the New 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

“Listing Rules”	The Rules Governing the Listing of Securities on The Hong Kong Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 November 2020 or such other date as the parties may agree in writing
“Management Services”	the services to be provided by the VOI Parties to the VPHK Parties (including other subsidiaries of China Vanke which may become interested in any real estate development and/or investment projects (other than investments in the funds managed by an Independent Third Party and its subsidiaries)) in the United Kingdom, the US and Hong Kong pursuant to the New Management Services Framework Agreement
“Management Team”	the current employees of the VOI Parties who are responsible for overseeing and managing the business of property development, investment and management in the US, the United Kingdom and Hong Kong, and for provision of the Management Services to the VPHK Parties pursuant to the Existing Management Services Framework Agreement
“New Annual Caps”	the proposed new annual caps in relation to the transactions contemplated under the New Management Services Framework Agreement commencing on the Effective Date and ending on 31 December 2022
“New Management Services Framework Agreement”	the agreement dated 7 September 2020 entered into between the VOI Parties and VPHK Parties in relation to the provision of the Management Services from the VOI 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))
“PRC”	The People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“subsidiaries”	has the meaning ascribed to it under the Listing Rules

“Tai Po Land”	a site situated at Tai Po Town Lot No. 243 at Ma Wo Road, Tai Po, New Territories
“US”	the United States of America
“Vanke US”	Vanke Holdings USA LLC, a limited liability company incorporated in the State of Delaware and a wholly-owned subsidiary of China Vanke
“VOI HK”	Vanke Holdings (Hong Kong) Company Limited (萬科控股(香港)有限公司), a company incorporated in Hong Kong with limited liability and is a 80%-owned subsidiary of the Company, with the remaining 20% equity interest held by certain key employees of the Management Team in Hong Kong
“VOI Management Holding”	Vanke Overseas Management Holding Company Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company
“VOI Parties”	VOI Management Holding, VOI UK, VOI US and VOI HK
“VOI 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 certain key members of the Management Team in the United Kingdom
“VOI 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 certain key members of the Management Team in the US
“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 the controlling shareholder of the Company
“VPHK Parties”	Vanke US, VPHK and Chogori

“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

* *for identification only*

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

Hong Kong, 7 September 2020

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) and Mr. Lee Kai-Yan

Non-Executive Director:

Mr. Chan Chi Yu

Independent Non-Executive Directors (in alphabetical order):

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